



**AGENDA
CITY OF HARRISONVILLE
BOARD OF ALDERMEN
REGULAR MEETING
CITY HALL
MAY 2, 2016
7:00 PM**

- 1. Call to Order & Pledge of Allegiance**
- 2. Roll Call**
 - A. Roll Call**
- 3. Ceremonial Matters**
 - A. National Police Week Proclamation**
- 4. Public Participation**
- 5. Approval of Minutes**
 - A. Board of Aldermen - Regular Meeting - Apr 18, 2016 7:00 PM**
- 6. Agenda Items**
 - A. HMS Physical Education Dept.—5K Walk/Run Event**
 - B. Fiscal Year 2015 Audit Presentation**
 - C. Former Power & Water Building**
 - D. Council Bill 031: A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A CONTRACT WITH NORTHSTAR TECHNOLOGIES, LLC TO PROVIDE MUNICIPAL ENGINEERING SERVICES AT A RATE NOT TO EXCEED \$100 PER HOUR AND A MAXIMUM OF 500 HOURS PER YEAR**
 - E. Council Bill 032: A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A FUNDING AGREEMENT BETWEEN THE CITY OF HARRISONVILLE, MISSOURI AND HARRISONVILLE SENIOR CARE CENTER, LLC, A MISSOURI COMPANY.**
- 7. Aldermen and Committee Reports**
- 8. Report from the City Administrator**
- 9. Report from the Mayor**

- 10. Questions from the Media**
- 11. Adjourn to Executive Session: Personnel Matters (RSMO 610.021 (3))**
- 12. Adjourn from Regular Session**

Posted on City Hall Bulletin Board this 28th day of April 2016

Kim Hubbard, City Clerk

The Board of Aldermen meeting is an open meeting but is not a meeting of the public. There is a place on the agenda for comments of citizens under PUBLIC PARTICIPATION. Our rule is that comments by any individual or group shall not exceed (4) minutes. The Board of Aldermen request that concerns be initially addressed at the appropriate action level before coming to the Board of Alderman

PROCLAMATION



NATIONAL POLICE WEEK

WHEREAS, the Congress and the President of the United States have designated May 15 through 22 as National Police Week; and

WHEREAS, the members of the Harrisonville Police Department play an essential role in safeguarding the rights and freedoms of the citizens of Harrisonville; and

WHEREAS, it is important that all citizens know and understand the duties, responsibilities, hazards, and sacrifices of their police department, and that members of our police department recognize their duty to serve the people by safeguarding life and property, by protecting them against violence or disorder, and by protecting the innocent against deception and the weak against oppression or intimidation; and

WHEREAS, the police department of Harrisonville has grown to be a modern and scientific law enforcement agency which unceasingly provides a vital public service;

NOW, THEREFORE, On behalf of the Board of Aldermen of the City of Harrisonville I, Mayor Brian Hasek, call upon all citizens of Harrisonville and upon all patriotic, civil and educational organizations to observe the week of May 15 through 22, 2016, as Police Week with appropriate ceremonies in which all of our people may join in commemorating police officers, past and present, who by their faithful and loyal devotion to their responsibilities have rendered a dedicated service to their communities and, in doing so, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

I FURTHER call upon all citizens of Harrisonville to observe Sunday, May 15, 2016, as Peace Officers Memorial Day in honor of those peace officers who, through their courageous deeds, have lost their lives or have become disabled in the performance of duty, and let us recognize and pay respect to the survivors of our fallen heroes.

Brian Hasek, Mayor



DRAFT
MINUTES
CITY OF HARRISONVILLE
BOARD OF ALDERMEN
REGULAR MEETING
CITY HALL
APRIL 18, 2016
7:00 PM

1. **Call to Order & Pledge of Allegiance**
2. **Roll Call**

Attendee Name	Title	Status	Arrived
Judy Bowman	Board Member	Present	
Clint Long	Board Member	Present	
Josh Stafford	Board Member	Present	
David Dickerson	Board Member	Present	
Ivan Stull	Board Member	Present	
Marcia Milner	Board Member	Present	
Morris Coburn	Board Member	Present	
Stacey Dahlman	Board Member	Present	
Brian Hasek	Mayor	Present	

Others Attending: Interim City Administrator Mike Tholen, City Attorney Jessie Fox, Finance Director Marcella McCoy, Community Development Director Rick DeLuca, Police Chief John Hofer, City Clerk Kim Hubbard, Public Information Officer Sheryl Stanley, Parks and Recreation Director Chris Deal, Emergency Services Director Larry Francis, Street Superintendent Rodney Jacobs, Public Works Director Jerry Gibbs, Electric Department Director Keith Thomas, and Assistant Public Works Director Eric Patterson.

3. **Ceremonial Matters**
 - A. **A Service Award to Honor Randy Gentry for 30 Years of Loyal Service to the City of Harrisonville**

Mayor Hasek and Mr. Gibbs recognized Randy Gentry, Water Department, for his thirty (30) years of service to the City.

4. **Public Participation**

Jack Cotton, 876 Locust, expressed his appreciation to the outgoing board members.

Mimi Diaz, 2200 Chateau Drive, asked the board to consider establishing a Community Emergency Response Team. Ms. Diaz was asked to leave her contact information with the city clerk so she could be contacted.

Jim Gray, 2200 Thunderbird addressed the board regarding his concerns of outdoor burning that has been taking place at 1400 S. Butler. Mr. Gray explained that the Children's Playhouse Daycare is next to this property and that his child along with the other children are coming home smelling like smoke. Employees of the daycare were also present and reported that there are times that the children are unable to play outside due to the smoke coming from the residence because it causes the children to cough, burns their eyes and that there are children who have asthma and the smoke causes the asthma to be worse. It was also noted that the residents at 1400 S. Butler were allowing people to stay in a RV that is on the back of the property and they are the individuals who are burning wood along with trash. Chief Francis reported that he has been there three times and each time the burning has been done in a smoker with food on it and that he has requested that they get rid of the burn barrel that is on the premises. Mr. Gray shared two letters regarding the issues of the burning. Director DeLuca was asked to look into this also.

5. Approval of Minutes

A. Board of Aldermen - Special Meeting - Mar 21, 2016 6:00 PM

Minutes were approved.

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Morris Coburn, Board Member
SECONDER:	David Dickerson, Board Member
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Coburn, Dahlman

B. Board of Aldermen - Regular Meeting - Mar 21, 2016 7:00 PM

Minutes were approved.

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Morris Coburn, Board Member
SECONDER:	David Dickerson, Board Member
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Coburn, Dahlman

C. Board of Aldermen - Work Session - Apr 4, 2016 6:00 PM

Work session minutes were approved.

Minutes Acceptance: Minutes of Apr 18, 2016 7:00 PM (Approval of Minutes)

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Marcia Milner, Board Member
SECONDER:	Judy Bowman, Board Member
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Coburn, Dahlman

D. Board of Aldermen - Special Meeting - Apr 4, 2016 7:01 PM

Minutes were approved.

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Stacey Dahlman, Board Member
SECONDER:	Ivan Stull, Board Member
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Coburn, Dahlman

6. Unfinished Business

A. A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A DESIGN/BUILD CONTRACT WITH CAS/BURNS AND McDONNELL TO MAKE REPAIRS TO THE DIGESTER BASIN FLOOR AT THE WASTEWATER TREATMENT PLANT AT A COST NOT TO EXCEED \$845,850.

City Attorney Jessie Fox read Council Bill 022 by title only. Mr. Gibbs reported that the contract does not reflect all of the language that was requested which was regarding liability which is not unusual. There was discussion that the worst case scenario would be, the entire digester needing to be replaced and that would not be known until they start removing the digester floor. It was staff's recommendation to approve the contract. Council Bill 022 became Resolution 016.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Stacey Dahlman, Board Member
SECONDER:	Morris Coburn, Board Member
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Coburn, Dahlman

B. AN ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF HARRISONVILLE AS FOLLOWS: CHAPTER 700, SECTION 700.460, BY ESTABLISHING NEW RATES FOR MUNICIPAL WATER SERVICES.

City Attorney Fox read Council Bill 023 by title only. It was noted this is the second reading of the bill and that these rates were approved by the Department of Natural Resources. Council Bill 023 became Ordinance 3358.

RESULT:	ADOPTED [7 TO 1]
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Dahlman
NAYS:	Morris Coburn

C. AN ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF HARRISONVILLE CHAPTER 700, SECTION 400.480 BY ESTABLISHING NEW RATES FOR SEWER SERVICES.

City Attorney Fox read Council Bill 024 by title only and it was noted this was the second reading of the council bill. Council Bill 024 became Ordinance 3359.

RESULT:	ADOPTED [5 TO 3]
AYES:	Bowman, Stafford, Stull, Milner, Dahlman
NAYS:	Clint Long, David Dickerson, Morris Coburn

D. AN ORDINANCE OF THE CITY OF HARRISONVILLE ESTABLISHING A NEW RATE FOR RESIDENTIAL SOLID WASTE COLLECTION.

City Attorney Fox read Council Bill 025 by title only and it was noted this was the second reading of the council bill. Council Bill 025 became Ordinance 3360.

RESULT:	ADOPTED [5 TO 3]
AYES:	Bowman, Stafford, Stull, Milner, Dahlman
NAYS:	Clint Long, David Dickerson, Morris Coburn

7. Certify Election Results

A. AN ORDINANCE DECLARING THE RESULTS OF THE CITY GENERAL ELECTION HELD ON APRIL 5, 2016, FOR THE OFFICES OF FOUR ALDERMEN AND A BALLOT QUESTION.

City Attorney Fox read Council Bill 030 by title only. Alderman Coburn moved to suspend the rules and move Council Bill 030 to its second reading. Alderman Dickerson seconded the motion and it was approved by the following roll call vote:

Ayes: Aldermen Bowman, Dickerson, Stafford, Long, Dahlman, Milner, Stull and Coburn

Nays: None

City Attorney Fox read Council Bill 030 by title only for a second time.

Council Bill 030 became Ordinance 3361

RESULT:	ADOPTED [UNANIMOUS]
AYES:	Bowman, Long, Stafford, Dickerson, Stull, Milner, Coburn, Dahlman

8. Swear In New Aldermen

City Clerk Hubbard swore in the following, Brad Bockelman, Judy Reece, David Dickerson and Matt Turner.

9. Expressions of Appreciation to Outgoing Officials

Mayor Hasek recognized Aldermen Dahlman, Stull and Coburn for their years of service by presenting them with plaques. Alderman Dahlman expressed her enjoyment working with the staff and how much she has learned. Alderman Stull stated he has been honored to serve the citizens of Ward 4 and that he also has learned a lot. Alderman Coburn stated he will be changing seats from the dais to the audience.

10. Recess to a Reception for New & Outgoing Officials (15 Minutes)

There was a short recess for a reception.

11. Reconvene Meeting/Call to Order/Roll Call

Mayor Hasek called the meeting back to order at 8:03pm. Roll call was taken, the following were in attendance. Aldermen Bowman, Bockelman, Reece, Milner, Dickerson, Turner, Long, Stafford and Mayor Hasek.

12. New Business

A. Election of Acting President of the Board

Mayor Hasek opened the floor for nominations for Acting President of the Board. Alderman Milner nominated Alderman Bowman and Alderman Long nominated Alderman Dickerson. City Clerk asked for a vote by the showing of hands. Alderman Bowman received four (4) votes and Alderman Dickerson received four (4) votes. Mayor Hasek broke the tie by voting for Alderman Dickerson.

B. Special Event Permit: Camp Valor Outdoors 2016 Honor Walk

Chief Hofer reviewed the request for the event permit and reported that this is the fifth (5th) year for the event and it is staff's recommendation for approval. Alderman Stafford encouraged everyone to participate. Alderman Milner made the motion to approve the event permit. Alderman Long seconded the motion and it was approved by a voice vote.

C. Stacy Cox Memorial Run Event Permit

Chief Hofer reviewed the event permit and reported there have been no issues in the past and it is staff's recommendation for approval. Alderman Bowman made the motion to approve the request. Alderman Milner seconded the motion and it was approved by a voice vote.

13. Aldermen & Committee Reports

Alderman Bowman congratulated the new and re-elected board members. Alderman Bowman invited everyone to the next town hall meeting scheduled for Saturday, May 7th, 9:00 AM at the United Methodist Church.

Alderman Bockelman thanked Doug Meyer for running a honest campaign.

Alderman Reece thanked Morris Coburn for the race he ran and commented she knows she has big shoes to fill and that she looks forward to working with everyone.

Alderman Dickerson welcomed the new board members and thanked Morris Coburn.

Alderman Long welcomed the new members and extended his congratulations to them.

Alderman Turner thanked those who supported him through the campaign and stated he looks forward to serving the city.

Alderman Stafford welcome the new members and extended his appreciation to those who are no longer serving.

14. Report from City Administrator

Mr. Tholen shared his appreciation to the board members who are no longer serving and congratulated the new and returning board members. Mr. Tholen also gave a reminder of upcoming meetings next week.

15. Report from the Mayor

Mayor Hasek asked the board to stay after the meeting so that Ms. Stanley could take pictures. Mayor Hasek extended his appreciation to city staff who worked the brush drop off this past weekend. Mayor Hasek welcome the new and returning board members and stated he felt the board will do good things.

16. Questions from the Media

Media left early.

17. Adjourn from Regular Session

Alderman Milner made the motion to adjourn the meeting. Alderman Dickerson seconded the motion and it was approved by a voice vote. The meeting adjourned at 8:13 PM.

Brian Hasek, Mayor & Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

Kim Hubbard, City Clerk

Minutes Acceptance: Minutes of Apr 18, 2016 7:00 PM (Approval of Minutes)



TO: Board of Aldermen
FROM: John Hofer, Director
DATE: April 25, 2016
SUBJECT: HMS Physical Education Dept.—5K Walk/Run Event

Type of Item: *Approval*

Issue: Harrisonville Middle School Physical Education Dept.-5K Walk/Run Event scheduled for May 17, 2016 from 8:00 am to 12:00 pm.

Background: The applicant, Daniel Jennings, of the Harrisonville Middle School Physical Education Department has requested an event permit to host a 5K walk/run in Harrisonville. This will be the fourth time for this event to occur in Harrisonville with no noted complaints or concerns in the past. The requested event is scheduled as a fundraiser for the Physical Education Department. This year's event will take place mostly on school district property but will utilize some side streets around the school as needed. The applicant has submitted two different routes (see attached) and depending on Mechanic Street construction and local traffic patterns will determine which course will be utilized. Officer Nichols, Middle School SRO, and the Middle School staff will provide any needed traffic crossing assistance. There is no cost for the requested City services and the required insurance coverage will be submitted upon approval of this event permit.

Recommendation: With no noted complaints or concerns associated with previous events I would recommend approval for this event as long as all state laws, city ordinances and city recommendations are complied with.

A. Action Item (ID # 2182)

HMS Physical Education Dept.—5K Walk/Run Event

Attachments:

HMS 5k Request (2016) (PDF)

HMS 5K Maps (PDF)

SPECIAL EVENTS APPLICATION

A. **FILING PERIOD:** An application for an event permit shall be filed not less than seven (7) days prior to the meeting of the Board of Alderman at time applicant desires the issuance of a permit. Applicant must realize that, dependent upon the nature of the event and the scope of services being required of the City, the Board of Alderman may require additional time to review the permit application.

B. **CONTENTS:** The application for an event permit shall set forth the following information.

1. Organization: HARRISONVILLE MIDDLE SCHOOL - LAST DAY 5K
2. Name of Applicant: DANIEL JENNINGS
 Address: 601 S. HIGHLAND
 Phone: (816) 380-7654 Cell: (816) 632-0726
3. Purpose of Event: RAISE FUNDS TO SUPPORT HMS PHYSICAL EDUCATION & SCHOOL TECHNOLOGY
4. Proposed date(s) and time(s) of Event: MAY 17TH, 8AM - 12
5. Location(s) where event will be held: THE 5K ROUTE WILL BE THROUGH THE NEIGHBORHOOD SURROUNDING THE MIDDLE SCHOOL. STREETS INCLUDE: MISSOURI AVE, S. LEXINGTON, E. POLK, S. HIGHLAND
6. Anticipated crowd size: 600 STUDENTS + 25 OUTSIDE GUESTS
7. City services requested: (Please check all that apply) Provide detailed letter for these requests.
☐ Electricity ☐ Police Protection ☒ Traffic Control ☐ Ambulance Standby
☒ Cones ☒ Barricades ☐ Street or parking lot clean up
8. Any additional information: STUDENTS WILL BE RAN IN GROUPS OF AROUND 150 AT A TIME. PLEASE SEE ATTACHED COPY OF ROUTE. MOST/ANY CROWD WILL BE ON SCHOOL GROUNDS.

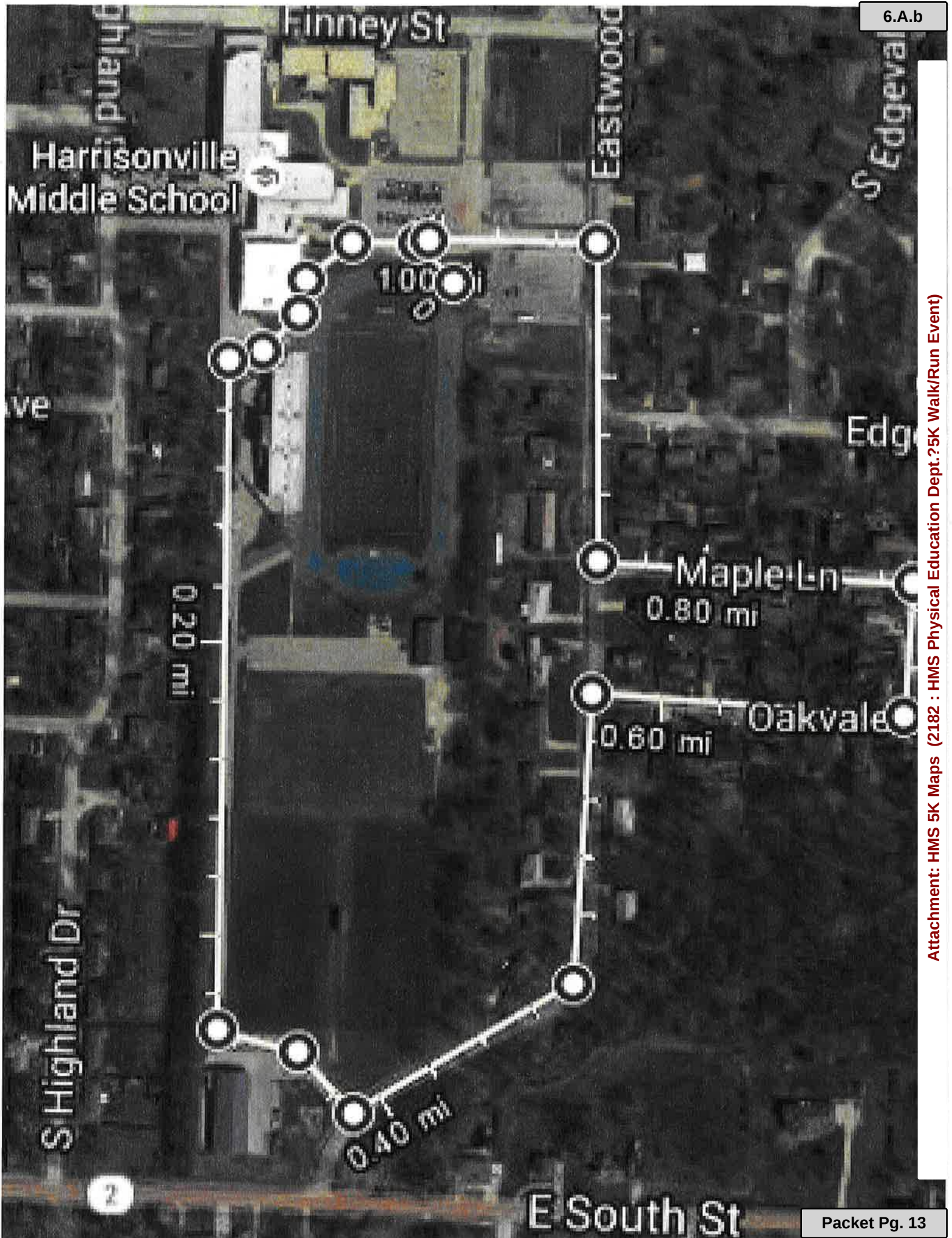
APPROVED this _____ day of _____, 20 ____.

Chief of Police

City Clerk

Attachment: HMS 5k Request (2016) (2182 : HMS Physical Education Dept. 75K Walk/Run Event)







TO: Board of Aldermen
FROM: Marcella McCoy, Supervisor
DATE: April 27, 2016
SUBJECT: Fiscal Year 2015 Audit Presentation

Type of Item: *Presentation*

INTRODUCTION

The Fiscal Year 2015 audit report is complete and will be presented to the Board of Alderman as a review of the year.

DISCUSSION

Dane F. Cole & Company completed the annual audit as required for Fiscal Year ending December 31, 2015. Mr. Kim Pearson will present the audit report and highlight the financials of the City.

Included in the packet is a copy of the presentation slides Mr. Pearson will present. Additionally, a copy of the final report is included for record.

ACTION REQUIRED/RECOMMENDATION

Presentation to the Board of Alderman

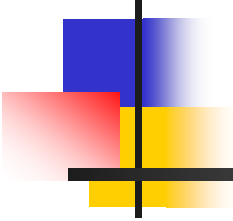
B. Discussion Item (ID # 2184)

Fiscal Year 2015 Audit Presentation

Attachments:

Presentation Slides (PDF)

160427 - Harrisonville Audit Report (PDF)

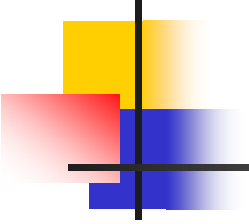


City of Harrisonville, Missouri

Audit Presentation For the Year Ended December 31, 2015

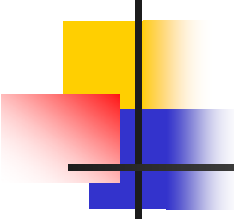
DANA F. COLE & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS





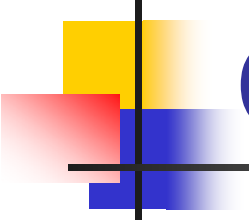
City of Harrisonville, Missouri

- Unmodified opinion on the financial statements
 - Best opinion available as result of an audit
 - Means that in our opinion the financial statements are presented fairly in all material respects in accordance with basis of accounting as reported on.
 - Our audit went very well and we were able to issue our audit over a month earlier than the prior year.
 - There are new schedules, disclosures, and reported accounts related to the pension plan due to the implementation of a new standards issued by the Government Accounting Standards Board (GASB 68 and 71).



