
CITY OF SHREWSBURY, MISSOURI
FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2015

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Independent Auditors' Report

The Honorable Mayor and
the Board of Aldermen
City of Shrewsbury, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the City of Shrewsbury, Missouri (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the City as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As discussed in Note 1 to the financial statements, in 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 10, the Budgetary Comparison Information on pages 38 - 42, and the Pension Plan Schedules on pages 43 through 47 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual nonmajor fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual nonmajor fund financial schedules 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 individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 20, 2016

Management's Discussion And Analysis

CITY OF SHREWSBURY, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Shrewsbury, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2015.

Financial Highlights

- The total Assets of the City of Shrewsbury exceeded its total liabilities and deferred inflows of resources by \$2,691,749 (net position) in 2015.
- As of December 31, 2015, the City's governmental funds reported combined fund balances of \$4,780,119, a decrease of \$33,860 in comparison with the prior year. Over 45% of this total, \$2,153,461 is unassigned and available for use within the City's designation and policies.
- At December 31, 2015, non-spendable, restricted, assigned and unassigned fund balance for the general fund was \$2,288,078, or 28.56% of total general fund operating expenditures.
- The City reduced its existing long-term debt by \$685,000 during the year ended December 31, 2015.

Using This Annual Report

This annual report has been prepared in accordance with the Government Accounting Standards Board (GASB) Statement No. 34. As such, the report includes financial statements that show information about the City as a whole and its significant funds. The Statement of Net Position and the Statement of Activities provide information about activities of the City as a whole and present a longer-term view of the City's finances. The fund financial statements present how the City financed its services in the short term, as well as the amounts that remain for future spending.

Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. Required supplementary information and other supplementary information are also included in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets, liabilities and deferred inflows and outflows of resources using the accrual basis of accounting, with the difference between all the above mentioned items reported as net position. Under accrual accounting, all revenues and expenses are recorded regardless of when cash is received or paid. Over time, increases or decreases in net position serves as an indicator of whether the financial position of the City is improving or deteriorating.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Statement of Activities presents information showing how the City's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the City's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories--governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

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

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Fund - Fund financial statements also allow the City to present its Municipal Court Trust Fund. While this fund represents a trust responsibility, these assets are restricted in purpose and do not represent discretionary assets of the City. Therefore, these assets are not presented as part of the government-wide financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources exceeded liabilities by \$2,691,749 as of December 31, 2015.

There are three portions of the City's net position: net investment in capital assets (e.g., land, infrastructure, building, vehicles, and equipment, net of related debt); restricted net position; and unrestricted net position which may be used to meet the government's ongoing obligation to citizens and creditors. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Statement of Net Position

	Governmental Activities	
	2015	2014
Assets		
Current and other assets	\$ 8,480,779	\$ 5,179,261
Capital assets	8,297,359	6,802,922
Total Assets	16,778,138	11,982,183
Deferred Outflows Of Resources		
Deferred amount on refunding	11,858	17,329
Pension related amounts	798,248	-
Total Deferred Outflows of Resources	810,106	17,329
Liabilities		
Current and other liabilities	283,319	245,217
Long-term liabilities	14,375,449	12,549,231
Total Liabilities	14,658,768	12,794,448
Deferred Outflow Of Resources		
Pension related amount	237,727	-
Net Position		
Net investment in capital assets	2,594,477	2,431,033
Restricted	2,658,941	2,565,979
Unrestricted	(2,561,669)	(5,791,948)
Total Net Position	\$ 2,691,749	\$ (794,936)

Unrestricted net position represents the accumulated results of all past years' operations. This means that if the City had to pay off all its liabilities today, there would be a positive balance of \$2,691,749.

Changes in Net Position

In 2015, the City's total revenues on a government-wide basis were \$7,301,185 which represents a 5.2% increase in revenue compared to 2014. Of the City's revenues, taxes represent 71%, 21% is generated by charges for services, and 8% of revenues come from grants and contributions and other revenue.

The total cost of all programs and services for 2015 was \$7,693,588. This represents a decrease of \$5,545,752 or approximately 42% less than the prior year. The majority of the decrease is due to the capital expense related to the issuance of Tax Increment Finance notes and representing special, limited obligations of the City, payable solely from incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area, not being incurred in 2015 as they were in 2014. While overall the City reduced its total expenses, some governmental activities

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

experienced an increase in cost. Increases in expenses occurred in insurance premiums and personnel costs and capital expenditures. The City's expenses cover a range of typical city services - city administration, police, fire, court, public works, and parks. Of these, public safety (police and court) and the fire department functions together comprise approximately 54% of the total cost of programs and services. The parks and recreation department comprise approximately 15% of the total city expenses, likewise the general government activities comprise approximately 15% of the total city-wide expenses. The remaining 16% of city expenditures is generated from the activities of the public works department and interest and fiscal charge related expenses.

The following table provides a summary of the City's operations for the years ended December 31, 2015 and 2014:

Statement of Activities

	Governmental Activities	
	2015	2014
Revenues		
Program Revenues		
Charges for services	\$ 1,527,086	\$ 1,835,498
Operating grants and contributions	359,362	352,523
Capital grants and contributions	81,894	26,021
General Revenues		
Property taxes	1,110,639	1,066,807
Sales taxes	2,941,495	2,359,610
Utility taxes	1,042,647	1,065,052
Other taxes	96,985	96,985
Other	141,077	140,633
Total Revenues	7,301,185	6,943,129
Expenses		
General government	1,152,408	975,204
Public safety	2,239,143	2,377,374
Public works	552,598	6,303,886
Fire and ambulance services	1,937,803	1,910,017
Parks	1,153,220	1,121,406
Interest and fiscal charges	658,416	551,453
Total Expenses	7,693,588	13,239,340
Change In Net Position	(392,403)	(6,296,211)
Net Position - Beginning Of Year	(794,936)	5,501,275
Prior Period Adjustment (Note 1) GASB 68	3,879,088	-
Net Position - Beginning Of Year, As Restated	3,084,152	5,501,275
Net Position - End Of Year	\$ 2,691,749	\$ (794,936)

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Overall, expenditures exceeded revenue by \$392,403 across all funds. Total revenues increased by 5.2% compared to 2014 while expenses decreased by 42%. The decrease in expenditures is attributed to the City having to report approximately \$5.8 million in capital expenses related to the issuance of TIF notes in 2014, and not incurring those expenses in 2015. Overall taxes (property and sales) increased by 18%, utility taxes decreased by 2% and earnings on investments were down 50%. Sales tax receipts increased significantly in 2015 due to the opening of a Wal-Mart and other economic development related activity. Charges for services decreased significantly in the Public Safety category, and the fire and ambulance services category, while charges for parks and recreation remained flat. The decrease in revenue for public safety charges is mostly due to a significant decrease increase in municipal court fines. General Government charges for services decreased by 16.7% compared to 2014.

