

CITY OF SMITHVILLE, MISSOURI

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED OCTOBER 31, 2017

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FINANCIAL SECTION



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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, 2017, 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, 2017, 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 schedule, schedule of contributions, and schedule of changes in net pension liability and related ratios, 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 schedule, schedule of contributions, and schedule of changes in net pension liability and related ratios, 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

CliftonLarsonAllen LLP

St. Joseph, Missouri
April 25, 2018

BASIC FINANCIAL STATEMENTS

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
OCTOBER 31, 2017

	Primary Government		
	Governmental	Business-	
	Activities	Type	
		Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,259,674	\$ 1,651,421	\$ 5,911,095
Restricted Cash and Investments	3,913	2,986,047	2,989,960
Capital Assets:			
Nondepreciable	1,531,464	270,655	1,802,119
Depreciable, Net	4,360,332	13,615,101	17,975,433
 Total Assets	 10,155,383	 18,523,224	 28,678,607
LIABILITIES			
Developer Escrow	8,652	-	8,652
Liabilities Payable from Restricted Assets	7,798	-	7,798
Customer Deposits	-	300,007	300,007
Long-Term Liabilities:			
Due Within One Year	11,956	264,000	275,956
Due In More Than One Year	-	2,632,164	2,632,164
 Total Liabilities	 28,406	 3,196,171	 3,224,577
NET POSITION			
Net Investment in Capital Assets	5,879,840	10,989,592	16,869,432
Restricted for Law Enforcement and Court	26,895	-	26,895
Restricted for Debt Service	-	388,072	388,072
Restricted for Capital Projects	-	2,597,975	2,597,975
Restricted for Transportation	590,845	-	590,845
Unrestricted	3,629,397	1,351,414	4,980,811
 Total Net Position	 \$ 10,126,977	 \$ 15,327,053	 \$ 25,454,030

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2017

	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
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 946,760	\$ 84,120	\$ -	\$ -	\$ (862,640)	\$ -	\$ (862,640)
Public Works	728,519	36,309	-	466,517	(225,693)	-	(225,693)
Police and Municipal Court	1,479,852	297,779	13,024	-	(1,169,049)	-	(1,169,049)
Community and Economic Development	554,032	300,570	-	-	(253,462)	-	(253,462)
Parks and Recreation	692,026	146,318	-	-	(545,708)	-	(545,708)
Total Governmental Activities	4,401,189	865,096	13,024	466,517	(3,056,552)	-	(3,056,552)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	2,722,508	3,338,595	-	669,412	-	1,285,499	1,285,499
Sanitation	625,484	601,299	-	-	-	(24,185)	(24,185)
Total Business-Type Activities	3,347,992	3,939,894	-	669,412	-	1,261,314	1,261,314
Total Primary Government	<u>\$ 7,749,181</u>	<u>\$ 4,804,990</u>	<u>\$ 13,024</u>	<u>\$ 1,135,929</u>	(3,056,552)	1,261,314	(1,795,238)
General Revenues:							
Taxes:							
Property Taxes					772,130	-	772,130
Franchise Taxes					725,909	-	725,909
Sales Taxes					1,718,382	-	1,718,382
Motor Fuel Taxes					228,621	-	228,621
Tower Lease					-	36,652	36,652
Investment Earnings					67,038	1,071	68,109
Miscellaneous					222,258	67,162	289,420
Total General Revenues					<u>3,734,338</u>	<u>104,885</u>	<u>3,839,223</u>
Change in Net Position					677,786	1,366,199	2,043,985
Net Position - Beginning of Year					<u>9,449,191</u>	<u>13,960,854</u>	<u>23,410,045</u>
Net Position - End of Year					<u>\$ 10,126,977</u>	<u>\$ 15,327,053</u>	<u>\$ 25,454,030</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
OCTOBER 31, 2017**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 3,904,843	\$ 354,831	\$ 4,259,674
Restricted Cash	3,913	-	3,913
	<u>3,908,756</u>	<u>354,831</u>	<u>4,263,587</u>
Total Assets	<u>\$ 3,908,756</u>	<u>\$ 354,831</u>	<u>\$ 4,263,587</u>
LIABILITIES			
Developer Escrow	\$ 8,652	\$ -	\$ 8,652
Payable from Restricted Assets, Municipal Court Bonds	7,798	-	7,798
	<u>16,450</u>	<u>-</u>	<u>16,450</u>
Total Liabilities	<u>16,450</u>	<u>-</u>	<u>16,450</u>
FUND BALANCES			
Restricted:			
Law Enforcement and Court	-	26,895	26,895
Transportation	272,000	318,845	590,845
Committed:			
Law Enforcement Technology Upgrades	-	9,091	9,091
Unassigned	3,620,306	-	3,620,306
	<u>3,892,306</u>	<u>354,831</u>	<u>4,247,137</u>
Total Fund Balances	<u>3,892,306</u>	<u>354,831</u>	<u>4,247,137</u>
Total Liabilities and Fund Balances	<u>\$ 3,908,756</u>	<u>\$ 354,831</u>	<u>\$ 4,263,587</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, 2017**