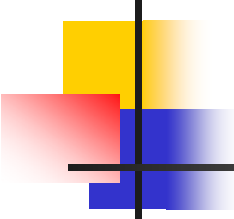
City of Harrisonville, Missouri

- The Statement of Net Position on pages 16 and 17 shows City-Wide financial position.
- Net position increased in the governmental activities by \$1,676,688.
- Net position increased in the business-type activities by \$1,450,220.
- Both of these increases are primarily the result of added capital assets and the payment on long-term debt and is reflected in the net position category titled “Net investment in capital assets.”
- We recommend that you review the tables in the Management’s Discussion and Analysis as they are comparative to the prior year in summary form.



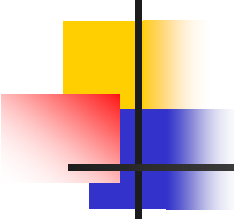
City of Harrisonville, Missouri

- Several deficit balances that existed at the beginning of the year were restored to positive balances through budgeted transfers.
- In addition, the reporting of the pension plan has increased the net position of the City by over \$2.6 million in the governmental activities and over \$800,000 in the business-type activities.



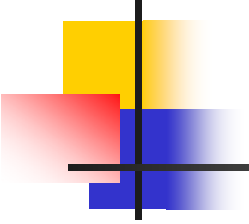
City of Harrisonville, Missouri

- In addition to the Management Discussion and Analysis, the Statistical Information on pages 80-99 present additional historical comparisons to prior years.
- Budgetary comparison schedules and pension related schedules are included in the sections for Required Supplementary Information on pages 64-69 and also in Other Supplementary Information on pages 76-79.



City of Harrisonville, Missouri

- The Statement of Activities, which begins on page 18 shows the different activities of the City. This presents the expenses for each activity and the related revenues directly related to those activities.
- In addition, revenues described as general revenues are presented to complete the reconciliation of the increase in net position.
- Program revenues are those revenues directly associated with the expenses of such activities. Other revenues not specific to an activity type are presented as General Revenues. In addition, tax revenues, investment income, and other certain revenues are required to be presented as general revenues even though they are collected for specific activities.



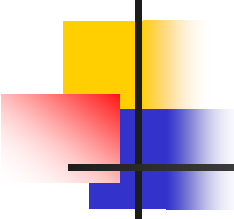
Fund Balances (Summary)

	12/31/2015	12/31/2014	Change
General	\$ 5,663,266	\$ 5,083,745	\$ 579,521
Other Governmental Funds	1,686,371	1,306,763	\$ 379,608
Electric Fund	9,786,781	9,284,628	\$ 502,153
Water Sewer Fund	26,290,244	25,231,566	\$ 1,058,678
Other Business-Type Funds	864,141	974,752	\$ (110,611)

Fund balances in the governmental funds include all cash, investments, and other current resources available to pay for expenditures. Fund balances for the proprietary funds include all assets and liabilities on the accrual basis, which is the same as the Statement of Net Position. A reconciliation is provided on pages 21 and 22 for the differences between the statement of net position and the governmental funds balance sheet.

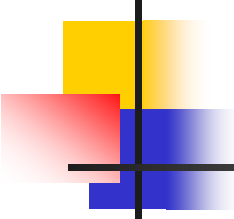
Governmental Fund Revenues and Expenses (Summary)

	12/31/2015	12/31/2014	Change
Support and Revenue			
Property taxes	\$ 971,143	\$ 957,930	\$ 13,213
Sales taxes	4,530,932	4,532,729	(1,797)
Franchise taxes	1,904,019	1,601,918	302,101
Charges for services	3,992,870	3,969,978	22,892
All other sources	1,328,057	1,352,639	(24,582)
	<u>12,727,021</u>	<u>12,415,194</u>	<u>311,827</u>
Expenses			
Current	9,503,202	10,245,596	(742,394)
Debt Service	1,530,843	1,527,997	2,846
Capital outlay	733,847	1,163,730	(429,883)
	<u>11,767,892</u>	<u>12,937,323</u>	<u>(1,169,431)</u>



Proprietary Fund Revenues and Expenses (Summary)

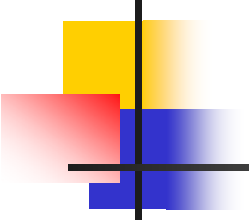
	12/31/2015	12/31/2014	Change
Support and Revenue			
Charges for services	\$ 16,830,615	\$ 16,908,881	\$ (78,266)
Capital grants and other income	245,682	130,771	\$ 114,911
Transfers in	-	33,265	\$ (33,265)
Interest income	239,868	149,424	\$ 90,444
	<u>17,316,165</u>	<u>17,222,341</u>	<u>93,824</u>
Expenses			
Production	1,210,357	1,145,906	64,451
Distribution	8,801,233	9,251,249	(450,016)
Administration	3,976,181	3,846,644	129,537
Depreciation	1,302,051	1,280,989	21,062
Interest expense	376,123	325,964	50,159
	<u>15,665,945</u>	<u>15,850,752</u>	<u>(184,807)</u>



Summary of Findings Reported

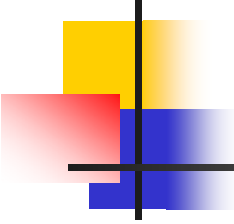
As reported on in prior years, the finding related to reliance upon the auditor is normal for a City this size. Our recommendations and management's response is documented on page 102 of the audit package.

As part of our procedures, we identified other areas in which we made recommendations to City staff that may be used to further improve efficiency in their positions and also to improve reconciling and other procedures. However, none of these recommendations lead to the definition of a significant deficiency or material weakness and were purely made to assist the City in improving their daily tasks.



General Discussion

- The footnote disclosures are similar in nature to prior year disclosures with the exception of changes to the pension requirements for GASB 68 and 71.
- All funds were materially within the authorized budget.
- All interfund balances reconcile out.
- Non-compliance with material debt covenants were not identified through our procedures.



General Discussion - continued

- We encountered no difficulties in dealing with management in performing and completing our audit.
- We recommended and management approved our proposed adjusting entries. We provided these to Debbie Goss to post to the City records.

We are available for any questions at this time or you can contact us or City staff later and we will address them then.

We appreciated the assistance from City staff and we look forward to working with them again next year.

CITY OF HARRISONVILLE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2015

Attachment: 160427 - Harrisonville Audit Report (2184 : Fiscal Year 2015 Audit Presentation)

Prepared by: Marcella McCoy
Director of Finance

CITY OF HARRISONVILLE, MISSOURI
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CITY OF HARRISONVILLE, MISSOURI
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INTRODUCTORY SECTION



P.O. Box 367, 300 East Pearl Street- Harrisonville, Missouri 64701

April 25, 2016

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrisonville, Missouri, for the fiscal year ended December 31, 2015. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a government-wide and a fund basis.

The City of Harrisonville Finance Department prepares the year-end trial balances and supporting schedules and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP, and that audit resulted in an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the Financial Section of the CAFR.

Following the independent auditors' report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provides an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of Harrisonville and, along with the introductory section, provide context to the report.

Profile of the City of Harrisonville

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the state of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Col. H. W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich local history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center, with Interstate 49 and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville, Missouri, is a fourth-class city organized under Missouri statutes and is governed by a Mayor and eight-member Board of Aldermen, two from each of the four wards. The Mayor and Board appoint a City Administrator to serve as the chief administrative officer of the City, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

Factors affecting financial conditions

Local economy - Overall retail sales have recovered to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains tied to the stable population, economic development continues to focus on the creation and expansion of employment opportunities. Outside investors have continued to show interest in Harrisonville's location and workforce when considering potential business sites. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

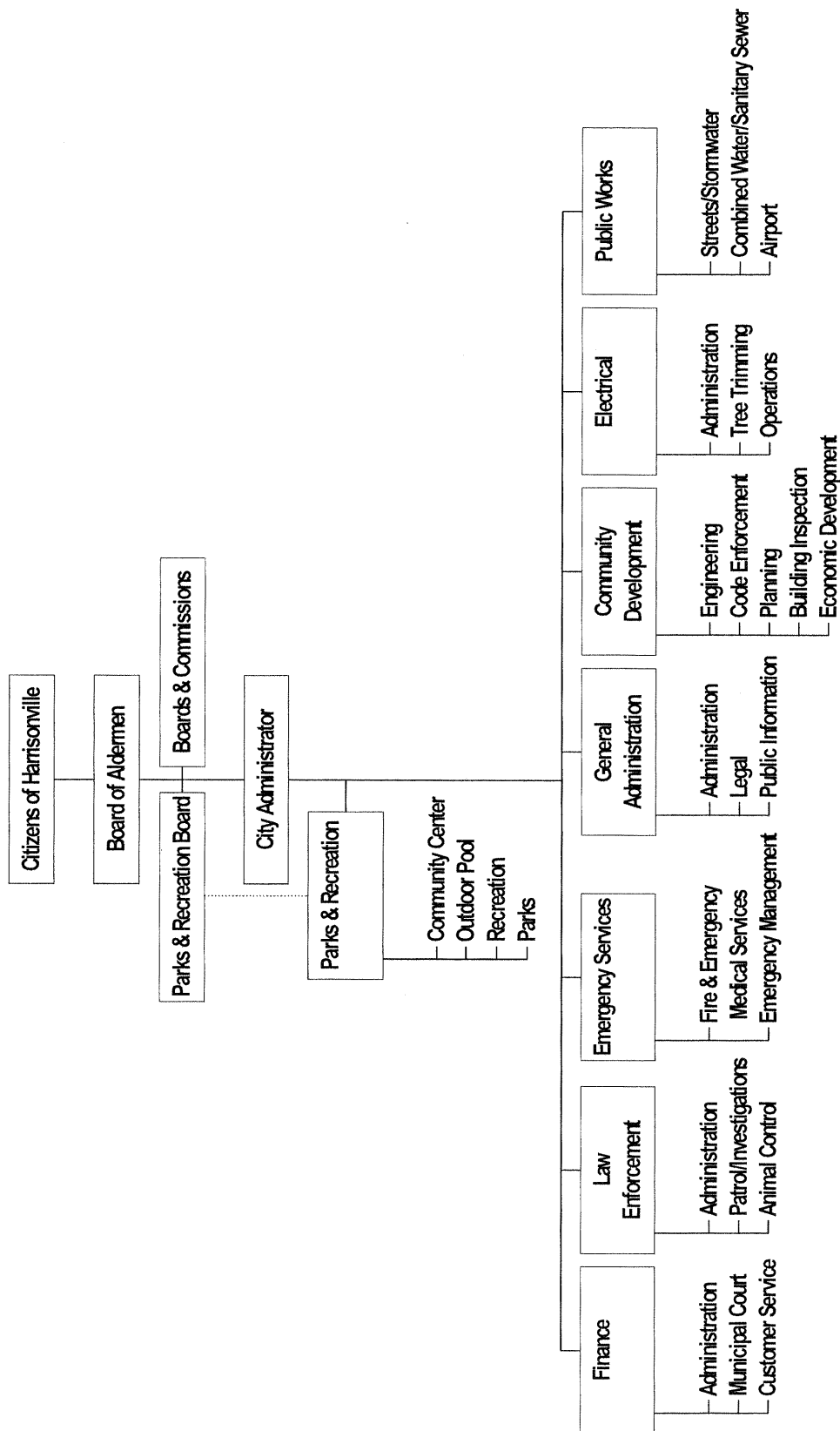
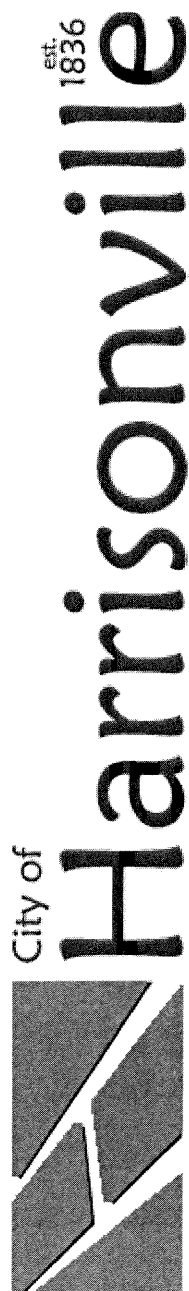
Long-term financial planning - The City of Harrisonville prepares a five-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Aldermen's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains low compared to historical averages, but the security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department, with special recognition to our Accounting Specialist, Debra Goss. The City's independent audit firm of Dana F. Cole & Company, LLP, was instrumental in the preparation of this report and highly professional in their dealings with our staff. I would also like to thank Mayor Hasak, the Board of Aldermen, and Interim City Administrator Mike Tholen for their continued interest in and support of the maintenance of the financial health of our City.

Respectfully submitted,

Marcella McCoy
Director of Finance



CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2015

MAYOR AND BOARD OF ALDERMEN

Brian Hasek
Stacey Dahlman
Judy Bowman
Morris Coburn
Marcia Milner
David Dickerson
Clint Long
Josh Stafford
Ivan Stull

Mayor
Alderman Ward I
Alderman Ward I
Alderman Ward II
Alderman Ward II
Alderman Ward III
Alderman Ward III
Alderman Ward IV
Alderman Ward IV

ADMINISTRATOR AND DEPARTMENT HEADS

Mike Tholen
Jerry Gibbs
Keith Thomas
Rodney Jacobs
Chris Deal
Rick DeLuca
Kim Hubbard
Marcella McCoy
John Hofer
Larry Francis
Steven E. Mauer
Kevin Anderson
Joseph Cambiano

Interim City Administrator
Director of Public Works and Water/Sewer Superintendent
Electric Department Director
Street Superintendent
Director of Parks and Recreation
Director of Community Development
City Clerk
Director of Finance
Chief of Police
Fire Chief and Director of Emergency Management
City Attorney
Municipal Judge
City Prosecuting Attorney

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 *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 auditor's 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 8 – 14, the budgetary comparison schedules on pages 62 – 65, the schedule of employer's contributions on page 66, and the schedule of employer's share of net pension liability on page 67 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 Harrisonville, Missouri's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 68 - 77 is the responsibility of management and was derived from and relates 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 other supplementary information on pages 68 - 77 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections on pages 1 – 4 and 78 – 97 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2016, on our consideration of the City of Harrisonville, 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 Harrisonville, Missouri's internal control over financial reporting and compliance.

Overland Park, Kansas
April 25, 2016

CITY OF HARRISONVILLE, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Harrisonville, Missouri, has prepared financial statements in accordance with GASB 34 guidelines since 2003. This section of the report is intended to provide a summary of the City's financial condition and outlook, and should be considered along with the transmittal letter and financial statements in any evaluation of the City's financial condition. For the year ending December 31, 2015, the City has included the requirements for reporting on pension plans as described by Governmental Accounting Standards Board Numbers 68 and 71.

Fiscal Year Highlights

The City of Harrisonville, Missouri, continues to be a financially stable community as the economy begins to turn upward. Property tax revenues have a slight increase in FY 2015 compared to FY 2014 even though personal property tax valuations continue to be low. The overall net position has increased in both governmental and business-type activities. The City of Harrisonville, Missouri's central location in the county and its status as a full-service city help maintain that stability and allow for many forward-looking investments:

These statements include the Towne Center TIF expenditures, which impact the net position of the City. The anchor tenant opened in spring 2007. One additional padsite has been occupied, and a hotel has been opened on the south end. The two remaining padsites are still open for development. The City budgeted and contributed general funds to help meet the debt service schedule in 2015, but will need additional development to continue to service the debt without impacting other City funds.

The collection of sales tax revenues exceeded previous levels. While the City has been recovering from the downturn, the revenue from existing sales taxes showed little overall growth in recent years. This could be an area of concern if continued over time since the sales tax is the largest single revenue source to the General Fund, and forms the basis of debt service payments for the Community Center. Sales tax revenues mirror national and regional economic trends, which are largely outside the City's control, but are important to both our community and our revenue stream. These trends are closely monitored by City staff for their effect on both present and projected expenditure plans.

The City's business-type activities (utility funds) showed a decrease in sales and usage as a result of the unusual weather pattern for the year. Utility customer and load growth is a key indicator of the community's financial health, as the number of residents is tied directly to available revenues and demands for City services. Prior to FY 2012, the City revised its administrative charge schedule, which resulted in lower utility rates and reduced transfers to the General Fund. The City forecasts stable utility rates for the next few years except for water rate increases to finance voter-approved water treatment plant improvements.

The Comprehensive Annual Financial Report

This comprehensive annual financial report consists of six parts:

- Introductory section which includes the transmittal letter,
- Management's discussion and analysis (this part),
- Basic financial statements and accompanying notes,
- Required supplemental information,
- Other supplemental information, and
- Statistical information

CITY OF HARRISONVILLE, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS

The Comprehensive Annual Financial Report (Continued)

In prior years, the principal focus of local governmental financial statements was to summarize fund-type information on a current financial resource basis. This current accounting model presents information in two ways. The government-wide financial statements provide both short- and long-term information about the City's overall financial status. These are prepared on a full accrual basis to present information in a format more familiar to corporate accounting users. Fund financial statements are still included to provide useful information on individual parts of the government.

Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements can be found on pages 15 through 18. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector.

The City is divided into the following activities:

Governmental activities - All of the City's basic services are considered governmental activities, including public safety, public works, general administration, and parks. These activities are supported primarily with general revenue such as sales and property taxes, fines, and permit fees.

Business-type activities - The City's enterprise activities are included here. These operations charge a fee for services that is intended to recover the cost of operations.

Fund Financial Statements

Another major section of the basic financial statements is the fund financial statements, found on pages 19 to 31, along with their explanatory notes on pages 32 through 61. The fund financial statements provide detailed information about each of the City's most significant funds, called "major funds." All other funds are summarized and presented in a single column called "nonmajor."

The City of Harrisonville, Missouri, currently has two kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds. These statements are prepared on a modified accrual basis, meaning they measure current financial resources and uses. Capital assets and other long-lived assets, along with any long-term liabilities, are not presented in the governmental fund statements, but additional information about them is provided at the bottom of the statements, and in the notes.

Proprietary funds - These statements include business-type enterprise funds. The statements for these funds are presented on the accrual basis and include all assets and liabilities, both current and long-term. This is the same basis used on the government-wide financial statements.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position

The following table summarizes the combined statement of net position as of December 31, 2015, compared with the same information for the fiscal year ending December 31, 2014:

City of Harrisonville, Missouri's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	19,018,583	16,533,005	12,348,414	10,901,092	31,366,997	27,434,097
Capital assets	23,183,383	23,657,931	35,721,340	35,716,258	58,904,723	59,374,189
Deferred outflows of resources	1,395,495	408,450	352,649		1,748,144	408,450
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,597,461	40,599,386	48,422,403	46,617,350	92,019,864	87,216,736
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Other liabilities	785,446	2,510,663	1,984,510	1,578,307	2,769,956	4,088,970
Long-term liabilities	21,798,527	21,482,716	9,465,003	10,352,998	31,263,530	31,835,714
Deferred inflows of resources	54,653		31,724		86,377	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,638,626	23,993,379	11,481,237	11,931,305	34,119,863	35,924,684
NET POSITION						
Net investment in capital assets	17,620,666	17,372,336	25,724,107	25,037,013	43,344,773	42,409,349
Restricted	1,000,182	1,062,950	1,745,814	1,957,857	2,745,996	3,020,807
Unrestricted (deficit)	2,337,987	(1,829,279)	9,471,245	7,691,175	11,809,232	5,861,896
TOTAL NET POSITION	20,958,835	16,606,007	36,941,166	34,686,045	57,900,001	51,292,052

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position (Continued)

The summary reveals the overall balance in the City between governmental assets and business-type assets. The governmental activities capital assets include the cost of additions, while the long-term obligations and restricted assets in the same column reveal the offsetting debt, final construction obligations, and financing reserves, as well as the debt associated with the Towne Center TIF.

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2015, compared with the same information for the fiscal year ending December 31, 2014:

City of Harrisonville, Missouri's Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
REVENUES	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	4,369,286	4,377,085	16,830,615	17,225,956	21,199,901	21,603,041
Operating grants and contributions	293,635	258,367		10,000	293,635	268,367
Capital grants and contributions			91,811		91,811	
General revenues						
Taxes	7,751,738	7,431,512			7,751,738	7,431,512
Investment earnings	41,110	40,726	239,868	246,333	280,978	287,059
Transfers		(23,095)	(200,000)	23,095	(200,000)	
Other miscellaneous revenues	271,252	307,504	153,871	154,925	425,123	462,429
Total revenues	<u>12,727,021</u>	<u>12,392,099</u>	<u>17,116,165</u>	<u>17,660,309</u>	<u>29,843,186</u>	<u>30,052,408</u>
EXPENSES						
General Government	1,583,748	2,002,426			1,583,748	2,002,426
Administration of Justice	2,645,741	2,902,002			2,645,741	2,902,002
Street	1,001,075	1,134,034			1,001,075	1,134,034
Economic Development	431,396	312,060			431,396	312,060
Animal Control	192,396	179,525			192,396	179,525
Airport	308,994	300,459			308,994	300,459
Emergency Services	2,310,217	2,346,331			2,310,217	2,346,331
Park	550,704	611,935			550,704	611,935

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities (Continued)

City of Harrisonville, Missouri's Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
EXPENSES (Continued)						
Community Center	1,458,666	1,617,794			1,458,666	1,617,794
Towne Center TIF	7,654	8,126			7,654	8,126
Interest on long-term debt	559,742	581,180			559,742	581,180
Electric			10,969,788	11,861,775	10,969,788	11,861,775
Water/Sewer			3,953,599	4,102,397	3,953,599	4,102,397
Aquatic Center			247,561	255,901	247,561	255,901
Refuse			494,997	483,766	494,997	483,766
Total expenses	<u>11,050,333</u>	<u>11,995,872</u>	<u>15,665,945</u>	<u>16,703,839</u>	<u>26,716,278</u>	<u>28,699,711</u>
CHANGE IN NET POSITION	1,676,688	396,227	1,450,220	956,470	3,126,908	1,352,697
NET POSITION, beginning of year	19,282,147	16,209,780	35,490,946	33,729,575	54,773,093	49,939,355
GASB 68/71 RESTATEMENT		<u>2,676,140</u>		<u>804,901</u>		<u>3,481,041</u>
NET POSITION, end of year	<u>20,958,835</u>	<u>19,282,147</u>	<u>36,941,166</u>	<u>35,490,946</u>	<u>57,900,001</u>	<u>54,773,093</u>

This summary shows that approximately 99% of program revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sanitary Sewer Utilities. Program revenues overall decreased 1.3% in 2015 from 2014. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues. Total tax revenue from all sources increased 4.3% primarily due to additional local sales in 2015.

