

**CITY OF SMITHVILLE, MISSOURI**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED OCTOBER 31, 2016**

**CITY OF SMITHVILLE, MISSOURI  
TABLE OF CONTENTS  
OCTOBER 31, 2016**

**FINANCIAL SECTION**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
-------------------------------------	----------

**BASIC FINANCIAL SECTION**

<b>STATEMENT OF NET POSITION – MODIFIED CASH BASIS</b>	<b>3</b>
--	----------

<b>STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS</b>	<b>4</b>
--	----------

<b>BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS</b>	<b>5</b>
---	----------

<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS</b>	<b>6</b>
---	----------

<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS</b>	<b>7</b>
--	----------

<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS – MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS</b>	<b>8</b>
---	----------

<b>STATEMENT OF NET POSITION – MODIFIED CASH BASIS – PROPRIETARY FUNDS</b>	<b>9</b>
--	----------

<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – MODIFIED CASH BASIS – PROPRIETARY FUNDS</b>	<b>10</b>
---	-----------

<b>STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS – PROPRIETARY FUNDS</b>	<b>11</b>
--	-----------

<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>13</b>
--------------------------------------	-----------

**CITY OF SMITHVILLE, MISSOURI  
TABLE OF CONTENTS (CONTINUED)  
OCTOBER 31, 2016**

**OTHER INFORMATION**

<b>BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS – GENERAL FUND</b>	<b>35</b>
<b>BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS – TRANSPORTATION SALES TAX FUND</b>	<b>36</b>
<b>NOTES TO THE OTHER INFORMATION</b>	<b>37</b>
<b>SCHEDULE OF CONTRIBUTIONS</b>	<b>38</b>
<b>SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS</b>	<b>39</b>
<b>SCHEDULE OF NET PENSION LIABILITY</b>	<b>40</b>

**SUPPLEMENTARY INFORMATION**

<b>COMBINING BALANCE SHEET – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS</b>	<b>41</b>
<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS</b>	<b>42</b>

## **FINANCIAL SECTION**



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Aldermen and Mayor  
City of Smithville, Missouri

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smithville, Missouri (the City), as of and for the year ended October 31, 2016, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smithville, Missouri as of October 31, 2016, and the respective changes in financial position – modified cash basis and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smithville, Missouri's basic financial statements. The budgetary comparison schedules, schedule of contributions, schedule of changes in net pension liability and related ratios, schedule of net pension liability, the combining nonmajor governmental funds balance sheet – modified cash basis, and the combining nonmajor governmental funds revenues, expenditures, and changes in fund balances – modified cash basis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds balance sheet – modified cash basis, and the combining nonmajor governmental funds revenues, expenditures, and changes in fund balances – modified cash basis are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental funds balance sheet – modified cash basis, and the combining nonmajor governmental funds revenues, expenditures, and changes in fund balances – modified cash basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The budgetary comparison schedules, schedule of contributions, schedule of changes in net pension liability and related ratios, and schedule of net pension liability have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
May 30, 2017

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SMITHVILLE, MISSOURI**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**OCTOBER 31, 2016**

	Primary Government		
	Governmental	Business-	
	Activities	Type	
		Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,703,289	\$ 1,225,335	\$ 5,928,624
Restricted Cash and Investments	6,487	2,321,298	2,327,785
Capital Assets:			
Nondepreciable	1,465,858	462,081	1,927,939
Depreciable, Net	3,323,858	13,372,546	16,696,404
 Total Assets	 9,499,492	 17,381,260	 26,880,752
<b>LIABILITIES</b>			
Developer Escrow	8,652	-	8,652
Liabilities Payable from Restricted Assets	6,487	-	6,487
Customer Deposits	-	265,242	265,242
Long-Term Liabilities:			
Due Within One Year	23,206	259,000	282,206
Due In More Than One Year	11,956	2,896,164	2,908,120
 Total Liabilities	 50,301	 3,420,406	 3,470,707
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,754,554	10,679,463	15,434,017
Restricted for Law Enforcement and Court	20,991	-	20,991
Restricted for Debt Service	-	392,735	392,735
Restricted for Capital Projects	-	1,928,563	1,928,563
Restricted for Transportation	244,408	-	244,408
Unrestricted	4,429,238	960,093	5,389,331
 Total Net Position	 \$ 9,449,191	 \$ 13,960,854	 \$ 23,410,045

See accompanying Notes to Financial Statements.



**CITY OF SMITHVILLE, MISSOURI**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**YEAR ENDED OCTOBER 31, 2016**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 764,825	\$ 79,725	\$ -	\$ -	\$ (685,100)	\$ -	\$ (685,100)
Public Works	785,814	36,824	-	-	(748,990)	-	(748,990)
Police and Municipal Court	1,468,818	232,926	18,334	-	(1,217,558)	-	(1,217,558)
Community and Economic Development	466,570	207,780	-	-	(258,790)	-	(258,790)
Parks and Recreation	469,201	135,952	-	-	(333,249)	-	(333,249)
Total Governmental Activities	3,955,228	693,207	18,334	-	(3,243,687)	-	(3,243,687)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water and Sewer	2,363,427	3,294,734	-	527,601	-	1,458,908	1,458,908
Sanitation	264,703	291,166	-	-	-	26,463	26,463
Total Business-Type Activities	2,628,130	3,585,900	-	527,601	-	1,485,371	1,485,371
Total Primary Government	<u>\$ 6,583,358</u>	<u>\$ 4,279,107</u>	<u>\$ 18,334</u>	<u>\$ 527,601</u>	(3,243,687)	1,485,371	(1,758,316)
General Revenues:							
Taxes:							
Property Taxes					715,761	-	715,761
Franchise Taxes					739,289	-	739,289
Sales Taxes					1,672,892	-	1,672,892
Motor Fuel Taxes					222,639	-	222,639
Tower Lease					-	60,177	60,177
Investment Earnings					16,616	515	17,131
Miscellaneous					122,261	3,670	125,931
Net Transfers In (Out)					100,000	(100,000)	-
Total General Revenues and Transfers					3,589,458	(35,638)	3,553,820
Change in Net Position					345,771	1,449,733	1,795,504
Net Position - Beginning of Year					9,103,420	12,511,121	21,614,541
Net Position - End of Year					<u>\$ 9,449,191</u>	<u>\$ 13,960,854</u>	<u>\$ 23,410,045</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI  
BALANCE SHEET – MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
OCTOBER 31, 2016**

