
CITY OF SHREWSBURY, MISSOURI
FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2017

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the City of Shrewsbury, Missouri (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the City as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 10, the Budgetary Comparison Information on pages 38 - 42, and the Pension Plan Schedules on pages 43 and 44 are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual nonmajor fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual nonmajor fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 18, 2018

Management's Discussion And Analysis

CITY OF SHREWSBURY, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Shrewsbury, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2017.

Financial Highlights

- The City of Shrewsbury's total liabilities and deferred inflows of resources exceeded the City's assets and deferred outflows by \$(3,869,651) (*net position*) in 2017. The City's net position increased in 2017 from \$(4,920,776) to \$(3,869,651). This increase is attributed to increased capital grant revenues as well as a reduction in public works expenses related to Tax Increment Financing Debt activity.
- As of December 31, 2017, the City's governmental funds reported combined fund balances of \$5,916,852, a decrease of \$201,865 in comparison with the prior year. Approximately 32.4% of this total, \$1,917,684 is unassigned and available for use within the City's designation and policies.
- At December 31, 2017, non-spendable, restricted, assigned and unassigned fund balance for the general fund was \$2,038,978 or 31.2% of total general fund operating expenditures.
- The City reduced its existing long-term debt by \$1,697,160 during the year ended December 31, 2017.

Using This Annual Report

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

Overview Of The Financial Statements

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

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

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2016, the City's net position is \$(3,869,561).

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

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

Statement of Net Position

	Governmental Activities	
	2017	2016
Assets		
Current and other assets	\$ 9,394,755	\$ 8,761,371
Capital assets	7,853,211	7,865,370
Total Assets	17,247,966	16,626,741
Deferred Outflows Of Resources		
Deferred amount on refunding	913	6,384
Pension related amounts	1,461,143	1,707,208
Total Deferred Outflows Of Resources	1,462,056	1,713,592
Liabilities		
Current and other liabilities	628,480	503,801
Long-term liabilities	21,237,182	22,624,348
Total Liabilities	21,865,662	23,128,149
Deferred Outflow Of Resources		
Pension related amounts	714,011	132,960
Net Position		
Net investment in capital assets	3,391,940	2,772,589
Restricted	4,058,591	4,138,433
Unrestricted	(11,320,182)	(11,831,798)
Total Net Position	\$ (3,896,651)	\$ (4,920,776)

Net position represents the accumulated results of all past years' operations. This means that if the City had to pay off all its liabilities today, there would be a negative balance of \$(3,896,651).

Changes in Net Position

In 2017, the City's total revenues on a government-wide basis were \$10,177,328 which represents a 14.7% increase in revenue compared to 2016. Of the City's revenues, taxes represent 69%, 16% is generated by charges for services, and 15% of revenues come from grants and contributions and other revenue.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

The total cost of all programs and services for 2017 was \$9,126,203. This represents a decrease of \$7,358,144 or approximately 45% less than the prior year. The majority of the decrease in overall expenses is a result of the issuance of Tax Increment Finance Bonds in 2016, while no such expense was incurred in 2017. The TIF bond debt is a special limited obligation of the City, payable solely from incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area. While overall the City reduced its total expenses, the City did increase its expenses in the categories of general government, public safety, fire and ambulance and parks and recreation. The City's expenses cover a range of typical city services - city administration, police, fire, court, public works, and parks. Of these, public safety (police and court) and the fire department functions together comprise approximately 50% of the total cost of programs and services. The parks and recreation department comprise approximately 14% of the total city expenses, likewise the general government activities comprise approximately 24% of the total city-wide expenses. The remaining 12% of city expenditures is generated from the activities of the public works department and interest and fiscal charge related expenses.

The following table provides a summary of the City's operations for the years ended December 31, 2017 and 2016:

Statement of Activities

	Governmental Activities	
	2017	2016
Revenues		
Program Revenues		
Charges for services	\$ 1,669,647	\$ 1,701,405
Operating grants and contributions	373,913	375,296
Capital grants and contributions	1,080,549	6,245
General Revenues		
Property taxes	1,071,451	1,094,812
Sales taxes	4,864,177	4,529,652
Utility taxes	996,575	1,017,273
Other taxes	96,985	96,985
Other	24,031	50,154
Total Revenues	10,177,328	8,871,822
Expenses		
General government	2,194,988	1,706,056
Public safety	2,488,502	2,458,892
Public works	562,001	8,087,628
Fire and ambulance services	2,116,016	2,021,857
Parks	1,231,896	1,227,063
Interest and fiscal charges	532,800	982,851
Total Expenses	9,126,203	16,484,347
Change In Net Position	1,051,125	(7,612,525)
Net Position - Beginning Of Year	4,920,776	2,691,749
Net Position - End Of Year	\$ (3,869,651)	\$ (4,920,776)

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Overall, revenues exceeded expenditures by \$1,051,125 across all funds. Total revenues increased by 14.7% compared to 2016 while expenses decreased by 44.6%. The decrease in expenditures is attributed to the City having to report \$8.6 million in expenses for the issuance of TIF Bonds in 2016, and not incurring those expenses in 2017. Overall taxes (property and sales) increased by 6%, utility taxes decreased by 2% and other revenues were down by 54%. Sales tax receipts increased in 2017 due to the continued success of the recent Walmart development and additional business openings in the new Center at Kenrick development situated directly below Kenrick Plaza. Revenue from service charges decreased slightly and is mostly due to a decrease in revenue from municipal court fines. Capital Grants and Contributions increased significantly due to a large street and park grant received in 2017 that the City did not receive in 2016.