Total program expenses for 2015 are \$26,716,278 with the majority, \$15,665,945, stemming from business-type activities. Governmental activities expenditures decreased 7.9% from the previous fiscal year and total of business-type activity spending decreased 6.2%.

Public safety expenses, at \$4,955,958, totaled approximately 45% of the governmental activities, while the electric utility expenses compose the majority of the business-type expenses.

The total net position of the City increased 5.7% in 2015.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Statements

The City of Harrisonville, Missouri, fund statements can be found on pages 20 through 32 of the financial statements. Governmental funds ended the year with an overall increase in fund balance and the business-type funds showed an overall increase in net position.

Budget Variances

There is one area of significant difference between the original adopted budget and the final approved budget for the City's General Fund in FY 2015. It is in capital projects, which reflect the amount of unfinished capital work from 2014, which was re-appropriated into the 2015 budget, as well as several newly authorized construction projects and equipment purchases. All budget amendments are reviewed and approved by the Board of Aldermen.

Capital Assets

City of Harrisonville, Missouri's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	890,750	890,750	1,588,031	1,588,031	2,478,781	2,478,781
Buildings and improvements	23,815,104	23,701,616	18,112,043	11,184,039	41,927,147	34,885,655
Machinery and equipment	6,814,922	6,680,029			6,814,922	6,680,029
Equipment and transmission			37,840,823	43,687,136	37,840,823	43,687,136
Streets	6,638,115	6,488,615			6,638,115	6,488,615
Construction-in- progress	486,025	170,202	3,461,641	3,325,328	3,947,666	3,495,530
	<u>38,644,916</u>	<u>37,931,212</u>	<u>61,002,538</u>	<u>59,784,534</u>	<u>99,647,454</u>	<u>97,715,746</u>
Less accumulated depreciation	<u>15,461,533</u>	<u>14,273,281</u>	<u>25,281,198</u>	<u>24,068,276</u>	<u>40,742,731</u>	<u>38,341,557</u>
Total	<u>23,183,383</u>	<u>23,657,931</u>	<u>35,721,340</u>	<u>35,716,258</u>	<u>58,904,723</u>	<u>59,374,189</u>

Major Capital Asset Events, FY 2015:

Street, sidewalk, curb, and storm water projects in excess of \$570,000
Electrical system improvements for \$760,000
Over \$700,000 in water treatment system improvements
Over \$500,000 as part of the cost share program with MoDot for improvements to Mechanic Street (7 HWY)

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

As of December 31, 2015, the City of Harrisonville, Missouri, had total long-term debt outstanding of \$32,704,357. Details of the existing debt obligations of the City are discussed in Note 6 to the financial statements. The City continues to have no general obligation debt.

City of Harrisonville, Missouri's Debt Administration
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Tax Increment Revenue Note	9,000	9,000			9,000	9,000
Tax Increment Revenue Bonds	6,920	7,220			6,920	7,220
Revenue Bonds			9,045	9,885	9,045	9,885
Certificates of Participation	5,350	6,015			5,350	6,015
Capital Lease	144	187			144	187
Promissory Notes	<u>152</u>	<u>147</u>	<u>221</u>	<u>250</u>	<u>373</u>	<u>397</u>
	<u>21,566</u>	<u>22,569</u>	<u>9,266</u>	<u>10,135</u>	<u>30,832</u>	<u>32,704</u>

Economic Outlook

The City of Harrisonville, Missouri, continues to benefit from a relatively stable economic situation and shows some signs of progress. Overall employment has remained steady and sales tax collections have increased. Some new retail development is still under way, and the City continues to be in the minds of potential commercial and industrial customers. The State of Missouri, in conjunction with local funding partners, is constructing significant improvements to the interchange at I-49 and MO-291, as well as to MO-7 through Harrisonville. Voters in November 2014 approved \$7 million in revenue bonds to fund improvements in the City's water treatment plant and process which will provide better, cleaner water for years to come. These public infrastructure investments should help maintain and strengthen our commercial base. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends in order to forestall any major problems.

Financial Contact

These financial statements are designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Any questions or request for additional information should be directed to the Director of Finance, 300 E. Pearl Street, Harrisonville, Missouri 64701.

BASIC FINANCIAL STATEMENTS

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	281,240	58,832	340,072	
Investments	4,044,285	6,997,806	11,042,091	
Accounts receivable, net of allow- ance for doubtful accounts	650,352	1,983,252	2,633,604	
Other receivable	147,052		147,052	
Taxes receivable	1,193,860		1,193,860	239,797
Inventories	116,490	705,051	821,541	
Prepaid expenses	224,075	64,365	288,440	
Restricted cash	930,426	218,897	1,149,323	155,569
Restricted investments	69,756	1,526,917	1,596,673	
Due from component unit	9,477,547	200,000	9,677,547	
Net pension asset	1,883,500	593,294	2,476,794	
Capital assets				
Land	890,750	1,588,031	2,478,781	
Construction-in-progress	486,025	3,461,641	3,947,666	
Other capital assets, net of accumulated depreciation	<u>21,806,608</u>	<u>30,671,668</u>	<u>52,478,276</u>	
TOTAL ASSETS	<u>42,201,966</u>	<u>48,069,754</u>	<u>90,271,720</u>	<u>395,366</u>
DEFERRED OUTFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	1,045,395	352,649	1,398,044	
Unamortized payment to escrow agent on defeasance of long-term debt	<u>350,100</u>		<u>350,100</u>	
Total deferred outflows of resources	<u>1,395,495</u>	<u>352,649</u>	<u>1,748,144</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>43,597,461</u>	<u>48,422,403</u>	<u>92,019,864</u>	<u>395,366</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	206,361	996,527	1,202,888	15,820
Accrued expenses	354,990	54,152	409,142	
Unearned revenue	140,761	102,218	242,979	
Liabilities payable from restricted assets	83,334		83,334	
Meter deposits		831,613	831,613	
Due to primary government				9,477,547
Due to developers				5,326,059
Noncurrent liabilities				
Due within one year	1,399,652	1,018,435	2,418,087	
Due in more than one year	<u>20,398,875</u>	<u>8,446,568</u>	<u>28,845,443</u>	
TOTAL LIABILITIES	<u>22,583,973</u>	<u>11,449,513</u>	<u>34,033,486</u>	<u>14,819,426</u>
DEFERRED INFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	<u>54,653</u>	<u>31,724</u>	<u>86,377</u>	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>22,638,626</u>	<u>11,481,237</u>	<u>34,119,863</u>	<u>14,819,426</u>
NET POSITION				
Net investment in capital assets	17,620,666	25,377,303	42,997,969	
Restricted for:				
Capital improvements	69,756	152,604	222,360	
Debt service	801,827	1,593,210	2,395,037	
Other purposes	128,599		128,599	
Unrestricted (deficit)	<u>2,337,987</u>	<u>9,818,049</u>	<u>12,156,036</u>	<u>(14,424,060)</u>
TOTAL NET POSITION	<u>20,958,835</u>	<u>36,941,166</u>	<u>57,900,001</u>	<u>(14,424,060)</u>
TOTAL LIABILITIES AND NET POSITION	<u>43,597,461</u>	<u>48,422,403</u>	<u>92,019,864</u>	<u>395,366</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Operating		Primary Government		Total	
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Primary government							
Governmental activities							
General Government	1,583,748	1,859,509	293,635		569,396		569,396
Administration of Justice	2,645,741	227,768			(2,417,973)		(2,417,973)
Street	1,001,075				(1,001,075)		(1,001,075)
Economic Development	431,396				(431,396)		(431,396)
Animal Control	192,396				(192,396)		(192,396)
Airport	308,994				(308,994)		(308,994)
Emergency Services	2,310,217	1,332,256			(977,961)		(977,961)
Park	550,704	68,955			(481,749)		(481,749)
Community Center	1,458,666	880,798			(577,868)		(577,868)
Towne Center Project	7,654				(7,654)		(7,654)
Interest on long-term debt	559,742				(559,742)		(559,742)
Total governmental activities	11,050,333	4,369,286	293,635		(6,387,412)		(6,387,412)
Business-type activities							
Electric	10,969,788	11,451,836		91,811		573,859	573,859
Water/Sewer	3,953,599	4,747,235				793,636	793,636
Aquatic Center	247,561	131,291				(116,270)	(116,270)
Refuse	494,997	500,253				5,256	5,256
Total business-type activities	15,665,945	16,830,615		91,811		1,256,481	1,256,481
Total primary government	26,716,278	21,199,901	293,635	91,811	(6,387,412)	1,256,481	(5,130,931)
Market Place Component Unit	602,559						(602,559)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating		Primary Government		Component Unit
		Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
General revenues						
Taxes						
Property tax				971,143		
Local sales tax				4,530,932		466,807
Franchise taxes				1,904,019		
Other taxes				345,644		166,978
Investment earnings				41,110	239,868	250
Transfers in (out)					(200,000)	
Gain on sale of assets				14,600	22,000	
Reimbursements				89,812		
Other miscellaneous revenues				166,840	131,871	
Total general revenues				8,064,100	193,739	634,035
CHANGE IN NET POSITION				1,676,688	1,450,220	31,476
NET POSITION (DEFICIT), beginning of year (as restated)				19,282,147	35,490,946	(14,455,536)
NET POSITION (DEFICIT), end of year				20,958,835	36,941,166	(14,424,060)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash (claim on cash)	487,679	157	101,269	487	#####	277,631	281,240
Investments	4,044,285						4,044,285
Accounts receivable			77,179		573,173		650,352
Grants receivable	78,168						78,168
Taxes receivable	761,083	90,546		196,457	45,246	100,528	1,193,860
Other receivable					68,884		68,884
Due from component unit	275,000						275,000
Inventories	76,501				39,989		116,490
Prepaid insurance	134,783		19,226		61,186	8,880	224,075
Restricted cash	128,599	18,422		726,963		56,442	930,426
Restricted investments	69,756						69,756
TOTAL ASSETS	6,055,854	109,125	197,674	923,907	202,495	443,481	7,932,536
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	135,602		25,962	1,800	29,564	13,433	206,361
Accrued expenses	102,831		13,140		36,472		152,443
Deferred revenue	70,821		53,920			16,020	140,761
Liabilities payable from restricted assets	83,334						83,334
Total liabilities	392,588		93,022	1,800	66,036	29,453	582,899
FUND BALANCES							
Nonspendable	211,284		19,226		101,175	8,880	340,565
Restricted	115,021	18,422		922,107		372,834	1,428,384
Assigned		90,703	85,426		35,284	32,314	243,727
Unassigned (deficit)	5,336,961						5,336,961
Total fund balances	5,663,266	109,125	104,652	922,107	136,459	414,028	7,349,637
TOTAL LIABILITIES AND FUND BALANCES	6,055,854	109,125	197,674	923,907	202,495	443,481	7,932,536

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2015

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

Fund balance - total governmental funds		7,349,637
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	38,880,194	
Less accumulated depreciation	<u>(15,696,811)</u>	23,183,383
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Certificates of participation	(5,350,000)	
Tax increment revenue bonds	(6,920,000)	
Tax increment note payable	(9,000,000)	
Promissory notes payable	(152,067)	
Accrued interest payable	(202,547)	
Capital lease payable	<u>(144,006)</u>	(21,768,620)
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements.		
Bond discount	113,814	
Bond premium	(51,427)	
Unamortized payment to escrow agent for defeasance on long-term debt	<u>350,100</u>	412,487
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(294,841)
Assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Due from component unit for note payable and accrued interest		9,202,547

CITY OF HARRISONVILLE, MISSOURI
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2015

The effects of GASB 68 to record the net pension asset (liability) and related deferred outflows and inflows of resources are not reflected in the fund financial statements.

Net pension asset	1,883,500	
Deferred outflows of resources to be recognized in future pension expense	1,045,395	
Deferred inflows of resources to be recognized in future pension expense	<u>(54,653)</u>	<u>2,874,242</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>20,958,835</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

REVENUES	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
Taxes							
Property	661,482			144,052		165,609	971,143
Sales	2,506,546	1,140,669		337,156	546,561		4,530,932
Franchise	1,904,019						1,904,019
Other	328,316					17,328	345,644
Licenses, fees, and permits	148,648						148,648
Charges for services	1,710,861		880,798		1,332,256	68,955	3,992,870
Grants	293,635						293,635
Fines and forfeitures	227,768						227,768
Interest	37,671	3,092	21	95		231	41,110
Proceeds from the sale of assets	11,300					3,300	14,600
Miscellaneous	86,364		34,029	66	31,871	14,510	166,840
Reimbursements	89,812						89,812
Total revenues	8,006,422	1,143,761	914,848	481,369	1,910,688	269,933	12,727,021

EXPENDITURES							
Current							
General Government	1,578,196						1,578,196
Administration of Justice	2,545,685						2,545,685
Street	759,010						759,010
Economic Development	431,365						431,365
Animal Control	194,045						194,045
Airport	177,497						177,497
Emergency Services					2,224,086		2,224,086
Park						463,685	463,685
Community Center			1,122,009				1,122,009
Towne Center Project				7,654			7,654

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

EXPENDITURES (Continued)	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
Debt service							
Principal	42,726		22,610	300,000		665,000	1,030,336
Interest	10,308		3,637	333,719		152,813	500,477
Capital outlay	706,372					27,475	733,847
Total expenditures	<u>6,445,204</u>		<u>1,148,256</u>	<u>641,373</u>	<u>2,224,086</u>	<u>1,308,973</u>	<u>11,767,892</u>
REVENUES OVER (UNDER) EXPENDI- TURES BEFORE OTHER FINANCING SOURCES (USES)	<u>1,561,218</u>	<u>1,143,761</u>	<u>(233,408)</u>	<u>(160,004)</u>	<u>(313,398)</u>	<u>(1,039,040)</u>	<u>959,129</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	251,158		228,000	224,000	755,880	1,392,238	2,851,276
Transfers out	<u>(1,232,855)</u>	<u>(1,618,421)</u>					<u>(2,851,276)</u>
Total other financing sources (uses)	<u>(981,697)</u>	<u>(1,618,421)</u>	<u>228,000</u>	<u>224,000</u>	<u>755,880</u>	<u>1,392,238</u>	
NET CHANGE IN FUND BALANCES	579,521	(474,660)	(5,408)	63,996	442,482	353,198	959,129
FUND BALANCES (DEFICIT), January 1, 2015	<u>5,083,745</u>	<u>583,785</u>	<u>110,060</u>	<u>858,111</u>	<u>(306,023)</u>	<u>60,830</u>	<u>6,390,508</u>
FUND BALANCES, December 31, 2015	<u>5,663,266</u>	<u>109,125</u>	<u>104,652</u>	<u>922,107</u>	<u>136,459</u>	<u>414,028</u>	<u>7,349,637</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2015

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

Net change in fund balances - total governmental funds	959,129
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	733,847	
Depreciation	<u>(1,208,395)</u>	(474,548)

The issuance of long-term debt (e.g., bonds, loans, leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Proceeds of long-term debt	(27,512)	
Bond principal payments	300,000	
Promissory note principal payments	22,610	
Certificates of participation principal payments	665,000	
Capital lease principal payments	42,726	
Amortization of premiums and discounts	<u>(59,265)</u>	943,559

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

Compensated absences	<u>50,446</u>
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CITY OF HARRISONVILLE, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2015

Governmental funds report payments required for pension costs as expenditures. However, in the statement of activities, these costs are adjusted for the actuarial balances of the net pension asset/liability and deferred outflows and inflows of resources. This is the amount by which the reported pension expense by the pension plan was less than the amounts paid into the plan.

Plan payments made by the City	483,837	
Pension expense reported by pension plan	<u>(285,735)</u>	198,102
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>1,676,688</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina- tions	Total
ASSETS					
Current Assets					
Cash (claim on cash)	41,106	(17,105)	34,831		58,832
Investments	2,185,922	4,811,884			6,997,806
Accounts receivable	1,342,661	575,209	65,382		1,983,252
Due from other funds	74,954			(74,954)	
Inventories	517,667	187,384			705,051
Prepaid insurance	23,352	38,686	2,327		64,365
Total current assets	<u>4,185,662</u>	<u>5,596,058</u>	<u>102,540</u>	<u>(74,954)</u>	<u>9,809,306</u>
Noncurrent Assets					
Restricted cash	69,640	148,370	887		218,897
Restricted investments	624,000	751,200	151,717		1,526,917
Due from fiduciary fund	200,000				200,000
Net pension asset	235,276	358,018			593,294
Capital assets					
Land	99,716	1,488,315			1,588,031
Construction-in-progress	993,174	2,468,467			3,461,641
Other capital assets, net of accumulated depreciation	<u>6,017,416</u>	<u>23,968,577</u>	<u>685,675</u>		<u>30,671,668</u>
Total noncurrent assets	<u>8,239,222</u>	<u>29,182,947</u>	<u>838,279</u>		<u>38,260,448</u>
TOTAL ASSETS	<u>12,424,884</u>	<u>34,779,005</u>	<u>940,819</u>	<u>(74,954)</u>	<u>48,069,754</u>
DEFERRED OUTFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	<u>139,846</u>	<u>212,803</u>			<u>352,649</u>
TOTAL ASSETS AND DEFERED OUTFLOWS OF RESOURCES	<u>12,564,730</u>	<u>34,991,808</u>	<u>940,819</u>	<u>(74,954)</u>	<u>48,422,403</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina- tions	Total
LIABILITIES					
Current Liabilities					
Due to other funds			74,954	(74,954)	
Accounts payable	657,590	337,213	1,724		996,527
Accrued expenses	25,766	28,386			54,152
Deferred revenue	102,218				102,218
Meter deposits	831,613				831,613
Current portion of long-term obligations	<u>238,122</u>	<u>780,313</u>			<u>1,018,435</u>
Total current liabilities	<u>1,855,309</u>	<u>1,145,912</u>	<u>76,678</u>	<u>(74,954)</u>	<u>3,002,945</u>
Noncurrent liabilities					
Noncurrent portion of long-term obligations	<u>910,060</u>	<u>7,536,508</u>			<u>8,446,568</u>
TOTAL LIABILITIES	<u>2,765,369</u>	<u>8,682,420</u>	<u>76,678</u>	<u>(74,954)</u>	<u>11,449,513</u>
DEFERRED INFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	<u>12,580</u>	<u>19,144</u>			<u>31,724</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>2,777,949</u>	<u>8,701,564</u>	<u>76,678</u>	<u>(74,954)</u>	<u>11,481,237</u>
NET POSITION					
Net investment in capital assets	5,008,307	19,683,321	685,675		25,377,303
Restricted for:					
Debt service	693,640	899,570			1,593,210
Capital improvements			152,604		152,604
Unrestricted	<u>4,084,834</u>	<u>5,707,353</u>	<u>25,862</u>		<u>9,818,049</u>
TOTAL NET POSITION	<u>9,786,781</u>	<u>26,290,244</u>	<u>864,141</u>		<u>36,941,166</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	<u>11,451,836</u>	<u>4,747,235</u>	<u>631,544</u>	<u>16,830,615</u>
EXPENSES				
Production		1,210,357		1,210,357
Distribution	8,170,812	630,421		8,801,233
Administration	2,441,232	879,976	654,973	3,976,181
Depreciation	<u>299,906</u>	<u>914,560</u>	<u>87,585</u>	<u>1,302,051</u>
Total expenses	<u>10,911,950</u>	<u>3,635,314</u>	<u>742,558</u>	<u>15,289,822</u>
INCOME (LOSS) FROM OPERATIONS	<u>539,886</u>	<u>1,111,921</u>	<u>(111,014)</u>	<u>1,540,793</u>
NONOPERATING INCOME (EXPENSE)				
Transfers out	(200,000)			(200,000)
Gain on sale of assets	22,000			22,000
Other income	79,785	52,086		131,871
Interest income	26,509	212,956	403	239,868
Interest expense	<u>(57,838)</u>	<u>(318,285)</u>		<u>(376,123)</u>
Total nonoperating income (expense)	<u>(129,544)</u>	<u>(53,243)</u>	<u>403</u>	<u>(182,384)</u>
INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	410,342	1,058,678	(110,611)	1,358,409
Capital grants and contributions	<u>91,811</u>			<u>91,811</u>
CHANGE IN NET POSITION	502,153	1,058,678	(110,611)	1,450,220
TOTAL NET POSITION, beginning of year (as restated)	<u>9,284,628</u>	<u>25,231,566</u>	<u>974,752</u>	<u>35,490,946</u>
TOTAL NET POSITION, end of year	<u><u>9,786,781</u></u>	<u><u>26,290,244</u></u>	<u><u>864,141</u></u>	<u><u>36,941,166</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	11,573,319	4,676,501	630,675	16,880,495
Cash payments to suppliers	(10,200,920)	(1,768,722)	(585,870)	(12,555,512)
Cash payments to employees	<u>(567,415)</u>	<u>(792,875)</u>	<u>(66,481)</u>	<u>(1,426,771)</u>
Net cash provided by (used in) operating activities	<u>804,984</u>	<u>2,114,904</u>	<u>(21,676)</u>	<u>2,898,212</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from other funds	57,813	48,891	26,063	132,767
Due from fiduciary fund	(200,000)			(200,000)
Transfers out	<u>(200,000)</u>			<u>(200,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>(342,187)</u>	<u>48,891</u>	<u>26,063</u>	<u>(267,233)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,021,731)	(1,966,064)		(2,987,795)
Capital grants and contributions	91,811			91,811
Other income	79,785	52,086		131,871
Proceeds from the sale of assets	22,000	1,680,658		1,702,658
Payments of long-term debt	(200,000)	(669,534)		(869,534)
Interest paid on bonds	<u>(56,601)</u>	<u>(329,839)</u>		<u>(386,440)</u>
Net cash used in capital and related financing activities	<u>(1,084,736)</u>	<u>(1,232,693)</u>		<u>(2,317,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment activity	178,502	(1,307,629)	321	(1,128,806)
Interest on investments	<u>26,509</u>	<u>212,956</u>	<u>403</u>	<u>239,868</u>
Net cash provided by (used in) investing activities	<u>205,011</u>	<u>(1,094,673)</u>	<u>724</u>	<u>(888,938)</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
NET INCREASE (DECREASE) IN CASH	(416,928)	(163,571)	5,111	(575,388)
CASH, January 1, 2015	<u>527,674</u>	<u>294,836</u>	<u>30,607</u>	<u>853,117</u>
CASH, December 31, 2015	<u><u>110,746</u></u>	<u><u>131,265</u></u>	<u><u>35,718</u></u>	<u><u>277,729</u></u>
ALLOCATION OF CASH				
Unrestricted	41,106	(17,105)	34,831	58,832
Restricted	<u>69,640</u>	<u>148,370</u>	<u>887</u>	<u>218,897</u>
	<u><u>110,746</u></u>	<u><u>131,265</u></u>	<u><u>35,718</u></u>	<u><u>277,729</u></u>
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Income (loss) from operations	<u>539,886</u>	<u>1,111,921</u>	<u>(111,014)</u>	<u>1,540,793</u>
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:				
Depreciation	299,906	914,560	87,585	1,302,051
(Increase) Decrease in assets:				
Accounts receivable	(85,302)	(70,734)	(869)	(156,905)
Inventories	(35,110)	(38,734)		(73,844)
Prepaid expenses	(499)	(3,089)	960	(2,628)
Net pension liability and related deferred outflows and inflows of resources	(43,351)	(65,967)		(109,318)
Increase (Decrease) in liabilities:				
Accounts payable	(71,141)	266,042	1,662	196,563
Accrued expenses	(337)	3,192		2,855
Compensated absences	(5,853)	(2,287)		(8,140)
Deferred revenue	27,351			27,351
Meter deposits payable	<u>179,434</u>			<u>179,434</u>
Total adjustments	<u>265,098</u>	<u>1,002,983</u>	<u>89,338</u>	<u>1,357,419</u>
Net cash provided by (used in) operating activities	<u><u>804,984</u></u>	<u><u>2,114,904</u></u>	<u><u>(21,676)</u></u>	<u><u>2,898,212</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Agency Fund
ASSETS	
Cash and cash equivalents	351,186
Taxes receivable	<u>89,890</u>
TOTAL ASSETS	<u>441,076</u>
LIABILITIES	
Deposits held for Highways 71/291 Partners in Progress TDD	236,805
Deposits held for Hospital Interchange TDD	3,054
Due to City of Harrisonville	200,000
Accounts payable	<u>1,217</u>
TOTAL LIABILITIES	<u>441,076</u>
NET POSITION	<u> </u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harrisonville, Missouri, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Harrisonville, Missouri, is a fourth-class city in which citizens elect the Mayor at large and eight council members by wards. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service, and special financing relationships. Component units are reported in the City's financial statements as follows:

Blended Component Units

Towne Center TIF Fund

This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Discretely Presented Component Unit

Market Place TIF District

This District accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2015, the City adopted new accounting guidance by implementing the provisions of GASB Statement Nos. 68 and 71. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, revises previous accounting and financial reporting standards and now requires recognition, measurement, and disclosure of the net pension liability for all employers involved in a cost-sharing multi-employer pension plan. Pension costs will now be expensed when services are rendered, rather than when paid. GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, provides guidance related to contributions in the year of implementation.

The change resulting from the implementation of GASB Nos. 68 and 71 had a cumulative effect change on the beginning net position of the current year financial statements by increasing net position by \$2,676,140 in the governmental activities and increasing net position by \$804,901 in the business-type activities.

C. 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 activities of the City except the fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Sales Tax Fund - The Sales Tax Fund is used to accumulate revenues from a special sales tax for capital improvements.

Community Center Fund - This fund is responsible for the operations of the City's Community Center. The fund is financed by charges for services.

Towne Center TIF Fund - This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Emergency Services Fund - This fund is responsible for the operations of the City's emergency services. The fund is financed by taxes and emergency service revenues.

The government reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operations and capital outlay to maintain this service.

Water and Sewer Fund - The Water and Sewer Fund accounts for the billing and collection of charges for water and sanitary sewer services to the residents of the City and a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following funds:

Governmental Funds

Park Fund - The Park Fund is primarily used for the maintenance of the City's parks. The fund is financed by property and license fees.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, the principal and interest for the 2012 Certificates of Participation which were issued for the use in the advance refunding of the 2003 Certificates of Participation.

Proprietary Funds

Aquatic Center Fund - The Aquatic Center Fund is used to account for the operations of the Aquatic Center.

Refuse Fund - The Refuse Fund is used to account for the provision of refuse collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Agency Fund

This fund accounts for the City's fiduciary responsibility to track receipts and disbursements associated with the Highway 71/291 Partners in Progress TDD and the Hospital Interchange TDD.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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 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 available when they are collectible with 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS

Budgets for the City are prepared and adopted on the cash basis of accounting for all governmental and proprietary funds. The City Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The City Council approved amendments to the budget during the year. The actual results of operations are presented in comparison to the budgets on the combined statement of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types. All governmental funds have a legally adopted annual budget. Appropriations lapse at year-end but may be reappropriated in the following year.

F. CASH AND INVESTMENTS

For the purpose of the statement of cash flows, the City considers all highly liquid investments (including restricted assets except for those held by trustees) with a maturity of three months or less when purchased to be cash equivalents, along with demand deposits and certificates of deposit. As of December 31, 2015, the City had no cash equivalents.

The City's investment policies are structured to conform to Missouri Statute 30.270. The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L associations, and repurchase agreements. Investments are reported at fair value.

G. RESTRICTED CASH AND INVESTMENTS

Certain cash and investment accounts are restricted for construction projects, debt service, and compliance with bond covenants. Assets are also restricted in the proprietary funds for refunding customer meter deposits.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations for both governmental and proprietary funds.

I. PREPAIDS

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. INVENTORIES

Inventories, consisting of materials and supplies, are valued at lower of cost or market. Cost is determined using first-in, first-out (FIFO) basis.

K. CAPITAL ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements.

Capital assets, including infrastructure, are defined as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are stated at cost or at estimated fair value at time of donation.

Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

General infrastructure assets acquired prior to January 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Depreciation of buildings, equipment, and vehicles is computed using the straight-line method over the following estimated useful lives:

Buildings and processing facilities	15 - 50 years
Machinery and equipment	5 - 25 years
Street infrastructure	7 - 50 years
Transmission lines and mains	30 - 50 years

L. COMPENSATED ABSENCES

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements and are included as a part of long-term liabilities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The amount of accrued vacation benefits included in the government-wide financial statements, related to governmental activities, for the year ended December 31, 2015, is \$294,841. Business-type activity funds reported accrued vacation benefits for the year ended December 31, 2015, of \$114,140.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. LONG-TERM OBLIGATIONS AND BOND DISCOUNTS/PREMIUMS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

N. NET POSITION

Government-Wide Statements

Net position is displayed in three components:

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable

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

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either by external groups such as creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. NET POSITION (Continued)

Fund Statements (Continued)

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to the City Administrator through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund and any deficit balance in any other fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

O. 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. The more significant estimates in the financial statements are allowance for bad debts, depreciation, and accrued liabilities.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The City reports increases and decreases in net assets that relate to future periods as deferred outflows and inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The City has several calculations related to its pension plan that qualify for reporting in these categories in addition to the amounts included in the current year's financial statements that are the result of prior year refunded debt for the original issues' discounts and/or premiums which are being amortized over the remaining life of the original debt as a part of interest expense.

Q. REVENUES

Billings for utility services are rendered on a monthly basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

R. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expense to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Interfund balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

NOTE 2. CASH AND INVESTMENTS

Cash

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law 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 cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2015, all of the City's deposits with financial institutions were fully insured or collateralized.

Investments

The City's investments at December 31, 2015, are summarized below:

Investment	Unrestricted	Restricted
Investments held by trustee (Bond Reserves)		
Money market funds		572,823
Certificates of deposit	8,821,567	624,000
Federal Farm Credit Bank (AAA)	752,523	399,850
Federal Home Loan Bank (AAA)	300,599	
Federal Home Loan Mortgage Corporation (AAA)	474,131	
Freddie Mac	300,000	
Federal National Mortgage Association (AAA)	377,091	
	<u>11,025,911</u>	<u>1,596,673</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

Investment	Unrestricted	Restricted
Maturities		
Less than six months	1,305,522	972,673
Six months to one year	1,067,074	
Over one year	8,653,315	624,000
	11,025,911	1,596,673

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than two years without prior approval of the Board of Aldermen.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities.

Investments will be limited to the instruments listed below, unless approved by the Board of Aldermen.

Investment Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities	
Instruments of Government-Sponsored Corporations	100%
Certificates of Deposit	
Commercial Banks	50%
Savings and Loan Associations	50%

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 3. GRANTS/ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

	Grants/ Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Governmental Activities</u>				
General	78,168	761,083		839,251
Emergency Services	3,133,173	45,246	(2,560,000)	618,419
Community Center	84,252		(7,073)	77,179
Park		100,528		100,528
Towne Center TIF		196,457		196,457
Sales tax		90,546		90,546
Total governmental activities	<u>3,295,593</u>	<u>1,193,860</u>	<u>(2,567,073)</u>	<u>1,922,380</u>
<u>Business-Type Activities</u>				
Electric	1,622,472		(279,811)	1,342,661
Water/Sewer	724,586		(149,377)	575,209
Refuse	88,413		(23,031)	65,382
Total business-type activities	<u>2,435,471</u>		<u>(452,219)</u>	<u>1,983,252</u>

NOTE 4. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2015, was as follows:

Real estate	96,409,365
Personal property	<u>25,097,110</u>
	<u>121,506,475</u>

The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2015 was as follows:

General operating	0.5672
Park	<u>0.1283</u>
	<u>0.6955</u>

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

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

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

	Balance January 1, 2015	Additions and Transfers	Retirements and Transfers	Balance December 31, 2015
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	890,750			890,750
Construction-in-progress	170,202	315,823		486,025
Total capital assets, not being depreciated	<u>1,060,952</u>	<u>315,823</u>		<u>1,376,775</u>
Capital assets, being depreciated				
Buildings and improvements	23,701,616	113,488		23,815,104
Streets	6,488,615	149,500		6,638,115
Machinery and equipment	6,680,029	155,036	(20,143)	6,814,922
Total capital assets, being depreciated	<u>36,870,260</u>	<u>418,024</u>	<u>(20,143)</u>	<u>37,268,141</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,320,228)	(677,570)		(7,997,798)
Streets	(1,709,098)	(217,990)		(1,927,088)
Machinery and equipment	(5,243,955)	(312,835)	20,143	(5,536,647)
Total accumulated depreciation	<u>(14,273,281)</u>	<u>(1,208,395)</u>	<u>20,143</u>	<u>(15,461,533)</u>
Total capital assets being depreciated, net	<u>22,596,979</u>	<u>(790,371)</u>		<u>21,806,608</u>
Governmental activities capital assets, net	<u>23,657,931</u>	<u>(474,548)</u>		<u>23,183,383</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2015	Additions and Transfers	Retirements and Transfers	Balance December 31, 2015
<u>Business-Type Activities -</u>				
<u>Electric Fund</u>				
Capital assets, not being depreciated				
Land	99,716			99,716
Construction-in-progress	558,603	434,571		993,174
Total capital assets, not being depreciated	<u>658,319</u>	<u>434,571</u>		<u>1,092,890</u>
Capital assets, being depreciated				
Buildings and improvements	4,431,930	5,000		4,436,930
Equipment and transmission lines	<u>8,552,576</u>	<u>582,156</u>	<u>(88,526)</u>	<u>9,046,206</u>
Total capital assets, being depreciated	<u>12,984,506</u>	<u>587,156</u>	<u>(88,526)</u>	<u>13,483,136</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,148,834)	(91,573)		(2,240,407)
Equipment and transmission lines	<u>(5,105,506)</u>	<u>(208,333)</u>	<u>88,526</u>	<u>(5,225,313)</u>
Total accumulated depreciation	<u>(7,254,340)</u>	<u>(299,906)</u>	<u>88,526</u>	<u>(7,465,720)</u>
Total capital assets being depreciated, net	<u>5,730,166</u>	<u>287,250</u>		<u>6,017,416</u>
Business-type activities - Electric Fund capital assets, net	<u>6,388,485</u>	<u>721,821</u>		<u>7,110,306</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2015	Additions and Transfers	Retirements and Transfers	Balance December 31, 2015
<u>Business-Type Activities -</u>				
<u>Water/Sewer Fund</u>				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	2,766,725	1,844,976	(2,143,234)	2,468,467
Total capital assets, not being depreciated	<u>4,255,040</u>	<u>1,844,976</u>	<u>(2,143,234)</u>	<u>3,956,782</u>
Capital assets, being depreciated				
Buildings and improvements	11,667,319			11,667,319
Equipment and transmission lines	28,150,404	583,664		28,734,068
Total capital assets, being depreciated	<u>39,817,723</u>	<u>583,664</u>		<u>40,401,387</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,764,989)	(269,339)		(8,034,328)
Equipment and transmission lines	<u>(7,753,261)</u>	<u>(645,221)</u>		<u>(8,398,482)</u>
Total accumulated depreciation	<u>(15,518,250)</u>	<u>(914,560)</u>		<u>(16,432,810)</u>
Total capital assets being depreciated, net	<u>24,299,473</u>	<u>(330,896)</u>		<u>23,968,577</u>
Business-type activities - Water/Sewer Fund capital assets, net	<u>28,554,513</u>	<u>1,514,080</u>	<u>(2,143,234)</u>	<u>27,925,359</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2015	Additions and Transfers	Retirements and Transfers	Balance December 31, 2015
<u>Business-Type Activities -</u>				
<u>Aquatic Center</u>				
Capital assets, being depreciated				
Buildings and improvements	2,007,794			2,007,794
Equipment	60,549			60,549
Total capital assets, being depreciated	2,068,343			2,068,343
Less accumulated depreciation for:				
Buildings and improvements	(1,270,216)	(83,981)		(1,354,197)
Equipment	(24,867)	(3,604)		(28,471)
Total accumulated depreciation	(1,295,083)	(87,585)		(1,382,668)
Business-type activities - Aquatic Center capital assets, net	773,260	(87,585)		685,675

The following table summarizes the depreciation by function for the year ended December 31, 2015:

	Governmental Activities	Business-Type Activities
General Government	81,512	
Administration of Justice	112,246	
Street	267,794	
Economic Development	14,768	
Animal Control	3,295	
Airport	136,917	
Emergency Services	153,575	
Park	104,561	
Community Center	333,727	
Electric		299,906
Water and Sewer		914,560
Aquatic Center		87,585
	1,208,395	1,302,051

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2015, consisted of the following:

	Balance January 1, 2015	Addi- tions	Retire- ments	Balance December 31, 2015	Due in One Year
Capital lease obligations	186,732		(42,726)	144,006	45,262
Tax Increment Revenue Bonds	7,220,000		(300,000)	6,920,000	335,000
Tax Increment Revenue Note	9,000,000			9,000,000	
Promissory Notes	147,165	27,512	(22,611)	152,066	25,464
Refinanced Certificates of Participation (COP)	6,015,000		(665,000)	5,350,000	700,000
Compensated absences	345,287	294,841	(345,287)	294,841	294,841
COP premium	59,997		(8,570)	51,427	8,570
Less: note discount	(123,299)		9,485	(113,814)	(9,485)
Total governmental debt	<u>22,850,882</u>	<u>322,353</u>	<u>(1,374,709)</u>	<u>21,798,526</u>	<u>1,399,652</u>

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

General	205,225
Park	25,587
Community Center	18,028
EMS	46,001
	<u>294,841</u>

Capital Lease Obligations

The City has entered into a capital lease agreement for the purchase of airport hangars. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under the capital lease described above amounted to \$596,729 as of December 31, 2015.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Lease Obligations (Continued)

Future minimum lease payments under capital leases, together with the present value of net minimum lease payments, consist of the following:

Year Ending December 31,	
2016	53,034
2017	53,034
2018	53,034
Total minimum lease payments	159,102
Less amount representing interest	15,096
Present value of future minimum lease payments	<u>144,006</u>

Tax Increment Revenue Bonds

On June 1, 2007, the City issued \$8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment Financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for the bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The Bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.0%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are:

Year Ending December 31,	Principal	Interest
2016	335,000	315,719
2017	340,000	301,063
2018	365,000	286,188
2019	390,000	269,763
2020	425,000	252,213
2021 - 2025	2,555,000	944,965
2026 - 2028	2,510,000	266,170
	<u>6,920,000</u>	<u>2,636,081</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Notes

On December 18, 2009, the City issued \$9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and The Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of this Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Annual interest payments applicable to the full balance of the TIF notes are \$585,000. The principal due for the year ended December 31, 2015, or thereafter is \$9,000,000.

Certificates of Participation

On May 1, 2012, Refunding Certificates of Participation were issued to advance refund the 2003 issued Certificates of Participation disclosed above in the amount of \$7,830,000 at rates ranging from 2.000% to 2.750%. These Refunding Certificates of Participation mature on December 1, 2022, with semiannual interest payments.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2016	700,000	138,263
2017	720,000	117,263
2018	745,000	95,662
2019	760,000	79,831
2020	785,000	62,731
2021 - 2022	<u>1,640,000</u>	<u>66,913</u>
	<u>5,350,000</u>	<u>560,663</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received \$171,931 to assist with upcoming costs for these expenses in the Community Center. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

On February 20, 2015, the City entered into a promissory note payable with Community Bank of Raymore for the purchase of items for the community center. The note bears interest at 4% and requires monthly payments principal and interest until maturity on February 20, 2018.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2016	25,464	3,213
2017	26,171	2,514
2018	19,501	1,891
2019	17,399	1,358
2020	17,749	1,005
2021 - 2023	45,782	922
	<u>152,066</u>	<u>10,903</u>

Business-Type Activities

Changes in the debt for the year ended December 31, 2015, consisted of the following:

	Balance January 1, 2015	Addi- tions	Retire- ments	Balance December 31, 2015	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	2,215,000		(220,000)	1,995,000	225,000
2003 Waterworks and Sewerage Revenue Bonds	2,000,000		(155,000)	1,845,000	165,000

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

	Balance January 1, 2015	Addi- tions	Retire- ments	Balance December 31, 2015	Due in One Year
2005 Waterworks and Sewerage Revenue Bonds	1,030,000		(80,000)	950,000	85,000
2007 Electric System Refunding Revenue Bonds	1,315,000		(200,000)	1,115,000	200,000
2010 Waterworks and Sewerage Revenue Bonds	3,325,400		(185,000)	3,140,400	188,700
Promissory Note	250,060		(29,534)	220,526	30,276
Compensated absences	122,280	114,140	(122,280)	114,140	114,140
	10,257,740	114,140	(991,814)	9,380,066	1,008,116
Add: Bond premium	102,664		(11,554)	91,110	11,554
Less: Bond discount	(7,409)		1,236	(6,173)	(1,235)
Total business-type activities	<u>10,352,995</u>	<u>114,140</u>	<u>(1,002,132)</u>	<u>9,465,003</u>	<u>1,018,435</u>

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

Electric	39,357
Water/Sewer	74,783
	<u>114,140</u>

Revenue Bonds

On October 23, 2002, the City issued \$4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). Of the bonds, \$3,660,000 was issued for the purpose of extending and improving the City's combined waterworks and sewerage system and \$710,000 was issued to refund a prior issue of bonds of the City.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% to 5.0%.

On April 1, 2003, the City issued \$3,295,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on January 1 through the maturity date of January 1, 2024. The interest rate on this issue ranges from 2.0% to 5.25%.

On May 19, 2005, the City issued \$1,710,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2025. The interest rate on this issue ranges from 3.0% to 5.0%.

On September 1, 2007, the City issued \$2,730,000 in Electric System Refunding Revenue Bonds for the purpose of providing funds to refund outstanding Series 1999 Electric System Revenue Bonds. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2020. The interest rate on this issue ranges from 4.0% to 4.5%.

In March 2010, the City issued the Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of \$4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011, and maturing on July 1, 2030. As of December 31, 2015, the City has drawn down \$3,288,541 on this bond.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

Aggregate annual principal and interest payments applicable to the revenue bonds are:

Year Ending December 31,	Principal	Interest
2016	863,700	334,980
2017	902,500	298,430
2018	936,300	259,904
2019	955,200	221,065
2020	1,009,400	178,277
2021 - 2025	3,305,000	372,378
2026 - 2030	1,073,300	40,515
	9,045,400	1,705,549

As of December 31, 2015, the sinking funds and the reserve funds were adequately funded and the City was in compliance with its rate covenants for all bonds.

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received \$380,000 to assist with upcoming costs for these expenses in the Water/Sewer facilities. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

Aggregate annual principal and interest payments applicable to the promissory note are:

Year Ending December 31,	Principal	Interest
2016	30,276	5,326
2017	31,039	4,563
2018	31,820	3,782
2019	32,620	2,982
2020	33,440	2,162
2021 - 2030	61,331	1,779
	220,526	20,594

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2015, were as follows:

	Transfers Out:			Total
	General	Sales Tax	Electric	
Transfers in:				
General		251,158		251,158
Community Center		228,000		228,000
Town Center TIF	224,000			224,000
Emergency Services	755,880			755,880
Fiduciary fund			200,000	200,000
Nonmajor governmental funds	252,975	1,139,263		1,392,238
Total	<u>1,232,855</u>	<u>1,618,421</u>	<u>200,000</u>	<u>3,051,276</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. INTERFUND BALANCES

	Due to:
	Electric
Due from:	
Fiduciary fund	200,000
Nonmajor governmental funds	74,954
Total	<u>274,954</u>

The balance of amounts due to the Electric Fund are the result of an advance to the fiduciary fund in excess of the amount considered as a transfer.

