

# City of Warrensburg, Missouri

BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2018

**KPM**  
CPAS & ADVISORS

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Warrensburg  
Warrensburg, Missouri

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit of the City of Warrensburg, Missouri, as of and for the year ended September 30, 2018, 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 the 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 and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), budgetary comparison information, the Schedule of Changes in Net Pension Asset and Related Ratios, and the Schedule of Contributions and related notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 of Warrensburg, Missouri's basic financial statements. The Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Fiduciary Net Position and the Combining Statement of Changes in Fiduciary Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and City Council  
City of Warrensburg  
Warrensburg, Missouri

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2019, on our consideration of the City of Warrensburg, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Warrensburg, Missouri's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
February 8, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

The management’s discussion and analysis of the City of Warrensburg’s financial performance provides an overview of the City’s financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the City’s financial statements, which begin on page 17.

***Financial Highlights***

- The Net Position of the City’s governmental activities increased by \$832,655 for the year as a result of current year activities. The net position of the City’s business activities increased \$447,551 for the year.
- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflow of resources as of September 30, 2018, by \$57.6 million (net position). Of this amount, \$10.6 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$3,676,517.

***Using This Annual Report***

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City’s finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds.

***Government-Wide Financial Statements***

One of the most important questions asked about the City’s finances is, “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City’s net position and changes in them. The City’s net position – the difference between assets and liabilities – are one way to measure the City’s financial health, or financial position. Over time, increases or decreases in the City’s net position are one indicator of whether its financial health is improving or deteriorating.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer services are provided here.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds rather than the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.
- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

***Notes to the Basic Financial Statements***

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

*Government-Wide Financial Analysis*

**NET POSITION**

The following table presents the condensed Statement of Net Position for the City as of September 30, 2018 and 2017:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total September 30, 2018</u>	<u>Total September 30, 2017</u>
<b>ASSETS</b>				
Current and other assets	\$ 13,102,572	\$ 3,596,110	\$ 16,698,682	\$ 19,371,046
Capital assets	48,766,701	25,974,603	74,741,304	72,881,311
Net pension asset	<u>4,776,541</u>	<u>306,010</u>	<u>5,082,551</u>	<u>3,266,372</u>
TOTAL ASSETS	66,645,814	29,876,723	96,522,537	95,518,729
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow of resources	<u>449,098</u>	<u>32,787</u>	<u>481,885</u>	<u>1,330,413</u>
<b>LIABILITIES</b>				
Other liabilities	4,470,215	1,578,197	6,048,412	4,511,416
Long-term liabilities outstanding	<u>19,711,667</u>	<u>12,336,885</u>	<u>32,048,552</u>	<u>35,725,069</u>
TOTAL LIABILITIES	24,181,882	13,915,082	38,096,964	40,236,485
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow of resources	<u>1,183,114</u>	<u>76,895</u>	<u>1,260,009</u>	<u>245,414</u>
<b>NET POSITION</b>				
Net investment in capital assets	29,951,449	12,417,718	42,369,167	40,113,978
Restricted	3,929,583	757,049	4,686,632	9,802,365
Unrestricted	<u>7,848,884</u>	<u>2,742,766</u>	<u>10,591,650</u>	<u>6,450,900</u>
TOTAL NET POSITION	<u>\$ 41,729,916</u>	<u>\$ 15,917,533</u>	<u>\$ 57,647,449</u>	<u>\$ 56,367,243</u>

Total net position of the City increased \$1,280,206 for the year due to current year activity. Total liabilities for the City have decreased by \$2,139,521. Net capital assets for the governmental activities totaled \$48.8 million as of September 30, 2018.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

**CHANGE IN NET POSITION**

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2018	Total Year Ended September 30, 2017
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 1,494,035	\$ 4,542,457	\$ 6,036,492	\$ 5,714,782
Operating grants and contributions	80,190	-	80,190	29,873
Capital grants and contributions	551,867	-	551,867	14,067
General Revenues				
Property taxes	2,152,710	-	2,152,710	908,879
Sales taxes	7,791,205	-	7,791,205	7,184,065
Motor vehicle taxes	761,479	-	761,479	755,244
Other taxes	331,858	-	331,858	468,224
Franchise fees	2,672,389	-	2,672,389	2,577,786
Interest	526,545	314,405	840,950	370,133
Other revenue	60,612	-	60,612	136,733
Gain on disposal of assets	-	24,964	24,964	7,370
Transfers	630,814	(630,814)	-	-
<b>TOTAL REVENUES, GAINS AND TRANSFERS</b>	<b>17,053,704</b>	<b>4,251,012</b>	<b>21,304,716</b>	<b>18,167,156</b>
<b>EXPENSES</b>				
General government	490,262	-	490,262	676,516
Finance	439,976	-	439,976	438,233
Other support services	400,623	-	400,623	385,227
Information technology	456,713	-	456,713	537,890
Municipal court	143,433	-	143,433	129,534
Buildings and grounds	419,965	-	419,965	620,328
Public safety and health	5,437,819	-	5,437,819	5,770,243
Community development	731,874	-	731,874	769,367
Transportation	3,036,300	-	3,036,300	3,483,010
Cemetery	144,430	-	144,430	142,051
Parks and recreation	2,770,218	-	2,770,218	2,581,814
Debt service	1,749,436	531,572	2,281,008	1,222,875
Sewer	-	3,271,889	3,271,889	3,302,450
<b>TOTAL EXPENSES</b>	<b>16,221,049</b>	<b>3,803,461</b>	<b>20,024,510</b>	<b>20,059,538</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 832,655</b>	<b>\$ 447,551</b>	<b>\$ 1,280,206</b>	<b>\$ (1,892,382)</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

***Governmental Activities***

Governmental activities increased the net position of the City by \$832,655. Total tax revenues for the City were \$13.7 million, which represents 80% of the financing of these activities. Program revenues for the functions totaled \$2.1 million or 12% of the funding. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF WARRENSBURG'S GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
General government	\$ 490,262	\$ 215,295
Finance	439,976	439,976
Other support services	400,623	400,623
Information technology	456,713	456,713
Municipal court	143,433	(180,899)
Buildings and grounds	419,965	419,965
Public safety and health	5,437,819	5,352,201
Community development	731,874	731,874
Transportation	3,036,300	2,755,841
Cemetery	144,430	(7,138)
Parks and recreation	2,770,218	1,761,070
Debt Service	1,749,436	1,749,436
	\$ 16,221,049	\$ 14,094,957

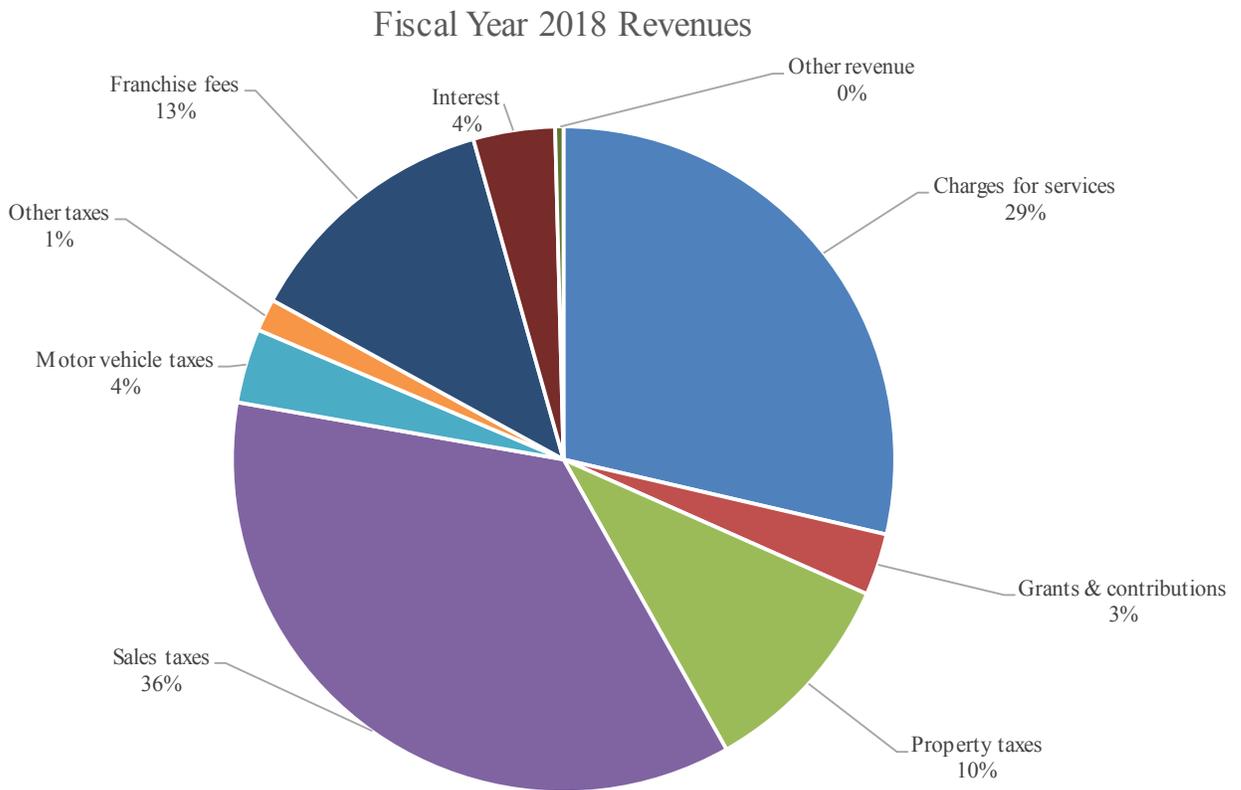
***Business-Type Activities***

Business-type activities increased the City's net position by \$447,551. Last year the business-type activities increased \$64,569.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

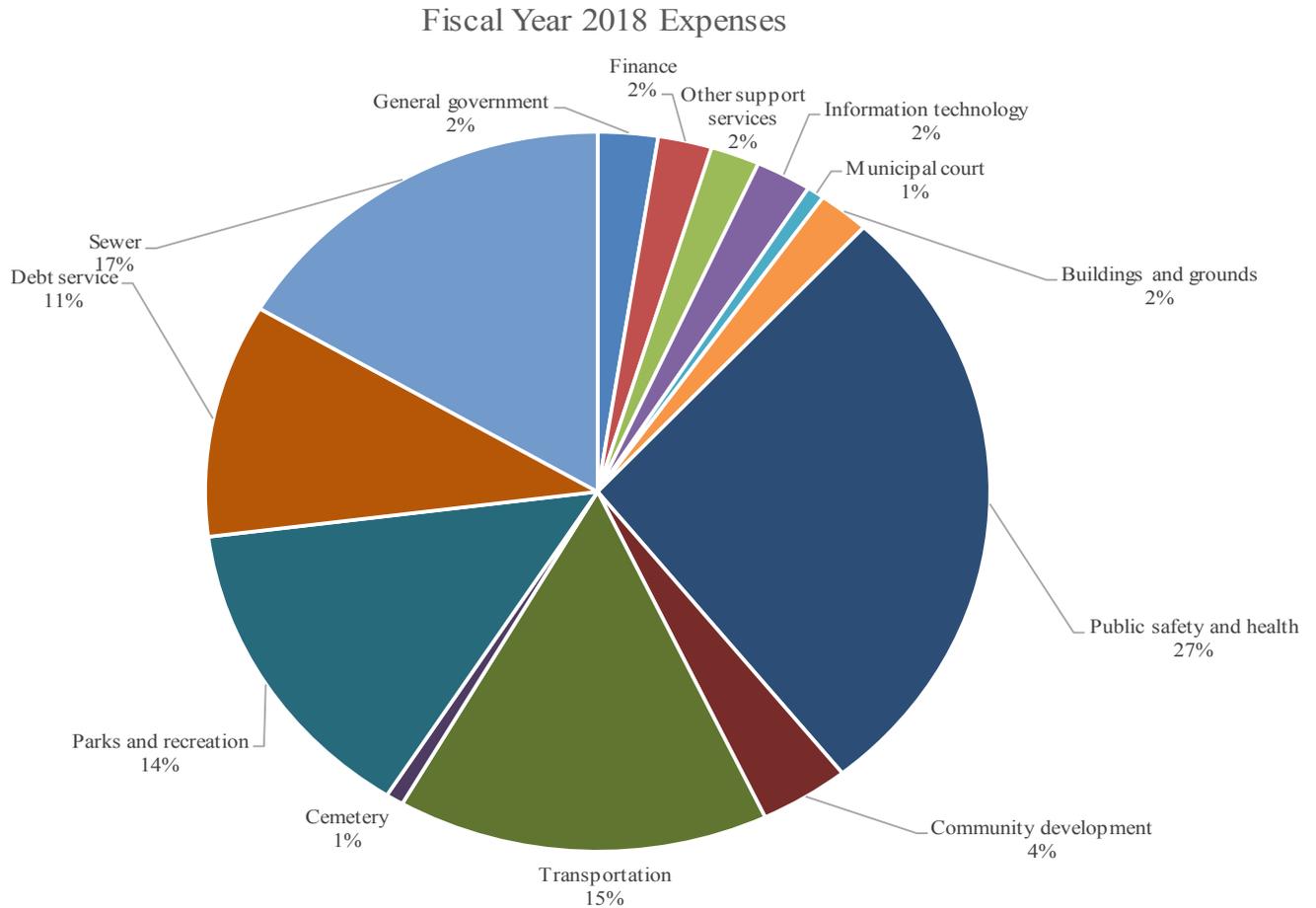
***Financial Analysis of the City's Funds***