	General	Transportation Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 4,428,799	\$ 244,408	\$ 30,082	\$ 4,703,289
Restricted Cash	6,487	-	-	6,487
Total Assets	<u>\$ 4,435,286</u>	<u>\$ 244,408</u>	<u>\$ 30,082</u>	<u>\$ 4,709,776</u>
<b>LIABILITIES</b>				
Developer Escrow	\$ 8,652	\$ -	\$ -	\$ 8,652
Payable from Restricted Assets, Municipal Court Bonds	6,487	-	-	6,487
Total Liabilities	15,139	-	-	15,139
<b>FUND BALANCES</b>				
Restricted:				
Law Enforcement and Court	-	-	20,991	20,991
Transportation	-	244,408	-	244,408
Committed:				
Law Enforcement Technology Upgrades	-	-	9,091	9,091
Unassigned	4,420,147	-	-	4,420,147
Total Fund Balances	<u>4,420,147</u>	<u>244,408</u>	<u>30,082</u>	<u>4,694,637</u>
Total Liabilities and Fund Balances	<u>\$ 4,435,286</u>	<u>\$ 244,408</u>	<u>\$ 30,082</u>	<u>\$ 4,709,776</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET – MODIFIED  
CASH BASIS – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET  
POSITION – MODIFIED CASH BASIS  
OCTOBER 31, 2016**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 4,694,637</b>
---	---------------------

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 as assets in governmental funds.	4,789,716
--	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Capital Leases Payable	<u>(35,162)</u>
------------------------	-----------------

<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ 9,449,191</u></u></b>
---	-----------------------------------

*See accompanying Notes to Financial Statements.*

**CITY OF SMITHVILLE, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED OCTOBER 31, 2016**

	General	Transportation Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 715,761	\$ -	\$ -	\$ 715,761
Sales and Use Taxes	1,187,205	437,981	-	1,625,186
Franchise Taxes	739,289	-	-	739,289
Licenses, Fees, and Permits	307,630	-	10,574	318,204
Intergovernmental Revenues	318,625	-	-	318,625
Charges for Services	143,631	-	-	143,631
Fines and Forfeits	179,587	-	-	179,587
Interest	16,616	-	-	16,616
Donations	10,086	-	-	10,086
Other Revenue	138,924	-	-	138,924
Total Revenues	<u>3,757,354</u>	<u>437,981</u>	<u>10,574</u>	<u>4,205,909</u>
<b>EXPENDITURES</b>				
Current:				
General Government	771,574	-	-	771,574
Police	1,233,515	-	2,173	1,235,688
Municipal Court	114,355	-	1,703	116,058
Public Works	460,544	339,101	-	799,645
Parks and Recreation	389,801	-	-	389,801
Economic and Community Development	383,630	-	-	383,630
Senior Center	17,695	-	-	17,695
Capital Outlay	685,358	81,609	-	766,967
Debt Service:				
Principal	37,352	-	-	37,352
Interest	15,901	-	-	15,901
Total Expenditures	<u>4,109,725</u>	<u>420,710</u>	<u>3,876</u>	<u>4,534,311</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(352,371)	17,271	6,698	(328,402)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(252,371)	17,271	6,698	(228,402)
Fund Balances - Beginning Of Year	<u>4,672,518</u>	<u>227,137</u>	<u>23,384</u>	<u>4,923,039</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,420,147</u>	<u>\$ 244,408</u>	<u>\$ 30,082</u>	<u>\$ 4,694,637</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS – MODIFIED CASH  
BASIS TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
YEAR ENDED OCTOBER 31, 2016**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (228,402)
---	--------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the expenditures are capitalized.

Capital Outlays	766,967
Depreciation Expense	(238,117)
Loss on Disposal of Capital Assets	7,971

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities on the statement of net position. In the current period, this amount consists of:

Debt Principal Retirement	<div style="border-top: 1px solid black; display: inline-block;">37,352</div>
---------------------------	---

<b>Change in Net Position - Governmental Activities</b>	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 345,771</div>
---	--

**CITY OF SMITHVILLE, MISSOURI**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**OCTOBER 31, 2016**

<b>ASSETS</b>	<u>Water and Wastewater</u>	<u>Nonmajor Sanitation</u>	<u>Total Proprietary Funds</u>
<b>CURRENT ASSETS</b>			
Cash	\$ 1,165,984	\$ 59,351	\$ 1,225,335
<b>RESTRICTED ASSETS</b>			
Cash and Cash Equivalents	2,321,298	-	2,321,298
<b>CAPITAL ASSETS</b>			
Nondepreciable	462,081	-	462,081
Depreciable, Net	<u>13,372,546</u>	<u>-</u>	<u>13,372,546</u>
Capital Assets, Net	<u>13,834,627</u>	<u>-</u>	<u>13,834,627</u>
Total Assets	<u><u>\$ 17,321,909</u></u>	<u><u>\$ 59,351</u></u>	<u><u>\$ 17,381,260</u></u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Customer Deposits	\$ 265,242	\$ -	\$ 265,242
Current Maturities of Long-Term Liabilities	<u>259,000</u>	<u>-</u>	<u>259,000</u>
Total Current Liabilities	524,242	-	524,242
<b>LONG-TERM LIABILITIES</b>			
Long-Term Liabilities, Less Current Maturities Above	<u>2,896,164</u>	<u>-</u>	<u>2,896,164</u>
Total Liabilities	3,420,406	-	3,420,406
<b>NET POSITION</b>			
Net Investment in Capital Assets	10,679,463	-	10,679,463
Restricted for Debt Service	392,735	-	392,735
Restricted for Capital Projects	1,928,563	-	1,928,563
Unrestricted	<u>900,742</u>	<u>59,351</u>	<u>960,093</u>
Total Net Position	<u>13,901,503</u>	<u>59,351</u>	<u>13,960,854</u>
Total Liabilities and Net Position	<u><u>\$ 17,321,909</u></u>	<u><u>\$ 59,351</u></u>	<u><u>\$ 17,381,260</u></u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – MODIFIED CASH BASIS  
PROPRIETARY FUND  
YEAR ENDED OCTOBER 31, 2016**

