



Finance Committee Agenda

June 27, 2016

8:00 AM

Board Conference Room, 1st Floor, City Hall

- 1. Call to Order**
- 2. Financial Updates**
- 3. Action Items**
 - A. Approve the minutes from the June 13, 2016, meeting
 - B. Accept the audited financial statement for fiscal year 2015 as prepared by Cochran Head Vick & Co., P.C. (Administration)
 - C. Approve a maintenance agreement with Blue Valley Public Service Inc. for the outdoor warning sirens (Public Works)
 - D. Approve a small construction contract with Havens Construction for the River Hills Storm Sewer Reconstruction (Public Works)
 - E. Reject bids related to the Nature Sanctuary garden tractor (Administration)
- 4. Non-Action Items**
- 5. Other Business**
- 6. Adjourn**



Finance Committee Meeting
June 13, 2016 – 8:00 a.m.
Executive Chambers – Board Room

Minutes

1. CALL TO ORDER

Chair Sportsman called the meeting to order at 8:00 a.m. A quorum was present.

- **Members Present:** Chair Marc Sportsman, Vice Chair Dave Rittman, Nan Johnston, Diane Driver and Robert Lock
- **Other members present:** Jim Werner
- **City Staff Present:** City Administrator Lauren Palmer, Public Works Director Alysen Abel, Community Development Director Stephen Lachky, Police Chief Kevin Chrisman, Finance/Human Resources Director Matthew Chapman, Assistant to the City Administrator Tim Blakeslee, and Public Works Department Assistant Bonnie Buckmaster
- **Others Present:** Bob Charlesworth, Charlesworth Benefits, L.C.

2. FINANCIAL UPDATES

3. UNFINISHED BUSINESS (postponed from prior meetings)

A. 2015 audit update (postponed from the May 9 meeting)

Finance/Human Resources Director Matthew Chapman stated that the auditors raised a new question related to the impact of the sheriff's sale for the property held by 45 Park Place, LLC. The transaction was reported in the financial statements as a subsequent event that occurred after December 31, 2015, which caused a reduction in the long-term receivables recorded for the Neighborhood Improvement District (NID) assessments. Since the assessments on that property were cleared as part of the foreclosure and sheriff's sale, they were no longer receivables to the City and would soon acquire an asset in the land. A value needed to be recorded for the asset. The City received an appraisal for the property from April 2014, but the auditors were unable to audit the appraisal report because it was two years old and was unclear if the NID assessments factored into the conclusion on the valuation. The auditor would not issue a final opinion without additional information to support the value of the asset in reporting the subsequent event.

Palmer recommended that the Finance Committee postpone action until the issue was resolved because she was not comfortable recommending action without a final opinion from the auditor. Staff requested that the appraiser review the appraisal report and confirm if the 2014 valuation was still valid. If not, a new appraisal would be required. She was optimistic that staff could get additional information prior to the next committee meeting on June 27, 2016.

4. ACTION ITEMS

A. Approve the minutes from the May 9, 2016, meeting

Diane Driver moved to approve the May 9, 2016 minutes. Dave Rittman seconded; motion passed 5-0.

B. Approve a professional services agreement with Charlesworth Benefits, L.C. to conduct a Request for Information process for brokerage services

Finance/Human Resources Director, Matthew Chapman stated that CBIZ Benefits and Insurance Services, Inc. (CBIZ) provided employee benefit consulting services for the health, dental and life insurance products offered to eligible City employees. Staff was dissatisfied with the level of service as well as the escalating charges for ancillary services provided by CBIZ such as the administration of Flexible Spending Accounts (FSA) and the Consolidated Omnibus Budget

Reconciliation Act (COBRA) Account. If no change was made, the City would pay over \$1,800 in 2016 for the administration of these two accounts. Staff was confident this expense could be reduced dramatically with a new broker. Additionally staff believed a new broker would result in improved customer service and that a new firm would be motivated to negotiate the best possible insurance rates for the City.

Chapman recommended engaging Charlesworth Benefits, L.C. to manage a brokerage selection process on the city's behalf. Based on the proposal submitted by Charlesworth Benefits, L.C., the lump sum cost for services related to independent insurance consulting services would be \$4,500.

Bob Charlesworth spoke of his experience in working with public entities and was licensed in both Kansas and Missouri. He had experience in cities of a similar size and wanted to provide the best terms and policies available by researching nearby providers. The process would last approximately 90 days. Aldermen Rittman agreed to represent the Board of Aldermen on the selection committee.

Driver moved to approve a professional services agreement with Charlesworth Benefits, L.C. in the amount of \$4,500 for insurance consulting services. Rittman, seconded; motion passed 5-0.

C. Approve the renewal of Property & Liability and Worker's Compensation & Employer's Liability coverage with Midwest Public Risk for July 1, 2016 through June 30, 2017

Finance/Human Resources Director Matthew Chapman said that the City was a member of Midwest Public Risk (MPR) for property and liability coverage since January 1997 and for workers' compensation since April 1997. The agreement automatically renewed annually on July 1 unless cancelled by either party.