Total Fund Balances - Governmental Funds	\$ 4,247,137
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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.	5,891,796
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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>(11,956)</u>
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Total Net Position - Governmental Activities	<u><u>\$ 10,126,977</u></u>
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CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 679,406	\$ 92,724	\$ 772,130
Sales and Use Taxes	1,291,885	469,890	1,761,775
Franchise Taxes	725,909	-	725,909
Licenses, Fees, and Permits	437,765	8,807	446,572
Intergovernmental Revenues	603,764	-	603,764
Charges for Services	141,981	-	141,981
Fines and Forfeits	205,527	-	205,527
Interest	67,038	-	67,038
Reimbursements	37,433	-	37,433
Other Revenue	54,201	-	54,201
Total Revenues	<u>4,244,909</u>	<u>571,421</u>	<u>4,816,330</u>
EXPENDITURES			
Current:			
General Government	916,769	-	916,769
Police	1,296,040	993	1,297,033
Municipal Court	112,907	1,909	114,816
Public Works	608,918	33,255	642,173
Parks and Recreation	612,662	-	612,662
Economic and Community Development	535,572	90,930	626,502
Senior Center	17,401	-	17,401
Capital Outlay	810,937	362,199	1,173,136
Debt Service:			
Principal	23,206	-	23,206
Interest	984	-	984
Total Expenditures	<u>4,935,396</u>	<u>489,286</u>	<u>5,424,682</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(690,487)	82,135	(608,352)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	1,794	(1,794)	-
Insurance Recovery	160,852	-	160,852
Total Other Financing Sources (Uses)	<u>162,646</u>	<u>(1,794)</u>	<u>160,852</u>
NET CHANGE IN FUND BALANCES	(527,841)	80,341	(447,500)
Fund Balances - Beginning Of Year	<u>4,420,147</u>	<u>274,490</u>	<u>4,694,637</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,892,306</u>	<u>\$ 354,831</u>	<u>\$ 4,247,137</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, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$ (447,500)
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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	1,173,136
Depreciation Expense	(265,574)
Revenue from Donated Asset	194,518

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;">23,206</div>
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Change in Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 677,786</div>
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CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
OCTOBER 31, 2017

ASSETS	<u>Water and Wastewater</u>	<u>Sanitation</u>	<u>Total Proprietary Funds</u>
CURRENT ASSETS			
Cash	\$ 1,616,256	\$ 35,165	\$ 1,651,421
RESTRICTED ASSETS			
Cash and Cash Equivalents	2,986,047	-	2,986,047
CAPITAL ASSETS			
Nondepreciable	270,655	-	270,655
Depreciable, Net	13,615,101	-	13,615,101
Capital Assets, Net	<u>13,885,756</u>	<u>-</u>	<u>13,885,756</u>
Total Assets	<u>\$ 18,488,059</u>	<u>\$ 35,165</u>	<u>\$ 18,523,224</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Customer Deposits	\$ 300,007	\$ -	\$ 300,007
Current Maturities of Long-Term Liabilities	<u>264,000</u>	<u>-</u>	<u>264,000</u>
Total Current Liabilities	564,007	-	564,007
LONG-TERM LIABILITIES			
Long-Term Liabilities, Less Current Maturities Above	<u>2,632,164</u>	<u>-</u>	<u>2,632,164</u>
Total Liabilities	3,196,171	-	3,196,171
NET POSITION			
Net Investment in Capital Assets	10,989,592	-	10,989,592
Restricted for Debt Service	388,072	-	388,072
Restricted for Capital Projects	2,597,975	-	2,597,975
Unrestricted	1,316,249	35,165	1,351,414
Total Net Position	<u>15,291,888</u>	<u>35,165</u>	<u>15,327,053</u>
Total Liabilities and Net Position	<u>\$ 18,488,059</u>	<u>\$ 35,165</u>	<u>\$ 18,523,224</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2017**