	Water and Wastewater	Nonmajor Sanitation	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,294,734	\$ 291,166	\$ 3,585,900
<b>OPERATING EXPENSES</b>			
Personnel Services	783,509	-	783,509
Contractual Services	189,764	264,475	454,239
Operations	482,119	228	482,347
Repair and Maintenance	336,226	-	336,226
Depreciation and Amortization	419,795	-	419,795
Total Operating Expenses	<u>2,211,413</u>	<u>264,703</u>	<u>2,476,116</u>
<b>OPERATING INCOME</b>	1,083,321	26,463	1,109,784
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Tower Lease	60,177	-	60,177
Interest Income	515	-	515
Nonoperating Expenses	(10,305)	-	(10,305)
Interest Expense	(141,709)	-	(141,709)
Other Income	<u>3,670</u>	<u>-</u>	<u>3,670</u>
Total Nonoperating Revenues (Expenses)	(87,652)	-	(87,652)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>			
Transfers Out	(90,000)	(10,000)	(100,000)
Impact Fees	<u>527,601</u>	<u>-</u>	<u>527,601</u>
Total Capital Contributions and Transfers	<u>437,601</u>	<u>(10,000)</u>	<u>427,601</u>
<b>CHANGE IN NET POSITION</b>	1,433,270	16,463	1,449,733
Net Position, Beginning of Year	<u>12,468,233</u>	<u>42,888</u>	<u>12,511,121</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 13,901,503</u></u>	<u><u>\$ 59,351</u></u>	<u><u>\$ 13,960,854</u></u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI**  
**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**YEAR ENDED OCTOBER 31, 2016**

	Water and Wastewater	Nonmajor Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 3,320,971	\$ 291,166	\$ 3,612,137
Cash Paid to Suppliers	(1,008,109)	(264,703)	(1,272,812)
Cash Paid to Employees	(783,509)	-	(783,509)
Net Cash Provided by Operating Activities	<u>1,529,353</u>	<u>26,463</u>	<u>1,555,816</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Other Nonoperating Revenue	50,444	-	50,444
Cash Transferred to Other Funds	(90,000)	(10,000)	(100,000)
Net Cash Used by Noncapital and Financing Activities	<u>(39,556)</u>	<u>(10,000)</u>	<u>(49,556)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(944,272)	-	(944,272)
Proceeds from Sale of Capital Assets	3,098	-	3,098
Cash Received from Impact Fees	527,601	-	527,601
Payments on Long-Term Debt	(254,000)	-	(254,000)
Interest Paid on Long-Term Debt	(141,709)	-	(141,709)
Net Cash Used by Capital and Related Financing Activities	<u>(809,282)</u>	<u>-</u>	<u>(809,282)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>515</u>	<u>-</u>	<u>515</u>
<b>NET INCREASE IN CASH</b>	681,030	16,463	697,493
Cash - Beginning of Year	<u>2,806,252</u>	<u>42,888</u>	<u>2,849,140</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 3,487,282</u></u>	<u><u>\$ 59,351</u></u>	<u><u>\$ 3,546,633</u></u>

See accompanying Notes to Financial Statements.



**CITY OF SMITHVILLE, MISSOURI**  
**STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS (CONTINUED)**  
**PROPRIETARY FUND**  
**YEAR ENDED OCTOBER 31, 2016**

	Combined Water and Wastewater	Sanitation	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 1,083,321	\$ 26,463	\$ 1,109,784
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	419,795	-	419,795
Change in:			
Customer Deposits	26,237	-	26,237
Net Cash Provided by Operating Activities	<u>\$ 1,529,353</u>	<u>\$ 26,463</u>	<u>\$ 1,555,816</u>
<b>CASH REPORTED ON THE STATEMENT OF NET POSITION</b>			
Cash	\$ 1,165,984	\$ 59,351	\$ 1,225,335
Restricted Cash and Cash Equivalents	<u>2,321,298</u>	<u>-</u>	<u>2,321,298</u>
Total Cash and Cash Equivalents	<u>\$ 3,487,282</u>	<u>\$ 59,351</u>	<u>\$ 3,546,633</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Smithville (the City) was incorporated in 1867 and covers an area of approximately 13.8 square miles in Clay County and Platte County, Missouri. The City is a fourth class city and operates under the aldermen-administrator form of government. The City Administrator is the chief administrative officer of the City. The City provides services to more than 8,400 residents in many areas, including law enforcement, water and sewer services, refuse and recycling services, parks and recreation services, community enrichment and development, and various administrative functions.

The financial statements of the City of Smithville, Missouri, have been prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated within the City's financial statements include the factors utilized in determining depreciation of the City's capital assets. Actual results could differ from those estimates.

**Principles Used to Determine the Reporting Entity**

The City's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the City is considered to be financially accountable.

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include: whether or not the primary government appoints the voting majority of the potential component units governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

The City is not aware of any organization to which the City is financially accountable. Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statement Presentation**

The government-wide financial statements (i.e., the statement of net position – modified cash basis and the statement of activities – modified cash basis) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales for support.

The statement of activities – modified cash basis 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 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.

Proprietary funds are used to report business-type activities carried on by the City.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using modified cash basis of accounting and the economic resources measurement focus, as limited by the modified cash basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when received and expenses are recorded when paid.

Governmental fund financial statements are reported on the “current financial resources” measurement focus, as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

The City accounts for all activities using the modified cash basis of accounting, modified with respect to capitalization and depreciation of property and equipment, and the recording of liabilities for long-term debt. Consequently, accounts receivable and accounts payable are not recorded. Therefore, certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statements are not intended to present financial position and change in net position in conformity with generally accepted accounting principles.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds 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.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund balances, and revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

**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 except those required to be accounted for in another fund.

- **Transportation Sales Tax Fund**

The Transportation Sales Tax Fund is a special revenue fund that accounts for the revenues received from a 0.5% sales tax to be used specifically for transportation purposes.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

**Major Proprietary Funds**

- **Enterprise Funds**

Enterprise Funds are used to account for those operations of the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

- **Combined Water and Wastewater Fund**

The Combined Water and Wastewater Fund accounts for the provision of water and sewer utility services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

**Pooled Cash and Temporary Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which are managed by the Finance Director. Investments accounts consist primarily of certificates of deposit carried at cost. Interest income earned on the pooled account is allocated to general fund. Missouri state law permits the City to invest in prime money market instruments and securities, such as U.S. Government obligations, repurchase agreements, Missouri bank certificates of deposit, demand accounts, and savings accounts. As of October 31, 2016, the City has cash in demand deposits, money market instruments, and certificates of deposit.