The pie chart below illustrates the City of Warrensburg's revenue sources as percentages for the fiscal year 2018. The City saw an increase in revenues from fiscal year 2017 to fiscal year 2018, with the most important difference being interest on deposited funds and investments. Interest revenue increased from 1% of total revenue in fiscal year 2017 to 3% in fiscal year 2018, a change of \$458,443. Property taxes collected saw an increase in revenue as well with the addition of the general obligation property tax. Property Tax revenue share increased from 10% of the total in fiscal year 2017 to 13% of the total in fiscal year 2018. These changes in revenue caused the proportionate shares of larger revenue inputs to decline in percentage, even though they are up dollar wise when compared to fiscal year 2017. Most notably, Sales tax which is consistently over 50% of total revenue is down 4% even though receipts are up more than \$600,000 over fiscal year 2017 numbers. Franchise fees and Charges for service also saw their percentage of the total decline, while receipts are up considerably from fiscal year 2017.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

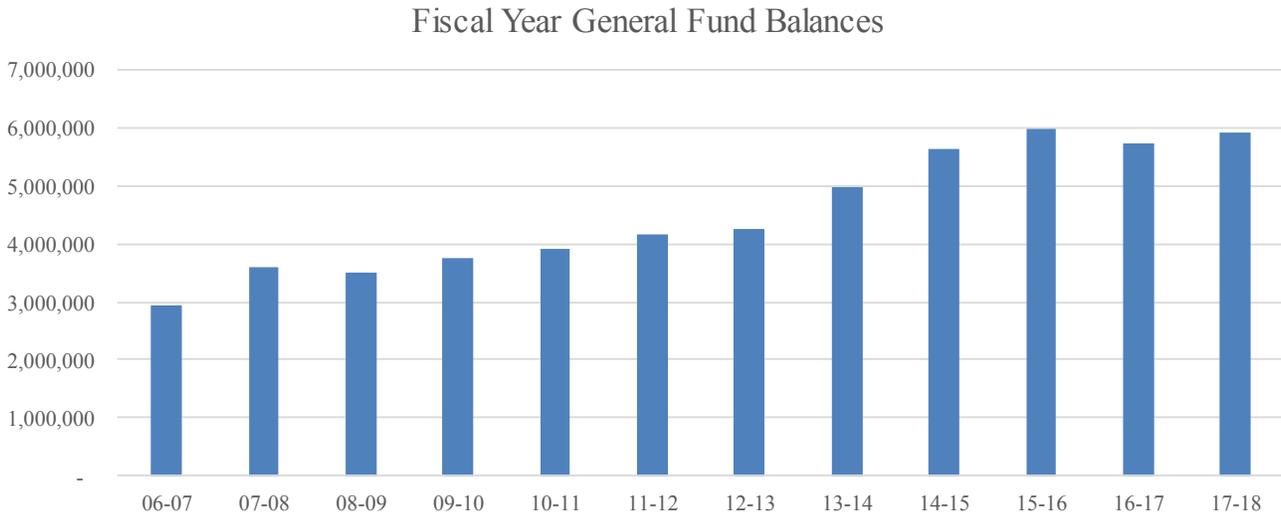
The City of Warrensburg saw a shift in expenses in fiscal year 2018. With the addition of the General Obligation Bond Capital Improvement Fund and the funding of several street projects, the Transportation and Debt Service expense categories have increased significantly. These increases coupled with the purchase of Fire apparatus, that inflated the Fire Protection expenditures in fiscal year 2017, have caused a momentary shift in expenses and percentages.



The combined fund balances of the City's governmental funds as of September 30, 2018, were \$9.8 million. The General Fund increased by \$168,202. The Park Fund increased by \$17,816. The Tri-Centennial Fund increased by \$266. The Capital Improvement Transportation Fund decreased by \$128,146. The Capital Improvement Half-Cent Fund decreased by \$80,866. The Debt Service Fund decreased by \$708,612. The Neighborhood Improvement Fund decreased by \$193,319. The Tax Increment Financing Fund decreased by \$128. The Capital Improvement Bond Fund decreased by \$3,957,939.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

The following bar graph provides a view of the City of Warrensburg's ending General Fund balances, and displays the recent historical performance of the General Fund.



***General Fund Budgetary Highlights***

Differences between the original and the final amended budget can be summarized as follows:

- The original revenue budget of \$8,931,447 was not amended during the year.
- The total original budgeted expenditures of \$10,423,947 were increased by \$201,120 to \$10,625,067. Most of this increase was from an increase in transportation and public safety and health.

***Capital Asset and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$48.8 million (net of accumulated depreciation) as of September 30, 2018. This represents an increase of \$3.3 million from the prior year due to the current year purchase of capital assets and improvements. Net capital assets for business-type activities were \$26.0 million as of September 30, 2018. This represents a decrease of \$1.4 million from the prior year due primarily to current year provisions for depreciation.

**Debt**

Total debt and long-term obligations of the governmental activities as of September 30, 2018, was \$20.9 million, which is an increase of \$2.5 million due to the addition of the Series 2017 Certificates of Participation payable net of current year principal payments.

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
CITY OF WARRENSBURG, MISSOURI  
SEPTEMBER 30, 2018**

Total debt and long-term obligations of the business-type activities as of September 30, 2018, was \$13.6 million, which is down by \$1.2 million from the prior year due to the payments made on the City’s Certificates of Participation and revenue bonds.

***Economic Factors and Next Year's Budget***

The City of Warrensburg continues to experience stability in overall General Fund revenues, which is a positive. With the recent success in economic development, such as the opening of the Dollar Tree Distribution Center and the new gas station on the northeast corner of town near Highway 50, Staff does forecast moderate increases in revenues for the upcoming budget year. Some revenues streams have declined, with the most significant one being franchise fees. Given the significant dependence of the City on sales tax revenues it continues to be imperative that a constant focus is applied to sustaining growth in this revenue stream. Efforts such as the “Love What’s Local” campaign become increasingly important. The real driver, however, will be to increase population and discretionary income levels within the city limits and local region. As such the City should consider how to encourage growth in residential construction within the City limits and immediate surrounding area. Conversation also needs to continue with State and Federal elected officials regarding the disparity between online and local sales transactions.

Ideally the City would diversify its revenues streams to decrease dependency upon sales tax, particularly stronger property tax revenues. However, the Missouri legislature’s enactment of the Hancock Amendment has made doing so more difficult. It is recommended that the Council consider placing significant infrastructure and capital purchase on the ballot for citizens to vote property tax increases to pay for these community needs. Examples of projects and capital purchases include the Maguire Street Corridor, storm water infrastructure, Public Safety apparatus and technology.

In fiscal year 2017, the City joined the Missouri Securities Investment Program (MOSIP). This has allowed the City to earn interest above what is currently offered by the City’s banking institution, while maintaining compliance with state approved investments for municipalities.

Sewer rate increases last year had the desired effect on generating revenues needed to stabilize the financial viability of the Sewer Utility. Additional increases are needed to provide the appropriate revenues to fund Sewer Capital Projects and maintain financial solvency.

This year it is the recommendation of administration to prioritize the implementation of the findings of the recent Wage & Benefit Study. Doing so will bring the wages of employees to the 50th percentile (the average) of comparable communities. This will represent a \$500,000 impact to the City’s budget for FY19 and all future budgets. Departments have done a great job this year making this matter a priority and balancing their budgets.

***Contacting the City’s Financial Management***

The City’s financial statements are designed to present users with a general overview of the City’s finances and to demonstrate the City’s accountability. Any questions regarding the report or request for additional information should be directed to the Finance Director, 102 South Holden St., Warrensburg, Missouri 64093 (660-747-9131).

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF NET POSITION  
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Warrensburg Convention and Visitors Bureau
<b>ASSETS</b>				
Cash and cash equivalents - unrestricted	\$ 4,447,908	\$ 1,806,246	\$ 6,254,154	\$ 198,828
Investments - unrestricted	3,107,482	430,010	3,537,492	
Taxes receivable, net	1,534,774	-	1,534,774	-
Utilities receivable, net	-	451,313	451,313	-
Other accounts receivable, net	18,080	-	18,080	-
Special assessments receivable, net	590,284	-	590,284	-
Court fines receivable, net	2,579	-	2,579	-
Intergovernmental receivable	252,328	-	252,328	-
Accrued interest receivable	9,731	2,615	12,346	-
Inventory	12,461	-	12,461	-
Prepaid expenses	160,773	28,372	189,145	-
Restricted cash and cash equivalents	988,371	246,146	1,234,517	-
Restricted investments	1,977,801	631,408	2,609,209	-
Net pension asset	4,776,541	306,010	5,082,551	-
Capital Assets:				
Non-depreciable	4,313,018	392,583	4,705,601	-
Depreciable, net	44,453,683	25,582,020	70,035,703	-
<b>TOTAL ASSETS</b>	<b>66,645,814</b>	<b>29,876,723</b>	<b>96,522,537</b>	<b>198,828</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred pension outflow	449,098	32,787	481,885	-
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>449,098</b>	<b>32,787</b>	<b>481,885</b>	<b>-</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF NET POSITION (continued)  
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Warrensburg Convention and Visitors Bureau
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable	1,862,353	115,622	1,977,975	3,260
Accrued expenses	128,646	13,667	142,313	-
Unearned revenue	87,425	-	87,425	-
Court bonds payable	15,503	-	15,503	-
Accrued interest payable	89,244	108,404	197,648	-
Arbitrage payable	-	120,504	120,504	-
Current maturities of long-term debt	2,287,044	1,220,000	3,507,044	-
	4,470,215	1,578,197	6,048,412	3,260
<b>Noncurrent</b>				
Capital leases payable	367,314	-	367,314	-
Neighborhood improvement bonds payable	2,406,000	-	2,406,000	-
Certificates of participation payable	12,455,052	-	12,455,052	-
Revenue bonds payable, net	-	12,309,614	12,309,614	-
General obligation bonds payable, net	3,960,000	-	3,960,000	-
Compensated absences payable	523,301	27,271	550,572	-
	19,711,667	12,336,885	32,048,552	-
<b>TOTAL LIABILITIES</b>	<b>24,181,882</b>	<b>13,915,082</b>	<b>38,096,964</b>	<b>3,260</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred pension inflow	1,183,114	76,895	1,260,009	-
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>1,183,114</b>	<b>76,895</b>	<b>1,260,009</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	29,951,449	12,417,718	42,369,167	-
Restricted	3,929,583	757,049	4,686,632	-
Unrestricted	7,848,884	2,742,766	10,591,650	195,568
<b>TOTAL NET POSITION</b>	<b>\$ 41,729,916</b>	<b>\$ 15,917,533</b>	<b>\$57,647,449</b>	<b>\$ 195,568</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2018