The City received a few grants in fiscal year 2015. All grants received are reimbursement grants, where the funds must be spent for specific purposes. Once the City completes the work, it is eligible for reimbursement. During the year, the City received a community development block grant (\$15,000) from the St. Louis County Department of Planning. The City also received federal Department of Justice grant funds for the bulletproof vest program (\$1,107), the Local Law Enforcement Block Grant from the Missouri Department of Public Safety (\$9,720), and a federal matching grant (20% contribution from City) for light bars and siren installation on the police patrol cars (\$8,190).

Financial Analysis Of The City's Funds

Governmental Funds

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

At the end of 2015, the City's governmental funds reported a combined fund balance of \$4,780,119 a decrease of \$33,860 when compared to the prior year. This decrease in the combined fund balance reflects a shortfall (expenditures over revenues) in the General fund of \$114,272. There were small surpluses in the Capital Improvement fund of \$72,255, the Sewer Lateral Fund of \$2,841, and the Debt Service Fund of \$5,316.

Of the total combined fund balance, \$2,153,461 (45%) constitutes unrestricted (unassigned) fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows:

1. To pay for debt service (\$1,339,468);
2. To pay for capital improvements (\$869,716);
3. To pay for sewer repairs (\$282,857);
4. To pay for funding of various municipal court and police programs as defined in the Missouri State Statutes (\$83,335).

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Budgetary Highlights

In the total of all funds, the City budgeted for a decrease in its overall fund balance of \$224,039 for 2015. This anticipated decrease in fund balance primarily reflected the anticipated increase in salaries and benefits. Fortunately, the City experienced a decrease in overall fund balance favorable to budget, with less than a 1% decrease in overall fund balance. This difference primarily reflects revenue from taxes, licenses and permits favorable to budget. Sales tax revenue (for all funds) for 2015 was approximately \$184,778 more than budgeted. Utility tax revenue was \$65,903 less than budgeted due to an unanticipated decrease in revenue from electric, gas and telephone utilities. License and permit revenues were approximately \$78,332 more than budgeted for in 2015. Lastly, municipal court fines were unfavorable to budget by approximately \$210,747.

Actual overall expenditures were not favorable to budget and \$242,782 more than the final amended budget amount. This unfavorable variance to budget reflects the reporting of approximately \$1.9 million in expenditures for a capital improvement project that allowed the City to enhance the energy efficiency in the Public Safety Building and City Hall and provide much needed upgrades to both buildings. The City issued Certificates of Participation in 2015 in the amount of \$1,925,058 to finance the project as shown on the Statement of Revenues, Expenditures and Changes in Fund Balances to Governmental Funds and is reported as "other financing sources". After accounting for the issuance of the COPs, the City's fund balance in all funds only decreased by \$33,860 in 2015.

The budgeted deficit in the General Fund was \$239,198. Favorable actual results in total revenues and favorable actual results in expenditures were realized resulting in a final deficit of \$114,272 for the year.

Capital Assets

The City has invested \$8,297,359 in capital assets, net of accumulated depreciation. This investment in capital assets includes land, buildings, park facilities, roads, sidewalks, vehicles, and machinery and equipment. This amount represents a net increase from fiscal year 2014 including additions and retirements of \$1,494,437. The majority of the increase in capital assets is due to the capital improvement project at the Public Safety Building and City Hall.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

	Capital Assets (Net Of Depreciation)	
	Governmental Activities	
	2015	2014
Land	\$ 706,264	\$ 706,264
Land improvements	656,900	715,979
Buildings	5,329,326	3,779,291
Equipment	784,818	751,846
Furniture and fixtures	33,171	29,836
Vehicles	637,482	658,875
Infrastructure	149,398	160,831
Total	\$ 8,297,359	\$ 6,802,922

Additional information on the City's capital assets can be found in Note 4 found on page 30 of this report.

Debt Administration

At the end of the current year, the City had a total debt of \$13,515,832 (excluding unaccreted interest on the 2007 series). Of this amount \$770,000 is the Series 2008 leasehold refunding revenue bonds (which refinanced the Series 1999 leasehold refunding revenue bonds). Other debt includes the Series 2006 general obligation capital refunding bonds in the amount of \$870,000, and \$1,510,046 for the Series 2007 general obligation capital appreciation bonds. All of the above bonds are secured solely by specific revenue sources such as debt service property tax levy, and the Capital Improvement and Parks/Stormwater sales tax. In 2015, the City issued Certificates of Participation in the amount of \$1,920,000 to be liquidated using capital improvement and parks and stormwater sales tax revenues once the 2008 leasehold refunding revenue bonds are retired in 2018. Additionally, in December of 2013, Tax Increment Financing (TIF) notes payable were issued. The Series 2013A TIF notes in the amount of \$147,487 and the Series 2013B TIF notes for \$8,298,299 are limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza Redevelopment area.

Additional information on the City's long-term debt can be found in Note 5 found on pages 31-33 of this report.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Economic Factors and Year 2016 Budget

There are a number of factors that affect the budget over which the City has little or no control. Sales taxes are the single largest category of revenue for the City and they fall into this category. As reviewed earlier, sales tax receipts in the General Fund were 6.5% over budget. The City expects for revenue from sales tax to continue to increase over the next several years as the nation's economy continues to improve and pending business developments that are currently in progress come to fruition. The City has been successful in its efforts in recent years in attracting new businesses to the Watson Road corridor, including a new Wal-Mart that opened in the fall of 2015. It is anticipated that the opening of the new Wal-Mart, along with some other smaller tenants, will spur additional interest from retail and business prospects to move into the City.

For the Future

The City of Shrewsbury must continue to focus its economic development efforts on retaining its economic base by helping businesses expand while attracting new businesses. The City must focus its economic development efforts on attracting new retail and restaurants on the Watson Road corridor, also known as Historic Route 66, and combine those efforts with preserving its historic appeal and traditions.

Requests for Information

This discussion and analysis is intended to provide the City's taxpayers and other constituents with an overview of the financial condition of the City. If you wish to request additional financial information or have any questions, please contact the Finance Director, at City of Shrewsbury, 5200 Shrewsbury Avenue, Shrewsbury, Missouri 63119.

Basic Financial Statements

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF NET POSITION

December 31, 2015

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 3,178,121
Cash and investments - restricted	310,055
Receivables:	
Taxes	1,469,710
Other	198,851
Prepays	51,282
Net pension asset	3,272,760
Capital assets:	
Nondepreciable	706,264
Depreciable, net	7,591,095
Total Assets	<u>16,778,138</u>
Deferred Outflow of Resources	
Deferred amount on refundings	11,858
Difference between expected and actual earnings on pension investments	611,864
Difference between expected and actual experience - pension	109,173
Pension contributions subsequent to measurement date	77,211
	<u>810,106</u>
Liabilities	
Accounts payable	157,803
Accrued interest	20,467
Accrued wages	95,248
Refundable deposits	9,801
Long-term liabilities:	
Due within one year	868,052
Due in more than one year	13,507,397
Total Liabilities	<u>14,658,768</u>
Deferred Inflows Of Resources	
Difference between expected and actual experience - pension	<u>237,727</u>
Net Position	
Net investment in capital assets	2,594,477
Restricted for:	
Capital improvements	869,716
Debt service	1,423,033
Sewer repairs	282,857
Law enforcement	83,335
Unrestricted	<u>(2,561,669)</u>
Total Net Position	<u>\$ 2,691,749</u>