All grants received in 2017 were reimbursement grants, where the funds must be spent for specific purposes, and once the City completes the work, it is eligible for reimbursement of a majority of the expenses. During the year, the City received Community Development Block grant funds (\$20,000) from the St. Louis County Department of Planning. The City also received federal Department of Justice grant funds for the bulletproof vest program (\$2,946), the HMV Over-time Grant from MODOT (\$6,717), a federal matching street improvement grant (20% contribution from the City) from the Federal Highway Administration (\$709,309), and a 20% locally sourced matching municipal park grant from St. Louis County (\$355,105).

Financial Analysis of The City's Funds

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

At the end of the current year, the City's governmental funds reported a combined ending fund balance of \$5,916,852 a decrease of \$201,865 when compared to the prior year. This decrease in the combined fund balance reflects a shortfall (expenditures over revenues) in the General fund of \$(97,405). The Capital Improvements Fund and Debt Service Fund also reported a deficit for the 2017 fiscal year, while the Sewer Lateral and TIF Funds ended the year with surpluses.

Of the total combined fund balance, \$1,917,684 (32.4%) constitutes an unrestricted (unassigned) fund balance, which is available for spending that the City's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows:

- 1) To pay for debt service (\$2,950,835);
- 2) To pay for capital improvements (\$628,054);
- 3) To pay for sewer repairs (\$298,985);
- 4) To pay for funding of various municipal court and police programs as defined in the Missouri State Statutes (\$81,294).

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Budgetary Highlights - In the total of all funds, the City budgeted for a decrease in its overall fund balance of \$155,503 for fiscal year 2017. This anticipated decrease in fund balance primarily reflected the budgeted amount of capital expenditures over revenues in the Capital Improvement Fund. Unfortunately, the City experienced a decrease in overall fund balance unfavorable to budget, with an overall decrease in fund balance of \$201,865 or \$46,362 more than anticipated. This difference reflects revenue from taxes in the General Fund unfavorable to budget by \$229,060. Utility tax revenue was \$88,425 less than budgeted due to an unanticipated decrease in revenue from electric, gas and telephone utilities. License and permit revenues were approximately \$1,465 more than budgeted for in 2017. Lastly, municipal court fines were unfavorable to budget by approximately \$44,905.

Actual overall expenditures were favorable to budget and \$164,696 less than the final budget amount. This favorable variance to budget reflects the hard work and dedication of City staff to remain as close to budget as possible and saving on certain expenditures where appropriate.

The budgeted surplus in the General Fund was \$31,255. Unfavorable actual results in revenues and slightly favorable result were realized in expenditures resulting in a final deficit of \$(97,405) in the General Fund for the year.

Capital Assets. The City has invested \$7,853,211 in capital assets, net of accumulated depreciation. This investment in capital assets includes land, buildings, park facilities, roads, sidewalks, vehicles, and machinery and equipment. This amount represents a net decrease of 12,159 from fiscal year 2016.

	Capital Assets (Net Of Depreciation) Governmental Activities	
	2017	2016
Land	\$ 706,264	\$ 706,264
Land improvements	664,298	597,771
Buildings	4,649,417	4,979,413
Equipment	954,702	688,221
Furniture and fixtures	24,487	28,078
Vehicles	727,511	727,658
Infrastructure	126,532	137,965
Total	\$ 7,853,211	\$ 7,865,370

Additional information on the City's capital assets can be found in Note 4 found on page 29 of this report.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Debt Administration

At the end of the current year, the City had a total debt of \$21,237,182. Of this amount \$405,000 is the Series 2008 leasehold refunding revenue bonds (which refinanced the Series 1999 leasehold refunding revenue bonds). Other debt includes the Series 2006 general obligation capital refunding bonds in the amount of \$300,000, and \$1,837,184 for the Series 2007 general obligation capital appreciation bonds. All of the above bonds are secured solely by specific revenue sources such as debt service property tax levy, and the Capital Improvement and Parks/Stormwater sales tax. In 2015, the City issued Certificates of Participation in the amount of \$1,920,000 to be refunded by capital improvement and parks and stormwater sales taxes once the 2008 leasehold refunding is retired in 2018. Additionally, in September of 2016, Tax Increment Financing (TIF) Bonds were issued. The Series 2016A TIF Bonds in the amount of \$6,000,000 and the Series 2016B TIF Bonds in the amount of \$11,350,000 were issued to refund the Series 2013A and 2013B TIF Notes and are limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza Redevelopment area. Approximately \$770,000 of the TIF Bond debt was retired in 2017. Additional information on the City's long-term debt can be found in Note 5 found on pages 30-32 of this report.

Economic Factors and Year 2018 Budget

There are a number of factors that affect the budget over which the City has little or no control. Sales taxes are the single largest category of revenue for the City and they fall into this category. As reviewed earlier, sales tax receipts in the General Fund were 4% less than budget. The City expects for revenue from sales tax to improve in 2018. Revenue from sales and property tax was down in large due to the timing of receipts. The State of Missouri converted to a new sales tax reporting system in fall of 2017, which resulted in a delay in municipalities receiving their sales tax receipts. It is anticipated that the City will be over budget in sales tax receipts in 2018 as a result of the delay in receiving year end 2017 sales tax receipts. Additionally, due to the passage of a county-wide sales tax initiative for public safety, the City anticipates receiving approximately \$300,000 in new sales tax revenue. The City has been successful in its efforts in recent years in attracting new businesses to the Watson Road corridor, but new development in the City has slowed and government officials will be looking to increase its economic development efforts for attracting new business while working to maintain the existing businesses. The City's elected officials are also committed to growing the reserves in the General Fund over the next few years. The City has been drafting a new comprehensive plan and is also exploring opportunities to increase its residential base as well as its economic base.