Functions/Programs	Net (Expenses), Revenues and Changes in Net Position							
	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Warrensburg Convention and Visitors Bureau
Primary Government								
Governmental Activities								
General government	\$ (490,262)	\$ 245,171	\$ 29,796	\$ -	\$ (215,295)	\$ -	\$ (215,295)	\$ -
Finance	(439,976)	-	-	-	(439,976)	-	(439,976)	-
Other support services	(400,623)	-	-	-	(400,623)	-	(400,623)	-
Information technology	(456,713)	-	-	-	(456,713)	-	(456,713)	-
Municipal court	(143,433)	324,332	-	-	180,899	-	180,899	-
Buildings and grounds	(419,965)	-	-	-	(419,965)	-	(419,965)	-
Public safety and health	(5,437,819)	48,229	37,389	-	(5,352,201)	-	(5,352,201)	-
Community development	(731,874)	-	-	-	(731,874)	-	(731,874)	-
Transportation	(3,036,300)	-	-	280,459	(2,755,841)	-	(2,755,841)	-
Cemetery	(144,430)	142,318	9,250	-	7,138	-	7,138	-
Parks and recreation	(2,770,218)	733,985	3,755	271,408	(1,761,070)	-	(1,761,070)	-
Debt service	(1,749,436)	-	-	-	(1,749,436)	-	(1,749,436)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>(16,221,049)</b>	<b>1,494,035</b>	<b>80,190</b>	<b>551,867</b>	<b>(14,094,957)</b>	<b>-</b>	<b>(14,094,957)</b>	<b>-</b>
Business-Type Activities								
Sewer	(3,803,461)	4,542,457	-	-	-	738,996	738,996	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>(3,803,461)</b>	<b>4,542,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>738,996</b>	<b>738,996</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ (20,024,510)</b>	<b>\$ 6,036,492</b>	<b>\$ 80,190</b>	<b>\$ 551,867</b>	<b>(14,094,957)</b>	<b>738,996</b>	<b>(13,355,961)</b>	<b>-</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
 STATEMENT OF ACTIVITIES (continued)  
 Year Ended September 30, 2018

	Net (Expenses), Revenues and Changes in Net Position							
	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Warrensburg Convention and Visitors Bureau
Component Unit Warrensburg Convention and Visitors Bureau	\$ (108,691)	\$ 145,626	\$ 4,823	\$ -	-	-	-	41,758
General Revenues:								
Property taxes				2,152,710	-	2,152,710		-
Sales taxes				7,791,205	-	7,791,205		-
Motor vehicle taxes				761,479	-	761,479		-
Other taxes				331,858	-	331,858		-
Franchise fees				2,672,389	-	2,672,389		-
Interest				526,545	314,405	840,950		18
Other revenue				60,612	-	60,612		18
Gain on disposal of assets				-	24,964	24,964		-
Transfers				630,814	(630,814)	-		-
Total General Revenues, Gains and Transfers				14,927,612	(291,445)	14,636,167		36
Changes in Net Position				832,655	447,551	1,280,206		41,794
Net Position, Beginning of year				40,897,261	15,469,982	56,367,243		153,774
Net Position, End of year				\$ 41,729,916	\$ 15,917,533	\$ 57,647,449		\$ 195,568

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
September 30, 2018

	Special Revenue Funds					Debt Service Funds			Capital Projects Fund	Total Governmental Funds
	General Fund	Park Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half-Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	Tax Increment Financing Fund	Capital Improvement Bond Fund	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 2,636,071	\$ 691,980	\$ 10,970	\$ 191,538	\$ 112,173	\$ 159,985	\$ 113,772	\$ 1,913	\$ -	\$ 3,918,402
Investments	2,424,329	283,706	3,498	143,321	113,699	-	-	-	-	2,968,553
Taxes receivable, net	938,277	194,687	-	125,575	264,109	-	-	-	12,126	1,534,774
Intergovernmental receivable	-	-	-	252,328	-	-	-	-	-	252,328
Other accounts receivables	-	18,080	-	-	-	-	-	-	-	18,080
Special assessments receivable, net	-	-	-	-	-	-	590,284	-	-	590,284
Court fines receivable, net	2,579	-	-	-	-	-	-	-	-	2,579
Due from other funds	145,000	-	-	-	-	-	-	-	-	145,000
Accrued interest receivable	5,885	1,570	19	834	640	-	-	-	-	8,948
Inventory	12,461	-	-	-	-	-	-	-	-	12,461
Prepaid expenses	141,859	18,914	-	-	-	-	-	-	-	160,773
Restricted cash and cash equivalents	42,517	277	-	-	-	2,282	260,938	-	682,357	988,371
Restricted investments	-	-	-	-	-	-	-	-	1,977,801	1,977,801
<b>TOTAL ASSETS</b>	<b>\$ 6,348,978</b>	<b>\$ 1,209,214</b>	<b>\$ 14,487</b>	<b>\$ 713,596</b>	<b>\$ 490,621</b>	<b>\$ 162,267</b>	<b>\$ 964,994</b>	<b>\$ 1,913</b>	<b>\$ 2,672,284</b>	<b>\$ 12,578,354</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>										
<b>Liabilities</b>										
Accounts payable	\$ 324,733	\$ 93,225	\$ -	\$ 395,673	\$ 14,712	\$ -	\$ -	\$ 1,893	\$ 926,497	\$ 1,756,733
Accrued expenses	111,227	17,419	-	-	-	-	-	-	-	128,646
Court bonds payable	15,503	-	-	-	-	-	-	-	-	15,503
Due to other funds	-	-	-	-	-	145,000	-	-	-	145,000
Unearned revenue	-	87,425	-	-	-	-	-	-	-	87,425
<b>TOTAL LIABILITIES</b>	<b>451,463</b>	<b>198,069</b>	<b>-</b>	<b>395,673</b>	<b>14,712</b>	<b>145,000</b>	<b>-</b>	<b>1,893</b>	<b>926,497</b>	<b>2,133,307</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS (continued)  
September 30, 2018

	Special Revenue Funds					Debt Service Funds			Capital Projects Fund	Total Governmental Funds
	General Fund	Park Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half-Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	Tax Increment Financing Fund	Capital Improvement Bond Fund	
Deferred Inflow of Resources										
Deferred inflows -										
special assessments	-	-	-	-	-	-	599,035	-	-	599,035
Fund Balances										
Nonspendable:										
Inventory	12,461	-	-	-	-	-	-	-	-	12,461
Prepaid expenses	141,859	18,914	-	-	-	-	-	-	-	160,773
Restricted for:										
Debt Service	-	-	-	-	-	17,267	365,959	20	-	383,246
Capital improvements	-	-	-	317,923	475,909	-	-	-	1,745,787	2,539,619
Tri-centennial	-	-	14,487	-	-	-	-	-	-	14,487
Parks and recreation	-	992,231	-	-	-	-	-	-	-	992,231
Unassigned	5,743,195	-	-	-	-	-	-	-	-	5,743,195
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>5,897,515</b>	<b>1,011,145</b>	<b>14,487</b>	<b>317,923</b>	<b>475,909</b>	<b>17,267</b>	<b>365,959</b>	<b>20</b>	<b>1,745,787</b>	<b>9,846,012</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 6,348,978</b>	<b>\$ 1,209,214</b>	<b>\$ 14,487</b>	<b>\$ 713,596</b>	<b>\$ 490,621</b>	<b>\$ 162,267</b>	<b>\$ 964,994</b>	<b>\$ 1,913</b>	<b>\$ 2,672,284</b>	<b>\$ 12,578,354</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
NET POSITION  
September 30, 2018

Fund balance - total governmental funds	\$ 9,846,012
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	93,469,657
Less accumulated depreciation	<u>(44,702,956)</u>
	48,766,701
The net pension asset is not available to pay for the current-period expenditures, and therefore, is not reported in the funds. The following is the detail of the net effect of these differences in the treatment of the net pension asset and related deferred items:	
Net pension asset	4,776,541
Deferred outflows due to pension	449,098
Deferred inflows due to pension	<u>(1,183,114)</u>
	4,042,525
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position	563,598
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(89,244)
Deferred inflows - special assessments	599,035
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(21,998,711)</u>
Net position of governmental activities	<u><u>\$ 41,729,916</u></u>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
 Year Ended September 30, 2018

	Special Revenue Funds					Debt Service Funds			Capital Projects Fund	Total Governmental Funds
	General Fund	Park Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half-Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	Tax Increment Financing Fund	Capital Improvement Bond Fund	
<b>REVENUES</b>										
Taxes	\$ 8,262,277	\$ 1,776,721	\$ -	\$ 761,479	\$ 1,857,569	\$ -	\$ 68,569	\$ 39,558	\$ 1,011,374	\$ 13,777,547
Licenses and permits	245,171	-	-	-	-	-	-	-	-	245,171
Intergovernmental revenues	36,728	68,839	-	280,459	-	-	-	-	-	386,026
Charges for services	186,311	733,985	-	-	-	-	-	-	-	920,296
Fines and forfeitures	328,568	-	-	-	-	-	-	-	-	328,568
Interest income	88,581	20,238	266	9,635	8,346	342,235	-	-	57,244	526,545
Miscellaneous	74,814	213,554	-	2,663	-	-	-	-	-	291,031
<b>TOTAL REVENUES</b>	<b>9,222,450</b>	<b>2,813,337</b>	<b>266</b>	<b>1,054,236</b>	<b>1,865,915</b>	<b>342,235</b>	<b>68,569</b>	<b>39,558</b>	<b>1,068,618</b>	<b>16,475,184</b>
<b>EXPENDITURES</b>										
Current										
General government	492,415	-	-	-	-	-	1,842	-	-	494,257
Finance	451,944	-	-	-	-	-	-	-	-	451,944
Other support services	401,074	-	-	-	-	-	-	-	-	401,074
Information technology	448,127	-	-	-	-	-	-	-	-	448,127
Municipal court	146,798	-	-	-	-	-	-	-	-	146,798
Buildings and grounds	252,757	-	-	-	-	-	-	-	-	252,757
Public safety and health	5,193,227	-	-	-	-	-	-	-	-	5,193,227
Community development	710,458	-	-	-	-	-	-	39,686	-	750,144
Transportation	1,622,354	-	-	-	-	-	-	-	-	1,622,354
Cemetery	139,828	-	-	-	-	-	-	-	-	139,828
Parks and recreation	-	2,509,402	-	-	-	-	-	-	-	2,509,402
Capital improvements	-	-	-	1,195,883	391,655	-	-	-	4,082,657	5,670,195
Debt Service										
Principal and interest	-	-	-	-	-	11,416,583	262,546	-	-	11,679,129
<b>TOTAL EXPENDITURES</b>	<b>9,858,982</b>	<b>2,509,402</b>	<b>-</b>	<b>1,195,883</b>	<b>391,655</b>	<b>11,416,583</b>	<b>264,388</b>	<b>39,686</b>	<b>4,082,657</b>	<b>29,759,236</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (continued)  
 Year Ended September 30, 2018

	Special Revenue Funds					Debt Service Funds			Capital Projects Fund	Total Governmental Funds
	General Fund	Park Fund	Tri-Centennial Fund	Capital Improvement Transportation Fund	Capital Improvement Half-Cent Fund	Debt Service Fund	Neighborhood Improvement Fund	Tax Increment Financing Fund	Capital Improvement Bond Fund	
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(636,532)	303,935	266	(141,647)	1,474,260	(11,074,348)	(195,819)	(128)	(3,014,039)	(13,284,052)
OTHER FINANCING SOURCES (USES)										
Sale of land	7,600	-	-	-	-	-	2,500	-	-	10,100
Sale of equipment	60,412	-	-	-	-	-	-	-	-	60,412
Lease proceeds	-	-	-	-	-	7,700,000	-	-	-	7,700,000
Operating transfers in (out)	736,722	(286,119)	-	13,501	(1,555,126)	2,665,736	-	-	(943,900)	630,814
TOTAL OTHER FINANCING SOURCES (USES)	804,734	(286,119)	-	13,501	(1,555,126)	10,365,736	2,500	-	(943,900)	8,401,326
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	168,202	17,816	266	(128,146)	(80,866)	(708,612)	(193,319)	(128)	(3,957,939)	(4,882,726)
FUND BALANCE, October 1	5,729,313	993,329	14,221	446,069	556,775	725,879	559,278	148	5,703,726	14,728,738
FUND BALANCE, September 30	\$ 5,897,515	\$ 1,011,145	\$ 14,487	\$ 317,923	\$ 475,909	\$ 17,267	\$ 365,959	\$ 20	\$ 1,745,787	\$ 9,846,012

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended September 30, 2018

Net change in fund balances - total governmental funds \$ (4,882,726)

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 the cost of these assets is allocated over their estimated  
useful lives on a straight line basis and reported as depreciation expense. The  
following is the detail of the amount by which depreciation was exceeded by capital  
outlays for the year.