The City maintains a cash and investment pool, which is available for use by most funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

**Restricted Assets**

Cash has been restricted in the General Fund for court bonds. Cash and investments are restricted in the Proprietary Fund for revenue bond reserves because their use is limited by applicable debt obligation covenants.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. Capital and intangible assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Governmental activities capital and intangible assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are typically sold for an immaterial amount when declared as no longer needed for public purpose by the City, no salvage value is taken into consideration for depreciation purposes. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Governmental Activities:	
Building and Improvements	40
Machinery and Equipment	5-20
Vehicles	5
Infrastructure	40
Business-Type Activities:	
Machinery and Equipment	5-10
Water and Sewer Lines	40-50
Water Towers	40
Water and Sewer Plant	40-50

The City has elected to prospectively report infrastructure assets in the governmental activities, as allowed by Governmental Accounting Standards Board Statement No. 34.

Capital and intangible assets not being depreciated include land, construction in progress, and permanent easements, if any.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-Term Obligations**

In the government-wide financial statements and the enterprise fund statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when incurred.

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

**Government-Wide and Proprietary Fund Net Position**

Net Position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of restricted assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of the government; or (b) law through constitutional provisions or enabling legislation.

Unrestricted – Consists of the net amounts of the assets that are not included in the determination of “net investment in capital assets” or the “restricted” component of net position.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Impact fees assessed by the City by ordinance are reported as capital contributions in the Proprietary Fund.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Balances**

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen-the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Aldermen and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**Compensated Absences**

Under terms of the City's personnel policy, employees are granted vacation and sick leave in varying amounts based upon length of service. In the event of termination, an employee forfeits unused sick leave. Unused vacation can be accumulated up to a limit of 150% of the annual amounts earned, and is payable on separation of service. Under the modified cash basis of accounting, no liability is reported in the financial statements for the value of unused vacation time.



**CITY OF SMITHVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2016**

**NOTE 2 BUDGETARY DATA**

Budgets for the City are prepared and adopted on the modified cash basis (budget basis) for all governmental and proprietary funds. The City Administrator is authorized to transfer budgeted amounts within departments in any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Aldermen. The department level constitutes that City's legal level of budgetary control. Reported budget amounts are as originally adopted or amended by board resolution. Annual operating budgets are adopted for the General and Proprietary Funds. Appropriations lapse at fiscal year-end, but may be re-appropriated in the following fiscal year.

**NOTE 3 DEPOSITS AND INVESTMENTS**

Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third party, and must be of the kind prescribed by state statutes.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

A summary of the carrying values of deposits, investments, and petty cash at October 31, 2016 is as follows:

Cash on Hand	\$ 700
Demand Deposits	6,836,955
Certificates of Deposit	<u>1,026,019</u>
Total Cash Deposits	7,863,674
Short-Term Investments Held in Trust	<u>392,735</u>
Total Cash Deposits and Investments	<u><u>\$ 8,256,409</u></u>

These carrying values are reflected on the statement of net position as follows:

Cash and Cash Equivalents	\$ 5,928,624
Restricted Cash and Cash Investments	<u>2,327,785</u>
Total	<u><u>\$ 8,256,409</u></u>

At October 31, 2016, the carrying amount of the City's demand deposits and certificates of deposit in financial institutions was \$7,863,674. The bank balances totaled \$8,229,840, of which \$250,000 was FDIC insured and \$7,979,840 was collateralized by pledged collateral held in the name of the City.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investment Policies**

The City does not have a formal investment policy, but follows state statutes as defined in the accounting policy Note 1. Restricted assets are invested by the bond trustees in accordance with the bond indentures.

The carrying amounts, maturity segment, and ratings for the City's investments at October 31, 2016, consisted of the following:

<u>Investment</u>	<u>Maturity Under One Year</u>	<u>Rating</u>
Restricted Investments, Proprietary Fund, Fidelity Treasury Money Market Funds	<u>\$ 392,735</u>	AAAm

**Credit Risk**

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization such as Standard & Poor's above.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

**Custodial Credit Risk**

The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City has no policy to limit the holdings of an outside party.

At October 31, 2016, the City's investments consisted of restricted investments held in the City's name by the bond trustee in accordance with the related bond indentures.

**Concentration of Credit Risk**

The City does not have a policy which limits the amounts that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of money market funds shown above.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 4 RESTRICTED CASH**

Restricted cash at October 31, 2016 consisted of the following:

	General Fund	Combined Water & Wastewater	Total
Court Appearance Bonds	\$ 6,487	\$ -	\$ 6,487
Debt Covenants	-	392,735	392,735
Capital Projects	-	1,928,563	1,928,563
Total	<u>\$ 6,487</u>	<u>\$ 2,321,298</u>	<u>\$ 2,327,785</u>

The City's combined water and wastewater revenue bond trust indentures require the City to establish various debt services and reserve accounts. At October 31, 2016, these reserve accounts were fully funded.

All new connections to the City's water and sewer system are assessed an impact fee. All impact fees are kept in a fund to be used only for capital improvement projects that expand capacity of the system, including, but not limited to, new sewer lines, upsizing existing sewer lines, removing or replacing sewer lift stations, or upgrading sewer lift stations. This cash is considered to be restricted for capital projects.