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 1,152,408	\$ 518,189	\$ —	\$ 1,107	\$ (633,112)
Public safety	2,239,143	224,253	—	9,720	(2,005,170)
Public works and planning	552,598	41,984	359,362	71,067	(80,185)
Fire and ambulance services	1,937,803	262,870	—	—	(1,674,933)
Parks and recreation	1,153,220	479,790	—	—	(673,430)
Interest and fiscal charges	658,416	—	—	—	(658,416)
Total Governmental Activities	\$ 7,693,588	\$ 1,527,086	\$ 359,362	\$ 81,894	(5,725,246)

General Revenues

Property taxes levied for:

General purposes 1,110,639

Sales tax levied for:

General purposes 1,414,861

Park and stormwater purposes 622,016

Capital improvements 531,653

Fire district improvements 311,008

Tax Increment Financing 61,957

Utility taxes 1,042,647

Other taxes 96,985

Earnings on investments 19,842

Miscellaneous 121,235

Total General Revenues **5,332,843**

Change in net position (392,403)

Net Position - Beginning Of Year (794,936)

Prior Period Adjustment (Note 1) - Effect Of Adoption Of GASB 68 3,879,088

Net Position - Beginning Of Year, As Restated **3,084,152**

Net Position - End Of Year **\$ 2,691,749**

CITY OF SHREWSBURY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	Major Funds				Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	
Assets					
Cash and investments	\$ 1,284,972	\$ 335,399	\$ 770,392	\$ 787,358	\$ 3,178,121
Restricted cash and investments	—	—	310,055	—	310,055
Receivables:					
Taxes	1,022,041	10,947	111,377	325,345	1,469,710
Grants	—	—	1,348	—	1,348
Other	197,017	211	—	275	197,503
Due from other funds	317	—	—	—	317
Prepays	51,282	—	—	—	51,282
Total Assets	\$ 2,555,629	\$ 346,557	\$ 1,193,172	\$ 1,112,978	\$ 5,208,336
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 81,019	\$ 63,700	\$ 13,084	\$ —	\$ 157,803
Due to other funds	—	—	317	—	317
Accrued wages	95,248	—	—	—	95,248
Refundable deposits	9,801	—	—	—	9,801
Total Liabilities	186,068	63,700	13,401	—	263,169
Deferred Inflows Of Resources					
Property taxes	81,483	—	—	83,565	165,048
Fund Balances					
Nonspendable:					
Prepays	51,282	—	—	—	51,282
Restricted for:					
Debt service	—	—	310,055	1,029,413	1,339,468
Sewer repairs	—	282,857	—	—	282,857
Capital improvements	—	—	869,716	—	869,716
Law enforcement	83,335	—	—	—	83,335
Total Restricted	83,335	282,857	1,179,771	1,029,413	2,575,376
Unassigned	2,153,461	—	—	—	2,153,461
Total Fund Balances	2,288,078	282,857	1,179,771	1,029,413	4,780,119
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 2,555,629	\$ 346,557	\$ 1,193,172	\$ 1,112,978	\$ 5,208,336

CITY OF SHREWSBURY, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2015**

Total Fund Balance - Governmental Funds \$ 4,780,119

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$17,857,642 and the accumulated depreciation is \$9,560,283. 8,297,359

Net pension asset is not a current financial resources and therefore is not reported in the fund financial statements, but is reported in the Statement of Net Position. 3,272,760

Unamortized deferred amounts on refundings are reported in the government-wide statement of net position as deferred outflows of resources and are amortized over the life of the related debt. 11,858

Certain changes in the net pension asset are deferred and amortized over time. 560,521

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

Accrued compensated absences, vacation	\$ (210,064)	
Bonds payable	(5,714,740)	
Unamortized bond premium	(4,859)	
Notes payable	(7,914,456)	
Capitalized interest on notes payable	(531,330)	
Accrued interest	(20,467)	
		(14,395,916)

Property taxes assessed by the City, but not collected within 60 days after year end, are deferred inflows of resources in the fund financial statements. However, revenue for this amount is recognized in the government-wide statements. 165,048

Total Net Position - Governmental Activities \$ 2,691,749

CITY OF SHREWSBURY, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2015

	Major Funds				Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	
Revenues					
Taxes	\$ 4,447,390	\$ 41,984	\$ 531,653	\$ 552,920	\$ 5,573,947
Licenses and permits	426,057	—	—	—	426,057
Fines and court costs	224,253	—	—	—	224,253
Investment income	12,088	1,121	7,793	(1,160)	19,842
Charges for services	834,692	—	—	—	834,692
Grants	1,107	—	80,787	—	81,894
Miscellaneous	26,141	—	—	—	26,141
Total Revenues	5,971,728	43,105	620,233	551,760	7,186,826
Expenditures					
Current:					
General government	850,390	—	—	—	850,390
Public safety	2,158,905	—	—	—	2,158,905
Public works and planning	2,250,372	—	—	—	2,250,372
Fire and ambulance services	1,824,366	—	—	—	1,824,366
Parks and recreation	819,586	—	—	—	819,586
Capital outlay	—	40,264	339,559	—	379,823
Debt service:					
Principal retirement	—	—	175,000	510,000	685,000
Interest and fiscal charges	107,439	—	33,419	36,444	177,302
Total Expenditures	8,011,058	40,264	547,978	546,444	9,145,744
Revenues Over (Under) Expenditures	(2,039,330)	2,841	72,255	5,316	(1,958,918)
Other Financing Sources					
Issuance of certificates of participation	1,920,000	—	—	—	1,920,000
Bond premium	5,058	—	—	—	5,058
Total Other Financing Sources (Uses)	1,925,058	—	—	—	1,925,058
Net Change In Fund Balances	(114,272)	2,841	72,255	5,316	(33,860)
Fund Balances - Beginning Of Year	2,402,350	280,016	1,107,516	1,024,097	4,813,979
Fund Balances - End Of Year	\$ 2,288,078	\$ 282,857	\$ 1,179,771	\$ 1,029,413	\$ 4,780,119

CITY OF SHREWSBURY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015

Net Change In Fund Balances - Total Governmental Funds \$ (33,860)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlays	\$ 2,131,205	
Depreciation expense	(632,262)	
	<u>1,498,943</u>	1,498,943

In the statement of activities, sales proceeds, less the net book value of the assets sold or disposed of, is recognized as a gain (loss) on the sale/disposal of capital assets. (4,506)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs and debt discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Interest accretion	(90,522)	
Repayments of principal and accreted interest	685,000	
Issuance of certificates of participation	(1,920,000)	
Premium on issuance	(5,058)	
Amortization of deferred amounts and premium	(5,272)	
	<u>(1,335,852)</u>	(1,335,852)

Certain expenses, as reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences		(3,995)
Interest expense		(525,979)
Pension expense		(6,319)

Property tax revenues and other tax revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements since they will be collected several months after year end.