Capital outlay	5,701,757
Depreciation	(1,646,431)
Disposal of capital assets, net	(746,660)
	<u>3,308,666</u>

Some revenues reported in the governmental funds represent current financial  
resources and were recognized in the Statement of Activities when earned (67,906)

The issuance of long-term debt provides current financial resources to governmental  
funds. The repayment of the principal of long-term debt is a use of current financial  
resources of governmental funds. Also, governmental funds report the effect of  
issuance costs and similar items when debt is issued, whereas these amounts are  
deferred and amortized in the statement of activities. In the Statement of Activities,  
interest is accrued on outstanding debt whereas in the governmental funds, an interest  
expenditure is reported when due. The following is the detail of the net effect of  
these differences.

Lease proceeds	(7,700,000)
Repayment of principal on bonds, leases, and other debt	10,256,149
Bond premiums and discounts	(288,760)
Interest payable	(37,696)
	<u>2,229,693</u>

Internal service funds are used by management to charge the costs of various  
activities internally to individual funds. The net expense of certain activities  
of the Internal Service Fund is reported with governmental activities. 214,575

Some expenditures reported in the governmental fund represent the use of current  
financial resources and were recognized in the Statement of Activities when incurred 30,353

Change in net position of governmental activities \$ 832,655

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
September 30, 2018

	Enterprise Fund	Internal Service Fund
	<u>Sewer Fund</u>	<u>Fund</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,806,246	\$ 529,506
Investments	430,010	138,929
Utilities receivable, net	451,313	-
Accrued interest receivable	2,615	783
Prepaid expenses	28,372	-
	<u>2,718,556</u>	<u>669,218</u>
TOTAL CURRENT ASSETS		
Noncurrent Assets		
Net pension asset	306,010	-
	<u>306,010</u>	<u>-</u>
TOTAL NONCURRENT ASSETS		
Restricted Assets		
Cash and cash equivalents	246,146	-
Investments	631,408	-
	<u>877,554</u>	<u>-</u>
TOTAL RESTRICTED ASSETS		
Property, Plant and Equipment		
Land	392,583	-
Buildings and improvements	19,326,643	-
Sewer mains and lines	27,028,338	-
Machinery and equipment	1,048,586	-
	<u>47,796,150</u>	<u>-</u>
Less accumulated depreciation	(21,821,547)	-
	<u>25,974,603</u>	<u>-</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT		
TOTAL ASSETS		
	29,876,723	669,218
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred pension outflow	32,787	-
	<u>32,787</u>	<u>-</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES		
	32,787	-

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (continued)  
September 30, 2018

	Enterprise Fund	Internal Service Fund
	<u>Sewer Fund</u>	<u>Fund</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	115,622	105,620
Accrued expenses	13,667	-
Accrued interest payable	108,404	-
Arbitrage payable	120,504	-
Current maturities of long-term debt	<u>1,220,000</u>	<u>-</u>
	TOTAL CURRENT LIABILITIES	105,620
	1,578,197	105,620
Long-Term Liabilities		
Revenue bonds payable, net	12,309,614	-
Compensated absences payable	<u>27,271</u>	<u>-</u>
	TOTAL LONG-TERM LIABILITIES	-
	12,336,885	-
	TOTAL LIABILITIES	105,620
	13,915,082	105,620
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred pension inflow	<u>76,895</u>	<u>-</u>
	TOTAL DEFERRED INFLOW OF RESOURCES	-
	76,895	-
<b>NET POSITION</b>		
Net investment in capital assets	12,417,718	-
Restricted	757,049	-
Unrestricted	<u>2,742,766</u>	<u>563,598</u>
	TOTAL NET POSITION	563,598
	<u>\$ 15,917,533</u>	<u>\$ 563,598</u>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS  
Year Ended September 30, 2018

	Enterprise Fund	Internal Service Fund
	<u>Sewer Fund</u>	<u>Fund</u>
OPERATING REVENUES		
Charges for services	\$ 4,535,457	\$ -
Miscellaneous	7,000	-
Premiums	-	1,041,856
TOTAL OPERATING REVENUES	<u>4,542,457</u>	<u>1,041,856</u>
OPERATING EXPENSES		
Personnel services	718,788	-
Contractual services	241,152	-
Repairs and maintenance	152,284	-
Supplies	162,680	-
Utilities	374,275	-
Education	1,772	-
Labs and testing	17,283	-
Insurance expenses	59,781	-
Depreciation	1,498,609	-
Miscellaneous	45,265	-
Insurance claims	-	530,090
Insurance administration fees	-	307,986
TOTAL OPERATING EXPENSES	<u>3,271,889</u>	<u>838,076</u>
OPERATING INCOME	1,270,568	203,780
NONOPERATING REVENUES (EXPENSES)		
Interest income	314,405	10,795
Interest expense	(531,572)	-
Gain on sale of equipment	24,964	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(192,203)</u>	<u>10,795</u>
INCOME BEFORE OPERATING TRANSFERS	1,078,365	214,575
OPERATING TRANSFERS (OUT)	<u>(630,814)</u>	<u>-</u>
NET INCOME	447,551	214,575
NET POSITION, October 1	<u>15,469,982</u>	<u>349,023</u>
NET POSITION, September 30	<u>\$ 15,917,533</u>	<u>\$ 563,598</u>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
Year Ended September 30, 2018

	Enterprise Fund	Internal Service Fund
	Sewer Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 4,499,567	\$ 1,041,856
Cash paid to suppliers	(1,033,879)	(779,192)
Cash paid to employees	(682,166)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,783,522</b>	<b>262,664</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfer (out)	(630,814)	-
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(630,814)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of fixed assets	(44,569)	-
Proceeds from sale of fixed assets	19,597	-
Payment of bond principal	(1,202,000)	-
Payment of interest expense	(540,996)	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,767,968)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	303,599	10,012
Purchase of investments	(190,976)	(138,929)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>112,623</b>	<b>(128,917)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>497,363</b>	<b>133,747</b>
CASH AND CASH EQUIVALENTS, Beginning of year	1,555,029	395,759
CASH AND CASH EQUIVALENTS, End of year	2,052,392	529,506
LESS RESTRICTED CASH AND CASH EQUIVALENTS	(246,146)	-
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,806,246</b>	<b>\$ 529,506</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 1,270,568	\$ 203,780
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,498,609	-
(Increase) decrease in:		
Utilities receivable	(42,890)	-
Prepaid expenses	(3,259)	-
Net pension asset	(83,032)	-
Deferred pension outflows	72,306	-
Increase (decrease) in:		
Accounts payable	22,836	58,884
Accrued expenses	(633)	-
Compensated absences	(10,948)	-
Arbitrage payable	1,036	-
Deferred pension inflows	58,929	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 2,783,522</b>	<b>\$ 262,664</b>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
 COMBINED STATEMENT OF FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUSTS  
 September 30, 2018

	<u>Private-Purpose Trusts</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 155,107
Investments	49,399
Interest receivable	<u>34</u>
TOTAL ASSETS	204,540
<b>LIABILITIES</b>	
Due to others	<u>-</u>
<b>NET POSITION</b>	
Unrestricted	<u>204,540</u>
TOTAL NET POSITION	<u><u>\$ 204,540</u></u>

See accompanying notes

CITY OF WARRENSBURG, MISSOURI  
 COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PRIVATE PURPOSE  
 TRUSTS  
 Year Ended September 30, 2018

	<u>Private-Purpose Trusts</u>
Additions:	
Donations	\$ 2,217
Deductions:	
Contributions and other	<u>53</u>
Changes in Net Position	2,164
Net Position, beginning of year	<u>202,376</u>
Net Position, end of year	<u><u>\$ 204,540</u></u>

CITY OF WARRENSBURG, MISSOURI  
 STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS  
 September 30, 2018

		Agency Funds		
		Children's Memorial Trust	Arts Commission Fund	Public Arts Fund
<b>ASSETS</b>				
	Cash and cash equivalents	\$ 24,401	\$ 24,308	\$ 535
	Investments	5,250	8,713	171
	Interest receivable	35	46	-
	<b>TOTAL ASSETS</b>	<u>\$ 29,686</u>	<u>\$ 33,067</u>	<u>\$ 706</u>
<b>LIABILITIES</b>				
	Due to others	<u>\$ 29,686</u>	<u>\$ 33,067</u>	<u>\$ 706</u>

See accompanying notes

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Warrensburg, Missouri, (the City) is located in Johnson County and was incorporated in 1865, under the provisions of the State of Missouri. Warrensburg is a city of the third class and operates under a City Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include sewer operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

### Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that the entity described in the following paragraph meets the above criteria and therefore, has been included as a component unit in the City's basic financial statements.

### Component Unit

The Warrensburg Convention and Visitors Bureau of the City of Warrensburg is a not-for-profit corporation organized for the purpose of promoting tourism in Warrensburg. The Bureau is governed by a nine-member board appointed by the City.

### Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*FUND FINANCIAL STATEMENTS*

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

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

Park Fund: The Park Fund of the City is used to account for resources restricted, committed, or assigned for the parks department within the City.

Tri-Centennial Fund: The Tri-Centennial Fund is used to account for miscellaneous revenues and expenditures that are restricted, committed, or assigned for the Tri-Centennial activities.

Capital Improvement Transportation Fund: The Capital Improvement Transportation Fund is used to account for sales taxes and other resources that are restricted, committed, or assigned for the transportation capital improvements within the City.

Capital Improvement Half-Cent Fund: The Capital Improvement Half-Cent Fund is used to account for sales taxes and other resources that are restricted, committed, or assigned for the capital improvements within the City.

Neighborhood Improvement Fund: The Neighborhood Improvement Fund is used to account for proceeds that are restricted, committed, or assigned from the payment of Neighborhood Improvement Bonds.

Debt Service Fund: The Debt Service Fund is used to account for funds that are restricted, committed, or assigned from the payment of the City's governmental activities debt.

Tax Increment Financing Fund: This fund is used to account for collection and disbursement of economic activity taxes and property taxes collected on growth of assessed valuation of the redevelopment area of the TIF District.

Capital Improvement Bond Fund: This fund is used to account for collection and disbursement of proceeds of the Series 2017 General Obligation bonds.

The City reports the following major proprietary funds:

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

Internal Service Fund: The Internal Service Fund accounts for the premiums received and claims paid under the City's hybrid cost-plus employee health insurance plan.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major fiduciary funds:

Fiduciary Funds: Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations for the City, these funds are not incorporated into the government-wide statements. The City is the fiduciary for four private purpose trust funds and three agency funds. The agency funds consist of the Children’s Memorial Trust, the Arts Commission Fund, and the Public Arts Fund. The Children’s Memorial Trust fund exists to account for funds donated to build a memorial to honor the memory of children who have died. The Arts Commission fund is used to account for funds donated to further the arts within the City. The Public Arts Fund is used to fund art in public places.

Capital Assets

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

In conformity with GASB 34, infrastructure, such as streets and storm sewers, completed in the current year has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Machinery and equipment	3 to 20 years
Cemetery buildings	5 to 20 years
Other buildings	15 to 50 years
Improvements	15 to 50 years
Sewer lines	20 to 70 years
Other infrastructure	20 to 50 years

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Cash Equivalents

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

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1 – Inputs using quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs using significant other observable inputs including quoted prices for similar assets or liabilities

Level 3 – Inputs are significant unobservable inputs

Inventories

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

Compensated Absences

Under terms of the City's municipal code, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the equivalent of one year's vacation (maximum of four weeks). The amount that can be accrued for sick leave is limited to 1080 hours for firefighters and 720 hours for all other employees. Employees are paid for one-half of the amount of accumulated sick leave only upon retirement from the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vested or accumulated vacation leave and compensatory time is accounted for as follows:

Governmental Funds – The accumulated liabilities for vacation and compensatory time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds – The costs of vacation and compensatory time are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Governmental Accounting Standards Board (GASB) Statement Section 1400-120-137 – *Capitalization of Interest Cost*. There was no interest capitalized during the current fiscal year.