**CITY OF SMITHVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2016**

**NOTE 5 CAPITAL ASSETS**

The changes in capital asset activity, resulting from modified cash basis transactions, for the year ended October 31, 2016 are as follows:

	Balance November 1, 2015	Additions	Disposals	Balance October 31, 2016
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 918,234	\$ -	\$ -	\$ 918,234
Construction in Progress	326,126	537,709	316,211	547,624
Total Capital Assets, Not Being Depreciated	1,244,360	537,709	316,211	1,465,858
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,924,146	-	-	2,924,146
Machinery and Equipment	942,275	118,313	121,401	939,187
Vehicles	676,937	140,945	78,831	739,051
Infrastructure	1,156,510	316,211	-	1,472,721
Total Capital Assets, Being Depreciated	5,699,868	575,469	200,232	6,075,105
Total Capital Assets	6,944,228	1,113,178	516,443	7,540,963
Less: Accumulated Depreciation	2,691,334	238,117	178,204	2,751,247
Governmental Activities Capital Assets, Net	<u>\$ 4,252,894</u>	<u>\$ 875,061</u>	<u>\$ 338,239</u>	<u>\$ 4,789,716</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 220,930	\$ -	\$ -	\$ 220,930
Construction in Progress	197,731	648,470	605,050	241,151
Total Capital Assets, Not Being Depreciated	418,661	648,470	605,050	462,081
Capital Assets, Being Depreciated:				
Software	-	-	-	-
Water Towers	2,634,583	22,161	-	2,656,744
Water and Sewer Lines	5,493,310	6,958	-	5,500,268
Machinery and Equipment	198,924	240,715	-	439,639
Vehicles	549,017	32,926	18,878	563,065
Plant	8,803,262	598,092	-	9,401,354
Total Capital Assets, Being Depreciated	17,679,096	900,852	18,878	18,561,070
Total Capital Assets	18,097,757	1,549,322	623,928	19,023,151
Less: Accumulated Depreciation	4,787,607	419,795	18,878	5,188,524
Business-Type Activities Capital Assets, Net	<u>\$ 13,310,150</u>	<u>\$ 1,129,527</u>	<u>\$ 605,050</u>	<u>\$ 13,834,627</u>

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions as follows in the Statement of Activities:

**Governmental Activities**

General Government	\$ 18,713
Police	69,133
Public Works	86,341
Parks and Recreation	60,227
Community and Economic Development	3,703
Total Depreciation Expense, Governmental Activities	<u>\$ 238,117</u>

**Business-Type Activities**

Water and Wastewater	<u>\$ 419,795</u>
----------------------	-------------------

**NOTE 6 DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City participates in the Missouri Local Government Employees Retirement System (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 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 and receive a reduced allowance.

	<u>2016 Valuation</u>
Benefit Multiplier	1.25%
Final Average Salary	3 Years
Member Contributions	4%

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 6    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Benefits Provided (Continued)**

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, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	9
Inactive Employees Entitled to but not yet Receiving Benefits	17
Active Employees	44
Total	<u>70</u>

**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 were 12% of annual covered payroll for the general division, and 10% of annual covered payroll for the police division, for the year ended October 31, 2016.

**Net Pension Liability**

The employer's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016.

**Actuarial Assumptions**

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% Wage Inflation; 2.50% Price Inflation
Salary Increase	3.25% to 6.55% Including Wage Inflation
Investment Rate of Return	7.25%, Net of Investment and Administrative Expenses

Mortality rates were based on the 1994 Group Annuity Mortality Table set back three years for both males and females.

The actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

**CITY OF SMITHVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2016**

**NOTE 6    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	51.75 %	4.81 %
Fixed Income	26.75 %	0.67 %
Real Assets/Real Return	21.50 %	3.42 %

**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>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
<u>Changes in NPL</u>			
Balances at June 30, 2015	\$ 3,346,099	\$ 2,787,439	\$ 558,660
Changes for the Year:			
Service Cost	153,830	-	153,830
Interest	245,853	-	245,853
Difference Between Expected and Actual Experience	(37,208)	-	(37,208)
Contributions - Employer	-	202,910	(202,910)
Contributions - Employee	-	85,403	(85,403)
Net Investment Income	-	10,581	(10,581)
Benefit Payments, Including Refunds	(62,278)	(62,278)	-
Administrative Expense	-	(5,219)	5,219
Other Changes	833,047	(81,200)	914,247
Net Changes	1,133,244	150,197	983,047
Balances at June 30, 2016	<u>\$ 4,479,343</u>	<u>\$ 2,937,636</u>	<u>\$ 1,541,707</u>

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 6    DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The following table presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the City's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>1% Decrease</u> <u>6.25%</u>	<u>Rate Assumption</u> <u>7.25%</u>	<u>1% Increase</u> <u>8.25%</u>
Total Pension Liability (TPL)	\$ 5,325,514	\$ 4,479,343	\$ 3,798,945
Plan Fiduciary Net Position	2,937,636	2,937,636	2,937,636
Net Pension Liability (NPL)	<u>\$ 2,387,878</u>	<u>\$ 1,541,707</u>	<u>\$ 861,309</u>

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

For the year ended October 31, 2016, the City recognized pension expense of \$225,602, which is equal to the City's contribution to the plan, in accordance with the modified cash basis of accounting. If the City used generally accepted accounting principles, the City would have recognized pension expense of \$861,450, and reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 28,842	\$ (87,379)
Changes in Assumptions	221,896	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	240,680	-
Contributions Made After the Measurement Date	78,611	-
Total	<u>\$ 570,029</u>	<u>\$ (87,379)</u>



**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 7 LONG-TERM INDEBTEDNESS**

The City's long-term debt arising from modified cash basis transactions or events consisted of the following as of October 31, 2016:

<u>Description</u>	<u>Amount</u>
<b>Governmental Activities</b>	
\$84,680 capital lease for the purpose of purchasing a backhoe. Annual installments of \$29,064 through 2016; interest at 2.9%. At October 31, 2016, the City had capital assets related to this lease with a cost of \$84,680, and those assets had related accumulated depreciation of \$18,147. The lease was paid off during the year ended October 31, 2016.	\$ -
\$68,486 capital lease for the purpose of purchasing a cab tractor. Annual installments of \$22,297 plus interest through 2018; interest at 4%. At October 31, 2016, the City had capital assets related to this lease with a cost of \$68,486, and those assets had related accumulated depreciation of \$9,268.	35,162
Total Governmental Activities	<u>\$ 35,162</u>
<b>Business-Type Activities</b>	
\$4,465,000 Series 2007, Refunding Certificate of Participation, for the purpose of improving the water and sewer systems. Annual installments of \$155,000 to \$315,000 through 2027; interest at 3.5% to 4.6%.	\$ 2,830,000
\$530,000 Series 2012, Certificate of Participation, for the purpose of water pollution control improvements. Annual installments of \$50,000 to \$60,000 through 2021; interest at 2.63%.	330,000
Deferred Refunding on Series 2007 Water Revenue Bonds	(4,836)
Total Business-Type Activities	<u>\$ 3,155,164</u>