	Water and Wastewater	Sanitation	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 3,338,596	\$ 601,299	\$ 3,939,895
OPERATING EXPENSES			
Personnel Services	754,316	-	754,316
Contractual Services	449,124	625,485	1,074,609
Operations	516,067	-	516,067
Repair and Maintenance	384,383	-	384,383
Depreciation and Amortization	459,494	-	459,494
Total Operating Expenses	<u>2,563,384</u>	<u>625,485</u>	<u>3,188,869</u>
OPERATING INCOME	775,212	(24,186)	751,026
NONOPERATING REVENUES (EXPENSES)			
Tower Lease	36,652	-	36,652
Interest Income	1,071	-	1,071
Nonoperating Expenses	(26,795)	-	(26,795)
Interest Expense	(132,329)	-	(132,329)
Other Income	<u>67,162</u>	<u>-</u>	<u>67,162</u>
Total Nonoperating Revenues (Expenses)	(54,239)	-	(54,239)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Impact Fees	<u>669,412</u>	<u>-</u>	<u>669,412</u>
Total Capital Contributions and Transfers	<u>669,412</u>	<u>-</u>	<u>669,412</u>
CHANGE IN NET POSITION	1,390,385	(24,186)	1,366,199
Net Position, Beginning of Year	<u>13,901,503</u>	<u>59,351</u>	<u>13,960,854</u>
NET POSITION, END OF YEAR	<u><u>\$ 15,291,888</u></u>	<u><u>\$ 35,165</u></u>	<u><u>\$ 15,327,053</u></u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2017

	Water and Wastewater	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 3,373,361	\$ 601,299	\$ 3,974,660
Cash Paid to Suppliers	(1,349,574)	(625,485)	(1,975,059)
Cash Paid to Employees	(754,316)	-	(754,316)
Net Cash Provided (Used) by Operating Activities	1,269,471	(24,186)	1,245,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Nonoperating Revenue	77,019	-	77,019
Net Cash Provided by Noncapital and Financing Activities	77,019	-	77,019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(510,623)	-	(510,623)
Cash Received from Impact Fees	669,412	-	669,412
Payments on Long-Term Debt	(260,000)	-	(260,000)
Interest Paid on Long-Term Debt	(131,329)	-	(131,329)
Net Cash Used by Capital and Related Financing Activities	(232,540)	-	(232,540)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	1,071	-	1,071
NET INCREASE (DECREASE) IN CASH	1,115,021	(24,186)	1,090,835
Cash - Beginning of Year	3,487,282	59,351	3,546,633
CASH - END OF YEAR	<u>\$ 4,602,303</u>	<u>\$ 35,165</u>	<u>\$ 4,637,468</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2017

	Combined Water and Wastewater	Sanitation	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 775,212	\$ (24,186)	\$ 751,026
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	459,494	-	459,494
Change in:			
Customer Deposits	34,765	-	34,765
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,269,471</u>	<u>\$ (24,186)</u>	<u>\$ 1,245,285</u>
CASH REPORTED ON THE STATEMENT OF NET POSITION			
Cash	\$ 1,616,256	\$ 35,165	\$ 1,651,421
Restricted Cash and Cash Equivalents	2,986,047	-	2,986,047
Total Cash and Cash Equivalents	<u>\$ 4,602,303</u>	<u>\$ 35,165</u>	<u>\$ 4,637,468</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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, 2017**

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, 2017**

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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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.