19,165

Change In Net Position Of Governmental Activities \$ (392,403)

CITY OF SHREWSBURY, MISSOURI

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MUNICIPAL COURT - AGENCY FUND
December 31, 2015**

Assets	
Cash	\$ 4,354
	<hr/>
Liabilities	
Due to others	\$ 353
Court bonds held in trust	4,001
	<hr/>
Total Liabilities	\$ 4,354
	<hr/>

CITY OF SHREWSBURY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

1. Summary Of Significant Accounting Policies

The City of Shrewsbury, Missouri (the City) was incorporated in 1913 under the provisions of the Missouri State Statutes as a Fourth Class city. The City operates under a Mayor-Board of Aldermen form of government, consisting of the Mayor and six Aldermen. The City's major operations include public safety (police and fire), public works, municipal court, planning and zoning, parks and recreation, and general administrative services. The accounting policies of the City conform to accounting principles generally accepted in the United States as applicable to governments. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below.

Reporting Entity

The City's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. These standards identify the City's financial accountability for potential component units as the primary, but not only, criteria for inclusion. The City is financially accountable if it appoints a voting majority of a potential component unit governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to or impose specific financial burdens on the City. Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and a blended component unit: the City of Shrewsbury, Missouri Improvements Corporation (the Corporation). The Corporation's purpose is to act on behalf of the City in its acquisition, construction, improvement, extension, repair, remodeling, renovation, and financing of capital improvement projects. The financial information of the Corporation has been incorporated into the City's financial statements using the blending method and has been reported in the City's Capital Improvement Fund. Under the blending method, transactions of a component unit are presented as if they were executed directly by the primary government.

Basis Of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except that the agency fund does not involve the measurement of results of operations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

House Bill 103 amending RSMo section 302.341 became effective August 28, 2013. The amendments to the statute now require the City to annually calculate the percentage of its general revenue that comes from traffic violations and to report an accounting of that calculation. Any such revenues that exceed 30% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines of \$224,253; of which \$146,013 represent fines and related costs from traffic violations. This amount is approximately 2% of total general revenues of \$5,971,728 and, accordingly, the City believes that they are in compliance with the requirements of the Statute. Effective January 1, 2016, the limit on revenues derived from minor traffic violations was reduced to 12.5% from 30% for municipalities in St. Louis County, Missouri.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other funds.

Sewer Lateral Fund - The City uses this special revenue fund to account for financial resources billed to residents that are restricted for repair fees associated with lateral breaks.

Capital Improvements Fund - The City uses this capital projects fund to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital expenditures approved by the Board of Aldermen and the Capital Improvements Bond Reserve Fund of the blended Corporation.

Debt Service Fund - The City uses this fund to account for the accumulation of resources for the retirement (payment of principal and interest) of the outstanding bonded debt of the City and the usual and customary expenses of the paying agent incurred to retire the bonded debt.

Additionally, the City reports the following fiduciary fund type:

Agency Fund - Municipal Court - This fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units for activities for court bonds.

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. The City's investments are carried at fair value. Investment income earned on pooled cash and investments is allocated to the various funds. Investment income on restricted cash and investments is credited directly to the related fund.

Restricted Cash

Restricted cash and investments consist of amounts for the leasehold revenue bond reserve fund established in accordance with bond indentures.

Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

Depreciation is computed on the straight-line basis, using asset lives as follows:

Land improvements	20 - 30 years
Buildings	7 - 40 years
Equipment	5 - 10 years
Furniture and fixtures	5 years
Vehicles	3 - 15 years
Infrastructure	25 - 50 years

The City implemented the general provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, and elected not to retroactively record the historical cost of infrastructure placed in service prior to January 1, 2004.

Deferred Outflows Of Resources

In addition to assets, the financial statements will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The City has a deferred loss on refunding reported in the statement of net position. A deferred loss on refunding is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension related items relate to certain actuarial differences and changes that are amortized over future periods and differences between expected and actual earnings on pension investments that are amortized over future periods. These items have been reported as deferred outflows on the government-wide statement of net position.

Deferred Inflows Of Resources

In addition to liabilities, the financial statements will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. Any resources received before time requirements are met are reported as deferred inflows of resources. In the statement of net position, pension items related to differences between expected and actual experiences are amortized over future periods. In governmental fund financial statements, taxes that will not be collected within the available period have been reported as deferred inflows of resources.

Compensated Absences

Under terms of the City's personnel policy, employees are granted vacation time based on the length of service. Vacation time accrued during one fiscal year may be carried over with written approval, to a maximum of 280 hours (or 371 hours for firemen) plus the current year accrual. Upon termination, the employee is paid for unused vacation or is required to repay the City for used and unearned vacation of the current year. Vacation time earned but unused at year-end has been recorded as a liability in the government-wide financial statements. A liability for unused vacation compensation is reported in the governmental funds financial statements when due.

Sick leave is not something to which the employee is automatically entitled and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination and, therefore, has not been reflected in the financial statements.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts and deferred amounts on refunding, if any, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums and discounts.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Pensions

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

Net Position

In the government-wide financial statements, net position is displayed in three components as follows:

Net Investment In Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The City first applies restricted resources when an expense is incurred for purposes of which both restricted and unrestricted net position are available.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

New Accounting Standards Adopted

During the year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense associated with defined benefit pension plans. As a result of the implementation, net position as of January 1, 2015 was restated as follows:

Net position, as previously reported	<u>\$ (794,936)</u>
Prior period adjustment:	
Write off of net pension obligation under GASB Statement No. 27	39,488
Beginning net pension asset as of measurement date of June 30, 2014	3,727,260
Contributions made subsequent to the beginning net pension asset at June 30, 2014 through December 31, 2014 are reported as deferred outflows of resources	<u>112,340</u>
Total prior period adjustment	<u>3,879,088</u>
Net position, as restated	<u><u>\$ 3,084,152</u></u>

Fund Balance

The governmental fund financial statements present fund balances based upon classifications that comprise a hierarchy that is based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund balance classifications are as follows:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained for use imposed by formal action of the government's highest level of decision making authority.

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee, or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter in which fund the deficit occurs.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

For committed fund balance, the City's highest level of decision-making authority is the Board of Aldermen. The formal action that is required to be taken by the Board to establish, modify, or rescind a fund balance commitment is the adoption of an ordinance.

For assigned fund balance, the Board of Aldermen is authorized to assign amounts to a specific purpose.

The City has elected to maintain at least 20% of the current fiscal year's operating expenditures in unassigned fund balance to provide adequate funding for at least two months of operating expenditures.

For the classification of fund balances, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes which both restricted and unrestricted fund balance are available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned, and lastly unassigned.