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)**

Changes in the City's long-term debt arising from modified cash basis transactions or events for the year ended October 31, 2016 were as follows:

	Balance November 1, 2015	Additions	Retired	Balance October 31, 2016	Current Portion	Long-Term Portion
<b>Governmental Activities:</b>						
Capital Lease - Backhoe	\$ 28,218	\$ -	\$ 28,218	\$ -	\$ -	\$ -
Capital Lease - Cab Tractor	44,296	-	9,134	35,162	23,206	11,956
Total	<u>\$ 72,514</u>	<u>\$ -</u>	<u>\$ 37,352</u>	<u>\$ 35,162</u>	<u>\$ 23,206</u>	<u>\$ 11,956</u>
<b>Business-Type Activities:</b>						
2007 Certificates Of Participation	\$ 3,030,000	\$ -	\$ 200,000	\$ 2,830,000	\$ 205,000	\$ 2,625,000
2012 Certificates Of Participation	385,000	-	55,000	330,000	55,000	275,000
Deferred Refunding	(5,836)	-	(1,000)	(4,836)	(1,000)	(3,836)
Total	<u>\$ 3,409,164</u>	<u>\$ -</u>	<u>\$ 254,000</u>	<u>\$ 3,155,164</u>	<u>\$ 259,000</u>	<u>\$ 2,896,164</u>

The Series 2007 refunding bonds resulted in a difference between the reacquisition price and the net carrying amounts of the old debt of \$9,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized through the year 2021.

The Series 2007 Certificates of Participation require a fund reserve. Under the bond indenture, the City is required to deposit monies in a sinking fund, on a monthly basis, sufficient to meet maturity dates of coupon interest and bond principal.

The Series 2012 Certificates of Participation require a fund reserve. Under the bond indenture, the City is required to deposit monies in a sinking fund, on a monthly basis, sufficient to meet maturity dates of coupon interest and bond principal.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)**

Aggregate annual principal and interest payments applicable to long-term debt are:

Year Ended October 31,	Governmental Activities								
	Capital Lease - Cab Tractor			Capital Lease - Backhoe			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2017	\$ 23,206	\$ 984	\$ 24,190	\$ -	\$ -	\$ -	\$ 23,206	\$ 984	\$ 24,190
2018	11,956	140	12,096	-	-	-	11,956	140	12,096
Total	<u>\$ 35,162</u>	<u>\$ 1,124</u>	<u>\$ 36,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,162</u>	<u>\$ 1,124</u>	<u>\$ 36,286</u>

  

Year Ended October 31,	Business-Type Activities								
	2007 Certificates of Participation			2012 Certificates of Participation			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2017	\$ 205,000	\$ 123,395	\$ 328,395	\$ 55,000	\$ 7,956	\$ 62,956	\$ 260,000	\$ 131,351	\$ 391,351
2018	215,000	115,195	330,195	50,000	6,575	56,575	265,000	121,770	386,770
2019	225,000	106,380	331,380	55,000	5,194	60,194	280,000	111,574	391,574
2020	235,000	96,930	331,930	55,000	3,748	58,748	290,000	100,678	390,678
2021	245,000	86,942	331,942	60,000	2,235	62,235	305,000	89,177	394,177
2022-2026	1,390,000	265,163	1,655,163	55,000	723	55,723	1,445,000	265,886	1,710,886
2027	315,000	14,490	329,490	-	-	-	315,000	14,490	329,490
Total	<u>\$ 2,830,000</u>	<u>\$ 808,495</u>	<u>\$ 3,638,495</u>	<u>\$ 330,000</u>	<u>\$ 26,431</u>	<u>\$ 356,431</u>	<u>\$ 3,160,000</u>	<u>\$ 834,926</u>	<u>\$ 3,994,926</u>

**CITY OF SMITHVILLE, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 2016**

**NOTE 8 TAXES**

Property taxes may attach as an enforceable lien on property as of January 1st. Taxes are levied no later than November 1st and are due and payable at that time. All unpaid taxes levied by November 1st become delinquent January 1st of the following year.

The assessed valuation of the tangible property for the purpose of local taxation for the budget year ending October 31, 2016 was \$142,058,702.

The tax levy per \$100 of assessed valuation of tangible real and personal property for the budget year ending October 31, 2016 was \$0.4523 for general fund purposes.

Sales tax revenue consists of a one percent general sales tax on all receipts from the retail sale of tangible personal property or taxable services within the City subject to taxation by the State of Missouri, and a one-half of one percent levy for the purpose of street maintenance.

**NOTE 9 INTERGOVERNMENTAL REVENUE**

Intergovernmental revenue during fiscal year ended October 31, 2016 consisted of the following:

	General Fund
<b>State:</b>	
Motor Vehicle Fuel Tax	\$ 222,639
<b>County:</b>	
Road and Bridge Tax	47,706
<b>School District:</b>	
School Resource Officer	29,946
<b>Federal:</b>	
Public Safety Grants	18,334
Total	<u>\$ 318,625</u>

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 10 RISK MANAGEMENT**

The City is a member of MPR (formerly MARCIT), a nonprofit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverages for its members including property, casualty, general liability, and workers' compensation. The City participates in medical, dental, property, casualty, general liability, and workers' compensation insurance coverage. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessments, irrespective of whether or not the City is a member of MPR at the time of such assessment. MPR was not in a deficit situation during the past year.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City insurance coverage in any of the prior three years.

**NOTE 11 COMMITMENTS**

**U.S. Army Corps of Engineers**

The City has entered into various agreements with U.S. Army Corps of Engineers (the Corps). One agreement, paid from the General Fund, is for the use of the Smith's Fork public use area and is payable in installments which began in 1999 that increases annually over a period of 50 years. The amount paid for the year ended October 31, 2016 was \$28,879.