- **Sanitation Fund**

The Sanitation Fund accounts for the provision of sanitation 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, 2017, 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, 2017**

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 acquisition 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, 2017**

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, 2017**

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, 2017

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 governmental and proprietary funds. Appropriations lapse at fiscal year-end, but may be re-appropriated in the following fiscal year. In the General Fund, actual expenditures exceeded budgeted appropriations.

NOTE 3 DEPOSITS AND INVESTMENTS

A summary of the carrying values of deposits, investments, and petty cash at October 31, 2017 is as follows:

Cash on Hand	\$ 700
Demand Deposits	7,486,264
Certificates of Deposit	1,026,019
Total Cash Deposits	<u>8,512,983</u>
Short-Term Investments Held in Trust	388,072
Total Cash Deposits and Investments	<u><u>\$ 8,901,055</u></u>

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

Cash and Cash Equivalents	\$ 5,911,095
Restricted Cash and Cash Investments	2,989,960
Total	<u><u>\$ 8,901,055</u></u>

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.

Statutes 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.

At October 31, 2017, the carrying amount of the City's demand deposits and certificates of deposit in financial institutions was \$8,512,283. The bank balances totaled \$8,733,637, of which \$250,000 was FDIC insured and \$8,483,637 was collateralized by pledged collateral held in the name of the City.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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.

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, 2017, 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, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

In determining fair value, the City uses various valuation approaches within GASBS 72 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

GASBS 72 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. GASBS 72 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 - Valuations based on quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

Money Market Mutual Funds: Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end. In less active markets, the valuation is based on the most recent price of the equivalent quoted yield for such securities. These are classified as Level 1 within the valuation hierarchy.

The carrying amounts, maturity segment, ratings and fair value levels for the City's investments at October 31, 2017, consisted of the following:

<u>Investment</u>	<u>Maturity Under One Year</u>	<u>Rating</u>	<u>Fair Value Hierarchy Level</u>
Restricted Investments, Proprietary Fund, Fidelity Treasury Money Market Funds	<u>\$ 388,072</u>	AAAm	Level 1

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

NOTE 4 RESTRICTED CASH

Restricted cash at October 31, 2017 consisted of the following:

	General Fund	Combined Water & Wastewater	Total
Court Appearance Bonds	\$ 3,913	\$ -	\$ 3,913
Debt Covenants	-	388,072	388,072
Capital Projects	-	2,597,975	2,597,975
Total	<u>\$ 3,913</u>	<u>\$ 2,986,047</u>	<u>\$ 2,989,960</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, 2017, 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, 2017

NOTE 5 CAPITAL ASSETS

The changes in capital asset activity, resulting from modified cash basis transactions, for the year ended October 31, 2017 are as follows:

	Balance November 1, 2016	Additions	Disposals	Balance October 31, 2017
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 918,234	\$ -	\$ -	\$ 918,234
Construction in Progress	547,624	534,889	469,283	613,230
Total Capital Assets, Not Being Depreciated	1,465,858	534,889	469,283	1,531,464
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,924,146	35,818	-	2,959,964
Machinery and Equipment	939,187	112,887	-	1,052,074
Vehicles	739,051	21,544	-	760,595
Infrastructure	1,472,721	1,131,799	-	2,604,520
Total Capital Assets, Being Depreciated	6,075,105	1,302,048	-	7,377,153
Total Capital Assets	7,540,963	1,836,937	469,283	8,908,617
Less: Accumulated Depreciation	2,751,247	265,574	-	3,016,821
Governmental Activities Capital Assets, Net	<u>\$ 4,789,716</u>	<u>\$ 1,571,363</u>	<u>\$ 469,283</u>	<u>\$ 5,891,796</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land and Easements	\$ 220,930	\$ -	\$ -	\$ 220,930
Construction in Progress	241,151	49,727	241,153	49,725
Total Capital Assets, Not Being Depreciated	462,081	49,727	241,153	270,655
Capital Assets, Being Depreciated:				
Water Towers	2,656,744	-	-	2,656,744
Water and Sewer Lines	5,500,268	525,746	-	6,026,014
Machinery and Equipment	439,639	52,249	-	491,888
Vehicles	563,065	41,659	-	604,724
Plant	9,401,354	82,395	-	9,483,749
Total Capital Assets, Being Depreciated	18,561,070	702,049	-	19,263,119
Total Capital Assets	19,023,151	751,776	241,153	19,533,774
Less: Accumulated Depreciation	5,188,524	459,494	-	5,648,018
Business-Type Activities Capital Assets, Net	<u>\$ 13,834,627</u>	<u>\$ 292,282</u>	<u>\$ 241,153</u>	<u>\$ 13,885,756</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General Government	\$ 33,062
Police	68,002
Public Works	86,346
Parks and Recreation	65,448
Community and Economic Development	12,716
Total Depreciation Expense, Governmental Activities	<u>\$ 265,574</u>