For the Future

The City of Shrewsbury must continue to focus its economic development efforts on retaining its economic base by helping businesses expand while attracting new businesses. The City will focus its economic development efforts on attracting new retail and restaurants on the Watson Road corridor, also known as Historic Route 66, and combine those efforts with preserving its historic appeal and traditions. Additionally, over the past several years, the City has been revising its comprehensive plan and is exploring opportunities for new and improved residential areas as well.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Requests for Information

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

Basic Financial Statements

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF NET POSITION

December 31, 2017

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 3,825,069
Cash and investments - restricted	310,055
Receivables:	
Taxes	1,723,553
Other	743,173
Prepays	40,000
Net pension asset	2,752,905
Capital assets:	
Nondepreciable	706,264
Depreciable, net	7,146,947
Total Assets	<u>17,247,966</u>
Deferred Outflow Of Resources	
Deferred amount on bond refundings	913
Difference between expected and actual earnings on pension investments	965,953
Difference between expected and actual experience - pension	198,915
Assumption changes - pension	228,285
Pension contributions subsequent to measurement date	67,990
	<u>1,462,056</u>
Liabilities	
Accounts payable	382,401
Accrued interest	119,513
Accrued wages	109,200
Refundable deposits	17,366
Long-term liabilities:	
Due within one year	1,622,103
Due in more than one year	19,615,079
Total Liabilities	<u>21,865,662</u>
Deferred Inflows Of Resources	
Difference between expected and actual earnings on pension investments	534,116
Difference between expected and actual experience - pension	179,895
	<u>714,011</u>
Net Position	
Net investment in capital assets	3,391,940
Restricted for:	
Capital improvements	628,054
Debt service	3,050,258
Sewer repairs	298,985
Law enforcement	81,294
Unrestricted	(11,320,182)
Total Net Position	<u>\$ (3,869,651)</u>

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 2,194,988	\$ 522,489	\$ 30	\$ 7,473	\$ (1,664,996)
Public safety	2,488,502	308,095	—	363,767	(1,816,640)
Public works and planning	562,001	50,984	373,883	709,309	572,175
Fire and ambulance services	2,116,016	333,689	—	—	(1,782,327)
Parks and recreation	1,231,896	454,390	—	—	(777,506)
Interest and fiscal charges	532,800	—	—	—	(532,800)
Total Governmental Activities	\$ 9,126,203	\$ 1,669,647	\$ 373,913	\$ 1,080,549	(6,002,094)

General Revenues

Property taxes levied for:	
General purposes	1,071,451
Sales tax levied for:	
General purposes	1,669,954
Park and stormwater purposes	746,594
Capital improvements	634,641
Fire district improvements	373,298
Tax increment financing	1,439,690
Utility taxes	996,575
Other taxes	96,985
Earnings on investments	21,526
Miscellaneous	2,505
Total General Revenues	7,053,219
Change in net position	1,051,125
Net Position - Beginning Of Year	(4,920,776)
Net Position - End Of Year	\$ (3,869,651)

CITY OF SHREWSBURY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

	Major Funds					Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	TIF Fund	
Assets						
Cash and investments	\$ 913,032	\$ 350,321	\$ 296,378	\$ 784,268	\$ 1,481,067	\$ 3,825,066
Restricted cash and investments	—	—	310,055	—	—	310,055
Receivables:						
Taxes	1,134,689	11,863	102,289	290,455	182,341	1,721,637
Grants	—	—	412,036	—	—	412,036
Other	329,038	1,946	—	2,072	—	333,056
Due from other funds	317	—	—	—	—	317
Prepays	40,000	—	—	—	—	40,000
Total Assets	\$ 2,417,076	\$ 364,130	\$ 1,120,758	\$ 1,076,795	\$ 1,663,408	\$ 6,642,167
Liabilities And Fund Balances						
Liabilities						
Accounts payable	\$ 134,924	\$ 65,145	\$ 182,332	\$ —	\$ —	\$ 382,401
Due to other funds	—	—	317	—	—	317
Accrued wages	109,200	—	—	—	—	109,200
Refundable deposits	17,366	—	—	—	—	17,366
Total Liabilities	261,490	65,145	182,649	—	—	509,284
Deferred Inflows Of Resources						
Property taxes	116,608	—	—	99,423	—	216,031
Fund Balances						
Nonspendable:						
Prepays	40,000	—	—	—	—	40,000
Restricted for:						
Debt service	—	—	310,055	977,372	1,663,408	2,950,835
Sewer repairs	—	298,985	—	—	—	298,985
Capital improvements	—	—	628,054	—	—	628,054
Law enforcement	81,294	—	—	—	—	81,294
Total Restricted	81,294	298,985	938,109	977,372	1,663,408	3,959,168
Unassigned	1,917,684	—	—	—	—	1,917,684
Total Fund Balances	2,038,978	298,985	938,109	977,372	1,663,408	5,916,852
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 2,417,076	\$ 364,130	\$ 1,120,758	\$ 1,076,795	\$ 1,663,408	\$ 6,642,167

CITY OF SHREWSBURY, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2017

Total Fund Balance - Governmental Funds \$ 5,916,852

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$18,417,064 and the accumulated depreciation is \$10,563,853. 7,853,211