NOTE 9. PENSION PLAN

Plan Description

The City of Harrisonville, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 296 cities, 60 counties, and 312 other public entities during the plan year ended June 30, 2015.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Plan Description (Continued)

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

For the City's year ending December 31, 2015, the net pension asset is based on an actuarial valuation performed as of February 28, 2015, and a measurement date of June 30, 2015.

Benefits Provided

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of 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 then in effect for their political subdivision. 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. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. 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.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions

The pension liability for the June 30, 2015 measurement date was determined using the following actuarial assumptions applied to the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 14 to 22 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increases	3.5% to 6.8% (8.6% for fire) including wage inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) is 7.25%.

Discount Rate

The discount rate used to measure the pension liability was 7.25%. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The municipal bond rate is 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve.) The resulting single discount rate is 7.25% for the General, Police, and Fire Divisions.

CITY OF CAMDENTON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Discount Rate (Continued)

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2015, calculated using the discount rate of 7.25%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00% Decrease (6.25%)	Current Rate (7.25%)	1.00% Increase (8.25%)
General Division	(663,353)	1,615,389	3,527,099
Police Division	(306,930)	356,957	909,087
Fire Division	<u>197,894</u>	<u>504,448</u>	<u>749,965</u>
Total	<u>(772,389)</u>	<u>2,476,794</u>	<u>5,186,151</u>

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2015. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment options is made by the participants.

NOTE 11. SELF-INSURANCE

The City is a member of the MPR (Midwest Public Risk), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in the workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury, and U.S. governmental agency obligations.

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

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

NOTE 12. MAJOR SUPPLIERS

During the year ended December 31, 2015, the City relied upon one vendor for the generation and transmission of all electricity purchased for resale totaling \$8,170,812.

NOTE 13. RISK MANAGEMENT

In its normal course of business, the City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three years.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 14. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 3.02.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations as follows:

Fines and costs for traffic violations	79,997
Annual general operating revenue	7,712,787
Fines and costs for traffic violations as a percentage of annual general operating revenue	1.0%

NOTE 15. WATER PURCHASE AGREEMENT

The City and the City of Kansas City, Missouri, entered into an agreement in a prior year to construct a transmission main, pump station, elevated tank, and metering/regulating facility for the purpose of future water purchases at a maximum rate consumption of five million gallons per day.

Based on the agreement, the City of Harrisonville, Missouri, was to submit monthly payments over a twenty-year term to the City of Kansas City, Missouri, for \$19,543. This payment was calculated for the future value of estimated construction costs incurred for transmission main, pump station, and elevated tank.

On May 1, 2015, this contract was sold to the City of Lee's Summit which is taking over the remaining obligation and reimbursed the City of Harrisonville, Missouri, for the amount of payments made to KCMO in the amount of \$1,680,658.

NOTE 16. COMMITMENTS

On March 15, 2015, the City entered into an agreement with The Highways 71/291 Partners in Progress Transportation Development District (a fiduciary fund), to coordinate efforts for the design, construction and operation of District projects. The agreement established a funding plan in which the City will provide funding to the District in the amount of \$1,500,000 through the anticipated year of 2017.

NOTE 17. LITIGATION

As of April 21, 2016, the City had unsettled claims which are at various stages, and at this time, outcomes cannot be predicted. The City is vigorously defending each unsettled claim.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 18. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 21, 2016, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	General Fund			Variance
	Budget			Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	4,967,509	5,035,634	5,352,596	316,962
Licenses, fees, and permits	115,200	115,200	148,648	33,448
Charges for services	1,719,170	1,699,170	1,710,861	11,691
Grants	234,760	160,000	215,467	55,467
Fines and forfeitures	290,000	290,000	227,768	(62,232)
Interest	30,000	30,000	37,671	7,671
Proceeds from the sale of assets	15,100	15,100	11,300	(3,800)
Reimbursements		74,760	89,812	15,052
Miscellaneous	<u>114,050</u>	<u>121,650</u>	<u>101,700</u>	<u>(19,950)</u>
TOTAL REVENUES	<u>7,485,789</u>	<u>7,541,514</u>	<u>7,895,823</u>	<u>354,309</u>
EXPENDITURES				
General Government				
Mayor and Board	258,970	270,248	170,322	99,926
Finance	978,825	992,872	871,444	121,428
Administration	536,349	596,667	580,018	16,649
Property management	<u>158,380</u>	<u>173,380</u>	<u>142,458</u>	<u>30,922</u>
Total General Government	<u>1,932,524</u>	<u>2,033,167</u>	<u>1,764,242</u>	<u>268,925</u>
Administration of Justice				
Administration and dispatch	524,640	523,140	488,682	34,458
Patrol	<u>2,434,375</u>	<u>2,493,556</u>	<u>2,102,373</u>	<u>391,183</u>
Total Administration of Justice	<u>2,959,015</u>	<u>3,016,696</u>	<u>2,591,055</u>	<u>425,641</u>
Street	824,075	824,075	760,496	63,579
Economic Development	567,100	593,100	431,365	161,735
Airport	253,605	247,780	230,531	17,249
Capital outlay	<u>416,667</u>	<u>1,170,408</u>	<u>706,372</u>	<u>464,036</u>
TOTAL EXPENDITURES	<u>6,952,986</u>	<u>7,885,226</u>	<u>6,484,061</u>	<u>1,401,165</u>

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	General Fund			Variance Positive (Negative)
	Budget Original	Budget Final	Actual	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>532,803</u>	<u>(343,712)</u>	<u>1,411,762</u>	<u>1,755,474</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	231,500	237,000	251,158	14,158
Transfers out	<u>(851,435)</u>	<u>(1,204,135)</u>	<u>(1,232,855)</u>	<u>(28,720)</u>
Total other financing sources (uses)	<u>(619,935)</u>	<u>(967,135)</u>	<u>(981,697)</u>	<u>(14,562)</u>
NET CHANGE IN FUND BALANCES	<u>(87,132)</u>	<u>(1,310,847)</u>	430,065	<u>1,740,912</u>
FUND BALANCE, beginning of year - budget basis			<u>4,575,254</u>	
FUND BALANCE, end of year - budget basis			5,005,319	
Accrual adjustments			<u>657,947</u>	
FUND BALANCE, end of year - fund basis			<u>5,663,266</u>	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2015

	Sales Tax Fund			Community Center Fund			Emergency Services Fund		
	Budget		Variance	Budget		Variance	Budget		Variance
	Original	Final	Positive (Negative)	Original	Final	Positive (Negative)	Original	Final	Positive (Negative)
REVENUES									
Taxes	1,620,725	1,670,725	1,208,128				463,000	476,000	501,315
Charges for services			(462,597)	1,036,220	973,090	(88,131)	1,279,500	1,368,500	1,279,834
Interest	2,500	2,500	592	1,500	1,500	(1,479)			(88,666)
Miscellaneous				10,920	40,920	(6,891)	37,700	37,700	(5,829)
TOTAL REVENUES	1,623,225	1,673,225	(462,005)	1,048,640	1,015,510	(96,501)	1,780,200	1,882,200	(69,180)
EXPENDITURES									
Community Center				1,176,955	1,151,010	4,992	2,316,930	2,319,730	99,659
Emergency Services							2,316,930	2,319,730	99,659
TOTAL EXPENDITURES				1,176,955	1,151,010	4,992	2,316,930	2,319,730	99,659
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,623,225	1,673,225	(462,005)	(128,315)	(135,500)	(91,509)	(536,730)	(437,530)	30,479
OTHER FINANCING SOURCES (USES)									
Transfers in				106,915	222,415	5,585	538,480	756,480	(600)
Transfers out	(1,624,415)	(2,099,915)	481,494						
Total other financing sources (uses)	(1,624,415)	(2,099,915)	481,494	106,915	222,415	5,585	538,480	756,480	(600)
NET CHANGE IN FUND BALANCES	(1,190)	(426,690)	19,489	(21,400)	86,915	(85,924)	1,750	318,950	29,879
FUND BALANCE (DEFICIT), beginning of year - budget basis		425,780				100,278		(934,812)	
FUND BALANCE (DEFICIT), end of year - budget basis		18,579				101,269		(585,983)	
Accrual adjustments		90,546				3,383		722,442	
FUND BALANCE (DEFICIT), end of year - fund basis		109,125				104,652		136,459	

CITY OF HARRISONVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. BUDGETARY INFORMATION

An annual budget prepared under the cash basis of accounting is adopted in December prior to the beginning of each fiscal year for all revenues and expenditures of the General Fund of the City. The primary basis of budgetary control is at the department level. Departments may not legally exceed their total appropriation without the Board of Aldermen approval. A review of the current year's budget is made by the departments in December of each year and interdepartmental transfers are made with Board of Aldermen approval. Any remaining unencumbered appropriations lapse at fiscal year-end unless reappropriated by the Board of Aldermen. Any increase in appropriations during the fiscal year must be approved by the Board of Aldermen.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/d)
6/30/05	330,254	330,156	98	4,188,181	7.88%
6/30/06	383,327	424,745	(41,418)	4,468,213	9.51%
6/30/07	459,484	441,384	18,100	4,581,311	9.63%
6/30/08	458,455	452,059	6,396	4,700,456	9.62%
6/30/09	519,204	517,025	2,179	5,029,695	10.28%
6/30/10	726,991	594,989	132,002	5,184,004	11.48%
6/30/11	756,772	673,640	83,132	5,370,844	12.54%
6/30/12	774,862	691,080	83,782	5,234,234	13.20%
6/30/13	738,150	721,535	16,615	5,325,180	13.55%
6/30/14	737,419	737,419		5,578,955	13.22%
6/30/15	618,626	618,626		5,437,016	11.38%

*Option to provide RSI for ten years at transition or to provide RSI prospectively.

CITY OF HARRISONVILLE, MISSOURI
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
 YEAR ENDED DECEMBER 31, 2015

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	State's		Total	Employer's Covered Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)
		Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)				
June 30, 2015	(0.402004)%	(2,476,794)		(2,476,794)	5,437,016	(0.4555)%	(471.83)%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, the Measurement Date.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
ASSETS			
Cash (claim on cash)	(38,761)	316,392	277,631
Taxes receivable	100,528		100,528
Prepaid insurance	8,880		8,880
Restricted cash	<u>56,442</u>		<u>56,442</u>
TOTAL ASSETS	<u>127,089</u>	<u>316,392</u>	<u>443,481</u>
LIABILITIES AND FUND BALANCES (DEFICIT)			
LIABILITIES			
Deferred revenue	16,020		16,020
Accounts payable	<u>13,433</u>		<u>13,433</u>
Total liabilities	<u>29,453</u>		<u>29,453</u>
FUND BALANCES (DEFICIT)			
Nonspendable	8,880		8,880
Restricted	56,442	316,392	372,834
Assigned	<u>32,314</u>		<u>32,314</u>
Total fund balances (deficit)	<u>97,636</u>	<u>316,392</u>	<u>414,028</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>127,089</u>	<u>316,392</u>	<u>443,481</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	165,609		165,609
Other	17,328		17,328
Charges for services	68,955		68,955
Interest	45	186	231
Proceeds from sale of assets	3,300		3,300
Miscellaneous	14,510		14,510
Total revenues	<u>269,747</u>	<u>186</u>	<u>269,933</u>
EXPENDITURES			
Park	463,685		463,685
Capital outlay	27,475		27,475
Debt service			
Principal		665,000	665,000
Interest		152,813	152,813
Total expenditures	<u>491,160</u>	<u>817,813</u>	<u>1,308,973</u>
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(221,413)	(817,627)	(1,039,040)
OTHER FINANCING SOURCES			
Transfers in	<u>252,975</u>	<u>1,139,263</u>	<u>1,392,238</u>
NET CHANGE IN FUND BALANCES	31,562	321,636	353,198
FUND BALANCES (DEFICIT), January 1, 2015	<u>66,074</u>	<u>(5,244)</u>	<u>60,830</u>
FUND BALANCES, December 31, 2015	<u>97,636</u>	<u>316,392</u>	<u>414,028</u>

Attachment: 160427 - Harrisonville Audit Report (2184 : Fiscal Year 2015 Audit Presentation)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash		34,831	34,831
Accounts receivable		65,382	65,382
Prepaid insurance	2,327		2,327
Total current assets	<u>2,327</u>	<u>100,213</u>	<u>102,540</u>
Noncurrent Assets			
Restricted cash	887		887
Restricted investments	151,717		151,717
Property and equipment	685,675		685,675
Total noncurrent assets	<u>838,279</u>		<u>838,279</u>
TOTAL ASSETS	<u>840,606</u>	<u>100,213</u>	<u>940,819</u>
LIABILITIES			
Current Liabilities			
Due to other funds	74,954		74,954
Accounts payable	1,724		1,724
TOTAL LIABILITIES	<u>76,678</u>		<u>76,678</u>
NET POSITION			
Net investment in capital assets	685,675		685,675
Restricted for:			
Capital improvements	152,604		152,604
Unrestricted (deficit)	<u>(74,351)</u>	<u>100,213</u>	<u>25,862</u>
TOTAL NET POSITION	<u>763,928</u>	<u>100,213</u>	<u>864,141</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2015

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	<u>131,291</u>	<u>500,253</u>	<u>631,544</u>
EXPENSES			
Administration	159,976	494,997	654,973
Depreciation	<u>87,585</u>	<u>87,585</u>	<u>87,585</u>
Total expenses	<u>247,561</u>	<u>494,997</u>	<u>742,558</u>
INCOME (LOSS) FROM OPERATIONS	(116,270)	5,256	(111,014)
NONOPERATING REVENUES			
Interest income	<u>362</u>	<u>41</u>	<u>403</u>
CHANGE IN NET POSITION	(115,908)	5,297	(110,611)
TOTAL NET POSITION, beginning of year	<u>879,836</u>	<u>94,916</u>	<u>974,752</u>
TOTAL NET POSITION, end of year	<u>763,928</u>	<u>100,213</u>	<u>864,141</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	131,291	499,384	630,675
Cash payments to suppliers	(90,873)	(494,997)	(585,870)
Cash payments to employees	<u>(66,481)</u>	<u> </u>	<u>(66,481)</u>
Net cash provided by (used in) operating activities	<u>(26,063)</u>	<u>4,387</u>	<u>(21,676)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from other funds	<u>(48,891)</u>	<u> </u>	<u>(48,891)</u>
Net cash used in noncapital financing activities	<u>(48,891)</u>	<u> </u>	<u>(48,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	362	41	403
Net investment activity	<u>321</u>	<u> </u>	<u>321</u>
Net cash provided by investing activities	<u>683</u>	<u>41</u>	<u>724</u>
NET INCREASE (DECREASE) IN CASH	<u>(74,271)</u>	<u>4,428</u>	<u>(69,843)</u>
CASH, January 1, 2015	<u>204</u>	<u>30,403</u>	<u>30,607</u>
CASH, December 31, 2015	<u><u>(74,067)</u></u>	<u><u>34,831</u></u>	<u><u>(39,236)</u></u>
ALLOCATION OF CASH			
Unrestricted		34,831	34,831
Restricted	<u>887</u>	<u> </u>	<u>887</u>
	<u><u>887</u></u>	<u><u>34,831</u></u>	<u><u>35,718</u></u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	Aquatic Center Fund	Refuse Fund	Total
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities			
Income (loss) from operations	<u>(116,270)</u>	<u>5,256</u>	<u>(111,014)</u>
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:			
Depreciation and amortization	87,585		87,585
(Increase) Decrease in:			
Accounts receivable		(869)	(869)
Prepaid expenses	960		960
Increase (Decrease) in:			
Accounts payable	<u>1,662</u>		<u>1,662</u>
Total adjustments	<u>90,207</u>	<u>(869)</u>	<u>89,338</u>
Net cash provided by (used in) operating activities	<u><u>(26,063)</u></u>	<u><u>4,387</u></u>	<u><u>(21,676)</u></u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015

	Park Fund			Variance Positive (Negative)
	Budget Original	Budget Final	Actual	
REVENUES				
Taxes	172,400	172,400	178,166	5,766
Charges for services	65,975	70,975	67,026	(3,949)
Interest	1,200	1,200	45	(1,155)
Miscellaneous	18,570	18,570	21,510	2,940
Total revenues	<u>258,145</u>	<u>263,145</u>	<u>266,747</u>	<u>3,602</u>
EXPENDITURES				
Park	463,460	468,460	458,478	9,982
Capital outlay	26,850	26,850	27,475	(625)
Total expenditures	<u>490,310</u>	<u>495,310</u>	<u>485,953</u>	<u>9,357</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(232,165)	(232,165)	(219,206)	12,959
OTHER FINANCING SOURCES				
Transfers in	<u>212,955</u>	<u>248,255</u>	<u>252,975</u>	<u>4,720</u>
NET CHANGE IN FUND BALANCES	<u>(19,210)</u>	<u>16,090</u>	33,769	<u>17,679</u>
FUND BALANCE (DEFICIT) , beginning of year - budget basis			(16,088)	
FUND BALANCE (DEFICIT), end of year - budget basis			17,681	
Accrual adjustments			<u>79,955</u>	
FUND BALANCE, end of year - fund basis			<u>97,636</u>	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015

	Budget Original	Final	Actual	Variance Positive (Negative)
REVENUES				
Interest			186	186
EXPENDITURES				
Debt Service				
Principal	665,000	665,000	665,000	
Interest	154,335	154,315	152,813	1,502
Total expenditures	819,335	819,315	817,813	1,502
EXCESS OF REVENUES UNDER EXPENDITURES	(819,335)	(819,315)	(817,627)	1,502
OTHER FINANCING SOURCES				
Transfers in	823,000	1,163,000	1,139,263	(23,737)
NET CHANGE IN FUND BALANCES	3,665	343,685	321,636	(22,235)
FUND BALANCE (DEFICIT), beginning of year			(5,244)	
FUND BALANCE, end of year - fund basis			316,392	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015

	Electric Fund			Water/Sewer Fund			Aquatic Center Fund		
	Budget Original	Budget Final	Actual	Budget Original	Budget Final	Actual	Budget Original	Budget Final	Actual
REVENUES									
Charges for services	12,709,030	12,742,530	11,573,319	4,868,450	4,868,450	4,676,501	148,690	117,800	131,291
			(1,169,211)			(191,949)			13,491
EXPENSES									
Production				1,294,365	1,385,840	1,093,594			
Distribution	9,200,000	9,200,000	8,244,788	642,105	762,577	649,156			
Administration	3,092,944	3,060,414	2,523,547	841,590	841,590	818,847	144,710	150,460	157,354
Capital outlay	210,000	1,533,531	1,021,731	6,004,650	2,934,601	1,966,064			(6,894)
Total expenses	12,502,944	13,793,945	11,790,066	8,782,710	5,924,608	4,527,661	144,710	150,460	157,354
			2,003,879			1,396,947			(6,894)
INCOME (LOSS) FROM OPERATIONS	206,086	(1,051,415)	(216,747)	(3,914,260)	(1,056,158)	148,840	3,980	(32,660)	6,597
OTHER INCOME (EXPENSE)									
Transfers out			(200,000)						
Interest income	8,400	8,400	26,509	14,000	14,000	212,956	1,100	1,100	361
Other income	44,050	57,068	193,596	5,458,880	1,774,537	1,732,744			(739)
Payments of long-term debt	(200,000)	(200,000)	(200,000)	(669,534)	(669,534)	(669,534)			
Interest expense	(57,730)	(57,730)	(56,601)	(597,491)	(597,491)	(329,839)			
Total other income (expense)	(205,280)	(192,262)	(236,496)	4,205,855	521,512	946,327	1,100	1,100	361
			(44,234)			424,815			(739)
REVENUES OVER (UNDER) EXPENSES	806	(1,243,677)	(453,243)	291,595	(534,646)	1,095,167	5,080	(31,560)	5,858
NET POSITION, January 1, 2015, budget basis			3,648,865			4,599,182			103,352
NET POSITION, December 31, 2015, budget basis			3,195,622			5,694,349			77,650
Accrual adjustments			6,591,159			20,595,895			686,278
NET POSITION, December 31, 2015, fund basis			9,786,781			26,290,244			763,928

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2015

	Refuse Fund			Actual Over (Under) Budget	Total		
	Budget Original	Budget Final	Actual		Budget Original	Budget Final	Actual
REVENUES							
Charges for services	496,500	498,500	499,384	884	18,222,670	18,227,280	16,880,495
							(1,346,785)
EXPENSES							
Production					1,294,365	1,385,840	1,093,594
Distribution					9,842,105	9,962,577	8,893,944
Administration	496,345	498,345	494,997	3,348	4,575,589	4,550,809	3,994,745
Capital outlay					6,214,650	4,468,132	2,987,795
Total expenses	496,345	498,345	494,997	3,348	21,926,709	20,367,358	16,970,078
							3,397,280
INCOME (LOSS) FROM OPERATIONS	155	155	4,387	4,232	(3,704,039)	(2,140,078)	(89,583)
							2,050,495
OTHER INCOME (EXPENSE)							
Transfers in							(200,000)
Interest income	100	100	41	(59)	23,600	23,600	239,867
Other income					5,502,930	1,831,605	1,926,340
Payments of long-term debt					(869,534)	(869,534)	(869,534)
Interest expense					(655,221)	(655,221)	(386,440)
Total other income (expense)	100	100	41	(59)	4,001,775	330,450	710,233
							379,783
REVENUES OVER (UNDER) EXPENSES	255	255	4,428	4,173	297,736	(1,809,628)	620,650
							2,430,278
NET POSITION, January 1, 2015, budget basis			30,403				8,381,802
NET POSITION, December 31, 2015, budget basis			34,831				9,002,452
Accrual adjustments			65,382				27,938,714
NET POSITION, December 31, 2015, fund basis			100,213				36,941,166

STATISTICAL SECTION
(Unaudited)

This part of the City of Harrisonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78 - 83
Revenue Capacity These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	84 - 89
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	90 - 92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	93 - 95
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	96 - 97
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in 2011; schedules that include governmental fund balance classifications for years prior to 2011 are presented in pre-GASB 54 format.	