Business-Type Activities

Water and Wastewater	<u>\$ 459,494</u>
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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.

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>2017 Valuation</u>
Benefit Multiplier	1.50%
Final Average Salary	3 Years
Member Contributions	4%

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to but not yet Receiving Benefits	17
Active Employees	44
Total	<u>71</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, 2017. The City's contributions to the plan for the year ended October 31, 2017 was \$214,264.

Net Pension Liability

The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017 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 RP-2014 mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

The actuarial assumptions used in the February 29, 2017 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, 2017

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	48.00 %	4.81 %
Fixed Income	28.50 %	1.72 %
Real Assets/Real Return	23.50 %	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, 2016	\$ 4,479,343	\$ 2,937,636	\$ 1,541,707
Changes for the Year:			
Service Cost	206,338	-	206,338
Interest	322,105	-	322,105
Difference Between Expected and Actual Experience	(61,703)	-	(61,703)
Contributions - Employer	-	223,987	(223,987)
Contributions - Employee	-	91,816	(91,816)
Net Investment Income	-	359,040	(359,040)
Benefit Payments, Including Refunds	(77,075)	(77,075)	-
Administrative Expense	-	(5,648)	5,648
Other Changes	(115,458)	(2,240)	(113,218)
Net Changes	274,207	589,880	(315,673)
Balances at June 30, 2017	<u>\$ 4,753,550</u>	<u>\$ 3,527,516</u>	<u>\$ 1,226,034</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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>Rate Assumption</u>	<u>1% Increase</u>
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability (TPL)	\$ 5,622,741	\$ 4,753,550	\$ 4,052,022
Plan Fiduciary Net Position	3,527,516	3,527,516	3,527,516
Net Pension Liability (NPL)	<u>\$ 2,095,225</u>	<u>\$ 1,226,034</u>	<u>\$ 524,506</u>

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

For the year ended October 31, 2017, the City recognized pension expense of \$214,264, 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 \$264,248, 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	\$ 35,839	\$ (137,537)
Changes in Assumptions	186,691	(100,169)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	63,281	-
Contributions Made After the Measurement Date	69,482	-
Total	<u>\$ 355,293</u>	<u>\$ (237,706)</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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, 2017:

<u>Description</u>	<u>Amount</u>
Governmental Activities	
\$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, 2017, the City had capital assets related to this lease with a cost of \$68,486, and those assets had related accumulated depreciation of \$16,116.	11,956
Total Governmental Activities	<u>\$ 11,956</u>
Business-Type Activities	
\$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%.	\$ 2,625,000
\$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%.	275,000
Deferred Refunding on Series 2007 Water Revenue Bonds	(3,836)
Total Business-Type Activities	<u>\$ 2,896,164</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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, 2017 were as follows:

	Balance November 1, 2016	Additions	Retired	Balance October 31, 2017	Current Portion	Long-Term Portion
Governmental Activities:						
Capital Lease - Cab Tractor	\$ 35,162	\$ -	\$ 23,206	\$ 11,956	\$ 11,956	-
Total	<u>\$ 35,162</u>	<u>\$ -</u>	<u>\$ 23,206</u>	<u>\$ 11,956</u>	<u>\$ 11,956</u>	<u>\$ -</u>
Business-Type Activities:						
2007 Certificates Of Participation	\$ 2,830,000	\$ -	\$ 205,000	\$ 2,625,000	\$ 215,000	\$ 2,410,000
2012 Certificates Of Participation	330,000	-	55,000	275,000	50,000	225,000
Deferred Refunding	(4,836)	-	(1,000)	(3,836)	(1,000)	(2,836)
Total	<u>\$ 3,155,164</u>	<u>\$ -</u>	<u>\$ 259,000</u>	<u>\$ 2,896,164</u>	<u>\$ 264,000</u>	<u>\$ 2,632,164</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.