Revenue Recognition - Property Taxes

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally result from providing services and producing and delivering goods and/or services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charges to customers for services. All other revenues and expenses are considered nonoperating.

Deposits and Investments

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

Net Position

In the government-wide and proprietary fund financial statements, equity 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 are 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 net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan. These amounts are recognized as an inflow of resources in the period that the amounts become available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

For purposes of measuring the net pension 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.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

**Primary Government**

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2018, all bank balances on deposit are entirely insured or collateralized.

**Warrensburg Convention and Visitors Bureau**

State statutes require that the Bureau's deposits be insured or collateralized in the name of the Bureau by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2018, all bank balances on deposit are entirely insured or collateralized.

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE C – INVESTMENTS

**Primary Government**

The City categorizes its investments within the fair value hierarchy as discussed in Note A. At September 30, 2018, the City had the following recurring investments:

Investment Type	Maturity	Not Subject to Fair Value Hierarchy	Fair Value Level 1	Total
Guaranteed Investment Contracts	1/1/2028	\$ 631,408	\$ -	\$ 631,408
Missouri Securities Investment Program (MOSIP) - Certificates of Deposit	11/27/2018 to 8/29/2019	2,204,000	-	2,204,000
Missouri Securities Investment Program (MOSIP) - Cash Management Funds	N/A	3,374,826	-	3,374,826
		\$ 6,210,234	\$ -	\$ 6,210,234

Guaranteed Investment Contracts

The City has Guaranteed Investment Contracts on deposit with United Missouri Bank. These investments are not required to be reported under fair value hierarchy. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in trust accounts for the 2007 Sewer System Revenue Bonds and the reserve accounts. The City’s funds are invested under the State Revolving Fund Program and are required to be collateralized in the amount of 100% of the value of the investment.

Missouri Securities Investment Program

City funds in the Missouri Securities Investment Program are invested in cash management funds in which the City has a pro-rata share. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes and the cash management fund has a current rating of AAAM. These investments are not required to be reported under fair value hierarchy.

Certificates of Deposit

Certificates of deposit with maturities in excess of three months at the date of purchase are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2018, all certificates of deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS (continued)

Interest Rate Risk

The City limits its exposure to interest rate risk. The City restricts its investments to those maturing in 5 years or less. This policy is limited to those investments made directly by the City and does not apply to investments of debt reserves made by trust account managers.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At September 30, 2018, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial and government obligations and, accordingly, the City was not exposed to such credit risks.

Concentration of Credit Risk

The City's investment policy does not limit the amount it may invest in any one issuer. At September 30, 2018, the City's only investments were amounts held in trust invested in Guaranteed Investment Contracts on deposit with United Missouri Bank. The trust agreement requires that these amounts be collateralized in the amount of 100% of the value of the investment, and, accordingly, the City was not exposed to such credit risks.

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE D – ACCOUNTS RECEIVABLE

**Primary Government**

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

	Accounts Receivable	Allowance	Net Accounts Receivable
	<u>          </u>	<u>          </u>	<u>          </u>
<b>GENERAL FUND</b>			
Ad valorem taxes receivable	\$ 28,461	\$ 13,338	\$ 15,123
Sales and use tax receivable	642,862	-	642,862
Franchise tax receivable	258,148	-	258,148
Lodging tax receivable	22,144	-	22,144
	<u>\$ 951,615</u>	<u>\$ 13,338</u>	<u>\$ 938,277</u>
<b>PARK FUND</b>			
Ad valorem taxes receivable	\$ 8,366	\$ 7,244	\$ 1,122
Sales and use tax receivable	193,565	-	193,565
	<u>\$ 201,931</u>	<u>\$ 7,244</u>	<u>\$ 194,687</u>
<b>COURT FINES RECEIVABLE</b>			
General Fund	<u>\$ 44,002</u>	<u>\$ 41,423</u>	<u>\$ 2,579</u>
<b>SPECIAL ASSESSMENTS RECEIVABLE</b>			
Neighborhood Improvement Fund	<u>\$ 3,575,953</u>	<u>\$ 2,985,669</u>	<u>\$ 590,284</u>
<b>UTILITIES RECEIVABLE</b>			
Sewer Fund	<u>\$ 558,335</u>	<u>\$ 107,022</u>	<u>\$ 451,313</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE E – RESTRICTED ASSETS

**Primary Government**

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

	Restricted Cash and Investments	Restricted Net Position
<b>GENERAL FUND</b>		
Court bonds	\$ 15,503	\$ -
Seizures and forfeitures	27,013	-
	<u>\$ 42,516</u>	<u>\$ -</u>
<b>PARK FUND</b>		
Refundable deposits	\$ 250	\$ -
2014 Refunding Certificates of Participation Payment fund	27	-
Parks and recreation	-	992,231
	<u>\$ 277</u>	<u>\$ 992,231</u>
<b>TRI-CENTENNIAL FUND</b>		
Tri-Centennial activities	\$ -	\$ 14,487
<b>CAPITAL IMPROVEMENT FUND</b>		
Trustee funds	\$ -	\$ 317,923
<b>CAPITAL IMPROVEMENT HALF CENT FUND</b>		
Trustee funds	\$ -	\$ 475,909
<b>DEBT SERVICE FUND</b>		
Debt service reserves	\$ 2,282	\$ 17,267
<b>NEIGHBORHOOD IMPROVEMENT FUND</b>		
Debt service reserves	\$ 260,938	\$ 365,959
<b>TIF FUND</b>		
Debt service reserves	\$ -	\$ 20

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE E – RESTRICTED ASSETS (continued)

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
<b>CAPITAL IMPROVEMENT BOND FUND</b>		
Project reserves	\$ 2,660,158	\$ 1,745,787
<b>SEWER FUND</b>		
2007 Revenue Bonds		
Rebate account	120,504	-
Principal and interest	631,408	631,408
2010 Revenue Bonds		
Debt service reserve	1	-
Principal and interest	125,641	125,641
	<u>\$ 877,554</u>	<u>\$ 757,049</u>

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

Long-term liabilities of the City of Warrensburg consist of four Certificates of Participation, three capital leases, one General Obligation Bond issue, two Neighborhood Improvement Bonds payable, and compensated absences payable.

During the year ended September 30, 2017, the City entered into a lease purchase agreement to finance police RMS Software and Park fitness equipment in the amount of \$369,762. The agreement requires quarterly payments of \$19,710, including interest at 2.47% as shown in following schedule:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 73,004	\$ 5,836	\$ 78,840
2020	74,823	4,017	78,840
2021	76,689	2,151	78,840
2022	39,057	363	39,420
	<u>\$ 263,573</u>	<u>\$ 12,367</u>	<u>\$ 275,940</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

During the year ended September 30, 2017, the City entered into a lease purchase agreement to finance a Pierce Pumper Fire Truck in the amount of \$344,678. The agreement requires annual payments of \$91,820, including interest at 3.3% as shown in following schedule:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 85,040	\$ 6,780	\$ 91,820
2020	87,243	4,577	91,820
2021	89,502	2,318	91,820
	\$ 261,785	\$ 13,675	\$ 275,460

These lease agreements provide for cancellation of the leases on the annual renewal date if the City should fail to appropriate funds. However, the City does not foresee exercising its option to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with ASC 840-10-25.

Series 2013 Certificates of Participation

The City issued \$8,485,000 of Series 2013 Refunding Certificates of Participation. The Certificates were issued to refund the Series 2007 Certificates of Participation which were originally used to fund various city building improvements and public safety equipment. The Certificates of Participation bear interest at 2.35% with principal and interest payments due March 1 and September 1 each year.

The total annual minimum lease payments required at September 30, 2018, are as follows:

Year Ending September 30,	Principal	Interest	Total
2019	\$ 725,000	\$ 121,201	\$ 846,201
2020	785,000	103,811	888,811
2021	865,000	84,894	949,894
2022	940,000	64,155	1,004,155
2023	1,020,000	41,595	1,061,595
2024	1,005,000	17,684	1,022,684
	\$ 5,340,000	\$ 433,340	\$ 5,773,340

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Series 2014 Certificates of Participation

The City issued \$655,000 of Series 2014 Certificates of Participation. The Certificates were issued to finance the Community Center roof project. The Certificates of Participation bear interest of 2.83% with principal payments due September 1 and interest payments due March 1 and September 1 each year.

The total annual minimum lease payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 67,000	\$ 12,112	\$ 79,112
2020	69,000	10,216	79,216
2021	70,000	8,264	78,264
2022	72,000	6,283	78,283
2023	74,000	4,245	78,245
2024	76,000	2,150	78,150
	<u>\$ 428,000</u>	<u>\$ 43,270</u>	<u>\$ 471,270</u>

Series 2017 Certificates of Participation

On December 12, 2017, the City issued \$7,700,000 in Series 2017 Refunding Certificates of Participation for the purpose of refunding the 2009 and 2010 Certificates of Participation, which were originally issued for financing certain park projects, city buildings, and equipment purchases. The Certificates of Participation bear interest from 3.0% to 5.0% with principal payments due September 1 and interest payments due March 1 and September 1 each year.

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 340,000	\$ 267,075	\$ 607,075
2020	345,000	250,075	595,075
2021	335,000	232,825	567,825
2022	340,000	216,075	556,075
2023	380,000	199,075	579,075
2024	385,000	183,875	568,875
2025	605,000	168,475	773,475
2026	660,000	144,275	804,275
2027	715,000	117,875	832,875
2028	750,000	96,425	846,425
2029	805,000	73,925	878,925
2030	350,000	49,775	399,775
2031	395,000	39,275	434,275
2032	425,000	26,931	451,931
2033	420,000	13,650	433,650
	<u>\$ 7,250,000</u>	<u>\$ 2,079,606</u>	<u>\$ 9,329,606</u>

Neighborhood Improvements Bonds – Series 2001

The City issued \$105,000 of Series 2001 Neighborhood Improvement Bonds. The Bonds were issued to finance certain improvements to Russell Avenue. The bonds bear interest from 4.875% to 5.625% with principal payments due September 1 and interest payments due March 1 and September 1 each year. In conjunction with the issuance of these bonds, the City has agreed to assess certain Russell Avenue property owners the \$105,000 cost of such improvements. The owners will be assessed \$9,200 annually over the next 20 years. The special assessments received will be used for bond payments.

The total annual principal and interest payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,000	\$ 1,097	\$ 8,097
2020	8,000	675	8,675
2021	8,000	225	8,225
	<u>\$ 23,000</u>	<u>\$ 1,997</u>	<u>\$ 24,997</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

Neighborhood Improvements Bonds – Series 2011

The City issued \$3,115,000 of Series 2011 Neighborhood Improvement Bonds. The Bonds were issued to retire Series 2009 Municipal Temporary Notes which were originally issued to fund improvements related to the Hawthorne Redevelopment Project. The bonds bear interest from 3.0% to 4.375% with principal payments due September 1 and interest payments due March 1 and September 1 each year. In conjunction with the issuance of these bonds, the City has agreed to assess property owners within the Hawthorne Redevelopment Project the \$3,115,000 cost of such improvements. The special assessments received will be used for bond payments. During the year ended September 30, 2013, the City acquired various lots of property within the Hawthorne Development through a sheriff's tax sale. As such, the City will be absorbing a proportionate share of the debt service. The City intends to service debt principal and interest payments by using reserves created from pre-payments of special assessments by other property owners. If the City-owned lots have not been sold by the time the reserves have been depleted, the City will meet its obligation to provide for payments of principal and interest on these bonds. The present value of the special assessments on City-owned property is \$2,985,669 at September 30, 2018. At September 30, 2018, special assessments receivable totaled \$3,711,401.

The total annual principal and interest payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 155,000	\$ 98,694	\$ 253,694
2020	160,000	93,575	253,575
2021	165,000	88,088	253,088
2022	170,000	82,225	252,225
2023	180,000	75,650	255,650
2024	185,000	68,350	253,350
2025	190,000	60,850	250,850
2026	200,000	52,925	252,925
2027	210,000	44,469	254,469
2028	220,000	35,600	255,600
2029	225,000	26,141	251,141
2030	235,000	16,078	251,078
2031	250,000	5,468	255,468
	<u>\$ 2,545,000</u>	<u>\$ 748,113</u>	<u>\$ 3,293,113</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE F – LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES (continued)

General Obligation Bonds – Series 2017

The City issued \$5,550,000 of Series 2017 General Obligation Bonds. The Bonds were issued to finance certain Fire Department Improvements and Street Improvements. The bonds bear interest from 2% to 5% with principal payments due September 1 and interest payments due March 1 and September 1 each year.