Information presented in this section is required by GASB 44 to include current year plus nine years of previous data. In many cases, the City has not presented nine years of previous data as it is not readily available or has not been tracked by the City in the past.

CITY OF HARRISONVILLE, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in										
capital assets	9,633,168	10,352,096	10,653,678	11,264,304	12,728,792	13,911,126	14,660,071	16,629,597	17,372,336	17,620,666
Restricted	2,163,749	2,914,819	2,959,767	2,180,313	2,184,248	2,662,683	1,186,071	1,007,888	1,062,950	1,000,182
Unrestricted (deficit)	2,713,047	1,268,017	1,823,309	1,557,045	859,829	(818,266)	344,053	(1,427,705)	(1,829,279)	2,337,987
Total governmental										
activities net position	14,509,964	14,534,932	15,436,754	15,001,662	15,772,869	15,755,543	16,190,195	16,209,780	16,606,007	20,958,835
Business-type activities										
Net investment in										
capital assets	14,601,242	15,296,549	15,656,284	17,241,269	21,441,550	22,603,002	22,757,615	24,103,550	25,037,013	25,377,303
Restricted	2,106,963	1,947,727	2,131,131	2,044,493	2,054,861	2,557,484	2,194,593	2,170,113	1,957,857	1,745,814
Unrestricted	3,436,005	4,757,742	5,467,973	5,513,489	4,316,580	5,600,624	7,506,505	7,455,912	7,691,175	9,818,049
Total business-type										
activities net position	20,144,210	22,002,018	23,255,388	24,799,251	27,812,991	30,761,110	32,458,713	33,729,575	34,686,045	36,941,166
Primary government										
Net investment in										
capital assets	24,234,410	25,648,645	26,309,962	28,505,573	34,170,342	36,514,128	37,417,686	40,733,147	42,409,349	42,997,969
Restricted	4,270,712	4,862,546	5,090,898	4,224,806	4,239,109	5,220,167	3,380,664	3,178,001	3,020,807	2,745,996
Unrestricted	6,149,052	6,025,759	7,291,282	7,070,534	5,176,409	4,782,358	7,850,558	6,028,207	5,861,896	12,156,036
Total primary govern-										
ment net position	34,654,174	36,536,950	38,692,142	39,800,913	43,585,860	46,516,653	48,648,908	49,939,355	51,292,052	57,900,001

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental activities										
General Government	1,603,302	1,710,746	1,774,334	1,794,612	1,787,553	1,974,816	1,795,064	1,905,925	2,002,426	1,583,748
Administration of Justice	2,285,891	2,461,933	2,816,808	2,592,948	2,643,954	2,663,787	2,688,722	2,662,905	2,902,002	2,645,741
Fire and Emergency	601,405	575,410	588,701	367,525						
Street	1,158,699	1,104,687	1,157,618	1,258,830	1,398,582	1,217,982	871,419	997,572	1,134,034	1,001,075
Economic Development	219,247	177,994	201,947	155,637	179,210	191,704	225,041	293,097	312,060	431,396
Animal Control	125,710	151,092	156,545	143,313	143,878	162,758	167,154	176,656	179,525	192,396
Airport	304,269	325,579	391,387	347,264	331,203	321,968	319,622	359,292	300,459	308,994
Ambulance	1,727,803	950,069	945,798	2,017,191	2,237,316	2,489,922	2,472,147	2,273,547	2,346,331	2,310,217
Park	412,841	452,080	466,886	470,549	530,106	529,697	590,728	578,777	611,935	550,704
Community Center	1,271,835	1,289,607	1,277,944	1,413,738	1,367,488	1,450,404	1,506,078	1,650,035	1,617,794	1,458,666
Towne Center Project	5,990,284	1,074,469	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654
CDBG pass-through expenses						753,740	6,500			
Interest on long-term debt						860,401	772,777	615,807	581,180	559,742
Total governmental activities expenses	16,230,943	11,442,852	10,702,863	11,479,788	11,511,184	12,627,366	11,428,018	11,526,659	11,995,872	11,050,333
Business-type activities										
Electric	10,493,071	11,320,839	11,171,665	10,820,766	11,029,794	10,637,961	11,247,956	11,427,822	11,861,775	10,969,788
Water and Sewer	3,673,566	3,908,279	4,245,705	4,031,290	4,214,590	3,652,972	3,703,248	3,693,731	4,102,397	3,953,599
Aquatic Center	205,686	204,045	233,572	252,734	229,978	289,610	276,719	260,514	255,901	247,561
Refuse	381,763	388,345	367,444	416,592	452,778	466,719	473,660	468,685	483,766	494,997
Total business-type activities expenses	14,754,086	15,821,508	16,018,386	15,521,382	15,927,140	15,047,262	15,701,583	15,850,752	16,703,839	15,665,945
Total primary government expenses	30,985,029	27,264,360	26,721,249	27,001,170	27,438,324	27,674,628	27,129,601	27,377,411	28,699,711	26,716,278
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General Government	1,849,033	1,922,835	2,269,442	1,943,791	2,024,687	1,985,007	1,936,801	1,915,453	1,874,146	1,859,509
Administration of Justice	259,829	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768
Ambulance	823,444	874,553	981,217	1,104,773	1,362,127	1,423,372	1,399,295	1,280,799	1,210,496	1,332,256
Park	13,192	28,503	25,313	23,276	22,609	24,015	28,807	60,448	60,478	68,955
Community Center	822,254	807,219	750,617	784,011	870,262	850,019	926,252	953,512	949,769	880,798
Operating grants and contributions	250,797	632,643	184,774	36,610	218,541	939,601	144,163	187,359	258,367	293,635
Capital grants and contributions					320,525	508,546				
Total governmental activities program revenues	4,018,549	4,518,862	4,459,943	4,128,419	5,044,968	5,969,852	4,686,456	4,691,019	4,635,452	4,662,921
Business-type activities										
Charges for services										
Electric	11,278,076	12,185,598	11,712,338	11,355,377	11,529,975	11,200,157	11,688,342	12,020,203	12,272,400	11,451,836
Water and Sewer	4,277,089	4,503,439	4,651,353	4,866,050	4,588,165	4,458,249	4,581,605	4,313,059	4,351,387	4,747,235

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Business-type activities (Continued)										
Charges for services (Continued)										
Aquatic Center	141,807	135,088	133,344	125,189	125,450	166,394	137,666	109,665	111,505	131,291
Refuse	386,359	398,383	399,814	424,579	451,427	469,763	462,386	465,954	490,664	500,253
Operating grants and contributions									10,000	
Capital grants and contributions					2,017,313	982,687	280,500			91,811
Total business-type activities program revenues	17,217,203	16,897,162	16,754,585	16,667,908	18,252,596	17,888,791	17,150,499	16,908,881	17,235,956	16,922,426
Total primary government program revenues	21,736,065	21,357,105	20,883,004	21,712,876	24,222,448	22,575,247	21,836,955	21,599,900	21,871,408	21,585,347
NET (EXPENSE) REVENUE										
Governmental activities	(6,923,990)	(6,242,920)	(6,242,920)	(7,351,369)	(6,657,514)	(6,741,562)	(6,741,562)	(6,835,640)	(7,360,420)	(6,387,412)
Business-type activities	1,395,695	878,776	878,463	1,249,813	3,205,334	2,187,208	1,448,916	1,058,129	532,117	1,256,481
Total primary government net expense	(5,528,295)	(5,364,144)	(5,364,457)	(6,101,556)	(3,452,180)	(4,554,354)	(5,292,646)	(5,777,511)	(6,828,303)	(5,130,931)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	745,358	867,421	906,279	864,193	896,169	816,771	915,825	965,993	957,930	971,143
Sales taxes	3,234,247	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932
Franchise taxes	1,360,063	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019
Other taxes	153,767	161,988	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644
Unrestricted investment earnings	630,951	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110
Miscellaneous	308,063	260,722	196,470	458,050	351,344	320,148	294,193	169,275	307,504	271,252
Transfers						(490,485)	(32,595)	(33,265)	(23,095)	
Total governmental activities	6,432,449	6,948,958	7,144,742	6,702,125	7,237,423	6,640,188	7,176,214	7,314,039	7,756,647	8,064,100
Business-type activities										
Unrestricted investment earnings	363,335	456,808	374,907	294,050	228,550	227,646	216,092	149,424	246,333	239,868
Miscellaneous								130,771	154,925	153,871
Transfers						490,485	32,595	33,265	23,095	(200,000)
Total business-type activities	363,335	456,808	374,907	294,050	228,550	718,131	248,687	313,460	424,353	193,739
Total primary government	6,795,784	7,405,766	7,519,649	6,996,175	7,465,973	7,358,319	7,424,901	7,627,499	8,181,000	8,257,839
CHANGE IN NET POSITION										
Governmental activities	(491,541)	706,038	901,822	(649,244)	579,909	(101,374)	434,652	478,399	396,227	1,676,688
Business-type activities	1,759,030	1,335,584	1,253,370	1,543,863	3,433,884	2,905,339	1,697,603	1,371,589	956,470	1,450,220
Total primary government	1,267,489	2,041,622	2,155,192	894,619	4,013,793	2,803,965	2,132,255	1,849,988	1,352,697	3,126,908

CITY OF HARRISONVILLE, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL FUND										
Nonspendable										
Restricted						137,711	148,835	170,485	184,885	211,284
Unassigned						113,630	114,065	114,159	114,855	115,021
Reserved	145,388	120,742	134,148	122,118	101,466	5,930,458	6,304,295	5,384,287	4,784,005	5,336,961
Unreserved	6,889,715	7,585,851	8,203,393	8,179,575	7,202,484					
Total General Fund	<u>7,035,103</u>	<u>7,706,593</u>	<u>8,337,541</u>	<u>8,301,693</u>	<u>7,303,950</u>	<u>6,181,799</u>	<u>6,567,195</u>	<u>5,668,931</u>	<u>5,083,745</u>	<u>5,663,266</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable						112,270	101,248	114,063	113,131	129,281
Restricted						2,549,053	1,073,822	851,553	944,488	1,313,363
Assigned						1,064,581	907,262	772,069	659,243	243,727
Unassigned						(183,323)	(318,367)	(470,882)	(410,099)	
Reserved	3,145,133	1,150,442	1,020,234	1,081,070	1,107,459					
Unreserved, reported in:										
Special revenue funds	<u>1,367,780</u>	<u>3,380,010</u>	<u>3,532,205</u>	<u>2,350,584</u>	<u>2,523,616</u>					
Total all other governmental funds	<u>4,512,913</u>	<u>4,530,452</u>	<u>4,552,439</u>	<u>3,431,654</u>	<u>3,631,075</u>	<u>3,542,581</u>	<u>1,763,965</u>	<u>1,266,803</u>	<u>1,306,763</u>	<u>1,686,371</u>

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Taxes										
Property	838,427	848,607	911,262	874,222	923,255	891,842	915,825	965,993	957,930	971,143
Sales	3,234,247	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932
Franchise	1,360,063	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019
Other	153,767	156,076	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644
Licenses, fees, and permits	177,356	225,187	411,668	140,049	193,055	162,417	161,692	129,094	124,911	148,648
Fines and forfeitures	259,829	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768
Charges for services	3,330,567	3,407,923	3,614,921	3,715,802	4,086,630	4,119,996	4,129,463	4,081,118	3,969,978	3,992,870
Grants	250,797	632,643	184,774	36,610	539,066	1,362,928	229,382	187,359	258,367	293,635
Investment earnings	630,951	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110
Miscellaneous	308,063	260,722	196,470	458,050	351,583	336,855	294,193	169,275	307,504	271,252
Total revenues	<u>10,544,067</u>	<u>11,443,094</u>	<u>11,609,668</u>	<u>10,840,573</u>	<u>12,309,716</u>	<u>13,107,084</u>	<u>11,980,484</u>	<u>12,038,323</u>	<u>12,415,194</u>	<u>12,727,021</u>
EXPENDITURES										
General Government	1,431,657	1,615,486	1,675,957	1,705,939	1,686,829	1,875,373	1,667,057	1,787,238	1,857,424	1,578,196
Administration of Justice	2,089,362	2,374,198	2,720,316	2,481,177	2,529,476	2,554,360	2,581,042	2,571,510	2,824,957	2,545,685
Fire and Emergency	468,515	494,272	514,913	305,195						
Street	919,331	860,268	888,273	986,420	1,139,023	962,085	635,787	770,736	900,050	759,010
Economic Development	202,192	161,770	186,738	140,428	164,220	176,936	210,273	275,794	296,174	431,365
Animal Control	114,109	145,331	149,789	136,557	137,122	156,002	160,398	171,273	177,458	194,045
Airport	209,147	222,207	275,850	232,654	219,903	180,079	171,867	210,681	162,129	177,497
Ambulance	1,631,773	865,527	859,740	1,914,395	2,087,034	2,324,734	2,389,722	2,163,113	2,229,575	2,224,086
Park	318,377	378,458	396,746	395,146	462,220	462,593	488,375	463,459	505,454	463,685
Community Center	965,729	994,485	979,138	1,112,725	1,066,878	1,151,513	1,197,703	1,322,084	1,284,251	1,122,009
Towne Center Project	5,955,984	1,248,099	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654
CDBG pass-through expenses						753,740	6,500			
Capital outlay	589,934	1,254,285	849,141	1,142,304	1,938,203	1,837,010	1,020,483	2,152,920	1,163,730	733,847
Debt service										
Principal	525,000	7,410,000	575,000	780,000	825,000	733,926	815,940	942,088	1,006,082	1,030,336
Interest and fiscal fees	508,060	1,165,574	879,454	862,495	833,404	820,637	699,696	556,542	521,915	500,477
Total expenditures	<u>15,929,170</u>	<u>19,189,960</u>	<u>10,956,733</u>	<u>12,211,358</u>	<u>13,108,038</u>	<u>13,999,175</u>	<u>12,057,609</u>	<u>13,400,484</u>	<u>12,937,325</u>	<u>11,767,892</u>
EXCESS OF REVENUES OVER (UNDER)	<u>(5,385,103)</u>	<u>(7,746,866)</u>	<u>652,935</u>	<u>(1,370,785)</u>	<u>(798,322)</u>	<u>(892,091)</u>	<u>(77,125)</u>	<u>(1,362,161)</u>	<u>(522,131)</u>	<u>959,129</u>
EXPENDITURES										

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES										
(USES)		8,435,895				171,931				
Proceeds of long-term debt							(1,283,500)			
Payments to escrow agent							2,578,093			
Transfers in	1,236,060	1,307,535	1,343,412	1,425,335	3,779,288	2,680,436	2,578,093	2,228,146	3,018,833	2,851,276
Transfers out	(1,236,060)	(1,307,535)	(1,343,412)	(1,425,335)	(3,779,288)	(3,170,921)	(2,610,688)	(2,261,411)	(3,041,928)	(2,851,276)
Total other financing sources (uses)		8,435,895				(318,554)	(1,316,095)	(33,265)	(23,095)	
NET CHANGES IN FUND BALANCES	(7,746,866)	9,088,830	(1,370,785)	(798,322)	(892,091)	(395,679)	(1,393,220)	(1,395,426)	(545,226)	959,129
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	47.8%	14.4%	14.8%	14.8%	12.8%	13.7%	13.7%	13.3%	13.0%	13.9%

CITY OF HARRISONVILLE, MISSOURI
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	92,956,701	24,305,736	117,262,437	0.75
2007	91,927,554	23,243,342	115,170,896	0.77
2008	93,646,146	21,440,771	115,086,917	0.78
2009	93,250,444	25,538,774	118,789,218	0.66
2010	94,022,248	25,241,452	119,263,700	0.66
2011	94,424,728	23,546,390	117,971,118	0.67
2012	95,845,535	22,091,806	117,937,341	0.68
2013	94,552,735	22,682,321	117,235,056	0.69
2014	94,992,339	25,948,277	120,940,616	0.69
2015	96,409,365	25,097,110	121,506,475	0.69

Source: Cass County Assessor's Office

Note: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the market value. Those percentages are 32 for commercial, 19 for residential, and 12 for agriculture.

Tax rates are per \$100 of assessed value.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	City Direct Rates				Overlapping Rates			
	General Fund	Ambulance Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	Total Direct and Overlapping
2006	0.5129	0.1161	0.1161	0.7451	0.03	6.04	6.07	6.82
2007	0.5278	0.1195	0.1195	0.7668	0.03	6.04	6.07	6.84
2008	0.5358	0.1213	0.1213	0.7784	0.03	6.19	6.22	7.00
2009	0.5422		0.1227	0.6649	0.03	6.19	6.22	6.88
2010	0.5422		0.1227	0.6649	0.03	6.20	6.23	6.89
2011	0.5501		0.1245	0.6746	0.03	6.20	6.23	6.90
2012	0.5585		0.1264	0.6849	0.03	6.18	6.21	6.90
2013	0.5658		0.1280	0.6938	0.03	6.18	6.21	6.91
2014	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2015	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91

Source: Cass County Collector

Note: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

	2015			2006		
	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation
Church & Dwight	7,407,360	1	6.10	5,328,249	1	4.54
Wal-Mart	3,285,390	2	2.70	3,251,170	2	2.77
HFMD Properties LLC	2,420,110	3	1.99			
Harrisonville MP II LLC	2,045,130	4	1.68			
Sutherlands Lumber Co.	1,466,810	5	1.21			
Harrisonville MP LLC	1,377,660	6	1.13			
Mill-Walk Mall	1,372,020	7	1.13	1,540,630	3	1.31
Harrisonville Crossings Properties	930,630	8	0.77			
Universal Forest Products	798,290	9	0.66	965,880	7	0.82
H.V. Hotel Investment LLC	746,450	10	0.61			
Eaglepicher Pharmaceutical AHG, Inc.				1,348,170	4	1.15
Timber Harrisonville Properties, LP				1,077,840	5	0.92
Flanery, Steven and Debbie				986,850	6	0.84
Crown Properties, LC				588,490	8	0.50
Camden Regency Healthcare				578,350	9	0.49
				475,000	10	0.41
TOTALS	21,849,850		18.53	16,140,629		13.76

Data provided by the Cass County Collector

CITY OF HARRISONVILLE, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2006	873,722	806,434	92.30	67,288	873,722	100.00	- 0 -	- 0 -
2007	883,130	728,365	82.48	154,765	883,130	100.00	- 0 -	- 0 -
2008	895,837	858,631	95.85	37,206	895,837	100.00	- 0 -	- 0 -
2009	789,830	763,896	96.72	25,934	789,830	100.00	- 0 -	- 0 -
2010	792,984	721,512	90.99	70,395	791,907	99.86	1,077	0.14
2011	795,833	746,929	93.85	47,273	794,202	99.80	1,631	0.20
2012	807,753	732,284	90.66	70,380	802,664	99.37	5,089	0.63
2013	813,377	728,785	89.60	69,515	798,300	98.15	15,077	1.85
2014	841,142	792,712	94.24	247	792,959	94.27	48,183	5.73
2015	845,078	826,840	97.84	- 0 -	826,840	97.84	18,238	2.16

NOTES: Amounts relating to railroad and utility property taxes are not included above.

Taxes paid under protest are held by the respective County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent tax collections.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING
SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Rate	Cass County	State	Total
2006	1.500	1.250	4.225	6.975
2007	1.500	1.250	4.225	6.975
2008	1.500	1.250	4.225	6.975
2009	1.875	1.250	4.225	7.350
2010	1.875	1.250	4.225	7.350
2011	1.875	1.250	4.225	7.350
2012	1.875	1.750	4.225	7.850
2013	1.875	1.750	4.225	7.850
2014	1.875	1.750	4.225	7.850
2015	1.875	1.750	4.225	7.850

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL RETAIL SALES	<u>189,753</u>	<u>199,144</u>	<u>200,585</u>	<u>198,251</u>	<u>192,046</u>	<u>201,671</u>	<u>204,736</u>	<u>203,559</u>	<u>213,512</u>	<u>217,311</u>

Note: This report does not break out taxable sales by retail category as some detail information is considered confidential by state law.

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Revenue Bonds	Promissory Notes	Capital Lease Payable	Revenue Bonds	Promissory Note					
2006	11,360,000			452,732	11,860,000				23,672,732	0.12	2,287
2007	10,810,000	8,630,000		425,794	11,175,000				31,040,794	0.15	2,985
2008	10,235,000	8,630,000		397,257	10,290,000				29,552,257	0.15	2,842
2009	9,635,000	17,450,000		367,027	9,580,000				37,032,027	0.18	3,561
2010	9,010,000	17,250,000		335,002	9,059,375				35,654,377	0.18	3,428
2011	8,530,000	17,030,000	171,931	301,076	11,718,541	380,000			38,131,548	0.17	3,806
2012	7,295,000	16,785,000	171,931	265,136	11,556,672	380,000			36,453,739	0.16	3,634
2013	6,665,000	16,520,000	162,916	227,063	10,711,700	278,869			34,565,548	0.15	3,443
2014	6,015,000	16,220,000	147,165	186,732	9,885,400	250,060			32,704,357	0.14	3,257
2015	5,350,000	15,920,000	152,066	144,006	9,045,400	220,526			30,831,998	0.13	3,071

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2015

	General Obligation Bonds		Total
	Ordinary (1)	Additional (2)	
Assessed valuation	<u>121,506,475</u>	<u> </u>	<u>121,506,475</u>
Constitutional debt limit	12,150,648	12,150,648	24,301,296
Less general obligation bonds payable	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
	12,150,648	12,150,648	24,301,296
Cash and securities available for retirement	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
	<u>12,150,648</u>	<u>12,150,648</u>	<u>24,301,296</u>

- (1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.
- (2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary storm systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
DECEMBER 31, 2015

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	27,320,000	65%	17,758,000
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds	<u> </u>	0%	<u> </u>
Total direct and estimated overlapping debt	<u>27,320,000</u>		<u>17,758,000</u>

(1) On the basis of assessed valuation.

NOTE: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Lease purchase agreements are not included in this schedule but have been included in the past. This change accounts for the significant difference among this year and previous years' schedules.