Under the Series 2012 Certificates of Participation, 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, 2017**

NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)

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

Year Ended October 31,	Governmental Activities						Total		
	Capital Lease - Cab Tractor								
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2018	\$ 11,956	\$ 140	\$ 12,096				\$ 11,956	\$ 140	\$ 12,096
Total	<u>\$ 11,956</u>	<u>\$ 140</u>	<u>\$ 12,096</u>				<u>\$ 11,956</u>	<u>\$ 140</u>	<u>\$ 12,096</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
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	2,236	62,236	305,000	89,178	394,178
2022	255,000	76,407	331,407	55,000	723	55,723	310,000	77,130	387,130
2023-2027	1,450,000	203,246	1,653,246	-	-	-	1,450,000	203,246	1,653,246
Total	<u>\$ 2,625,000</u>	<u>\$ 685,100</u>	<u>\$ 3,310,100</u>	<u>\$ 275,000</u>	<u>\$ 18,476</u>	<u>\$ 293,476</u>	<u>\$ 2,900,000</u>	<u>\$ 703,576</u>	<u>\$ 3,603,576</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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, 2017 was \$147,636,874

The tax levy per \$100 of assessed valuation of tangible real and personal property for the budget year ending October 31, 2017 was \$0.4773 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.

The City is subject to property tax abatements through various programs implemented by Platte County, which include Tax Increment Financing (TIF). The enacting authority for TIF is Chapter 99, RSMO. A TIF project diverts tax revenue, above an established base level of taxes, to a special allocation fund that allows certain project costs to be reimbursed to developers for up to 23 years. Most commonly, the sources of funds that are diverted are Payments In Lieu of Taxes (PILOTs) and Economic Activity Taxes (EATs). Generally, 100% of PILOTs (real property based taxes) and 50% of EATs (sales, utilities, and earnings based taxes) are diverted. A basic requirement, as outlined in Section 99.810.1 (1), RSMO, is: "The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing." Each agreement will vary from project to project.

The reduction in the City's property tax revenues from TIF reimbursements were approximately \$90,930 for the year ending October 31, 2017.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

NOTE 9 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during fiscal year ended October 31, 2017 consisted of the following:

	General Fund
State:	
Motor Vehicle Fuel Tax	\$ 228,621
Road Relinquishment Agreement	272,000
County:	
Road and Bridge Tax	49,331
School District:	
School Resource Officer	40,788
Federal:	
Public Safety Grants	13,024
Total	<u>\$ 603,764</u>

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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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, 2017 was \$30,323.

The water and wastewater 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, 2017 was \$19,746.

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>
2018	31,840	\$ 12,626
2019	33,432	12,626
2020	35,103	12,626
2021	36,853	12,626
2022	38,701	12,684
2023-2027	270,517	-
2028-2032	358,222	-
2033-2037	457,192	-
2038-2042	582,324	-
2043-2047	744,518	-
2048	172,011	-
Total	<u>\$ 2,760,713</u>	<u>\$ 63,188</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, 2017, no reimbursements have been made.

Other Services

The City engaged a company to provide water tower maintenance. The agreement is for 10 years with payments of \$46,771 per year, for total payments over the term of the contract of \$467,710. The contract expires in the year ending October 31, 2027 and the remaining commitment at October 31, 2017 was \$467,710

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

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 \$36,652 for the year ended October 31, 2017. Future rents to be received under current leases are as follows:

<u>Year Ended October 31,</u>	<u>Amount</u>
2018	\$ 29,902
2019	9,663
2020	4,026
Total	<u>\$ 43,591</u>

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 revenues, net of specified operating expenses, to repay certificates of participation that were issued for the purpose of improvements. The certificates of participation are payable solely from the fund's net revenues and are payable through 2027. The total principal and interest to be repaid on the certificates of participation is \$3,603,576. Principal paid and interest for the current year was \$392,329 on the certificates of participation. Total proprietary expense fund net revenues for the current year were \$1,234,706.