The total annual principal and interest payments required at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 835,000	\$ 148,275	\$ 983,275
2020	885,000	109,700	994,700
2021	930,000	73,400	1,003,400
2022	980,000	40,100	1,020,100
2023	210,000	22,250	232,250
2024	220,000	16,900	236,900
2025	235,000	12,350	247,350
2026	245,000	7,550	252,550
2027	255,000	2,550	257,550
	<u>\$ 4,795,000</u>	<u>\$ 433,075</u>	<u>\$ 5,228,075</u>

The following table is a summary of the changes in the Long-Term Liabilities – Governmental Activities:

	<u>Balance September 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2018</u>	<u>Amounts Due Within One Year</u>
Capital lease - US Bank	\$ 30,028	\$ -	\$ 30,028	\$ -	\$ -
Capital lease - PNC Equipment Finance	344,678	-	82,893	261,785	85,040
Capital lease - US Bank - Technology	334,801	-	71,228	263,573	73,004
2001 Neighborhood Improvement Bonds	30,000	-	7,000	23,000	7,000
2011 Neighborhood Improvement Bonds	2,695,000	-	150,000	2,545,000	155,000
2017 General Obligation Bonds	5,550,000	-	755,000	4,795,000	835,000
2009 Certificates of Participation	5,185,000	-	5,185,000	-	-
2010 Certificates of Participation	2,820,000	-	2,820,000	-	-
2013 Refunding Certificates of Participation	5,980,000	-	640,000	5,340,000	725,000
2014 Certificates of Participation	493,000	-	65,000	428,000	67,000
2017 Refunding Certificates of Participation	-	7,700,000	450,000	7,250,000	340,000
Issuance premiums	314,263	336,372	49,877	600,758	-
Issuance discounts	(33,971)	-	(2,265)	(31,706)	-
	<u>23,742,799</u>	<u>8,036,372</u>	<u>10,303,761</u>	<u>21,475,410</u>	<u>2,287,044</u>
Compensated Absences	552,395	-	29,094	523,301	-
TOTAL	<u>\$ 24,295,194</u>	<u>\$ 8,036,372</u>	<u>\$ 10,332,855</u>	<u>\$ 21,998,711</u>	<u>\$ 2,287,044</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

Long-term liabilities in the Sewer Fund consists of the 2007 and 2010 Sewer System Revenue Bonds, and compensated absences.

2007 Sewerage System Refunding and Improvement Revenue Bonds

The City entered into an agreement with the State Environmental Improvement and Energy Resources Authority, the City issued \$14.15 million in Sewerage System Refunding and Improvement Revenue Bonds, Series 2007. The bonds bear interest at 4.00% to 4.75%. In connection with the City’s issuance of these revenue bonds, the City began participating in a revolving loan program established by the Missouri Department of Natural Resources (DNR). The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved capital expenditures, DNR reimburses the City for the expenditure from the bond proceeds account and deposits an additional 70% of the expenditure amount in a Bond Reserve Fund in the City’s name. The interest paid on these sewer revenue bonds is offset by an interest subsidy from the State of Missouri’s 70% bond reserves. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due July 1 of each year.

The annual debt service requirements to amortize the principal on the 2007 revenue bonds outstanding at September 30, 2018, are as follows:

Year Ending September 30,	Principal	Interest	Administrative Fee	Total
2019	\$ 800,000	\$ 334,075	\$ 55,799	\$ 1,189,874
2020	815,000	301,266	50,087	1,166,353
2021	830,000	265,781	44,268	1,140,049
2022	845,000	227,038	38,342	1,110,380
2023	865,000	186,425	32,309	1,083,734
2024	885,000	147,075	26,132	1,058,207
2025	905,000	106,775	19,814	1,031,589
2026	925,000	63,312	13,352	1,001,664
2027	945,000	20,672	6,747	972,419
	<u>\$ 7,815,000</u>	<u>\$ 1,652,419</u>	<u>\$ 286,850</u>	<u>\$ 9,754,269</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

2010 Sewerage System Revenue Bonds

On September 30, 2015, the City had issued the maximum of \$8,548,500, in the State of Missouri Direct Loan Program sewerage system revenue bonds, Series 2010, for the purpose of extending and improving the City’s sewerage system. The bonds bear interest at 1.48%. The principal and interest payments are due January 1 and July 1 of each year. Bonds may be called at any time for redemption under various provisions outlined in the bond ordinance.

The annual debt service requirements to amortize the principal on the 2010 revenue bonds outstanding at September 30, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Administrative Fee</u>	<u>Total</u>
2019	\$ 420,000	\$ 81,992	\$ 27,700	\$ 529,692
2020	430,000	75,739	25,587	531,326
2021	438,000	69,345	23,428	530,773
2022	446,000	62,833	21,228	530,061
2023	456,000	56,196	18,985	531,181
2024	464,000	49,417	16,695	530,112
2025	474,000	42,513	14,362	530,875
2026	483,000	35,468	11,983	530,451
2027	493,000	28,283	9,555	530,838
2028	503,000	20,949	7,078	531,027
2029	513,000	13,468	4,550	531,018
2030	524,500	5,839	1,972	532,311
	<u>\$ 5,644,500</u>	<u>\$ 542,042</u>	<u>\$ 183,123</u>	<u>\$ 6,369,665</u>

Changes in Long-Term Liabilities - Enterprise Funds

The following table is a summary of the changes in the Enterprise Fund long-term liabilities for the year ended September 30, 2018:

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE G – LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES (continued)

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018	Amounts Due Within One Year
Revenue Bonds:					
Series 2007 SRF Revenue Bonds	\$ 8,605,000	\$ -	\$ 790,000	\$ 7,815,000	\$ 800,000
Series 2010 SRF Revenue Bonds	6,056,500	-	412,000	5,644,500	420,000
Premium on bonds	78,305	-	8,191	70,114	-
	<u>14,739,805</u>	-	<u>1,210,191</u>	<u>13,529,614</u>	<u>1,220,000</u>
Compensated Absences	38,219	-	10,948	27,271	-
TOTAL	<u>\$ 14,778,024</u>	<u>\$ -</u>	<u>\$ 1,221,139</u>	<u>\$ 13,556,885</u>	<u>\$ 1,220,000</u>

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 3,055,679	\$ -	\$ -	\$ 3,055,679
Construction in progress	151,027	3,062,353	1,956,041	1,257,339
Total Non-depreciable Capital Assets	<u>3,206,706</u>	<u>\$ 3,062,353</u>	<u>\$ 1,956,041</u>	<u>4,313,018</u>
Depreciable Capital Assets:				
Building and improvements	29,712,255	\$ 18,200	\$ 55,172	29,675,283
Machinery and equipment	7,168,795	2,621,204	691,488	9,098,511
Infrastructure	48,426,804	1,956,041	-	50,382,845
Total Depreciable Capital Assets	<u>85,307,854</u>	<u>\$ 4,595,445</u>	<u>\$ 746,660</u>	<u>89,156,639</u>
Less Accumulated Depreciation	<u>43,056,525</u>	<u>\$ 2,325,023</u>	<u>\$ 678,592</u>	<u>44,702,956</u>
Total Depreciable Capital Assets, Net	<u>42,251,329</u>			<u>44,453,683</u>
Total Capital Assets - Governmental Activities, Net	<u>\$ 45,458,035</u>			<u>\$ 48,766,701</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE H – CAPITAL ASSETS (continued)

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

General	\$ 8,477
Information Technology	18,460
Buildings and grounds	172,626
Fire	165,463
Police	205,184
Animal control	15,155
Parks	334,355
Streets	1,397,561
Cemetery	7,742
	<u>\$ 2,325,023</u>

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
Business-Type Activities				
Sewer				
Non-depreciable Capital Assets:				
Land	\$ 392,583	\$ -	\$ -	\$ 392,583
Total Non-depreciable Capital Assets	392,583	<u>\$ -</u>	<u>\$ -</u>	392,583
Depreciable Capital Assets:				
Buildings and improvements	19,361,104	\$ 19,598	\$ 54,059	19,326,643
Machinery and equipment	1,059,433	24,971	35,818	1,048,586
Sewer mains and lines	27,028,338	-	-	27,028,338
Total Depreciable Capital Assets	47,448,875	<u>\$ 44,569</u>	<u>\$ 89,877</u>	47,403,567
Less Accumulated Depreciation	20,418,182	<u>\$ 1,498,609</u>	<u>\$ 95,244</u>	21,821,547
Depreciable Capital Assets, Net	<u>27,030,693</u>			<u>25,582,020</u>
Total Capital Assets - Business-Type Activities, Net	<u>\$ 27,423,276</u>			<u>\$ 25,974,603</u>

NOTE I – EMPLOYEE PENSION PLAN

**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](http://www.molagers.org).

**Benefits Provided.** LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police) 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 receive a reduced allowance.

	<b><u>2018 Valuation</u></b>
Benefit Multiplier	1.50% for life
Final Average Salary	5 Years
Member Contributions	0%

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.

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE I – EMPLOYEE PENSION PLAN (continued)

**Employees Covered by Benefit Terms.** At June 30, 2018, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	41	14	15	70
Inactive employees entitled to but not yet receiving benefits	25	27	20	72
Active employees	<u>62</u>	<u>31</u>	<u>25</u>	<u>118</u>
	<u>128</u>	<u>72</u>	<u>60</u>	<u>260</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. Employer contribution rates are 6.2% for General, 4.0% for Police, and 1.8% for Fire of annual covered payroll.

**Net Pension Asset.** The employer’s net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2018.

**Actuarial Assumptions.** The total pension liability in the February 28, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation for General and Police Divisions
Salary Increase	3.25% to 7.15% including wage inflation for Fire Division
Investment Rate of Return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

NOTE I – EMPLOYEE PENSION PLAN (continued)

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2018, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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 estimate 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	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

**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.

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE I – EMPLOYEE PENSION PLAN (continued)

**Changes in the Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension (Asset) (a) - (b)
<i>General Division</i>			
Balance at beginning of year	\$ 9,274,116	\$ 10,337,941	\$ (1,063,825)
Changes for the year:			
Service cost	228,266	-	228,266
Interest	666,718	-	666,718
Difference between expected and actual experiences	(28,233)	-	(28,233)
Contributions - employer	-	164,964	(164,964)
Net investment income	-	1,314,232	(1,314,232)
Benefits paid, including refunds	(387,061)	(387,061)	-
Administrative expenses	-	(10,415)	10,415
Other changes	-	38,935	(38,935)
Net Changes	479,690	1,120,655	(640,965)
Balance at end of year	9,753,806	11,458,596	(1,704,790)
<i>Police Division</i>			
Balance at beginning of year	7,209,498	8,138,397	(928,899)
Changes for the year:			
Service cost	135,372	-	135,372
Interest	516,499	-	516,499
Difference between expected and actual experiences	(148,783)	-	(148,783)
Contributions - employer	-	61,049	(61,049)
Net investment income	-	1,029,887	(1,029,887)
Benefits paid, including refunds	(309,162)	(309,162)	-
Administrative expenses	-	(5,550)	5,550
Other changes	-	70,458	(70,458)
Net Changes	193,926	846,682	(652,756)
Balance at end of year	7,403,424	8,985,079	(1,581,655)

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension (Asset) (a) - (b)
<i>Fire Division</i>			
Balance at beginning of year	5,583,627	6,857,275	(1,273,648)
Changes for the year:			
Service cost	141,684	-	141,684
Interest	405,886	-	405,886
Difference between expected and actual experiences	(201,841)	-	(201,841)
Contributions - employer	-	27,675	(27,675)
Contributions - employee	-	5,374	(5,374)
Net investment income	-	836,232	(836,232)
Benefits paid, including refunds	(111,551)	(111,551)	-
Administrative expenses	-	(3,927)	3,927
Other changes	-	2,833	(2,833)
Net Changes	234,178	756,636	(522,458)
Balance at end of year	5,817,805	7,613,911	(1,796,106)
Total Plan Balances at end of year	\$ 22,975,035	\$ 28,057,586	\$ (5,082,551)