CITY OF HARRISONVILLE, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2006	10,350	201,825,000	19,500	2,507	4.30%
2007	10,400	205,920,000	19,800	2,500	4.30%
2008	10,400	201,040,000	19,331	2,504	6.10%
2009	10,400	201,040,000	19,331	2,580	10.00%
2010	10,400	201,040,000	19,331	2,580	10.00%
2011	10,019	218,915,150	21,850	2,580	7.90%
2012	10,030	230,630,000	23,063	2,585	6.40%
2013	10,040	235,000,000	23,400	2,590	6.40%
2014	10,040	240,000,000	23,750	2,500	6.40%
2015	10,040	232,000,000	23,103	2,459	5.70%

Data Sources:

- 1 Bureau of Census and City estimates
- 2 KCADC and City estimates
- 3 School District

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL EMPLOYERS
THIS FISCAL YEAR AND SEVEN YEARS AGO

Employer	2015			2008	
	Employees	Rank	% of Total Employment	Employees	Rank
Wal-Mart Distribution Center	628	1	22.26%	775	1
Cass Medical Center	395	2	14.00%	330	4
Cass R-IX Schools	381	3	13.51%	367	3
Wal-Mart	300	4	10.63%	390	2
Cass County Government	278	5	9.85%	285	5
Church & Dwight Co., Inc.	229	6	8.12%	208	8
Casco Area Workshop	196	7	6.95%	220	7
City of Harrisonville	220	8	7.80%	225	6
Crown Care Center	103	9	3.65%	101	9
Family Center	<u>91</u>	10	3.23%	<u>98</u>	10
Total Employment	<u>2,821</u>			<u>2,999</u>	

Source: Harrisonville Area Chamber of Commerce and Economic Development

CITY OF HARRISONVILLE, MISSOURI
 SCHEDULE OF PROPERTY VALUE, CONSTRUCTION PERMITS ISSUED,
 AND TOTAL DOLLARS ON DEPOSIT AT YEAR-END
 WITH LOCAL BANKS AND SAVINGS AND LOANS
 LAST TEN YEARS

Year	Construction Permits and Value (1) and (2)				Total Year-End Deposits at Local Banks (Thousands)	Total Property Value (3)
	Residential		Commercial			
	Number	Value	Number	Value		
December 2006	400	5,132,062	267	9,475,391	249,989	117,262,437
December 2007	861	6,049,296	154	14,936,040	339,313	115,170,896
December 2008	319	3,054,774	93	59,978,221	277,759	115,086,917
December 2009	245	1,672,246	68	1,180,815	295,081	118,789,218
December 2010	276	1,283,561	95	18,650,228	317,327	119,263,700
December 2011	318	1,403,626	98	3,392,188	329,770	117,971,118
December 2012	240	2,103,410	76	3,685,500	341,344	117,937,341
December 2013	176	1,331,781	73	5,293,503	379,785	117,235,056
December 2014	176	1,973,875	66	2,416,903	326,918	120,940,616
December 2015	180	2,202,655	59	8,042,346	348,202	121,506,475

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police									
Patrol units	23	23	23	23	20	20	20	21	21
Police stations	1	1	1	1	1	1	1	1	1
Fire									
Fire stations	1	1	1	1	1	1	1	1	1
Fire hydrants	660	670	678	678	678	678	678	678	678
Streets									
Miles	69	69	69	69	69	69	69	69	69
Streetlights	900	900	900	900	900	900	900	900	900
Miles of storm sewers	9	9	9	9	9	9	9	9	9
Parks									
Parks	6	6	6	6	6	6	6	6	6
Acreage	250	250	250	250	250	250	250	250	250
Golf courses	2	2	2	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4
Community centers	7	7	7	7	7	7	7	7	7
Sewer									
Sanitary sewer (miles)	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Plant capacity (mgd)	1.3	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Treatment plants	1	1	1	1	1	1	1	1	1
Service connections	4,094	4,102	4,084	4,071	4,037	4,062	4,061	4,073	4,083
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water									
Miles of water mains	56	56	56	56	56	56	56	56	56
Service connections	3,984	3,992	3,978	3,966	3,923	3,937	3,950	3,944	3,955
Daily average consumption in gallons	1,300,000	1,300,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000

Source: City Department Heads

CITY OF HARRISONVILLE, MISSOURI
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Management	5	5	5	5	5	4	4	3	3	3
Finance	7	7	8	7	6	7	6	7	6	6
Codes	4	4	4	4	4	4	2	2		
Community Development	2	2	1	2	2	2	3	3	4	5
Police										
Officers	20	20	20	21	23	25	23	23	24	23
Civilians	6	6	5	6	6	6	6	5	6	6
Animal Control	2	2	1	2	2	2	1	2	2	2
Court	1	1	1	1	1	1	1	1	1	1
Fire/EMS										
Firefighters/Director*	5	5	5	1	1	1	1			1
Director/Firefighters/EMTs*	4	2	3	19	17	15	19	21	19	18
Clerk	1	1	1	1	1	1	1	1	1	1
Public Works										
Engineering	1	1	1	1	1	1	1	1	1	1
Streets	8	8	8	8	7	7	8	8	8	8
Electric	9	9	9	9	8	8	7	8	10	11
Water	13	13	13	13	13	12	12	12	12	12
Wastewater	4	5	5	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Community Center/Parks	<u>10</u>	<u>9</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>8</u>	<u>10</u>	<u>11</u>	<u>11</u>
Total	<u>103</u>	<u>101</u>	<u>102</u>	<u>116</u>	<u>113</u>	<u>111</u>	<u>108</u>	<u>112</u>	<u>113</u>	<u>114</u>

* For 2014, the Firefighter category has been combined with Paramedics.

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

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

We have audited, in accordance with the 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 City of Harrisonville, Missouri, which comprise the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2015, and have issued our report thereon dated April 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrisonville, 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'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.

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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harrisonville, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

City of Harrisonville, Missouri's Response to Findings

The City of Harrisonville, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Harrisonville, Missouri's response, and accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Overland Park, Kansas
April 25, 2016

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

2015-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition and Context

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. The auditors drafted the financial statements and related note disclosures from a trial balance and other documentation provided by City personnel.

Cause

City personnel do not obtain the expertise necessary to draft the year-end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management.

Views of Responsible Officials and Corrective Action Plan

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytic procedures among other procedures necessary to complete the Management's Discussion and Analysis.

CITY OF HARRISONVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2015

2014-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2015-001.



STAFF REPORT

TO: Board of Aldermen
FROM: Jerry Gibbs, Director
DATE: April 11, 2016
SUBJECT: OLD POWER AND WATER BUILDING

Type of Item: *Report*

BACKGROUND: The original building was built to house Water Treatment and City Electric sometime after 1929. It is clearly visible from the change in brick color at least one and maybe two additions were added. The Power Plant had two large above ground fuel tanks located on the southeast side of the building which were removed over twenty years ago, and a small day tank by the rear door recently removed. In the early 50's a garage/office building was constructed on the southwest corner of the lot across from the North Substation. Within the main building one or more generator pits were covered with concrete by city crews. No detailed knowledge exists of the construction methods used or the status of the contents of these pits at the time they were covered.

The water treatment operations at the Power and Water Building discontinued upon completion of the water plant on Jefferson Parkway in the late 1970's. All of the diesel generators were removed by the mid 80's. The Electric Department continued to occupy/utilizing the buildings until the early 2000. The buildings were used for minor storage over the next decade. The pits were used as a dumping area. The City did not make an effort to maintain the asset. Almost all of the water was removed from the pits this summer and pumped into the sewer system. Unfortunately with the wet summer, the pits have accumulated about 8 inches of water leaking through the roof.

The trash, barrels, straw, benches and paint have been removed from the building. Apex Environmental completed the work for less than \$10,000. The roof hatch has been re-secured again. There is limited access to each building.

ISSUE - What are the next steps for the building?

If the desire is to repurpose the power and water building, a substantial effort will be required to bring the building up to code. Improvements will require electrical, plumbing, roof, lead base paint abatement, window, doors, tuck pointing and HVAC. Staff has not completed a cost estimate but \$250,000 - \$500,000 would not be an unreasonable assumption. Staff is concern if

the property/building is sold, the city will retain responsibility for any future environmental issues found on the property.

The garage building on the SW corner of the property could remain for disposition at a later time. Staff is estimating it will take at least \$100,000 to \$150,000 to bring the building up to code. No detailed cost estimating has been completed. Upgrades to doors, windows, HVAC, plumbing, electrical, flooring and other improvements would be needed. At a minimum, points of entry will need to be secured. An all-weather sump pump has been installed to keep the water level down in the pits if no action is taken.

There remains about \$85,000 in the 2016 budget for the remainder of the project. Alderman Stafford requested information on demolition. Houston Excavation was asked to give an estimate of the cost to knock down the buildings, remove material not eligible to be buried and cover with 1 foot of dirt. The estimate is attached to this report. Staff is requesting direction on how to proceed.

C. Discussion Item (ID # 2176)

Former Power & Water Building

Attachments:

Houston Excavation bid 12-29-15 (PDF)

City of Harrisonville, MO
300 E Pearl Street
Harrisonville, MO 64701
ATTN: Jerry Gibbs
P: 816-380-8964
C: 816-872-6699
E: jgibbs@ci.harrisonville.mo.us

**Reference Project Name: Demolition of Old Power & Water Building located at
SE corner of N Independence St. & Vine St.
Harrisonville, MO**

Date: 12-29-15

Dear Mr. Gibbs,

I am pleased to provide a quotation for the above referenced project.

This price includes: machine demolition of above referenced structure to a depth of 1' below surrounding grade and backfill with noncombustible debris and cap with 1' soil.

RANGE ESTIMATE IS \$ 75,000.00 – 100,000.00 plus Bonds.

In addition, the following conditions apply.

Standard Exclusions:

Drying, wetting, stabilization or undercutting of unsuitable material; Utility relocating; Saw cutting of pavement; Hazardous Material & Special Waste Removal and Disposal; Soil Stabilization and Fly Ash; Detention System; Engineering and Layout; Granular Fill; New Utilities; Salvage for owner.

I am looking forward to performing your Demolition for this project. Upon acceptance, please sign below and fax back to us at 816-415-2182. If you have any questions, please feel free to call me at 816-807-7513.

Sincerely,

Harvey Goin

Accepted By: _____ Date: _____

Attachment: Houston Excavation bid 12-29-15 (2176 : OLD POWER AND WATER BUILDING)

Notice to Owner

Failure of this Contractor to pay those persons supplying material or services to complete this contract can result in the filing of a mechanic's lien on the property which is the subject of this contract pursuant to Chapter 429, RSMO. To avoid this result you may ask this Contractor for "Lien Waivers" from all persons supplying material or services for the work described in this contract. Failure to secure lien waivers may result in your paying for labor and material twice.



STAFF REPORT

TO: Board of Aldermen
FROM: Jerry Gibbs, Director
DATE: April 21, 2016
SUBJECT: Municipal Engineering Services Agreement

Type of Item: *Contract*

Ted is our City Engineer. His responsibilities include Stormwater Management, MS4 permit with the State, and the City's Flood Plain Manager as well as several other duties. We have typically done Amendments to his existing contract, but with a new board Staff felt it would be good to bring a new contract for his services. The only real change to his contract over the last several years has been a reduction to 500 hours of utilization. The hourly rate is proposed to go from \$90/hr to \$100/hr. Ted had been at \$90/hr for at least 12 years. This is well below the going rate for a Consultant Engineer, which is typically \$125 - \$150/hr. The mileage rate is also proposed to increase from \$0.40/mile to \$0.50/mile. Ted's availability is increasing from Thursday to include Tuesday and Friday as needed. His total hours remain unchanged.

Staff is recommending approval of this one year agreement with the ability to renew up to four times, as long as both parties agree.

Council Bill No. 031**Resolution No.****A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER
INTO A CONTRACT WITH NORTHSTAR TECHNOLOGIES, LLC TO
PROVIDE MUNICIPAL ENGINEERING SERVICES AT A RATE NOT TO
EXCEED \$100 PER HOUR AND A MAXIMUM OF 500 HOURS PER YEAR**

WHEREAS, the City of Harrisonville has determined that Northstar Technologies, LLC is competent to perform municipal engineering services for the City of Harrisonville; and

WHEREAS, Northstar Technologies, LLC agrees to perform municipal engineering services for the City of Harrisonville;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI, AS FOLLOWS:

Section 1: That the City Administrator of the City of Harrisonville is hereby authorized and directed to enter into a Contract with Northstar Technologies, LLC to provide municipal engineering services at a rate not to exceed \$100 per hour and a maximum of 500 hours per year.

Section 2: That this resolution shall become effective immediately upon its passage and approval.

READ by title only and DULY PASSED by the Board of Aldermen and APPROVED by the Mayor of the City of Harrisonville, Missouri, this 2nd day of May, 2016.

Brian Hasek, Mayor & Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

Kim Hubbard, City Clerk

WITNESS my hand and seal this 2nd day of May, 2016.

Northstar Technologies, LLC
Water Resource and Engineering Management

19750 Birch
 Stilwell, Kansas 66085
 (913) 522-2880

March 31, 2016

Mr. Jerry Gibbs, P.E.
 Director of Public Works
 City of Harrisonville
 300 East Pearl Street
 Harrisonville, MO 64701

RE: MUNICIPAL ENGINEERING SERVICES AGREEMENT

Dear Mr. Gibbs:

I am pleased to submit this Agreement for services as a part-time City Engineer. I believe that my capabilities and understanding of the scope of work and desires of the community is essential in the successful performance of the position. The following sections detail the services and conditions to provide said services.

SECTION I - PROJECT

The City of Harrisonville hereinafter referred to as the CITY had determined that City Engineering services are necessary and Northstar Technologies, LLC, a Kansas Corporation with offices at 19750 Birch, Stilwell, Kansas, is qualified to provide these professional services desired by the CITY; in consideration of the promises and covenants made herein, the parties agree as follows:

SECTION II - SCOPE OF SERVICES

A. BASIC SERVICES

The Project will require the services of Ted Martin, P.E., Northstar Technologies, LLC; hereinafter, referred to as the ENGINEER. Upon execution of this Agreement by the CITY, or on such other mutually agreeable schedule the ENGINEER shall provide the following services pertaining to the Project as Basic Services:

1. Meet with CITY staff on a regular basis to check on status of projects, new issues and problems, staff consultations, and scheduling/administrative meetings.
2. Perform development plan reviews for conformance with CITY standards.
3. Review design of CITY Public Works projects including the engineering design quality/conformance checks for transportation, stormwater, sanitary sewers, buildings, environmental compliance, and water systems supply.

4. In accordance with CITY criteria, develop construction documents including bid specifications, cost estimates, and bid analysis for in-house design projects. ENGINEER shall utilize CITY staff to fullest extent possible.
5. Provide construction administration and observation services for the Project as requested. ENGINEER shall utilize CITY staff to fullest extent possible.
6. Attend Board & Committee meetings and presentations as requested.
7. Assist CITY with grant preparation, funding analysis, budgeting efforts, and other financial evaluations as requested.
8. Prepare for, attend, and coordinate public hearings.
9. Assist CITY in meetings with State and Federal agencies including development of permits.
10. Serve as project manager on Public Works projects including development of proposals/selections, scope and progress evaluations, scheduling, quality assurance reviews, and construction document/bidding services.
11. Coordinate and manage CITY staff as requested.

B. SCHEDULE

1. Provide engineering services in CITY offices on Tuesday and Thursday; coordinate to attend evening meetings and Fridays as available.
2. Perform work at ENGINEER's office as needed to complete assignments.
3. Provide 10 to 20 hours per week with an anticipated maximum of 500 hours per year.

C. ADDITIONAL SERVICES

The ENGINEER upon receipt of a Supplemental Agreement from the CITY may furnish the following additional services:

1. Services resulting from significant changes in the general scope of the Project or its design including but not limited to changes in size, complexity, CITY'S schedule, or character of construction; and revising studies, reports, design documents, or contract documents previously approved by CITY.
2. City engineering services in excess of 20 hours per week or 500 hours per year.
3. Those services not normally provided by the ENGINEER, yet necessary and requested for the completion of the Project, may be subcontracted by the ENGINEER to subconsultants who will be selected by the ENGINEER and the CITY. Services to be provided by subconsultants may include soils and

materials testing required for the preparation of any design reports, for construction period testing, and other services not included in Section II.A, Basic Services which are considered essential to the successful completion of the project by both the CITY and the ENGINEER.

SECTION III - RESPONSIBILITIES OF CITY

The CITY shall provide information and assistance as follows:

A. CITY REPRESENTATIVE

1. The CITY shall designate a representative with whom the ENGINEER shall coordinate all services to be provided under this Agreement. The CITY'S representative will be the City Administrator or designee.
2. The CITY will provide technical design, drafting and construction observation assistance.

B. AUTHORIZATION

The CITY shall furnish approval, consents, and letters of authority as may be necessary for performing the services required under this Agreement in a timely manner.

C. INFORMATION

Place at the disposal of the ENGINEER copies of all available road maps, topographic maps, plat maps, records, reports, correspondence, previous studies, plans and other data pertinent to these services. (This includes information previously prepared or obtained by others).

D. ACCESS, OFFICES, AND SUPPORT

The CITY shall provide to the ENGINEER the right of access to City property for the purpose of completing the ENGINEER'S services.

E. CITY KNOWLEDGE OR CIRCUMSTANCES

1. The CITY shall give prompt notice to the ENGINEER whenever the CITY observes or otherwise becomes aware of any fault or defect in the Project or nonconformance with the Agreement.
2. The CITY shall give prompt notice to ENGINEER whenever CITY observes or otherwise becomes aware of any development that affects the scope or timing of ENGINEER services.
3. The ENGINEER shall not be responsible for delays in the Project, or in the services hereunder, when delays are caused by the CITY, its agents, employees, contractors, or other causes beyond the reasonable control of ENGINEER.

F. MISCELLANEOUS

1. The CITY may obtain the advice of an engineer, attorney, insurance counselor, or other consultants, as CITY deems appropriate for examination and rendering of decisions pertaining to documents presented by the ENGINEER. To the fullest extent possible the ENGINEER shall cooperate with reviews.
2. If requested by the ENGINEER, the CITY shall furnish evidence that financial arrangements have been made to fulfill the CITY'S obligations under this Proposal.
3. The CITY shall provide and pay for the cost of any mutually agreed upon subconsultants, testing, or laboratory services identified in the Scope of Services, Section II.
4. The ENGINEER shall not perform other services within the CITY that may be construed as a conflict of interest. The ENGINEER shall have no obligation to CITY to execute any agreement or document subsequent to the initial agreement, (whether lender consent, certification, or otherwise), which in the sole judgment of the ENGINEER may increase risk, modify its obligation, or require performance by the ENGINEER to any person or entity not a party to this agreement.

SECTION IV - COMPENSATION**A. COMPENSATION**

Compensation to the ENGINEER by the CITY shall be based on actual hours worked plus direct expenses. The hourly rate for services shall be \$100.00 per hour with a maximum not to exceed of 500 hours per year. This rate for the year 2016 includes all taxes, insurance, overhead, and profit. These rates may be renegotiated upon renewal of this agreement. All travel costs including to and from Harrisonville shall be billed at \$0.50 per mile. All other expenses and supplies will be reimbursed at cost.

B. BASIS OF PAYMENT

Payments to the ENGINEER shall be made monthly upon receipt of an invoice to be submitted to the CITY. Invoices shall be accompanied by an appropriate breakdown consistent with Paragraph A - Compensation. The CITY shall make payment to the ENGINEER within 30 days following the date of each invoice.

C. ADDITIONAL SERVICES

Additional Services rendered shall be provided as stipulated in a Supplemental Agreement for such additional services.

SECTION V - TERMS

The terms of this proposal would be for the ENGINEER to provide services to the CITY under a one-year Agreement with option of four renewals upon approval of both parties.

SECTION VI - TERMINATION

- A. The CITY may terminate this Agreement at any time with cause upon giving the ENGINEER 180 calendar days prior written notice. The ENGINEER may terminate this Agreement upon giving the CITY 180 calendar day's prior written notice for any of the following reasons:
1. Breach by the CITY of any material term of this Agreement, including, but not limited to, payment terms.
 2. Transfer of administrative (project representative) duties by the CITY to any other persons or entities without the prior written agreement of the ENGINEER.
 3. Material changes in the conditions under which an Agreement was entered into, coupled with the failure of the parties hereto to reach accord on the fees and charges for any Additional Services required because of such changes.
- B. The CITY shall within 30 calendar days of termination pay the ENGINEER for all services rendered and all costs incurred up to the date of termination, in accordance with the compensation provisions of this Agreement.
- C. The CITY shall reimburse the ENGINEER for all expenses reasonably incurred by the ENGINEER in connection with termination of this Agreement, including but not limited to demobilization, reassignment of personnel, and space and equipment costs.

SECTION VII - MISCELLANEOUS

- A. The CITY acknowledges the ENGINEER'S professional service as duties performed under the auspices of the CITY and indemnifies the ENGINEER as a CITY employee. All reports, designs, plans, specifications, correspondences, field data and notes and other documents, including all documents on electronic media, prepared by the ENGINEER as instruments of service shall be the property of the CITY. The CITY shall not reuse or make any modification to these instruments of service without the prior written authorization of the ENGINEER. The CITY agrees, to the fullest extent permitted by law, to indemnify and hold the ENGINEER harmless from any claim, liability or cost (including reasonable attorneys' fees and defense costs) arising or allegedly arising out of any unauthorized reuse or modification of the construction documents by the CITY or any person or entity that acquires or obtains the instruments of service from or through the CITY without the written authorization of the ENGINEER.