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.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2017**

NOTE 15 SUBSEQUENT EVENTS

In November 2017, the City entered into a seven year lease agreement for the purchase of a street sweeper. The lease accrues interest at 3.61% and has annual payments of \$37,345, for payments over the life of the lease totaling \$261,415.

In November 2017, the City approved a contract to replace a bridge with a culvert for approximately \$550,000.

In March 2018, the City approved a contract for asphalt overlay services for \$225,499.

In March 2018, the City approved a contract for a waterline replacement and relocation project totaling \$788,568.

In April 2018, a half-cent capital improvement sales tax was approved by voters.

In April 2018, voters approved the issuance of general obligations in the amount of \$5,625,000.

OTHER INFORMATION

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED OCTOBER 31, 2017

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Taxes	\$ 2,811,000	\$ 2,811,000	\$ 2,697,200	\$ (113,800)
Licenses, Fees, and Permits	234,000	234,000	437,765	203,765
Intergovernmental Revenues	59,000	59,000	603,764	544,764
Charges for Services	139,000	139,000	141,981	2,981
Fines and Forfeitures	151,500	151,500	205,527	54,027
Interest	25,000	25,000	67,038	42,038
Donations	7,500	7,500	-	(7,500)
Reimbursements	-	-	37,433	37,433
Other Revenue	1,000,000	1,000,000	54,201	(945,799)
Total Revenues	4,427,000	4,427,000	4,244,909	(182,091)
EXPENDITURES				
General Government	1,729,550	1,739,550	916,769	(822,781)
Police	1,382,550	1,382,550	1,296,040	(86,510)
Municipal Court	112,450	112,450	112,907	457
Public Works	647,000	647,000	608,918	(38,082)
Parks and Recreation	570,000	570,000	612,662	42,662
Economic and Community Development	393,750	393,750	535,572	141,822
Senior Center	30,500	30,500	17,401	(13,099)
Capital Outlay	-	-	810,937	810,937
Debt Service:				
Principal	-	-	23,206	23,206
Interest	-	-	984	984
Total Expenditures	4,865,800	4,875,800	4,935,396	59,596
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(438,800)	(448,800)	(690,487)	(241,687)
OTHER FINANCING SOURCES				
Transfers In	119,000	-	1,794	1,794
Insurance Recovery	-	-	160,852	160,852
Total Other Financing Sources	119,000	-	162,646	162,646
NET CHANGE IN FUND BALANCE	(319,800)	(448,800)	(527,841)	(79,041)
Fund Balance - Beginning of Year	4,420,147	4,420,147	4,420,147	-
FUND BALANCE - END OF YEAR	<u>\$ 4,100,347</u>	<u>\$ 3,971,347</u>	<u>\$ 3,892,306</u>	<u>\$ (79,041)</u>

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO THE OTHER INFORMATION
YEAR ENDED OCTOBER 31, 2017**

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	\$ 4,935,396	\$ 4,875,800	\$ 59,596

**CITY OF SMITHVILLE, MISSOURI
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED OCTOBER 31, 2017**

<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 Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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
2017	214,857	214,857	-	2,260,587	9.5

CITY OF SMITHVILLE, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED OCTOBER 31, 2017