Net pension asset is not a current financial resources and therefore is not reported in the fund financial statements, but is reported in the Statement of Net Position. 2,752,905

Unamortized deferred amounts on refundings are reported in the government-wide statement of net position as deferred outflows of resources and are amortized over the life of the related debt. 913

Certain changes in the net pension asset are deferred and amortized over time. 747,132

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

Accrued compensated absences, vacation	\$ (240,128)	
Bonds payable	(4,462,184)	
Unamortized bond premium	(4,177)	
Unamortized bond discount	49,307	
TIF bonds payable	(16,580,000)	
Accrued interest	(119,513)	
		(21,356,695)

Property taxes assessed by the City, but not collected within 60 days after year end, are deferred inflows of resources in the fund financial statements. However, revenue for this amount is recognized in the government-wide statements. 216,031

Total Net Position - Governmental Activities \$ (3,869,651)

CITY OF SHREWSBURY, MISSOURI

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

For The Year Ended December 31, 2017

	Major Funds					Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	TIF Fund	
Revenues						
Taxes	\$ 4,802,267	\$ 42,487	\$ 634,641	\$ 466,019	\$ 1,661,588	\$ 7,607,002
Licenses and permits	375,660	—	—	—	—	375,660
Fines and court costs	308,095	—	—	—	—	308,095
Investment income	—	(1,499)	13,966	9,059	2,936	24,462
Charges for services	914,446	—	—	—	—	914,446
Grants	7,473	—	1,073,076	—	—	1,080,549
Miscellaneous	31,494	—	—	—	—	31,494
Total Revenues	6,439,435	40,988	1,721,683	475,078	1,664,524	10,341,708
Expenditures						
Current:						
General government	945,903	—	—	—	—	945,903
Public safety	2,298,884	—	—	—	—	2,298,884
Public works and planning	473,201	—	—	—	—	473,201
Fire and ambulance services	1,937,347	—	—	—	—	1,937,347
Parks and recreation	881,505	—	—	—	—	881,505
Capital outlay	—	29,891	1,649,352	—	—	1,679,243
Debt service:						
Principal retirement	—	—	185,000	530,000	770,000	1,485,000
Interest and fiscal charges	—	—	73,242	16,396	752,852	842,490
Total Expenditures	6,536,840	29,891	1,907,594	546,396	1,522,852	10,543,573
Revenues Over (Under) Expenditures	(97,405)	11,097	(185,911)	(71,318)	141,672	(201,865)
Net Change In Fund Balances	(97,405)	11,097	(185,911)	(71,318)	141,672	(201,865)
Fund Balances - Beginning Of Year	2,136,383	287,888	1,124,020	1,048,690	1,521,736	6,118,717
Fund Balances - End Of Year	\$ 2,038,978	\$ 298,985	\$ 938,109	\$ 977,372	\$ 1,663,408	\$ 5,916,852

CITY OF SHREWSBURY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017

Net Change In Fund Balances - Total Governmental Funds \$ (201,865)

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

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

Capital outlays	\$ 784,954	
Depreciation expense	<u>(791,275)</u>	
		(6,321)

In the statement of activities, sales proceeds, less the net book value of the assets sold or disposed of, is recognized as a gain (loss) on the sale/disposal of capital assets. (5,838)

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

Interest accretion	(78,019)	
Repayments of principal and accreted interest on bonds	1,485,000	
Amortization of premium, discount & deferred amounts	<u>(10,712)</u>	
		1,396,269

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

Compensated absences	(14,574)
Interest expense	95,102
Pension expense	(272,104)

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

60,456

Change In Net Position Of Governmental Activities \$ 1,051,125

CITY OF SHREWSBURY, MISSOURI

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MUNICIPAL COURT - AGENCY FUND**

December 31, 2017

Assets

Cash

\$ 2,389

Liabilities

Due to others

\$ 353

Court bonds held in trust

2,036

Total Liabilities

\$ 2,389

CITY OF SHREWSBURY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary Of Significant Accounting Policies

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

Reporting Entity

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

Basis Of Presentation

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

Government-Wide And Fund Financial Statements

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

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

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

Measurement Focus, Basis Of Accounting And Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

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

Tax Increment Financing (TIF) Fund - The TIF fund is a debt service fund that accounts for the incremental sales and property taxes generated by the Kenrick Plaza redevelopment area that are used for payment of the TIF bonds (special, limited obligation of the City).

Additionally, the City reports the following fiduciary fund type:

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

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

Investments

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

Restricted Cash

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Capital Assets

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

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

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

Land improvements	15 - 30 years
Buildings	7 - 40 years
Equipment	4 - 20 years
Furniture and fixtures	5 - 20 years
Vehicles	3 - 15 years
Infrastructure	20 - 50 years

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

Deferred Outflows Of Resources

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

Deferred Inflows Of Resources

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

Compensated Absences

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

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

Long-Term Liabilities

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

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Pensions

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

Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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

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

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

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

Estimates And Assumptions

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

2. Cash And Investments

A summary of deposits and investments as of December 31, 2017 is as follows:

	<u>Fair Value</u>
Governmental Activities (Including Agency Fund):	
Cash	\$ 778,191
Money Market Mutual Funds	1,590,434
Certificates of deposit	1,675,378
Tennessee Valley Authority Bonds	93,510
	<u>\$ 4,137,513</u>
Government-wide - Governmental Activities	\$ 4,135,124
Fiduciary fund - Municipal Court Agency Fund	2,389
	<u>\$ 4,137,513</u>