The Net Pension (Asset) is allocated as follows:

	Net Pension (Asset)
Governmental Activities	\$ (4,776,541)
Business-Type Activities	(306,010)
	<u>\$ (5,082,551)</u>

***Sensitivity of the Net Pension Asset to Changes in the Discount Rate.*** The following present the Net Pension Asset of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Asset would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE I – EMPLOYEE PENSION PLAN (continued)

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
<i>General Division</i>			
Total Pension Liability	\$ 11,160,589	\$ 9,753,806	\$ 8,596,284
Plan Fiduciary Net Position	11,458,596	11,458,596	11,458,596
Net Pension Liability/(Asset)	(298,007)	(1,704,790)	(2,862,312)
<i>Police Division</i>			
Total Pension Liability	8,555,866	7,403,424	6,471,058
Plan Fiduciary Net Position	8,985,079	8,985,079	8,985,079
Net Pension Liability/(Asset)	(429,213)	(1,581,655)	(2,514,021)
<i>Fire Division</i>			
Total Pension Liability	6,677,700	5,817,805	5,114,040
Plan Fiduciary Net Position	7,613,911	7,613,911	7,613,911
Net Pension (Asset)	(936,211)	(1,796,106)	(2,499,871)
Total Net Pension Liability/(Asset)	\$ (1,663,431)	\$ (5,082,551)	\$ (7,876,204)

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

For the year ended 2018, the employer recognized pension expense of \$191,293 in the general division, pension expense of \$88,262 in the police division, and pension expense of \$24,211 in the fire division. The employer reported deferred outflows and inflows of resources to be recognized in future expenses from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
<i>General Division</i>			
Differences in experiences	\$ -	\$ (68,905)	\$ (68,905)
Differences in assumptions	138,970	-	138,970
Excess investment returns	-	(359,482)	(359,482)
Contributions subsequent to the measurement date	43,690	-	43,690
	182,660	(428,387)	(245,727)

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE I – EMPLOYEE PENSION PLAN (continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
<i>Police Division</i>			
Differences in experiences	129,673	(133,886)	(4,213)
Differences in assumptions	81,012	-	81,012
Excess investment returns	-	(262,763)	(262,763)
Contributions subsequent to the measurement date	16,132	-	16,132
	<u>226,817</u>	<u>(396,649)</u>	<u>(169,832)</u>
<i>Fire Division</i>			
Differences in experiences	12,903	(243,387)	(230,484)
Differences in assumptions	52,111	-	52,111
Excess investment returns	-	(191,586)	(191,586)
Contributions subsequent to the measurement date	7,394	-	7,394
	<u>72,408</u>	<u>(434,973)</u>	<u>(362,565)</u>
Total	<u>\$ 481,885</u>	<u>\$ (1,260,009)</u>	<u>\$ (778,124)</u>

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental Activities	\$ 449,098	\$ (1,183,114)	\$ (734,016)
Business-Type Activities	32,787	(76,895)	(44,108)
	<u>\$ 481,885</u>	<u>\$ (1,260,009)</u>	<u>\$ (778,124)</u>

\*The amount reported as deferred outflow of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Asset for the year ending September 30, 2018.

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE I – EMPLOYEE PENSION PLAN (continued)

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

Year Ending June 30,	Net Deferred Outflows and Inflows of Resources			
	General Division	Police Division	Fire Division	Total
2019	\$ 72,738	\$ 84,806	\$ (24,763)	\$ 132,781
2020	(28,304)	15,092	(81,547)	(94,759)
2021	(215,340)	(163,917)	(169,470)	(548,727)
2022	(118,511)	(118,302)	(94,179)	(330,992)
2023	-	(3,643)	-	(3,643)
Thereafter	-	-	-	-
	<u>\$ (289,417)</u>	<u>\$ (185,964)</u>	<u>\$ (369,959)</u>	<u>\$ (845,340)</u>

**Payable to the Pension Plan**

At September 30, 2018, the City had outstanding contributions of \$9,719 reported as payable to the pension plan.

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

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

Assessed Valuation	2017
Real estate	\$ 167,748,416
Personal property	41,605,011
	<u>TOTAL \$ 209,353,427</u>
Tax Rate Per \$100 of Assessed Valuation	2017
General levy	\$ .3608
Park levy	.1960
Debt service levy	.5900
	<u>TOTAL \$ 1.1468</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE J – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (continued)

The legal debt margin at September 30, 2018, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 20,935,343	\$ 20,935,343	\$ 41,870,686
General Obligation Bonds payable	(4,795,000)	-	(4,795,000)
LEGAL DEBT MARGIN	<u>\$ 16,140,343</u>	<u>\$ 20,935,343</u>	<u>\$ 37,075,686</u>

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

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

NOTE K – UNEARNED REVENUE

Revenues from receivables not expected to be collected in time to pay current operating expenses are considered unearned until received in the governmental funds. These unearned revenues include special assessments to be collected over several years, and class fees. All of the unearned revenue at September 30, 2018, is accounted for as follows:

PARK FUND	
Class fees	<u>\$ 87,425</u>
NEIGHBORHOOD IMPROVEMENT FUND	
Special assessments	<u>\$ 599,035</u>

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE L – 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 has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE M – INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2018, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 846,020	\$ 109,298
Park Fund	-	286,119
Capital Improvement Transportation Fund	45,000	31,499
Capital Improvement Half Cent Fund	-	1,555,126
Debt Service Fund	2,665,736	-
Capital Improvement Bond Fund	-	943,900
Sewer Fund	-	630,814
	<u>\$ 3,556,756</u>	<u>\$ 3,556,756</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF WARRENSBURG, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2018

NOTE N – INTERNAL BALANCES

Internal balances as of September 30, 2018, consisted of the following:

	General Fund	Debt Service Fund
Internal Balances	\$ 145,000	\$ (145,000)

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, 2018, balances of interfund amounts receivable or payable have been recorded within the fund financial statements

NOTE O – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the Series 2007 and 2010 Sewer Revenue Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customers net revenues and are payable through 2030. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$15,653,961. Principal and interest paid for the current year and total customer net revenues were \$1,411,571 and \$2,769,177, respectively.

NOTE P – KEYSTONE TAX INCREMENT FINANCING REDEVELOPMENT AGREEMENT

The Keystone TIF is committed to reimburse the developer for public infrastructure improvements in the Keystone Redevelopment Area. There is no debt on the City’s part. However, the City is obligated to repay \$2,355,801 of public infrastructure improvements to the extent that taxes are collected within this District. The City is only obligated if taxes are collected and only through the year 2038. As of September 30, 2018, the City has paid the developer \$2,769,177, leaving a remaining balance of \$2,273,770.

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE Q – COMMITMENTS

At September 30, 2018, the City had the following commitments:

- Capital Electric Line Builders in the amount of \$572,538 for a traffic signal upgrade project.
- KAT Excavation, Inc. in the amount of \$40,738 for the Veterans Road extension phase I project.

NOTE R – CONDUIT DEBT

On June 8, 2017, the City authorized the issuance of \$110,110,000 aggregate maximum principal amount of Taxable Industrial Development Revenue Bonds, Series 2017. The issuance is Chapter 100 debt in order to provide economic financial assistance to a third-party private entity and the City has no obligation beyond the rents, revenues and receipts derived by the City from the Project; therefore, the issue does not constitute a debt of the City and, accordingly, are not included in the City's statement of net position. The bonds are issued as the Project proceeds. As of September 30, 2018, \$24,257,334 had been issued. The full \$110,110,000 was issued after September 30, 2018, but prior to the date of this report.

NOTE S – CURRENT YEAR DEBT REFUNDING

On December 12, 2017, the City issued \$7,700,000 in Series 2017 Refunding Certificates of Participation with an interest rate of 3.0% to 5.0%. The City issued and deposited the net proceeds along with debt service funds to establish an irrevocable escrow account of \$8,322,912 with UMB Bank that paid \$113,294 of interest on the Series 2009 Certificates of Participation and \$65,053 of interest on the Series 2010 Certificates of Participation on March 1, 2018. On September 1, 2018, the established irrevocable escrow account paid \$270,000 of outstanding principal and \$113,294 interest on the Series 2009 Certificates of Participation with interest of 3.00% to 4.75%, and \$75,000 of outstanding principal and \$65,053 interest on the Series 2010 Certificates of Participation with interest of 3.0% to 4.8%.

CITY OF WARRENSBURG, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2018

NOTE S – CURRENT YEAR DEBT REFUNDING (continued)

The established irrevocable escrow account will pay accrued interest of \$108,569 on the Series 2009 Certificates of Participation and accrued interest of \$63,553 on the Series 2010 Certificates of Participation on March 1, 2019. The escrow account will then pay principal of \$4,915,000 and accrued interest of \$108,569 on the Series 2009 Certificates of Participation and principal of \$2,745,000 and accrued interest of \$63,553 on the Series 2010 Certificates of Participation on September 1, 2019.

As a result of the refunding, the City reduced its debt service requirements by \$665,807, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$546,003.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WARRENSBURG, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS  
Year Ended September 30, 2018

**Missouri Local Government Employees Retirement System (LAGERS)**

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 505,322	\$ 462,167	\$ 431,128	\$ 437,162
Interest on the total pension liability	1,589,103	1,491,584	1,358,800	1,292,940
Difference between expected and actual experience	(378,857)	73,407	(53,903)	(182,349)
Changes of assumptions	-	-	719,477	-
Benefit payments	(807,774)	(602,357)	(674,859)	(599,217)
NET CHANGE IN TOTAL PENSION LIABILITY	907,794	1,424,801	1,780,643	948,536
TOTAL PENSION LIABILITY, BEGINNING	22,067,241	20,642,440	18,861,797	17,913,261
TOTAL PENSION LIABILITY, ENDING	22,975,035	22,067,241	20,642,440	18,861,797
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	253,688	267,924	327,108	436,101
Contributions - employee	5,374	-	11,176	-
Pension plan net investment income	3,180,351	2,744,149	(53,020)	478,382
Benefit payments	(807,774)	(602,357)	(674,859)	(599,217)
Pension plan administrative expense	(19,892)	(18,628)	(18,848)	(20,132)
Other	112,226	75,944	(266,524)	450,476
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,723,973	2,467,032	(674,967)	745,610
PLAN FIDUCIARY NET POSITION, BEGINNING	25,333,613	22,866,581	23,541,548	22,795,938
PLAN FIDUCIARY NET POSITION, ENDING	28,057,586	25,333,613	22,866,581	23,541,548
EMPLOYER NET PENSION (ASSET)	\$ (5,082,551)	\$ (3,266,372)	\$ (2,224,141)	\$ (4,679,751)
Plan fiduciary net position as a percentage of the total pension liability	122.12%	114.80%	110.77%	124.81%
Covered employee payroll	\$ 5,567,272	\$ 5,587,967	\$ 4,910,908	\$ 4,807,182
Employer's net pension asset as a percentage of covered employee payroll	(91.29%)	(58.45%)	(45.29%)	(97.35%)

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF WARRENSBURG, MISSOURI  
 SCHEDULE OF CONTRIBUTIONS  
 Year Ended September 30, 2018

**Missouri Local Government Employees Retirement System (LAGERS)**  
**Schedule of Contributions**  
**Last 10 Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 256,773	\$ 249,997	\$ 315,514	\$ 421,140	\$ 479,472	\$ 521,963	\$ 493,031	\$ 465,772	\$ 346,129	\$ 340,956
Contributions in relation to the actuarially determined contribution	256,773	249,997	315,515	421,140	479,472	474,502	436,855	392,554	346,129	340,956
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,461</u>	<u>\$ 56,176</u>	<u>\$ 73,218</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,638,846	\$ 5,585,361	\$ 5,178,591	\$ 4,972,607	\$ 4,921,620	\$ 4,869,803	\$ 4,975,442	\$ 5,042,751	\$ 5,109,242	\$ 4,678,972
Contributions as a percentage of covered-employee payroll	4.55%	4.48%	6.09%	8.47%	9.74%	9.74%	8.78%	7.78%	6.77%	7.29%

See accompanying notes to the required schedules.