	2017	2016	2015
<u>Total Pension Liability</u>			
Service Cost	\$ 206,338	\$ 153,830	\$ 140,811
Interest on the Total Pension Liability	322,105	245,853	225,837
Changes of Benefit Terms	-	575,946	-
Difference Between Expected and Actual Experience of the Total Pension Liability	(61,703)	(37,208)	(36,649)
Changes of Assumptions	(115,458)	257,101	-
Benefit Payments, Including Refunds of Employee Contributions	(77,075)	(62,278)	(58,416)
Net Change in Total Pension Liability	<u>274,207</u>	<u>1,133,244</u>	<u>271,583</u>
Total Pension Liability - Beginning of Year	4,479,343	3,346,099	3,074,516
Total Pension Liability- End of Year	<u><u>\$ 4,753,550</u></u>	<u><u>\$ 4,479,343</u></u>	<u><u>\$ 3,346,099</u></u>
<u>Plan Fiduciary Net Position</u>			
Contributions-Employer	\$ 223,987	\$ 202,910	\$ 153,582
Contributions-Employee	91,816	85,403	77,348
Net Investment Income	359,040	10,581	50,712
Benefit Payments, Including Refunds of Employee Contributions	(77,075)	(62,278)	(58,416)
Pension Plan Administrative Expense	(5,648)	(5,219)	(5,593)
Other (Net Transfer)	(2,240)	(81,200)	64,716
Net Change in Plan Fiduciary Net Position	<u>589,880</u>	<u>150,197</u>	<u>282,349</u>
Plan Fiduciary Net Position - Beginning of Year	2,937,636	2,787,439	2,505,090
Plan Fiduciary Net Position - End of Year	<u><u>\$ 3,527,516</u></u>	<u><u>\$ 2,937,636</u></u>	<u><u>\$ 2,787,439</u></u>
Net Pension Liability (Asset)	<u><u>\$ 1,226,034</u></u>	<u><u>\$ 1,541,707</u></u>	<u><u>\$ 558,660</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.21%	65.58%	83.30%
Covered Payroll	\$ 2,157,153	\$ 2,125,577	\$ 1,899,868
Employer's Net Pension Liability (Asset) as a Percentage of Covered Payroll	56.84%	72.53%	29.41%

Schedule is intended to show information for 10 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, 2017

	Special Revenue						Total Nonmajor Governmental Funds
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	TIF	Transportation Sales Tax	Appointed Council
ASSETS							
Cash	\$ 8,591	\$ 13,384	\$ 9,091	\$ 2,869	\$ -	318,845	\$ 2,051
Total Assets	<u>\$ 8,591</u>	<u>\$ 13,384</u>	<u>\$ 9,091</u>	<u>\$ 2,869</u>	<u>\$ -</u>	<u>\$ 318,845</u>	<u>\$ 2,051</u>
FUND BALANCES							
Restricted	\$ 8,591	\$ 13,384	\$ -	\$ 2,869	\$ -	\$ 318,845	\$ 2,051
Committed	-	-	9,091	-	-	-	-
Total Fund Balances	<u>\$ 8,591</u>	<u>\$ 13,384</u>	<u>\$ 9,091</u>	<u>\$ 2,869</u>	<u>\$ -</u>	<u>\$ 318,845</u>	<u>\$ 2,051</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, 2017**

	Special Revenue							Total Nonmajor
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	TIF	Transportation Sales Tax	Appointed Council	Governmental Funds
REVENUES								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 92,724	\$ -	\$ -	\$ 92,724
Licenses, Fees, and Permits	3,671	3,830	-	657	-	-	649	8,807
Sales and Use Taxes	-	-	-	-	-	469,890	-	469,890
Total Revenues	3,671	3,830	-	657	92,724	469,890	649	571,421
EXPENDITURES								
Current:								
Police	993	-	-	-	-	-	-	993
Municipal Court	-	1,510	-	399	-	-	-	1,909
Public Works	-	-	-	-	-	33,255	-	33,255
Economic and Community Development	-	-	-	-	90,930	-	-	90,930
Capital Outlay	-	-	-	-	-	362,199	-	362,199
Total Expenditures	993	1,510	-	399	90,930	395,454	-	489,286
EXCESS OF REVENUES OVER EXPENDITURES	2,678	2,320	-	258	1,794	74,436	649	82,135
OTHER FINANCING USES								
Transfers out	-	-	-	-	(1,794)	-	-	(1,794)
NET CHANGE IN FUND BALANCES	2,678	2,320	-	258	-	74,436	649	80,341
Fund Balances - Beginning of Year	5,913	11,064	9,091	2,611	-	244,409	1,402	274,490
FUND BALANCES - END OF YEAR	\$ 8,591	\$ 13,384	\$ 9,091	\$ 2,869	\$ -	\$ 318,845	\$ 2,051	\$ 354,831