Estimates And Assumptions

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

2. Cash And Investments

A summary of deposits and investments as of December 31, 2015 is as follows:

	<u>Fair Value</u>
Governmental Activities (Including Agency Fund):	
Cash	\$ 1,019,436
Money Market Mutual Funds	425,974
Certificates of deposit	1,953,608
Tennessee Valley Authority Bonds	93,512
	<u>\$ 3,492,530</u>
Government-wide - Governmental Activities	\$ 3,488,176
Fiduciary fund - Municipal Court Agency Fund	4,354
	<u>\$ 3,492,530</u>

Investment Policy

General

The City's investment activity is conducted in accordance with its adopted policy and the guidelines outlined therein. These guidelines apply to the City's investment of operating, longer-term funds. These guidelines authorize the City to invest funds not immediately needed for the purposes to which the funds are applicable in obligations of the U.S. Treasury, U.S. government agencies, repurchase agreements, certificates of deposit, bankers' acceptances issues by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation, and commercial paper issued by domestic corporations, which has received the highest rating by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Proceeds from bond issues are guided by the related bond indentures.

Custodial Credit Risk

For investments, custodial credit risk is the risk that the City would not be able to recover the value of its investments or collateral securities in the possession of an outside party, in the event of the failure of the counterparty to a transaction. In accordance with its policy, the City addresses custodial credit risk by prequalifying institutions with which the City places investments and diversifying the investment portfolio.

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

As of December 31, 2015, the City's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for on-going operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing primarily in shorter-term securities.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy minimizes investment risk by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City does business. The following table provides information at December 31, 2015, on the credit ratings of securities associated with the City, as well as the maturities of those securities:

Investment Type	Fair Value	Investment Maturities (In Years)			Credit Risk	
		< 1 Year	1-5 Years	6-10 Years	S&P	Moody's
Money market mutual funds	\$ 425,974	\$ 425,974	\$ —	\$ —	Unrated	Unrated
Negotiable certificates of deposit	1,953,608	231,408	1,722,200	—	N/A	N/A
Tennessee Valley Authority Bonds	93,512	—	—	93,512	AAA	Aaa
	\$ 2,473,094	\$ 657,382	\$ 1,722,200	\$ 93,512		

Concentration Of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount it may invest with one issuer. However, it is the City's policy to diversify the portfolio so potential losses on individual securities will be minimized. At December 31, 2015, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments by fund and overall:

		<u>Percent of Fund's</u>	<u>Percent of City's</u>
		<u>Total Investments</u>	<u>Total Investments</u>
General Fund			
Tennessee Valley Authority Bonds	\$ 93,512	11%	5%
Certificates of Deposit			
Business Bank	98,757	11%	5%
Goldman Sachs	86,938	10%	4%
Discover Bank	98,467	11%	5%
CitiBank	98,151	11%	5%
State Bank India	49,671	25%	2%
Comenity Bank Jumbo	100,288	11%	5%
Auburn Bank	104,052	12%	5%
First Bank New London	7,412	1%	0%
BMW Bank	96,547	11%	5%
Webster Bank	49,947	6%	2%
Sewer Lateral Fund			
Certificates of Deposit			
First Bank Puerto Rico	97,284	50%	5%
Discover Bank	99,059	50%	5%

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

		<u>Percent of Fund's Total Investments</u>	<u>Percent of City's Total Investments</u>
Capital Improvements Fund			
Certificates of Deposit			
First Merchants Bank	\$ 86,906	18%	4%
Goldman Sachs	21,978	5%	1%
Discover Bank	19,869	4%	1%
Beneficial Mutual Savings Bank	15,221	3%	1%
First Bank Puerto Rico	100,287	21%	5%
Medallion Bank	98,673	21%	5%
BMW Bank	50,224	11%	2%
Webster Bank	49,947	10%	2%
Compass Bank	34,872	7%	2%
Debt Service Fund			
Certificates of Deposit			
Ally Bank	98,965	20%	5%
American Express Centurion Bank	145,479	30%	7%
Capital One Bank	244,614	12%	12%

3. Property Tax

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied in October and payable by December 31. A lien is placed on the personal property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2015, upon which the 2015 levy was based for real estate and personal property, was \$114,754,753. The following is a summary of the 2015 tax rates per \$100 of assessed valuation:

	<u>2015 Tax Rates</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Real property:			
Residential	0.4690	0.5010	0.9700
Commercial	0.4810	0.5010	0.9820
Personal property	0.5770	0.5010	1.0780

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Under article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City, by vote of the qualified electors thereof and voting thereon, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed ten percent (10%) of the assessed valuation of the taxable tangible property within the City, ascertained by the last completed assessment for State or County purposes. The Missouri Constitution permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purposes of acquiring rights-of-way; constructing, extending, and improving streets and avenues; and constructing, extending, and improving a sanitary or storm sewer system. A computation of the legal debt margin at December 31, 2015 is as follows:

City Purposes	
Assessed valuation	<u>\$ 114,754,753</u>
Debt limit - 10% of assessed value	\$ 11,475,475
General obligation bonds payable	(3,024,740)
Amount available in Debt Service Fund	<u>1,029,413</u>
Legal Debt Margin	<u>\$ 9,480,148</u>

Property taxes not collected within 60 days of year-end are deferred inflows of resources for fund financial statements but are recognized as revenue in the government-wide financial statements.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

4. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance - December 31, 2014	Additions	Retirements	Balance - December 31, 2015
Government Activities				
Capital assets, not being depreciated:				
Land	\$ 706,264	\$ —	\$ —	\$ 706,264
Capital assets, being depreciated:				
Land improvements	1,349,391	—	—	1,349,391
Infrastructure	228,661	—	—	228,661
Buildings	9,609,777	1,816,396	—	11,426,173
Machinery and equipment	1,721,635	217,945	—	1,939,580
Furniture and fixtures	291,203	9,111	—	300,314
Vehicles	1,864,568	87,753	45,061	1,907,260
Total capital assets being depreciated	15,065,235	2,131,205	45,061	17,151,379
Less accumulated depreciation for:				
Land improvements	633,412	59,079	—	692,491
Infrastructure	67,830	11,433	—	79,263
Buildings	5,830,486	266,361	—	6,096,847
Machinery and equipment	969,789	184,973	—	1,154,762
Furniture and fixtures	261,367	5,776	—	267,143
Vehicles	1,205,693	104,640	40,555	1,269,778
Total accumulated depreciation	8,968,577	632,262	40,555	9,560,284
Total capital assets being depreciated, net	6,096,658	1,498,943	4,506	7,591,095
Governmental activities capital assets, net	\$ 6,802,922	\$ 1,498,943	\$ 4,506	\$ 8,297,359

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	
General government	\$ 21,375
Public safety	101,687
Public works and planning	69,300
Fire and ambulance services	107,359
Parks	<u>332,541</u>
Total depreciation expense - governmental-type activities	<u>\$ 632,262</u>

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

5. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2015:

	Balance - December 31, 2014		Additions	Retirements	Balance - December 31, 2015		Current Portion
Governmental Activities							
2006 General obligation capital refunding bonds	\$ 1,140,000	\$ —	\$ 270,000	\$ 870,000	\$ 280,000		
2007 General obligation capital appreciation bonds	1,686,326	—	176,280	1,510,046	168,912		
2007 General obligation capital appreciation bonds - interest accretion	617,892	90,522	63,720	644,694	71,088		
2008 Leasehold refunding revenue bonds	945,000	—	175,000	770,000	180,000		
2015 Certificate of participation bonds	—	1,920,000	—	1,920,000	—		
Series 2013A Tax Increment Finance Notes	140,864	6,623	—	147,487	—		
Series 2013B Tax Increment Finance Notes	7,773,592	524,707	—	8,298,299	—		
Accrued compensated absences	206,069	183,843	179,848	210,064	168,052		
	<u>\$ 12,509,743</u>	<u>\$ 2,725,695</u>	<u>\$ 864,848</u>	<u>\$ 14,370,590</u>	<u>\$ 868,052</u>		
Plus: Bond premium, net				<u>4,859</u>			
				<u>\$ 14,375,449</u>			

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Long-term debt at December 31, 2015 includes the following:

Series 2006 general obligation capital refunding bonds issue of \$3,980,000, used to advance refund the 1998 general obligation bonds originally used to purchase equipment and construct capital assets, interest rate 3.58%, due March 1, 2018	\$ 870,000
Series 2007 general obligation capital appreciation bonds original \$2,058,735 discounted value, used to purchase equipment, construct capital assets and improve streets, accretion rates range from 4% to 4.4%, due March 1, 2022	1,510,046
Series 2008 leasehold refunding revenue bonds issue of \$2,580,000, used to advance refund the 1999 leasehold revenue bonds originally used to construct capital assets, interest rates range from 2.25% to 4%, due March 1, 2018	770,000
Series 2015 Certificates of Participation Bonds originally \$1,920,000, used to purchase equipment and construct capital assets, interest rates range from 2% to 3.55%, due April 1, 2030	1,920,000
Series 2013A tax increment financing (TIF) notes not to exceed \$2,000,000, used to make improvements to the TIF redevelopment area, interest rate of 6.5%, due January 28, 2036	147,487
Series 2013B TIF notes not to exceed \$15,050,785, used to make improvements to the TIF redevelopment area, interest rate of 8%, due January 28, 2036	8,298,299
	<u>\$ 13,515,832</u>

In December 2013, Tax Increment Financing (TIF) notes payable were issued representing special, limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area. The notes issued consist of Tax-Exempt Tax Increment Revenue Notes Series 2013A (Series 2013A) which are not to exceed \$2,000,000, and Taxable Tax Increment Revenue Notes Series 2013B (Series 2013B) which are not to exceed \$15,050,785. The Series 2013A and Series 2013B notes bear interest at 6.5% and 8%, respectively, with final maturity on both due on January 28, 2036. The balance at December 31, 2015 represents outstanding notes of \$131,810 and accrued capitalized interest of \$15,677 on the Series 2013A notes. The balance at December 31, 2014 represents outstanding notes of \$7,365,331 and accrued capitalized interest of \$932,968 on the Series 2013B notes. The annual debt service repayments of the TIF notes are contingent upon the amounts of payments in lieu of taxes collected by the special allocation fund. The proceeds from the 2013 TIF notes were used to construct capital assets that are not the property of the City and therefore, the notes are excluded from the investment in capital assets, net of related debt at December 31, 2015.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Capital refunding and capital appreciation bonds are liquidated by the debt service fund. Leasehold refunding revenue bonds are liquidated by the general fund and capital improvement fund. Certificates of participation are liquidated by the general fund.

Maturities

Aggregate maturities required on general obligation bonds, leasehold revenue bonds and certificates of participation are as follows:

Years	Series 2006 General Obligation Capital Refunding Bonds		Series 2007 General Obligation Capital Appreciation Bonds		Series 2008 Leasehold Refunding Revenue Bonds		Series 2015 Certificates of Participation Bonds		Total
	Principal	Interest	Principal	Interest Accretion	Principal	Interest	Principal	Interest	
2016	\$ 280,000	\$ 26,134	\$ 168,912	\$ 69,471	\$ 180,000	\$ 26,835	\$ —	\$ 53,875	\$ 805,227
2017	290,000	15,931	161,772	67,008	185,000	19,808	—	53,875	793,394
2018	300,000	5,370	154,459	64,882	405,000	8,100	—	53,875	991,686
2019	—	—	331,495	141,197	—	—	140,000	52,475	665,167
2020	—	—	315,889	136,413	—	—	140,000	49,675	641,977
2021-2025	—	—	377,519	165,723	—	—	760,000	197,661	1,500,903
2026-2030	—	—	—	—	—	—	880,000	77,251	957,251
Total	\$ 870,000	\$ 47,435	\$ 1,510,046	\$ 644,694	\$ 770,000	\$ 54,743	\$ 1,920,000	\$ 538,687	\$ 6,355,605

6. Missouri Local Government Employees Retirement System

General Information About The Pension Plan

Plan description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the 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.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

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

Active employees	53
Retirees and beneficiaries currently receiving benefits	32
Terminated employees entitled to benefits, but not yet receiving them	<u>25</u>
Total	<u><u>110</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 2% (General), 9% (Police) and 2% (Fire) of annual covered payroll.

Net Pension Liability (Asset)

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

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

Valuation date	February 28, 2015
Actuarial cost method:	Entry age normal as a level percentage of pay
Asset Valuation Method:	Market value of assets
Investment rate of return	7.25%
Projected salary increases	3.5% to 6.8%
Inflation rate	3.5% wage inflation; 3.0% price inflation

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females. The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.10%
Fixed Income	25.00%	2.10%
Real Assets	20.00%	3.95%
Strategic Assets	6.50%	5.00%

Changes In The Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability (Asset)</u> <u>(a)-(b)</u>
Balances at 6/30/2014	\$ 10,984,518	\$ 14,711,778	\$ (3,727,260)
Changes For The Year:			
Service cost	274,125	—	274,125
Interest	788,225	—	788,225
Differences between expected and actual experiences	(152,010)	—	(152,010)
Employer contributions	—	182,097	(182,097)
Net investment income	—	289,772	(289,772)
Benefit payments	(503,033)	(503,033)	—
Administration expenses	—	(9,600)	9,600
Other changes - transfers	—	(6,429)	6,429
Net Changes	407,307	(47,193)	454,500
Balances at 6/30/2015	\$ 11,391,825	\$ 14,664,585	\$ (3,272,760)

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Discount Rate

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

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% percent) or 1-percentage-point higher (8.25% percent) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ (1,708,529)	\$ (3,272,760)	\$ (4,573,830)

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the year ended December 31, 2015 the employer recognized pension expense of \$6,319. The employer 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>
Differences between expected and actual experience	\$ 109,173	\$ 237,727
Net difference between projected and actual earnings on pension plan investments	611,864	—
Contributions subsequent to the measurement date	77,211	—
Total	\$ 798,248	\$ 237,727

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the Net Pension Asset for the year ending December 31, 2016.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

<u>Year</u>	<u>Deferred Outflows Amount</u>	<u>Deferred Inflows Amount</u>
2016	\$ 175,342	\$ (45,832)
2017	175,342	(45,832)
2018	175,342	(45,832)
2019	175,342	(45,832)
2020	18,973	(45,832)
Thereafter	696	(8,567)
	<u>\$ 721,037</u>	<u>\$ (237,727)</u>

Payable To The Pension Plan

The City did not report any payables to the Plan for the year ended December 31, 2015.