- B. The ENGINEER agrees to keep confidential and not to disclose to any person or entity, other than any permit authorities, if appropriate, any data and information. These provisions shall not apply to information in whatever form that comes into the public domain, nor shall it restrict the ENGINEER from giving notices required by law or complying with an order to provide information or data when such order is issued by a court, administrative agency or other authority with proper jurisdiction, or if it is reasonably necessary for the ENGINEER in the defense of any suit or claim.
- C. The CITY agrees, to the fullest extent permitted by law, to indemnify and hold the ENGINEER harmless from any loss, damage, or cost (including reasonable attorneys' fees) to the extent caused by the Project including CITY'S negligent acts, errors or omissions and those of the contractors, subcontractors or consultants or employees of the CITY. The ENGINEER is not obligated to indemnify the CITY in any manner whatsoever for the CITY'S own negligence, nor that of the CITY'S contractors, subcontractors, consultants, or employees.
- D. ENGINEER shall perform its services in accordance with the standard of care and skill ordinarily exercised under the same or similar circumstances by members of the ENGINEER'S profession. There is no other warranty, expressed or implied, given by ENGINEER under this agreement.

The City of Harrisonville, Missouri and Northstar Technologies, LLC, by their authorized representatives, have hereunto subscribed their names this _____ day of _____ 201___. Executed in duplicate with copies to the CITY and ENGINEER.

ENGINEER:
NORTHSTAR TECHNOLOGIES, LLC

CITY:
CITY OF HARRISONVILLE, MISSOURI



Ted Martin, P.E.
President

City Administrator



STAFF REPORT

TO: Board of Aldermen
FROM: Rick Deluca, Director
DATE: April 26, 2016
SUBJECT: 353 Funding Agreement Resolution for Harrisonville Senior Living Campus

Type of Item: *Approval*

Issue: Approval of a funding agreement for the requested 353 plan.

Background:

Request: Approval of a funding agreement for the requested 353

Location: 1800 E. Mechanic (Former CMC site)

Applicant: Harrisonville Senior Care Center, LLC

Owner: Harrisonville Senior Care Center, LLC

Existing Zoning: "R-4P" Planned Apartment District (NOTE: A special use permit has also been approved for this project.)

In 2014 the Board of Aldermen approved the rezoning to "R-4P" and a special use permit for the subject development. This development would include the development/redevelopment of the former Cass Medical Center site at 1800 E. Mechanic. The project and phasing is described in the draft 353 Plan previously submitted by the developer. A conceptual plan is attached.

In consideration of the proposed redevelopment and new development of the former Cass Medical Center site, the developer has requested incentives, including but not limited to those available under an Urban Redevelopment Plan (353 Plan) pursuant to Chapter 353, RSMo. For consideration and adoption by the City of Harrisonville Board of Aldermen, in order for the City to fully consider and evaluate the 353 Plan and the incentives request, the City has requested that the company deposit funds with the City, to be used by the City to pay for the City's actual out-

of-pocket expenses necessary to perform a full evaluation of the Development Incentives Documents and engage consultants as required or needed.

The Funding Agreement effects agreement by the developer, to cover required or necessary costs associated with the developer's Chapter 353 Tax Abatement request for the proposed project. The Funding Agreement further ensures the developer, not the City, is responsible for covering the costs associated with his proposed project, to include, but not limited to, a Cost/Benefit Analysis, as required by RSMo., Chapter 353. The Funding Agreement further allows the City to engage appropriate parties to ensure Statutory Compliance with Chapter 353 and the prudent stewardship of taxpayers' money.

Options:

The City may:

- Approve the agreement.
- Modify and then approve the agreement.
- Deny the agreement.

Staff Recommendation: Approval

Council Bill No. 032

Resolution No.

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A FUNDING AGREEMENT BETWEEN THE CITY OF HARRISONVILLE, MISSOURI AND HARRISONVILLE SENIOR CARE CENTER, LLC, A MISSOURI COMPANY.

WHEREAS, the developer has requested incentives, including but not limited to those available under an Urban Redevelopment Plan (353 Plan) pursuant to Chapter 353, RSMo. For consideration and adoption by the City of Harrisonville Board of Aldermen; and

WHEREAS, in order for the City to fully consider and evaluate the 353 Plan and incentives request, the City has requested that the company deposit funds with the City to be used by the City to pay for the City's actual out-of-pocket expenses necessary to perform a full evaluation of the Development Incentives Documents and engage consultants as needed.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI, AS FOLLOWS:

Section 1: That the Mayor of the City of Harrisonville is hereby authorized and directed to enter into a Funding Agreement with developer

Section 2: That this resolution shall become effective immediately upon its passage and approval.

PASSED AND RESOLVED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Harrisonville, Missouri, this 2nd day of May, 2016.

Brian Hasek, Mayor and Ex-Officio
Chairman of the Board of Aldermen

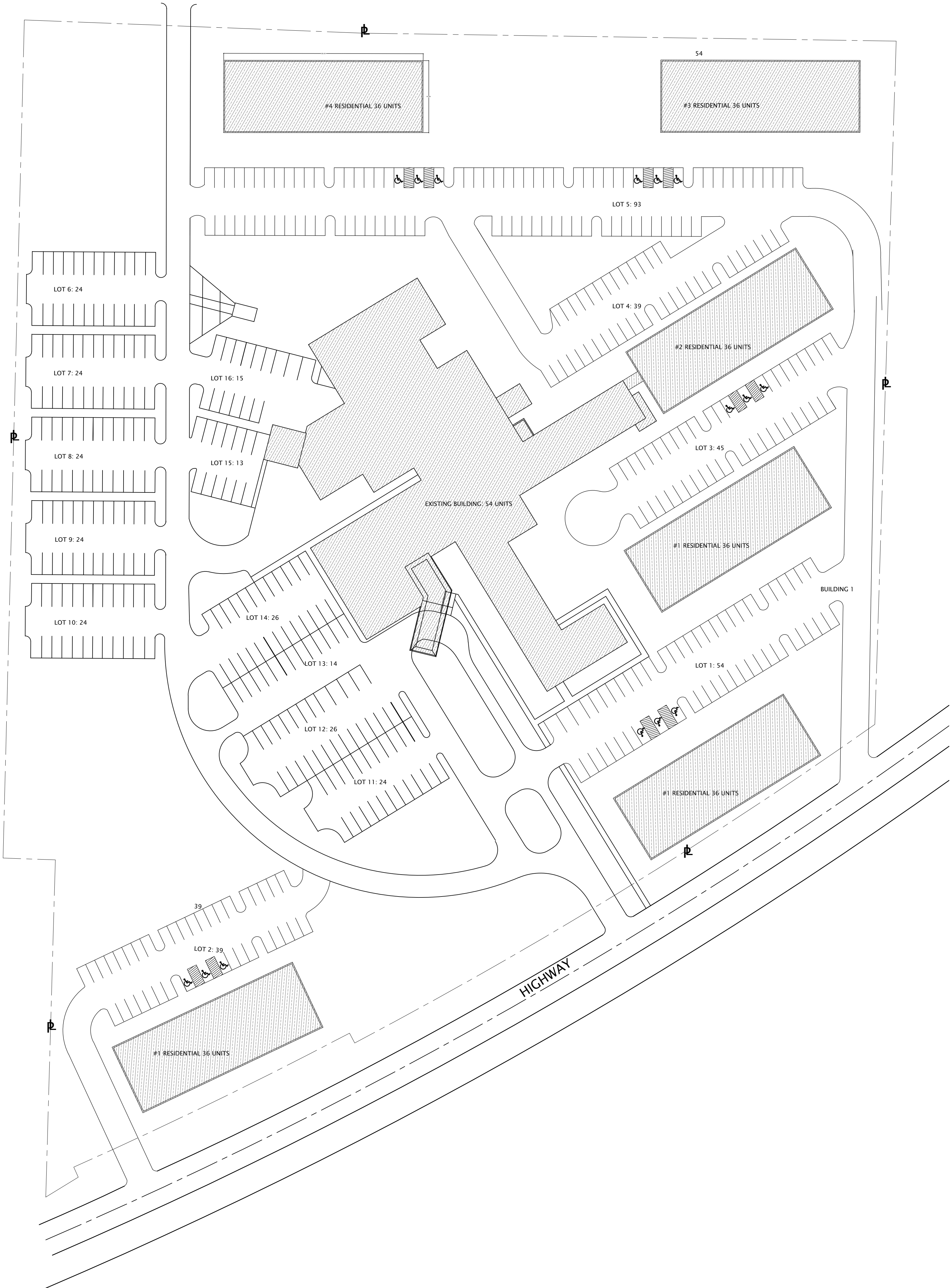
ATTEST:

Kim Hubbard, City Clerk

WITNESS my hand and seal this 2nd day of May, 2016.

THIS DRAWING IS THE PROPERTY OF BRADLEY & ASSOCIATES ARCHITECTS AND IS NOT TO BE REPRODUCED OR COPIED IN WHOLE OR IN PART. IT IS ONLY TO BE USED FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN AND IS NOT TO BE USED ON ANY OTHER PROJECT.

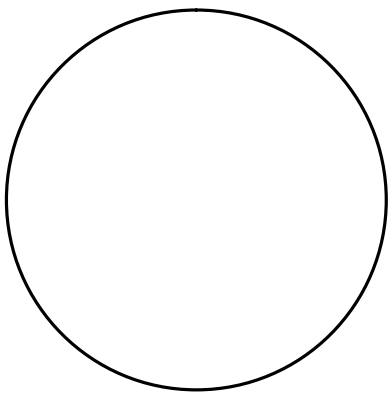
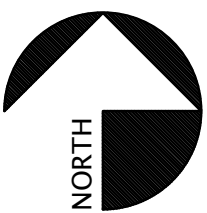
SCALES AS STATED HEREON ARE VALID ON THE ORIGINAL DRAWING ONLY. CONTRACTOR SHALL CAREFULLY REVIEW ALL DIMENSIONS AND CONDITIONS SHOWN HEREON AND AT ONCE REPORT TO THE ARCHITECT ANY ERROR, INCONSISTENCY OR OMISSION HE SHE MAY DISCOVER.



LOT 1: 54
LOT 2: 39
LOT 3: 45
LOT 4: 39
LOT 5: 93
LOT 6: 24
LOT 7: 24
LOT 8: 24
LOT 9: 24
LOT 10: 24
LOT 11: 24
LOT 12: 26
LOT 13: 14
LOT 14: 26
LOT 15: 13
LOT 16: 15
TOTAL: 508

EXISTING BUILDING: 54 UNITS
RESIDENTIAL BUILDINGS: 216 UNITS

1 SITE PLAN
SCALE: 1" = 50'-0"

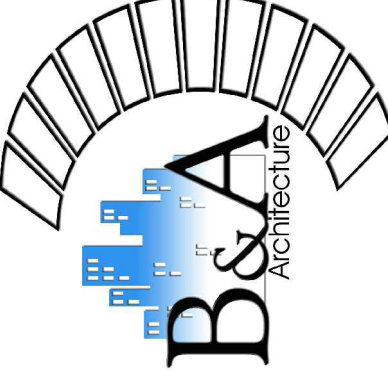


DATE: JUNE 20, 2007

NO.	REVISIONS	DATE

Cass County Harrisonville, Missouri

B & A Architecture
100 West 31st Street
Suite 100
Kansas City, Missouri 64108
Office: 816-753-6100
baarchitecture.com



DESIGNED BY
DMB

DRAWN BY
DLA

CHECKED BY
DMB

DRAWING NUMBER

A001

SHEET

FUNDING AGREEMENT

This **FUNDING AGREEMENT** ("Agreement") is effective the 14th day of March, 2016, between the **CITY OF HARRISONVILLE, MISSOURI** a Missouri municipal corporation (the "City"), and **HARRISONVILLE SENIOR CARE CENTER, LLC**, a Missouri company, or its assigns (the "Company").

RECITALS

WHEREAS, the Company currently owns real property located at 1800 E. Mechanic Street, Harrisonville, Missouri (the "Property"); and

WHEREAS, the Company seeks to redevelop the Property, and the parties agree that the project may present mutual benefits to the Company and the City; and

WHEREAS, the Company has requested incentives, including but not limited to those available under an Urban Redevelopment Plan ("353 Plan") pursuant to Chapter 353, RSMo., for consideration and adoption by the City's governing body (the "Board of Aldermen") (any documents associated with a 353 Plan are collectively referred to as the "Development Incentives Documents"); and

WHEREAS, the City may be requested to provide such other services and assistance as may be required to implement and administer the Development Incentives Documents if approved by the Board of Aldermen; and

WHEREAS, the Company submitted and filed that certain Chapter 353 Development Plan with the City on August 19, 2015; and

WHEREAS, the Company met with the City and as a result, re-submitted the 353 Development Plan with amendments on January 8, 2016; and

WHEREAS, the City desires to retain the services of the law firm of Lauber Municipal Law, LLC, to review the Development Plan and make recommendations concerning consideration of a Development Agreement and other issues; and

WHEREAS, the City does not have a source of funds to finance costs incurred by it, in the form of additional legal, financial, planning, transportation and engineering, and other consultants, or for direct out-of-pocket expenses and other costs resulting from services rendered to the Company to review, evaluate, process and consider the Development Incentives Documents; and

WHEREAS, in order for the City to fully consider and evaluate the Development Incentives Documents, the City has requested that the Company deposit funds with the City to be used by the City to pay for the City's actual out-of-pocket expenses necessary to perform a full evaluation of the Development Incentives Documents and engage consultants as needed for such evaluation.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Services to be Performed by the City.** The City shall:

A. Consult with the Company on the preparation and consideration of the Development Incentives Documents, give all notices, make all publications and hold hearings as required by all applicable laws;

B. Provide necessary staff, legal, financial, appraisal, and planning assistance to prepare and present the Development Incentives Documents to the Board of Aldermen, and to prepare and present required ordinances to the Board of Aldermen;

C. Provide the necessary staff and legal, financial, appraisal, and planning assistance to prepare and negotiate additional agreements between the Company and the City for implementation and administration of the Development Incentives Documents, or any portion thereof.

D. Consult with the Company once the Additional Funds (further defined below) expended by the Company have reached Seven Thousand Five Hundred Dollars (\$7,500.00) and confirm that the Company desires to continue seeking approval of the Development Incentives Documents.

2. **Initial Deposit.** Within sixty (60) days of the Effective Date established in **Section 4**, the Company shall deposit Ten Thousand Dollars (\$10,000.00) (the "Deposit") with the City's Director of Finance. The City shall disburse the Deposit as set forth in **Section 5** and shall bill the Company pursuant to **Section 3** to re-establish the Deposit so that there is always a minimum cash balance of Ten Thousand Dollars (\$10,000.00) available, from which additional disbursements may be made as required.

3. **Additional Funding.**

A. The City shall submit an itemized statement for actual out-of-pocket expenses necessary to perform its obligations hereunder or for any additional obligations or expenditures incurred by the City. Such statements shall be submitted on a regular periodic basis, but no more often than monthly. The Company shall pay the City the amounts set forth on such statements (the "Additional Funds") within thirty (30) days of receipt thereof. If such funds are not so received, the unpaid balance shall be subject to a penalty of two percent (2%) per month until paid, but in no event shall such penalty exceed twenty-four percent (24%) per annum, and City shall be relieved of any and all obligations hereunder until paid or may terminate this Agreement pursuant to **Section 7**. Notwithstanding the foregoing, the Company shall ensure that on the dates upon which the Board of Aldermen takes up the Development Incentives Documents for consideration, the Deposit shall be replenished to the amount of the minimum cash balance established in **Section 2**. Failure to replenish the Deposit as described shall be grounds for continuing the consideration before the Board of Aldermen to a future date.

B. The City and the Company agree that the Company shall reimburse the City for its actual out-of-pocket expenses necessary to perform the City's obligations hereunder, using the following consultants: Lauber Municipal Law, LLC, for special legal counsel, and Springsted, Inc., for financial advisors.

The City shall advise the Company in writing if it intends to utilize the services of any other consultant to perform its obligations under the terms of this Agreement. Such written notice

shall include the name of the consultant, the service to be performed and an estimate of the cost expected. If the Company, in writing, within five (5) business days from receipt of the City's notice, objects to either the consultant named or the service to be performed, the City and Company shall negotiate in good faith to resolve the Company's objections. If the City and Company cannot agree on the consultant to be used or the service to be performed, the City shall have no obligation to perform that service under the terms of this Agreement and the Company shall have no obligation to pay for such service under the terms of this Agreement.

C. The Deposit and all Additional Funds shall be treated as funds that may be reimbursed from applicable taxes collected as permitted by law; provided, that the Development Incentives Documents or appropriate portion thereof is approved and implemented.

4. **Effective Date.** The effective date of this Preliminary Funding Agreement shall be March 14, 2016.

5. **Disbursement of Funds.** The City shall disburse the Deposit and Additional Funds for reimbursement of costs to the City on or before the thirtieth (30th) day of each month, and for consulting fees and the payment of all out-of-pocket expenses incurred by the City in connection with the performance of its obligations under this Agreement as payment for such expenses become due. The City shall send to the Company a copy of the record for each disbursement made to the Company pursuant to this Agreement.

6. **Development Incentives Documents Administration.** In addition to the services set forth in **Section 1**, the City may be required to provide services from time to time for the continuing administration of the Development Incentives Documents, if approved by the City. Upon appropriate itemization, the City shall be reimbursed by the Company for actual meeting expenses and other expenses that are reasonable or incidental to the general operations of the City with respect to administration of the Development Incentives Documents and any development that results from the Development Incentives Documents. The provisions of this section shall apply until such time as the City and the Company agree to and execute additional superseding agreements in connection with the Development Incentives Documents.

7. **Termination of this Agreement.**

A. In the event the Company fails to perform any of its obligations herein, the City may terminate this Agreement, and any other agreement between the parties, at its sole discretion if the Company fails to cure the default within ten (10) days after written notice to the Company of the default. Termination by the City shall also terminate any duties and obligations of the City with respect to this Agreement, including, but not limited to, the City's processing of Company's Development Incentives Documents. Upon such termination, the City shall retain the Deposit and Additional Funds, if any, necessary to reimburse the City for all expenses incurred under this Agreement to the date of termination and any monies due and owing to the City pursuant to any other agreement.

B. The parties hereto acknowledge that the Company may determine to abandon the Development Incentives Documents or any portion thereof. Upon written notice of abandonment by the Company, this Agreement shall terminate and the City may terminate any other agreement between the parties and shall retain the Deposit and Additional Funds, if any,

necessary to reimburse the City for all expenses incurred under this Agreement to the date of termination and any monies due and owing to the City pursuant to any other agreement.

C. Upon termination of this Agreement, in the event the Deposit and Additional Funds are insufficient to reimburse the City for the outstanding expenses of the City payable hereunder, the Company shall reimburse the City as set forth in **Section 3**. After termination of this Agreement, any amounts remaining from the Deposit and the Additional Funds after all amounts have either been paid as directed by, or reimbursed to, the City shall be returned to the Company.

D. This Agreement may be terminated by mutual agreement of the City and the Company through provisions in additional superseding agreements for implementation and administration of the Development Incentives Documents.

8. **Notice.** Any notice, approval, request or consent required by or asked to be given under this Agreement shall be deemed to be given if in writing and mailed by United States mail, postage prepaid, or delivered by hand, and addressed as follows:

To the City:

City of Harrisonville
Community Development Dept.
Attn: Rick DeLuca
P.O. Box 367
300 E. Pearl St.
Harrisonville, MO 64701

With a copy to:

Joseph G. Lauber
Lauber Municipal Law, LLC
529 SE 2nd St., Ste. D
Lee's Summit, MO 64063

To the Company:

Harrisonville Senior Care Center, LLC
Attn: Wayne Reeder
8201 E. 23rd St.
Kansas City, MO 64129

With a copy to:

Jerry Riffel
Lathrop & Gage LLP
2345 Grand Blvd., Ste. 2400
Kansas City, MO 64108

Each party may specify that notice be addressed to any other person or address by giving to the other party ten (10) days prior written notice thereof.

9. **City Requirements and Prior Approval.** The Company agrees to comply with all applicable laws and City ordinances, including, but not limited to, the City's zoning ordinances, subdivision regulations and all planning or infrastructure requirements related to the development of Company's property. The parties agree that execution of this Agreement in no way constitutes a waiver of any requirements of applicable City ordinances or policies with which the Company must comply and does not in any way constitute prior approval of any future proposal for development, including the Development Incentives Documents. The parties understand that the City may not lawfully contract away its police powers and that approval of the Development Incentives Documents and any zoning, subdivision and similar development Documents cannot be contractually guaranteed. This Agreement does not alter or diminish the City's ability to exercise its legislative discretion to consider the Development Incentives

Documents in accordance with all applicable laws and any other application with respect to development of Company's property.

10. **Modification.** The terms, conditions, and provisions of this Agreement can be neither modified nor eliminated except in writing and by mutual agreement between the City and the Company.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

12. **No Third Party Beneficiaries.** This Agreement is made and entered into for the sole protection and benefit of the City and Company. No other person or entity shall have or acquire any right or action based upon any provisions of this Agreement.

13. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior oral agreements or written agreements, arrangements, and understandings related thereto.

14. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

[Remainder of Page Intentionally Left Blank. Signature Pages Immediately Follow]

The parties hereto have caused this Agreement to be executed by their duly authorized representatives the day and year first above written.

CITY OF HARRISONVILLE

By: _____
Brian Hasek, Mayor

(SEAL)

ATTEST:

Kim Hubbard, City Clerk

STATE OF MISSOURI)
) ss.
COUNTY OF CASS)

BE IT REMEMBERED, that on this ____ day of _____, 2016, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Brian Hasek, the Mayor of the City of Harrisonville, Missouri, a City duly incorporated and existing under and by virtue of the laws of the State of Missouri, who are personally known to me to be the same person who executed, as such official, the within instrument on behalf of and with the authority of said City, and such person duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

NOTARY PUBLIC

My Commission Expires:

[SEAL]

**HARRISONVILLE SENIOR CARE CENTER,
LLC**

By: *Amanda Plotner*
Amanda Plotner
Title: Managing Director

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

BE IT REMEMBERED, that on this 14 day of April, 2016, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Amanda Plotner, duly authorized representative for Harrisonville Senior Care Center, LLC, a Missouri company, who is personally known to me to be the same person who executed the within instrument on behalf of Harrisonville Senior Care Center, LLC, and such person duly acknowledged the execution of the same to be the act and deed of Harrisonville Senior Care Center, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

April Crocker
NOTARY PUBLIC

My Commission Expires:

March 8 2019

[SEAL]



APRIL CROCKER
My Commission Expires
March 8, 2019
Jackson County
Commission #15152291