Investment Policy

General

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

Custodial Credit Risk

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

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

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

As of December 31, 2017, the City's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

Interest Rate Risk

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

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy minimizes investment risk by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City does business. The following table provides information at December 31, 2017, on the credit ratings of securities associated with the City, as well as the maturities of those securities:

Investment Type	Fair Value	Investment Maturities (In Years)			Credit Risk
		< 1 Year	1-5 Years	6-10 Years	Moody's
Money market mutual funds	\$ 1,590,434	\$ 1,590,434	\$ —	\$ —	Aaa
Negotiable certificates of deposit	1,675,378	694,879	984,611	—	N/A
Tennessee Valley Authority Bonds	93,510	—	93,510	—	Aaa
	\$ 3,359,322	\$ 2,285,313	\$ 1,078,121	\$ —	

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Concentration Of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount it may invest with one issuer. However, it is the City's policy to diversify the portfolio so potential losses on individual securities will be minimized. At December 31, 2017, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments by fund and overall:

			Percent of Fund's Total Investments	Percent of City's Total Investments
General Fund				
Tennessee Valley Authority Bonds	\$ 93,510		12%	5%
Certificates of Deposit				
Business Bank	99,026		13%	6%
Wells Fargo	26,632		3%	1%
CitiBank	98,955		13%	6%
State Bank India	49,998		6%	3%
Goldman Sachs	50,170		7%	3%
Comenity Bank Jumbo	98,545		13%	6%
Auburn Bank	100,417		13%	6%
BMW Bank	97,079		13%	5%
Webster Bank	50,072		7%	3%
Sewer Lateral Fund				
Certificates of Deposit				
Goldman Sachs	97,458		50%	6%
State Bank India	97,250		50%	5%
Capital Improvements Fund				
Certificates of Deposit				
First Merchants Bank	89,048		19%	5%
Wells Fargo	69,885		15%	4%
Medallion Bank	99,672		22%	6%
State Bank India	101,319		22%	6%
BMW Bank	50,124		11%	3%
Webster Bank	50,072		11%	3%
Debt Service Fund				
Certificates of Deposit				
Ally Bank	99,883		29%	6%
Capital One Bank	246,723		71%	14%

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City had the following recurring fair value measurements as of December 31, 2017:

Investment Type	12/31/17	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Negotiable certificates of deposit	\$ 1,675,378	\$ —	\$ 1,675,378	\$ —
Tennessee Valley Authority Bonds	93,510	—	93,510	—
Money Market Funds	1,590,434	1,590,434	—	—
	\$ 3,359,322	\$ 1,590,434	\$ 1,768,888	\$ —

Investments classified in the Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Negotiable Certificates of Deposit and Tennessee Valley Authority Bonds are classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

3. Property Tax

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied in October and payable by December 31. A lien is placed on the personal property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2017, upon which the 2017 levy was based for real estate and personal property, was \$129,761,725. The following is a summary of the 2017 tax rates per \$100 of assessed valuation:

	2017 Tax Rates		
	General Fund	Debt Service Fund	Total
Real property:			
Residential	0.4630	0.3890	0.8520
Commercial	0.4140	0.3890	0.8030
Personal property	0.5770	0.3892	0.9662

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Under article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City, by vote of the qualified electors thereof and voting thereon, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed ten percent (10%) of the assessed valuation of the taxable tangible property within the City, ascertained by the last completed assessment for State or County purposes. The Missouri Constitution permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purposes of acquiring rights-of-way; constructing, extending, and improving streets and avenues; and constructing, extending, and improving a sanitary or storm sewer system. A computation of the legal debt margin at December 31, 2017 is as follows:

City Purposes	
Assessed valuation	<u>\$ 129,761,725</u>
Debt limit - 10% of assessed value	\$ 12,976,173
General obligation bonds payable	(2,137,184)
Amount available in Debt Service Fund	<u>977,372</u>
Legal Debt Margin	<u>\$ 11,816,361</u>

4. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance - December 31, 2016	Additions	Retirements	Balance - December 31, 2017
Government Activities				
Capital assets, not being depreciated:				
Land	\$ 706,264	\$ —	\$ —	\$ 706,264
Capital assets, being depreciated:				
Land improvements	1,349,391	130,020	—	1,479,411
Infrastructure	228,661	—	—	228,661
Buildings	11,426,173	18,359	—	11,444,532
Machinery and equipment	1,861,785	468,810	103,617	2,226,978
Furniture and fixtures	297,339	4,587	20,579	281,347
Vehicles	2,091,371	163,178	204,678	2,049,871
Total capital assets being depreciated	17,254,720	784,954	328,874	17,710,800
Less accumulated depreciation for:				
Land improvements	751,620	63,493	—	815,113
Infrastructure	90,696	11,433	—	102,129
Buildings	6,446,760	348,355	—	6,795,115
Machinery and equipment	1,173,564	202,382	103,670	1,272,276
Furniture and fixtures	269,261	6,843	19,244	256,860
Vehicles	1,363,713	158,769	200,122	1,322,360
Total accumulated depreciation	10,095,614	791,275	323,036	10,563,853
Total capital assets being depreciated, net	7,159,106	(6,321)	5,838	7,146,947
Governmental activities capital assets, net	\$ 7,865,370	\$ (6,321)	\$ 5,838	\$ 7,853,211

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Governmental Activities	
General government	\$ 97,448
Public safety	121,868
Public works and planning	78,911
Fire and ambulance services	151,286
Parks	<u>341,762</u>
 Total depreciation expense - governmental-type activities	 <u><u>\$ 791,275</u></u>

5. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2017:

	Balance - December 31, 2016	Additions	Retirements	Balance - December 31, 2017	Current Portion
Governmental Activities					
2006 General obligation capital refunding bonds	\$ 590,000	\$ —	\$ 290,000	\$ 300,000	\$ 300,000
2007 General obligation capital appreciation bonds	1,341,134	—	161,772	1,179,362	154,459
2007 General obligation capital appreciation bonds - interest accretion	658,031	78,019	78,228	657,822	85,541
2008 Leasehold refunding revenue bonds	590,000	—	185,000	405,000	405,000
2015 Certificate of participation bonds	1,920,000	—	—	1,920,000	—
Series 2016A Tax Increment Finance Bonds	6,000,000	—	770,000	5,230,000	485,000
Series 2016B Tax Increment Finance Bonds	11,350,000	—	—	11,350,000	—
Accrued compensated absences	225,554	226,734	212,160	240,128	192,103
	<u>\$ 22,674,719</u>	<u>\$ 304,753</u>	<u>\$ 1,697,160</u>	<u>21,282,312</u>	<u>\$ 1,622,103</u>
Less: Bond Discount, net				49,307	
Plus: Bond premium, net				<u>4,177</u>	
				<u><u>\$ 21,237,182</u></u>	

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Long-term debt at December 31, 2017 includes the following:

Series 2006 general obligation capital refunding bonds issue of \$3,980,000, used to advance refund the 1998 general obligation bonds originally used to purchase equipment and construct capital assets, interest rate 3.58%, due March 1, 2018	\$ 300,000
Series 2007 general obligation capital appreciation bonds original principal amount of \$3,200,000, net of discount of \$1,141,265, used to purchase equipment, construct capital assets and improve streets, accretion rates range from 4% to 4.4%, due March 1, 2022	1,837,184
Series 2008 leasehold refunding revenue bonds issue of \$2,580,000, used to advance refund the 1999 leasehold revenue bonds originally used to construct capital assets, interest rates range from 2.25% to 4%, due March 1, 2018	405,000
Series 2015 Certificates of Participation Bonds originally \$1,920,000, used to purchase equipment and construct capital assets, interest rates range from 2% to 3.55%, due April 1, 2030	1,920,000
Series 2016A tax increment financing (TIF) bonds originally \$6,000,000, used to refund the Series 2013A and Series 2013B TIF notes, interest rate of 3.0%, due November 1, 2026	5,230,000
Series 2016B tax increment financing (TIF) bonds originally \$11,350,000, used to refund the Series 2013A and Series 2013B TIF notes, interest rate of 4.0%, due May 1, 2036	11,350,000
	<hr/>
	\$ 21,042,184
	<hr/> <hr/>

On September 7, 2016, Tax Increment Financing (TIF) bonds were issued representing special, limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area. The TIF bonds issued consist of Taxable Sales Tax Increment and Improvement District Revenue Bonds, Series 2016A (Series 2016A) which totaled \$6,000,000 and Taxable Sales Tax Increment and Improvement District Revenue Bonds, Series 2016B (Series 2016B) which totaled \$11,350,000. The Series 2016A and Series 2016B bonds bear interest at 3.0% and 4.0%, respectively, with final maturities on November 1, 2026 and May 1, 2036, respectively. The TIF bond proceeds were used to refund \$15,048,981 of the Series 2013A and Series 2013B notes payable and \$1,147,908 of interest due, pay costs of issuance, and fund the Debt Service Reserve. The annual debt service repayments of the TIF bonds are contingent upon the amounts of payments in lieu of taxes collected by the special allocation fund. The proceeds from the original TIF notes, refunded by the TIF bonds, were used to construct capital assets that are not the property of the City and therefore, the notes and subsequent bonds are excluded from the investment in capital assets, net of related debt at December 31, 2017.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Maturities

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

Years	Series 2006 General Obligation Capital Refunding Bonds		Series 2007 General Obligation Capital Appreciation Bonds		Series 2008 Leasehold Refunding Revenue Bonds		Series 2015 Certificates of Participation Bonds		Total	
	Principal	Interest	Principal	Interest Accretion	Principal	Interest	Principal	Interest	Principal	Interest
2018	300,000	5,370	154,459	83,896	405,000	8,100	—	53,875	859,459	151,241
2019	—	—	331,495	182,675	—	—	140,000	52,475	471,495	235,150
2020	—	—	315,889	176,584	—	—	140,000	49,675	455,889	226,259
2021	—	—	377,519	170,509	—	—	145,000	46,753	522,519	217,262
2022	—	—	—	44,158	—	—	—	—	—	—
2023-2027	—	—	—	—	—	—	780,000	177,566	780,000	177,566
2028-2031	—	—	—	—	—	—	715,000	50,604	715,000	50,604
Total	\$ 300,000	\$ 5,370	\$ 1,179,362	\$ 657,822	\$ 405,000	\$ 8,100	\$ 1,920,000	\$ 430,948	\$ 3,804,362	\$ 1,058,082

6. Missouri Local Government Employees Retirement System

General Information About The Pension Plan

Plan description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

Active employees	55
Retirees and beneficiaries currently receiving benefits	35
Terminated employees entitled to benefits, but not yet receiving them	<u>33</u>
Total	<u><u>123</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 3% (General), 9% (Police) and 1% (Fire) of annual covered payroll.