The proprietary fund is responsible for two agreements, one to reimburse the Corps for a percentage of their maintenance costs for the dam at the Corps' Smithville Lake where the City has its water intake line, and another for access to water from the lake for the City's water supply. The total amount paid for both agreements for the year ended October 31, 2016 was \$12,647.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 11 COMMITMENTS (CONTINUED)**

**U.S. Army Corps of Engineers (Continued)**

Future minimum payments under the agreements are as follows:

<u>Year Ended October 31,</u>	<u>Smith's Fork Park Rent</u>	<u>Water Supply Agreement</u>
2017	\$ 30,323	\$ 12,626
2018	31,840	12,626
2019	33,432	12,626
2020	35,103	12,626
2021	36,853	12,626
2022-2026	247,476	12,684
2027-2031	341,164	-
2032-2036	435,421	-
2037-2041	554,538	-
2042-2046	709,055	-
2047-2048	335,831	-
Total	<u>\$ 2,791,036</u>	<u>\$ 75,814</u>

**Redevelopment Agreement**

The City and its Tax Increment Financing (TIF) Commission have approved the formation of a redevelopment area and entered into a TIF redevelopment agreement. Under the terms of the agreement, the City, subject to the developer satisfying various conditions as specified in the agreement, will reimburse the developer approximately \$4.8 million of its eligible costs. The reimbursement is payable solely from 50% of the future incremental property and sales tax revenues generated by the project. As of October 31, 2016, no reimbursements have been made.

**Professional Services**

The City engaged engineers to provide professional services relating to several projects. At October 31, 2016, the City has authorized contracts with remaining commitments totaling \$251,961.

**NOTE 12 RENTAL INCOME**

The City leases space on its water towers for cell phone companies to place antennas. The total rents received from tenants were \$60,177 for the year ended October 31, 2016. Future rents to be received under current leases are as follows:

<u>Year Ended October 31,</u>	<u>Amount</u>
2017	\$ 27,262
2018	9,663
Total	<u>\$ 36,925</u>

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 2016**

**NOTE 12 RENTAL INCOME (CONTINUED)**

The City also leases a portion of a building to the Smithville Senior Citizen Center for \$1 a year. The lease, originally entered into in August 2013, has an initial term of 10 years, and may be renewed for successive renewal terms of five years each.

**NOTE 13 PLEDGED REVENUES**

The proprietary fund has pledged future proprietary fund revenues, net of specified operating expenses, to repay proprietary fund certificates of participation that were issued for the purpose of proprietary improvements. The certificates of participation are payable solely from the proprietary fund net revenues and are payable through 2027. The total principal and interest to be repaid on the certificates of participation is \$3,994,927. Principal and interest paid for the current year was \$395,697 on the certificates of participation. Total proprietary fund net revenues for the current year were \$969,924.

**NOTE 14 RESERVE LEVEL POLICY**

The City has adopted a reserve policy goal which sets aside 40% of General Fund budgeted expenditures and 20% of proprietary operating revenues. Reserve amounts are reported as unassigned fund balance for the General Fund and unrestricted net position for the Proprietary Fund.

**NOTE 15 SUBSEQUENT EVENTS**

In January and March 2017, the City entered into a road relinquishment agreement with the Missouri Department of Transportation. The Missouri Department of Transportation will provide for certain improvements to the roadways. Once complete, the City will assume authority over the 1.2 miles of routes, including maintenance and repair.

In January 2017, the City approved a bid to construct a water line totaling \$226,710.

In April 2017, the City approved a bid for asphalt overlay totaling \$966,690.

In May 2017, the City approved a bid for asphalt overlay totaling \$554,302.

**OTHER INFORMATION**



**CITY OF SMITHVILLE, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS**  
**GENERAL FUND**  
**YEAR ENDED OCTOBER 31, 2016**

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
<b>REVENUES</b>				
Taxes	\$ 2,815,000	\$ 2,815,000	\$ 2,642,255	\$ (172,745)
Licenses, Fees, and Permits	186,500	186,500	307,630	121,130
Intergovernmental Revenues	63,000	63,000	318,625	255,625
Charges for Services	107,000	107,000	143,631	36,631
Fines and Forfeitures	165,500	165,500	179,587	14,087
Interest	20,000	20,000	16,616	(3,384)
Donations	-	-	10,086	10,086
Other Revenue	15,500	15,500	138,924	123,424
Total Revenues	<u>3,372,500</u>	<u>3,372,500</u>	<u>3,757,354</u>	<u>384,854</u>
<b>EXPENDITURES</b>				
General Government	704,108	714,108	771,574	57,466
Police	1,353,848	1,353,848	1,233,515	(120,333)
Municipal Court	112,785	112,785	114,355	1,570
Public Works	443,649	443,649	460,544	16,895
Parks and Recreation	423,747	423,747	389,801	(33,946)
Economic and Community Development	416,748	416,748	383,630	(33,118)
Senior Center	16,700	16,700	17,695	995
Capital Outlay	100,000	573,800	685,358	111,558
Debt Service:				
Principal	-	-	37,352	37,352
Interest	-	-	15,901	15,901
Total Expenditures	<u>3,571,585</u>	<u>4,055,385</u>	<u>4,109,725</u>	<u>54,340</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(199,085)	(682,885)	(352,371)	330,514
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(199,085)	(682,885)	(252,371)	430,514
Fund Balance - Beginning of Year	<u>4,672,518</u>	<u>4,672,518</u>	<u>4,672,518</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 4,473,433</u>	<u>\$ 3,989,633</u>	<u>\$ 4,420,147</u>	<u>\$ 430,514</u>

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS**  
**TRANSPORTATION SALES TAX FUND**  
**YEAR ENDED OCTOBER 31, 2016**

	Original and Final Budget	Actual	Variances with Budget Over (Under)
<b>REVENUES</b>			
Taxes	\$ 420,000	\$ 437,981	\$ 17,981
<b>EXPENDITURES</b>			
Public Works	420,000	339,101	(80,899)
Capital Outlay	-	81,609	81,609
Total Expenditures	<u>420,000</u>	<u>420,710</u>	<u>710</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	17,271	17,271
Fund Balance - Beginning of Year	<u>227,137</u>	<u>227,137</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 227,137</u></u>	<u><u>\$ 244,408</u></u>	<u><u>\$ 17,271</u></u>

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI  
NOTES TO THE OTHER INFORMATION  
YEAR ENDED OCTOBER 31, 2016**

**NOTE I BUDGETARY INFORMATION**

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

- A. Prior to October 31 of each year, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them. The City adopts the proposed budget as amended and adjusted by the Board of Aldermen.
- B. Public hearings on the City's budget are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
- C. On or before October 31, the final budget is legally enacted by City Ordinance.
- D. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board.
- E. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. Reported budget amounts are as originally adopted or amended by the Board of Aldermen.
- F. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund. The proposed budget includes estimated revenues and proposed expenditure for all city funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Actual expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, miscellaneous services and charges, and capital outlay) within each program. All amounts over budget have been approved by the Board of Aldermen through the disbursement process.
- G. Budgets for the general, certain special revenue funds, and the debt service fund are adopted on a basis consistent with the modified cash basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen. All annual appropriations lapse at fiscal year-end.