CITY OF WARRENSBURG, MISSOURI  
NOTES TO SCHEDULE OF CONTRIBUTIONS  
Year Ended September 30, 2018

NOTES TO SCHEDULE OF CONTRIBUTIONS

**Valuation Date:** February 28, 2018

**Notes:** The roll-forward of total pension liability from February 28, 2018, to June 30, 2018, reflects expected service cost and interest reduced by actual benefit payments.

**Methods and Assumptions Used to Determine Contribution Rates**

*Actuarial Cost Method* – Entry Age Normal and Modified Terminal Funding

*Amortization Method* – Level Percentage of Payroll, Closed

*Remaining Amortization Period* – 15 years

*Asset Valuation Method* – 5-Year smoothed market; 20% corridor

*Inflation* – 3.25% wage inflation; 2.50% price inflation

*Salary Increases* – 3.25% to 6.55% including wage inflation for general and police divisions  
3.25% to 7.15% including wage inflation for fire division

*Investment Rate of Return* – 7.25%, net of investment expenses

*Retirement Age* – Experience-based table of rates that are specific to the type of eligibility condition

*Mortality* – The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

*Other Information* – None

CITY OF WARRENSBURG, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 740,000	\$ 740,000	\$ 753,045	\$ 13,045
City sales tax	5,670,000	5,670,000	4,580,734	(1,089,266)
Financial institution tax	3,600	3,600	2,252	(1,348)
Railroad and utility tax	36,000	36,000	35,934	(66)
Utility franchise tax	1,106,000	1,106,000	2,672,389	1,566,389
Surtax	32,800	32,800	27,200	(5,600)
Lodging tax	87,000	87,000	160,217	73,217
Cigarette tax	250,000	250,000	30,506	(219,494)
	<u>7,925,400</u>	<u>7,925,400</u>	<u>8,262,277</u>	<u>336,877</u>
Licenses and Permits				
Occupational licenses	105,450	105,450	97,498	(7,952)
Building permits	108,380	108,380	147,673	39,293
	<u>213,830</u>	<u>213,830</u>	<u>245,171</u>	<u>31,341</u>
Intergovernmental Revenues				
Grants	56,000	56,000	36,728	(19,272)
	<u>56,000</u>	<u>56,000</u>	<u>36,728</u>	<u>(19,272)</u>
Charges for Services				
Cemetery services	193,730	193,730	142,318	(51,412)
Animal shelter	60,000	60,000	43,993	(16,007)
	<u>253,730</u>	<u>253,730</u>	<u>186,311</u>	<u>(67,419)</u>
Fines and Forfeitures				
City court fines	352,030	352,030	324,332	(27,698)
Police training fees	2,700	2,700	4,236	1,536
	<u>354,730</u>	<u>354,730</u>	<u>328,568</u>	<u>(26,162)</u>
Miscellaneous				
Interest income	57,017	57,017	88,581	31,564
Other	70,740	70,740	74,814	4,074
	<u>127,757</u>	<u>127,757</u>	<u>163,395</u>	<u>35,638</u>
TOTAL REVENUES	<u>8,931,447</u>	<u>8,931,447</u>	<u>9,222,450</u>	<u>291,003</u>

CITY OF WARRENSBURG, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)  
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
General government	541,377	543,685	492,415	51,270
Finance	451,001	456,567	451,944	4,623
Other support services	640,271	487,682	401,074	86,608
Information technology	557,554	559,152	448,127	111,025
Municipal court	152,410	154,686	146,798	7,888
Buildings and grounds	236,991	272,565	252,757	19,808
Public safety and health	5,309,371	5,434,630	5,193,227	241,403
Community development	778,886	784,451	710,458	73,993
Transportation	1,591,142	1,765,768	1,622,354	143,414
Cemetery	164,944	165,881	139,828	26,053
TOTAL EXPENDITURES	<u>10,423,947</u>	<u>10,625,067</u>	<u>9,858,982</u>	<u>766,085</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES	(1,492,500)	(1,693,620)	(636,532)	1,057,088
OTHER FINANCING SOURCES (USES)				
Sale of land	-	-	7,600	7,600
Sale of equipment	6,000	6,000	60,412	54,412
Lease proceeds	74,312	-	-	-
Operating transfers in	846,020	846,020	846,020	-
Operating transfers (out)	-	-	(109,298)	(109,298)
TOTAL OTHER FINANCING SOURCES (USES)	<u>926,332</u>	<u>852,020</u>	<u>804,734</u>	<u>(47,286)</u>
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(566,168)	(841,600)	168,202	1,009,802
FUND BALANCE, October 1	<u>5,729,313</u>	<u>5,729,313</u>	<u>5,729,313</u>	<u>-</u>
FUND BALANCE, September 30	<u>\$ 5,163,145</u>	<u>\$ 4,887,713</u>	<u>\$ 5,897,515</u>	<u>\$ 1,009,802</u>

CITY OF WARRENSBURG, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – PARK FUND  
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 400,500	\$ 400,500	\$ 401,803	\$ 1,303
Sales tax	1,274,000	1,274,000	1,340,622	66,622
Other taxes	33,000	33,000	34,296	1,296
Intergovernmental	120,000	120,000	68,839	(51,161)
Charges for services	877,050	877,050	733,985	(143,065)
Interest income	10,000	10,000	20,238	10,238
Miscellaneous	204,741	204,741	213,554	8,813
TOTAL REVENUES	<u>2,919,291</u>	<u>2,919,291</u>	<u>2,813,337</u>	<u>(105,954)</u>
<b>EXPENDITURES</b>				
Current				
Park	747,668	747,668	521,860	225,808
Park maintenance	421,361	421,361	398,243	23,118
Park recreation programs	898,971	898,971	934,747	(35,776)
Community center	718,557	718,557	654,552	64,005
TOTAL EXPENDITURES	<u>2,786,557</u>	<u>2,786,557</u>	<u>2,509,402</u>	<u>277,155</u>
EXCESS OF REVENUES OVER EXPENDITURES	132,734	132,734	303,935	171,201
<b>OTHER FINANCING (USES)</b>				
Operating transfers (out)	(311,048)	(287,867)	(286,119)	1,748
TOTAL OTHER FINANCING (USES)	<u>(311,048)</u>	<u>(287,867)</u>	<u>(286,119)</u>	<u>1,748</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	(178,314)	(155,133)	17,816	172,949
FUND BALANCE, October 1	993,329	993,329	993,329	-
FUND BALANCE, September 30	<u>\$ 815,015</u>	<u>\$ 838,196</u>	<u>\$ 1,011,145</u>	<u>\$ 172,949</u>

CITY OF WARRENSBURG, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TRI-CENTENNIAL FUND  
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Interest income	\$ 84	\$ 84	\$ 266	\$ 182
TOTAL REVENUES	84	84	266	182
EXPENDITURES				
Tri-Centennial	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	84	84	266	182
FUND BALANCE, October 1	14,221	14,221	14,221	-
FUND BALANCE, September 30	\$ 14,305	\$ 14,305	\$ 14,487	\$ 182

CITY OF WARRENSBURG, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT TRANSPORTATION FUND  
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Motor fuel and vehicle taxes	\$ 764,000	\$ 764,000	\$ 761,479	\$ (2,521)
Intergovernmental revenues	346,248	346,248	280,459	(65,789)
Interest income	5,050	5,050	9,635	4,585
Miscellaneous	1,000	1,000	2,663	1,663
TOTAL REVENUES	1,116,298	1,116,298	1,054,236	(62,062)
<b>EXPENDITURES</b>				
Current				
Capital improvements	1,449,801	1,449,801	1,195,883	253,918
TOTAL EXPENDITURES	1,449,801	1,449,801	1,195,883	253,918
(DEFICIT) OF REVENUES OVER EXPENDITURES	(333,503)	(333,503)	(141,647)	191,856
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	45,000	45,000
Operating transfers (out)	(31,498)	(31,498)	(31,499)	(1)
TOTAL OTHER FINANCING SOURCES (USES)	(31,498)	(31,498)	13,501	44,999
(DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(365,001)	(365,001)	(128,146)	236,855
FUND BALANCE, October 1	446,069	446,069	446,069	-
FUND BALANCE, September 30	\$ 81,068	\$ 81,068	\$ 317,923	\$ 236,855

CITY OF WARRENSBURG, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – CAPITAL IMPROVEMENT HALF-CENT FUND  
 Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>REVENUES</b>				
Sales and use tax	\$ 1,733,050	\$ 1,733,050	\$ 1,857,569	\$ 124,519
Intergovernmental revenues	380,000	380,000	-	(380,000)
Interest income	9,050	9,050	8,346	(704)
TOTAL REVENUES	<u>2,122,100</u>	<u>2,122,100</u>	<u>1,865,915</u>	<u>(256,185)</u>
<b>EXPENDITURES</b>				
Current				
Capital improvements	829,684	967,309	391,655	575,654
TOTAL EXPENDITURES	<u>829,684</u>	<u>967,309</u>	<u>391,655</u>	<u>575,654</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,292,416	1,154,791	1,474,260	319,469
<b>OTHER FINANCING (USES)</b>				
Operating transfers (out)	(1,360,405)	(1,340,227)	(1,555,126)	(214,899)
TOTAL OTHER FINANCING (USES)	<u>(1,360,405)</u>	<u>(1,340,227)</u>	<u>(1,510,126)</u>	<u>(169,899)</u>
(DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER (USES)	(67,989)	(185,436)	(80,866)	104,570
FUND BALANCE, October 1	<u>556,775</u>	<u>556,775</u>	<u>556,775</u>	-
FUND BALANCE, September 30	<u>\$ 488,786</u>	<u>\$ 371,339</u>	<u>\$ 475,909</u>	<u>\$ 104,570</u>

CITY OF WARRENSBURG, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended September 30, 2018

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

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

## **OTHER FINANCIAL INFORMATION**

CITY OF WARRENSBURG, MISSOURI  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 Year Ended September 30, 2018

	Private-Purpose Trusts				Total
	Stevenson	Brown	Crissey	Anderson- Stevenson	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 104,048	\$ 19,521	\$ 16,296	\$ 15,242	\$ 155,107
Investments	33,457	6,224	5,186	4,532	49,399
Interest receivable	-	34	-	-	34
<b>TOTAL ASSETS</b>	<b>137,505</b>	<b>25,779</b>	<b>21,482</b>	<b>19,774</b>	<b>204,540</b>
<b>LIABILITIES</b>					
Due to others	-	-	-	-	-
<b>NET POSITION</b>					
Unrestricted	137,505	25,779	21,482	19,774	204,540
<b>TOTAL NET POSITION</b>	<b>\$ 137,505</b>	<b>\$ 25,779</b>	<b>\$ 21,482</b>	<b>\$ 19,774</b>	<b>\$ 204,540</b>

CITY OF WARRENSBURG, MISSOURI  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 Year Ended September 30, 2018

	Private-Purpose Trusts				Total
	Stevenson	Brown	Crissey	Anderson-Stevenson	
Additions:					
Donations	\$ -	\$ 474	\$ 395	\$ 1,348	\$ 2,217
Deductions:					
Contributions and other	53	-	-	-	53
Changes in Net Position	(53)	474	395	1,348	2,164
Net Position, beginning of year	137,558	25,305	21,087	18,426	202,376
Net Position, end of year	<u>\$ 137,505</u>	<u>\$ 25,779</u>	<u>\$ 21,482</u>	<u>\$ 19,774</u>	<u>\$ 204,540</u>

## **OTHER REPORTING REQUIREMENTS**



**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and City Council  
City of Warrensburg  
Warrensburg, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Primary Government which includes the governmental activities, business-type activities, and each major fund of the City of Warrensburg, Missouri, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Warrensburg, Missouri's basic financial statements, and have issued our report thereon, dated February 8, 2019.

We have also audited the discretely presented component unit, Warrensburg Convention and Visitors Bureau, and issued our report dated February 8, 2019. This report does not include our testing of internal control over financial reporting or compliance and other matters that are reported for the discretely presented component unit.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Warrensburg, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Warrensburg, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Honorable Mayor and City Council  
City of Warrensburg  
Warrensburg, Missouri

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Warrensburg, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Warrensburg, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Warrensburg, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
February 8, 2019