Net Pension Liability (Asset)

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

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

Valuation date	February 28, 2017
Actuarial cost method:	Entry Age Normal and Modified Terminal Funding as a level percentage of pay
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Investment rate of return	7.25%
Projected salary increases	3.25% to 6.55%
Inflation rate	3.25% wage inflation; 2.5% price inflation

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for both males and females. The actuarial assumptions used in the February 28, 2017 valuation were based on the results of periodic actuarial experience studies.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets	23.50%	3.42%

Changes In The Net Pension Liability (Asset)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances At 6/30/2016	\$ 12,357,285	\$ 14,555,178	\$ (2,197,893)
Changes For The Year:			
Service cost	285,591	—	285,591
Interest	888,642	—	888,642
Differences between expected and actual experiences	146,594	—	146,594
Employer contributions	—	146,382	(146,382)
Net investment income	—	1,711,321	(1,711,321)
Benefit payments	(489,445)	(489,445)	—
Administration expenses	—	(8,849)	8,849
Other changes - transfers	—	26,985	(26,985)
Net Changes	831,382	1,386,394	(555,012)
Balances At 6/30/2017	\$ 13,188,667	\$ 15,941,572	\$ (2,752,905)

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Discount Rate

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

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ (838,218)	\$ (2,752,905)	\$ (4,326,818)

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

For the year ended December 31, 2017 the employer recognized pension expense of \$407,323. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 198,915	\$ 179,895
Net difference between projected and actual earnings on pension plan investments	965,953	534,116
Changes of assumptions	228,285	—
Contributions subsequent to the measurement date	67,990	—
Total	\$ 1,461,143	\$ 714,011

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the net pension asset for the year ending December 31, 2018.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

<u>Year</u>	<u>Deferred Outflows Amount</u>	<u>Deferred Inflows Amount</u>
2018	\$ 482,946	\$ (188,041)
2019	482,946	(188,041)
2020	326,577	(188,041)
2021	71,202	(149,876)
2022	19,866	(12)
Thereafter	9,616	—
	<u>\$ 1,393,153</u>	<u>\$ (714,011)</u>

Payable To The Pension Plan

The City did not report any payables to the Plan for the year ended December 31, 2017.

7. Risk Management

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

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

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

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

8. Restricted Net Position

The government-wide statement of net position reports \$4,058,591 of restricted net position, of which \$1,008,333 is restricted by enabling legislation.

9. Federal Forfeiture Activity

The City had no revenues, expenses or ending balance as of December 31, 2017.

10. Fines and Court Costs

House Bill 103 amending RSMo section 302.341 became effective August 28, 2013. The amendments to the statute now require the City to annually calculate the percentage of its general revenue that comes from traffic violations and to report an accounting of that calculation. Based upon a recent court decision affecting St. Louis County municipalities, any such revenues that exceed 20% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines of \$275,698; of which \$250,283 represent fines and related costs from traffic violations. This amount is approximately 4% of total general revenues of \$6,439,435 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

Required Supplementary Information

CITY OF SHREWSBURY, MISSOURI

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

Page 1 Of 2

For The Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Revenues				
Taxes:				
Property	\$ 560,000	\$ 560,000	\$ 544,978	\$ (15,022)
Sales	3,004,842	3,004,842	2,873,825	(131,017)
Utility	1,085,000	1,085,000	996,575	(88,425)
Gasoline	165,000	165,000	168,928	3,928
Miscellaneous	216,485	216,485	217,961	1,476
Total Taxes	5,031,327	5,031,327	4,802,267	(229,060)
Licenses and permits:				
Building permits	43,200	43,200	35,565	(7,635)
Business licenses	265,550	265,550	276,547	10,997
Other	65,445	65,445	63,548	(1,897)
Total Licenses And Permits	374,195	374,195	375,660	1,465
Other:				
Fines and court costs	353,000	353,000	308,095	(44,905)
Investment income	20,000	20,000	—	(20,000)
Charges for services	864,610	864,610	914,446	49,836
Grants	—	—	7,473	7,473
Miscellaneous	40,000	40,000	31,494	(8,506)
Total Other	1,277,610	1,277,610	1,261,508	(16,102)
Total Revenues	6,683,132	6,683,132	6,439,435	(243,697)

CITY OF SHREWSBURY, MISSOURI

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

Page 2 Of 2

For The Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Expenditures				
General government:				
Boards and commissions	\$ 362,734	\$ 362,734	\$ 336,482	\$ 26,252
Administration	465,611	465,611	450,287	15,324
Municipal buildings	63,420	63,420	44,498	18,922
Insurance	116,326	116,326	114,636	1,690
Total General Government	1,008,091	1,008,091	945,903	62,188
Other:				
Public safety	2,412,871	2,412,871	2,298,884	113,987
Public works and planning	448,850	448,850	473,201	(24,351)
Fire and ambulance services	1,910,727	1,910,727	1,937,347	(26,620)
Parks and recreation	871,338	871,338	881,505	(10,167)
Debt Service:				
Interest and fiscal charges	—	—	—	—
Total Other	5,643,786	5,643,786	5,590,937	52,849
Total Expenditures	6,651,877	6,651,877	6,536,840	115,037
Net Changes In Fund Balance	\$ 31,255	\$ 31,255	(97,405)	\$ (128,660)
Fund Balance - Beginning Of Year			<u>2,136,383</u>	
Fund Balance - End Of Year			<u>\$ 2,038,978</u>	