**NOTE II EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures and transfers out exceeded budgeted amounts in the following funds:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 4,109,725	\$ 4,055,385	\$ 54,340
Transportation Sales Tax Fund	420,710	420,000	710

**CITY OF SMITHVILLE, MISSOURI  
SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED OCTOBER 31, 2016**

<u>Fiscal Year Ended October 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2007	\$ 96,010	\$ 96,010	\$ -	\$ 1,635,504	5.9 %
2008	92,403	92,403	-	1,835,286	5.0
2009	82,633	82,633	-	1,679,534	4.9
2010	83,844	83,844	-	1,889,014	4.4
2011	91,571	90,425	1,146	1,695,758	5.4
2012	129,002	129,002	-	1,666,035	7.7
2013	135,882	135,882	-	1,630,264	8.3
2014	140,913	140,913	-	1,784,036	7.9
2015	160,040	160,040	-	2,009,670	8.0
2016	225,202	225,202	-	2,193,483	10.3

**CITY OF SMITHVILLE, MISSOURI**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**YEAR ENDED OCTOBER 31, 2016**

	2016	2015
<b><u>Total Pension Liability</u></b>		
Service Cost	\$ 153,830	\$ 140,811
Interest on the Total Pension Liability	245,853	225,837
Changes of Benefit Terms	575,946	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(37,208)	(36,649)
Changes of Assumptions	257,101	-
Benefit Payments, Including Refunds of Employee Contributions	(62,278)	(58,416)
<b>Net Change in Total Pension Liability</b>	<u>1,133,244</u>	<u>271,583</u>
Total Pension Liability - Beginning of Year	3,346,099	3,074,516
<b>Total Pension Liability- End of Year</b>	<u><u>\$ 4,479,343</u></u>	<u><u>\$ 3,346,099</u></u>
<b><u>Plan Fiduciary Net Position</u></b>		
Contributions-Employer	\$ 202,910	\$ 153,582
Contributions-Employee	85,403	77,348
Net Investment Income	10,581	50,712
Benefit Payments, Including Refunds of Employee Contributions	(62,278)	(58,416)
Pension Plan Administrative Expense	(5,219)	(5,593)
Other (Net Transfer)	(81,200)	64,716
<b>Net Change in Plan Fiduciary Net Position</b>	<u>150,197</u>	<u>282,349</u>
Plan Fiduciary Net Position - Beginning of Year	2,787,439	2,505,090
<b>Plan Fiduciary Net Position - End of Year</b>	<u><u>\$ 2,937,636</u></u>	<u><u>\$ 2,787,439</u></u>
<b>Net Pension Liability (Asset)</b>	<u><u>\$ 1,541,707</u></u>	<u><u>\$ 558,660</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	65.58%	83.30%
<b>Covered Employee Payroll</b>	\$ 2,125,577	\$ 1,899,868
<b>Employer's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	72.53%	29.41%

Schedule is intended to show information for 10 years. Additional years will be displayed  
as they become available.

**CITY OF SMITHVILLE, MISSOURI  
SCHEDULE OF NET PENSION LIABILITY  
YEAR ENDED OCTOBER 31, 2016**

Plan Fiscal Year Ended June 30,	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Plan Net Position as a Percent of Total Pension Liability	Covered Employee Payroll	Net Pension Liability (Asset) as a Percent of Covered Employee Payroll
2016	\$ 4,479,343	\$ 2,937,636	\$ 1,541,707	65.58%	\$ 2,125,577	72.53%
2015	\$ 3,346,099	\$ 2,787,439	\$ 558,660	83.30%	\$ 1,899,868	29.41%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

## **SUPPLEMENTARY INFORMATION**

**CITY OF SMITHVILLE, MISSOURI**  
**COMBINING BALANCE SHEET – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS**  
**OCTOBER 31, 2016**

			Special Revenue			Total Nonmajor Governmental Funds
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	
<b>ASSETS</b>						
Cash	\$ 5,913	\$ 11,064	\$ 9,091	\$ 2,612	\$ 1,402	\$ 30,082
Total Assets	<u>\$ 5,913</u>	<u>\$ 11,064</u>	<u>\$ 9,091</u>	<u>\$ 2,612</u>	<u>\$ 1,402</u>	<u>\$ 30,082</u>
<b>FUND BALANCES</b>						
Restricted	\$ 5,913	\$ 11,064	\$ -	\$ 2,612	\$ 1,402	\$ 20,991
Committed	-	-	9,091	-	-	9,091
Total Fund Balances	<u>\$ 5,913</u>	<u>\$ 11,064</u>	<u>\$ 9,091</u>	<u>\$ 2,612</u>	<u>\$ 1,402</u>	<u>\$ 30,082</u>



**CITY OF SMITHVILLE, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – MODIFIED CASH BASIS – NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED OCTOBER 31, 2016**

	Special Revenue					Total Nonmajor Governmental Funds
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	
<b>REVENUES</b>						
Licenses, Fees, and Permits	\$ 2,306	\$ 4,640	\$ 2,475	\$ 585	\$ 568	\$ 10,574
<b>EXPENDITURES</b>						
Current:						
Police	495	-	1,678	-	-	2,173
Municipal Court	-	1,378	-	75	250	1,703
Total Expenditures	<u>495</u>	<u>1,378</u>	<u>1,678</u>	<u>75</u>	<u>250</u>	<u>3,876</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,811	3,262	797	510	318	6,698
Fund Balances - Beginning of Year	<u>4,102</u>	<u>7,802</u>	<u>8,294</u>	<u>2,102</u>	<u>1,084</u>	<u>23,384</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,913</u>	<u>\$ 11,064</u>	<u>\$ 9,091</u>	<u>\$ 2,612</u>	<u>\$ 1,402</u>	<u>\$ 30,082</u>