7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the Missouri Rural Services Workers' Compensation Insurance Trust (MRSWC). The MRSWC is a group self-insured program providing workers' compensation benefits to employees and volunteers of the trusts' members.

The trust requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust. However, the City is contingently liable to fund its pro rata share of any deficit incurred by the trust, should the trust cease operation at some future date.

The City also purchases commercial insurance to cover other risks. Settled claims from these risks have not exceeded coverage in any of the past three years.

8. Restricted Net Position

The government-wide statement of net position reports \$2,658,941 of restricted net position, of which \$1,235,908 is restricted by enabling legislation.

9. Federal Forfeiture Activity

The City had no revenues, expenses or ending balance as of December 31, 2015.

Required Supplementary Information

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
GENERAL FUND**

Page 1 Of 2

For The Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Revenues				
Taxes:				
Property	\$ 544,300	\$ 544,300	\$ 538,554	\$ (5,746)
Sales	2,317,566	2,317,566	2,489,331	171,765
Utility	1,108,550	1,108,550	1,042,647	(65,903)
Gasoline	160,000	160,000	165,156	5,156
Miscellaneous	213,985	213,985	211,702	(2,283)
Total Taxes	4,344,401	4,344,401	4,447,390	102,989
Licenses and permits:				
Building permits	71,000	71,000	107,816	36,816
Business licenses	209,775	209,775	253,466	43,691
Other	66,950	66,950	64,775	(2,175)
Total Licenses And Permits	347,725	347,725	426,057	78,332
Other:				
Fines and court costs	435,000	435,000	224,253	(210,747)
Investment income	13,000	13,000	12,088	(912)
Charges for services	846,769	846,769	834,692	(12,077)
Grants	—	—	1,107	1,107
Miscellaneous	25,000	25,000	26,141	1,141
Total Other	1,319,769	1,319,769	1,098,281	(221,488)
Total Revenues	6,011,895	6,011,895	5,971,728	(40,167)

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
GENERAL FUND**

Page 2 Of 2

For The Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Expenditures				
General government:				
Boards and commissions	\$ 255,804	\$ 255,804	\$ 270,469	\$ (14,665)
Administration	437,533	437,533	428,749	8,784
Municipal buildings	63,522	63,522	47,924	15,598
Insurance	99,665	99,665	103,248	(3,583)
Total General Government	856,524	856,524	850,390	6,134
Other:				
Public safety	2,258,784	2,258,784	2,158,905	99,879
Public works and planning	442,664	442,664	433,976	8,688
Fire and ambulance services	1,870,963	1,870,963	1,824,366	46,597
Parks and recreation	822,158	822,158	819,586	2,572
Debt Service:				
Interest and fiscal charges	—	—	16,761	(16,761)
Total Other	5,394,569	5,394,569	5,253,594	140,975
Total Expenditures	6,251,093	6,251,093	6,103,984	147,109
Revenues Under Expenditures	(239,198)	(239,198)	(132,256)	106,942
Unbudgeted Activity				
Issuance of certificates of participation	—	—	1,920,000	1,920,000
Cost of certificates of participation issuance	—	—	(90,678)	(90,678)
Certificates of participation premium	—	—	5,058	5,058
Public works - capital outlay	—	—	(1,816,396)	(1,816,396)
Net Changes In Fund Balance	\$ (239,198)	\$ (239,198)	\$ (114,272)	\$ (1,709,454)
Fund Balance - Beginning Of Year			2,402,350	
Fund Balance - End Of Year			\$ 2,288,078	

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
SEWER LATERAL FUND
For The Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues				
Property tax	\$ 42,000	\$ 42,000	\$ 41,984	\$ (16)
Investment income	1,000	1,000	1,121	121
Total Revenues	43,000	43,000	43,105	105
Expenditures				
Capital outlay	35,000	45,000	40,264	4,736
Net Changes In Fund Balance	<u>\$ 8,000</u>	<u>\$ (2,000)</u>	2,841	<u>\$ 4,841</u>
Fund Balance - Beginning Of Year			<u>280,016</u>	
Fund Balance - End Of Year			<u>\$ 282,857</u>	

CITY OF SHREWSBURY, MISSOURI

REQUIRED SUPPLEMENTAL INFORMATION NOTES TO BUDGETARY COMPARISON INFORMATION December 31, 2015

1. Budgetary Data

In accordance with City ordinance, the City's Board of Aldermen (Board) adopts an annual budget for its General, Sewer Lateral, Capital Improvements, and Debt Service Funds. The City's budgets are prepared on the modified accrual basis of accounting. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Director of Finance, with the assistance of the department heads, prepares a budget of estimated revenues and expenditures for the forthcoming year and delivers the budget to the City Administrator.
- The City Administrator reviews the proposed expenditures with the Director of Finance and the department heads and, after necessary revisions have been made, submits the budget and the accompanying written narrative at least 90 days prior to the beginning of each fiscal year to the Board.
- After appropriate public notice, the Board holds a public hearing on the proposed budget.
- After the public hearing, the Board may adopt the budget with or without amendments. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law, for debt service, or for estimated cash deficits, provided that no amendments to the budget shall increase the authorized expenditures to an amount greater than the total of the estimated revenues and unencumbered or undesignated fund balance from any previous fiscal year.
- The budget shall be adopted by the affirmative vote of a majority of the members of the Board on or before the last day of the current fiscal year. The legal level of budgetary control for the City is at the department level for the general fund and the fund level for all other funds.
- If the Board fails to adopt the budget by this date, amounts appropriated for existing City operations during the current fiscal year shall be deemed adopted for the ensuing fiscal year on a prorated month-to-month basis until the Board adopts a budget.
- The City Administrator may transfer all or any part of any unencumbered appropriation balance within a department. The Board may, by ordinance, transfer all or part of an unencumbered appropriation balance from one department to another. Monies held in reserve, contingency or undesignated funds shall be transferred or encumbered only by ordinance of the Board.
- The Board may, by ordinance, make supplemental appropriations, if the City Administrator certifies that funds will be available for such expenditures.

CITY OF SHREWSBURY, MISSOURI

Notes To Budgetary Comparison Information (*Continued*)

- At the end of each budget period, all unexpended appropriated balances lapse and may be reappropriated in the next budget period.

2. Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following fund for the year ended December 31, 2015:

<u>Fund / Department</u>	<u>Amount</u>
Debt Service Fund	160

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM
December 31, 2015

Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios
General

<i>Fiscal year ending June 30,</i>	2015
Total Pension Liability	
Service cost	\$ 59,145
Interest on the total pension liability	164,595
Difference between expected and actual experience	35,822
Benefit payments	(83,710)
Net Change In Total Pension Liability	175,852
Total Pension Liability Beginning	2,282,342
 Total Pension Liability Ending	 \$ 2,458,194
 Plan Fiduciary Net Position	
Contributions-employer	\$ 26,127
Pension plan net investment income	64,510
Benefit payments	(83,710)
Pension plan administrative expense	(3,355)
Other	44,105
Net Change In Plan Fiduciary Net Position	47,677
Plan Fiduciary Net Position Beginning	3,188,647
 Plan Fiduciary Net Position Ending	 \$ 3,236,324
 Employer Net Pension Liability (Asset)	 \$ (778,130)
 Plan Fiduciary Net Position As A Percentage Of The	
Total Pension Liability	131.65%
 Covered Employee Payroll	\$852,912
Employer's Net Pension Liability (Asset) As A Percentage	
Of Covered Employee Payroll	-91.23%

Notes To Schedule:

The above schedules are intended to show information for 10 years.

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM (Continued)
December 31, 2015

Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios
Police

<i>Fiscal year ending June 30,</i>	<u>2015</u>
Total Pension Liability	
Service cost	\$ 92,331
Interest on the total pension liability	274,985
Difference between expected and actual experience	95,727
Benefit payments	(171,457)
Net Change In Total Pension Liability	291,586
Total Pension Liability Beginning	<u>3,831,765</u>
Total Pension Liability Ending	<u>\$ 4,123,351</u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 97,390
Pension plan net investment income	94,311
Benefit payments	(171,457)
Pension plan administrative expense	(3,169)
Other	40,609
Net Change In Plan Fiduciary Net Position	<u>57,684</u>
Plan Fiduciary Net Position Beginning	<u>4,548,578</u>
Plan Fiduciary Net Position Ending	<u>\$ 4,606,262</u>
Employer Net Pension Liability (Asset)	<u>\$ (482,911)</u>
Plan Fiduciary Net Position As A Percentage Of The	
Total Pension Liability	111.71%
Covered Employee Payroll	\$ 1,036,922
Employer's Net Pension Liability (Asset) As A Percentage	
Of Covered Employee Payroll	-46.57%

Notes to schedule:

The above schedules are intended to show information for 10 years.

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM (Continued)
December 31, 2015

Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios
Fire

<i>Fiscal year ending June 30,</i>	<u>2015</u>
Total Pension Liability	
Service cost	\$ 122,649
Interest on the total pension liability	348,645
Difference between expected and actual experience	(283,559)
Benefit payments	(247,866)
Net Change in Total Pension Liability	<u>(60,131)</u>
Total Pension Liability Beginning	<u>4,870,411</u>
Total Pension Liability Ending	<u>\$ 4,810,280</u>
Plan Fiduciary Net Position	
Contributions-employer	\$ 58,580
Pension plan net investment income	130,951
Benefit payments	(247,866)
Pension plan administrative expense	(3,076)
Other	(91,143)
Net Change In Plan Fiduciary Net Position	<u>(152,554)</u>
Plan Fiduciary Net Position Beginning	<u>6,974,553</u>
Plan Fiduciary Net Position Ending	<u>\$ 6,821,999</u>
Employer Net Pension Liability (Asset)	<u>\$ (2,011,719)</u>
Plan Fiduciary Net Position As A Percentage Of The	
Total Pension Liability	141.82%
Covered Employee Payroll	\$ 1,147,574
Employer's Net Pension Liability (Asset) As A Percentage	
Of Covered Employee Payroll	-175.30%

Notes To Schedule:

The above schedules are intended to show information for 10 years.

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM (Continued)
December 31, 2015

**Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios
Combined**

<i>Fiscal year ending June 30,</i>	<u>2015</u>
Total Pension Liability	
Service cost	\$ 274,125
Interest on the Total Pension Liability	788,225
Difference between expected and actual experience	(152,010)
Benefit payments	(503,033)
Net Change In Total Pension Liability	407,307
Total Pension Liability Beginning	<u>10,984,518</u>
Total Pension Liability Ending	<u>\$ 11,391,825</u>
 Plan Fiduciary Net Position	
Contributions-employer	\$ 182,097
Pension Plan Net Investment income	289,772
Benefit Payments	(503,033)
Pension Plan Administrative expense	(9,600)
Other	(6,429)
Net Change in Plan Fiduciary Net Position	<u>(47,193)</u>
Plan Fiduciary Net Position Beginning	<u>14,711,778</u>
Plan Fiduciary Net Position Ending	<u>\$ 14,664,585</u>
 Employer Net Pension Liability (Asset)	<u>\$ (3,272,760)</u>
 Plan Fiduciary Net Position As A percentage Of The Total Pension Liability	128.73%
 Covered Employee Payroll	\$ 3,037,408
Employer's Net Pension Liability (Asset) as a percentage of covered employee payroll	-107.75%

Notes to schedule:

The above schedules are intended to show information for 10 years.

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM (Continued)
December 31, 2015

**Schedule Of Employer Contributions
Combined**

Actuarially determined contribution	\$ 182,097
Contributions in relation to the actuarially determined contribution	<u>182,097</u>
Contribution deficiency (excess)	<u>\$ —</u>
Covered-employee payroll	\$3,037,408
Contributions as a percentage of covered-employee payroll	6.00%

Notes To Schedule

The above schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.

Supplementary Information

CITY OF SHREWSBURY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
CAPITAL IMPROVEMENTS FUND
For The Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues				
Sales taxes	\$ 518,640	\$ 518,640	\$ 531,653	\$ 13,013
Investment income	5,000	5,000	7,793	2,793
Grant	336,877	33,500	80,787	47,287
Total Revenues	860,517	557,140	620,233	63,093
Expenditures				
Capital Outlay:				
Public works	66,800	66,800	224,240	(157,440)
Public safety	70,399	82,036	80,810	1,226
Court	4,400	4,400	506	3,894
Fire and ambulance services	28,200	28,200	21,692	6,508
Administration	3,500	3,500	1,607	1,893
Public safety building	19,782	19,782	5,007	14,775
Parks and recreation	320,844	320,844	2,940	317,904
Other	139,700	191,689	2,757	188,932
Debt Service:				
Principal retirement	175,000	175,000	175,000	—
Interest and fiscal charges	33,449	33,449	33,419	30
Total Expenditures	862,074	925,700	547,978	377,722
Net Changes In Fund Balance	\$ (1,557)	\$ (368,560)	72,255	\$ 440,815
Fund Balance - Beginning Of Year			1,107,516	
Fund Balance - End Of Year			\$ 1,179,771	

CITY OF SHREWSBURY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
DEBT SERVICE FUND**

For The Year Ended December 31, 2015

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues			
Property taxes	\$ 550,000	\$ 552,920	\$ 2,920
Investment income	5,000	(1,160)	(6,160)
Total Revenues	555,000	551,760	(3,240)
Expenditures			
Debt Service:			
Principal retirement	510,000	510,000	—
Interest and fiscal charges	36,284	36,444	(160)
Total Expenditures	546,284	546,444	(160)
Net Changes In Fund Balances	\$ 8,716	5,316	\$ (3,080)
Fund Balance - Beginning Of Year		<u>1,024,097</u>	
Fund Balance - End Of Year		<u>\$ 1,029,413</u>	