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
SEWER LATERAL FUND
For The Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues				
Property tax	\$ 38,500	\$ 38,500	\$ 42,487	\$ 3,987
Investment income	2,000	2,000	(1,499)	(3,499)
Total Revenues	40,500	40,500	40,988	488
Expenditures				
Capital outlay	45,000	45,000	29,891	15,109
Investment Expense	—	—	—	—
Total Expenditures	45,000		29,891	15,109
Net Changes In Fund Balance	\$ (4,500)	\$ (4,500)	11,097	\$ 15,597
Fund Balance - Beginning Of Year			287,888	
Fund Balance - End Of Year			\$ 298,985	

CITY OF SHREWSBURY, MISSOURI

REQUIRED SUPPLEMENTAL INFORMATION NOTES TO BUDGETARY COMPARISON INFORMATION December 31, 2017

1. Budgetary Data

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

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

CITY OF SHREWSBURY, MISSOURI

Notes To Budgetary Comparison Information (*Continued*)

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

2. Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following fund for the year ended December 31, 2017:

Fund / Department	Amount
General / Fire and ambulance services	\$ 26,620
General / Public works	24,351
General / Parks and recreation	10,167

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM
December 31, 2017

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

<i>Plan fiscal year ending June 30,</i>	2017	2016	2015
Total Pension Liability			
Service cost	\$ 285,591	\$ 267,912	\$ 274,125
Interest on the total pension liability	888,642	819,814	788,225
Difference between expected and actual experience	146,594	(33,237)	(152,010)
Assumption changes	—	349,977	—
Benefit payments	(489,445)	(439,006)	(503,033)
Net Change In Total Pension Liability	831,382	965,460	407,307
Total Pension Liability Beginning	12,357,285	11,391,825	10,984,518
Total Pension Liability Ending	\$ 13,188,667	\$ 12,357,285	\$ 11,391,825
Plan Fiduciary Net Position			
Contributions-employer	\$ 146,382	\$ 151,264	\$ 182,097
Pension plan net investment income	1,711,321	(39,348)	289,772
Benefit payments	(489,445)	(439,006)	(503,033)
Pension plan administrative expense	(8,849)	(8,582)	(9,600)
Other	26,985	226,265	(6,429)
Net Change In Plan Fiduciary Net Position	1,386,394	(109,407)	(47,193)
Plan Fiduciary Net Position Beginning	14,555,178	14,664,585	14,711,778
Plan Fiduciary Net Position Ending	\$ 15,941,572	\$ 14,555,178	\$ 14,664,585
Employer Net Pension Liability (Asset)	\$ (2,752,905)	\$ (2,197,893)	\$ (3,272,760)
Plan Fiduciary Net Position As A percentage Of The Total Pension Liability	120.87%	117.79%	128.73%
Covered Employee Payroll	\$ 3,412,864	\$ 3,079,803	\$ 3,037,408
Employer's Net Pension Liability (Asset) As A Percentage Of Covered Employee Payroll	-80.66%	-71.36%	-107.75%

Notes To Schedule:

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

CITY OF SHREWSBURY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM (Continued)
December 31, 2017

**Schedule Of Employer Contributions
Combined**

<i>December 31,</i>	2017	2016	2015
Actuarially determined contribution	\$ 146,382	\$ 151,264	\$ 182,097
Contributions in relation to the actuarially determined contribution	146,382	151,264	182,097
Contribution deficiency	\$ —	\$ —	\$ —
Covered-employee payroll	\$ 3,542,835	\$ 3,282,427	\$ 3,107,218
Contributions as a percentage of covered-employee payroll	4.13%	4.61%	5.86%

Notes To Schedule

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

Supplementary Information

CITY OF SHREWSBURY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - CAPITAL IMPROVEMENTS FUND For The Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues				
Sales taxes	\$ 636,600	\$ 636,600	\$ 634,641	\$ (1,959)
Investment income	10,000	10,000	13,966	3,966
Grant	1,105,105	1,105,105	1,073,076	(32,029)
Total Revenues	1,751,705	1,751,705	1,721,683	(30,022)
Expenditures				
Capital Outlay:				
Public works	1,022,000	1,082,125	1,003,323	78,802
Public safety	120,564	120,564	110,697	9,867
Court	3,500	3,500	1,462	2,038
Fire and ambulance services	71,700	71,700	70,464	1,236
Administration	1,505	1,505	2,641	(1,136)
Public safety building	14,500	14,500	11,651	2,849
Parks and recreation	437,830	437,830	447,926	(10,096)
Other	2,150	—	1,188	(1,188)
Debt Service:				
Principal retirement	185,000	185,000	185,000	—
Interest and fiscal charges	19,808	19,808	73,242	(53,434)
Total Expenditures	1,878,557	1,936,532	1,907,594	28,938
Net Changes In Fund Balance	\$ (126,852)	\$ (184,827)	(185,911)	\$ (1,084)
Fund Balance - Beginning Of Year			<u>1,124,020</u>	
Fund Balance - End Of Year			<u>\$ 938,109</u>	

CITY OF SHREWSBURY, MISSOURI

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

For The Year Ended December 31, 2017

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Final Budget - Positive (Negative)</u>
Revenues			
Property taxes	\$ 545,000	\$ 466,019	\$ (78,981)
Investment income	7,500	9,059	1,559
Total Revenues	552,500	475,078	(77,422)
Expenditures			
Debt Service:			
Principal retirement	530,000	530,000	—
Interest and fiscal charges	16,431	16,396	35
Total Expenditures	546,431	546,396	35
Net Changes In Fund Balances	\$ 6,069	(71,318)	\$ (77,457)
Fund Balance - Beginning Of Year		<u>1,048,690</u>	
Fund Balance - End Of Year		<u>\$ 977,372</u>	