Chapman stated that staff evaluated alternative coverage options in 2014 after receiving higher than expected invoices in property and liability and workers' compensation coverage. Through a negotiation process, MPR adjusted the rates and offered a more competitive proposal in 2015. The invoices received and the quoted prices fit within the negotiations and within budget. Staff would continue to work closely with MPR to ensure the City received the lowest possible rates. Chapman added that MPR provides on-site quarterly trainings to all staff on any topic requested by the City and provided risk management services at no additional cost.

The Committee discussed the five percent increase in 2015 and Mayor Johnston asked if training was available for board and committee members and new staff to ensure the City was always in compliance. Chapman responded that staff would research training options.

Driver moved to recommend the Board of Aldermen approve the renewal of Workers' Compensation and Property & Liability insurance coverage with Midwest Public Risk for July 1, 2016 through June 30, 2017, in the amount of \$158,199.13. Robert Lock seconded; motion passed 5-0.

D. Approve Work Authorization No. 59 with North Hills Engineering for the design of the Main Street sanitary sewer improvements

Public Works Director Alysén Abel said recommended engaging North Hills Engineering (NHE) for design of the Main Street sewer realignment. The project would include improving 250 feet of the collapsed sewer main located within the Burlington Northern Santa Fe right-of-way between Main and East streets. The pipe was not a good candidate for cured-in-place pipe because there was not a manhole on the lower end of the pipe to gain access for the lining. Abel noted that a new manhole would be installed on Main Street and the sewer main would be realigned so it was located outside of the railroad right-of-way. The Capital Improvement Program (CIP) included the project in 2017.

During routine preventative maintenance this year, more rock was found in the line than in previous years, which meant there was a more serious issue with the pipe than staff had expected. Abel said that staff recommended accelerating the pipe repair in 2016 due to the visible deterioration of the pipe.

Further discussion focused on the sewer fund and if there was adequate working capital to cover the repairs. Abel responded that there was an estimated expense overage that would deplete working capital by an additional \$68,000 beyond the budgeted amount, but adequate reserves were available to support this cost. Other discussion focused on the grease in the downtown lines and grease interceptors for downtown food businesses, and the creation of an ordinance for inspections and compliance with cleaning out the interceptor units. City Engineer Jay Norco stated that the deterioration was not only because of the grease buildup and the rocks could have been from a train derailment. Mayor Johnston said that it was an emergency situation that needed to be fixed and if work was deferred there could be a greater impact on the budget.

Driver moved to recommend that the Board of Aldermen approve Work Authorization No. 59 with North Hills Engineering for the engineering design, project management and construction administration of the Main Street sanitary sewer improvements in the amount of \$12,525. Rittman seconded; motion passed 5-0.

E. Approve an as-built change order with Midwest Storm Restoration for the train depot roof project

Public Works Director Alysén Abel stated that due to an incorrect measurement of the roof surface, staff realized there was a difference between the final cost and the original contract adopted by the Board of Aldermen. The original contract was approved for a cost not to exceed amount of \$26,125 but the invoice was for \$29,777. Abel added that the difference could be approved by the City Administrator but since the expense exceeded the not to exceed amount in the contract, approval was requested by the Finance Committee. Further discussion focused on guttering, which could be included on a future CIP list.

Driver moved to approve Change Order No. 2 with Midwest Storm Restoration for the additional decking costs for the Train Depot Roof in the amount of \$2,152. Rittman seconded; motion passed 5-0.

F. Approve the purchase of a new 5085E John Deere utility tractor and Land Pride DB2660 ditch bank mower from Heritage Tractor, Inc. for the Operations Division of the Public Works Department

Public Works Director Alysén Abel stated that the 2015 CIP included the purchase of a tractor with a cab and extendable arm mower for cutting trees and heavy brush along the rights-of-way throughout the city, but the equipment was carried over to 2016 because it was not purchased in 2015. A bid opening was held in April and two responses were received. Abel noted that the bid request included the specifications for both pieces of equipment and only one of the bidders submitted a bid to match the requested specifications.

Driver requested the manufacturer's warranty for both tractors. Chair Sportsman expressed his concerns about the significant price difference and the City not selecting the low bidder. Further discussion focused on selecting the low bid that did not meet the specifications listed in the bid document or selecting the higher bid because it met the specifications in the bid.

Diane Driver moved to approve with conditions for warranty for the purchase of a new 2016 Massey Ferguson MF-4609M and Woods Mechanical Drive Rotary Cutter SW106 6' from Shuck Implement in the amount of \$50,170. Rittman seconded; motion failed 2-3 (Johnston, Lock and Rittman opposed).

G. Approve the purchase of a new John Deere MX-8 Pull Type mower attachment from Heritage Tractor for the Operations Division of the Public Works Department

Public Works Director Alysén Abel provided an overview of the purchase of the mower attachment for the Public Works Department.

Driver moved to approve the purchase of a new John Deere MX-8 Pull Type Mower Attachment from Heritage Tractor, Inc. in the amount of \$6,200. Rittman seconded; motion passed 5-0.

H. Approve the purchase of a new pump and adaptor at the South National Pump Station from FTC Equipment LLC

Public Works Director Alysen Abel stated that the City had six pump stations and each included two pumps that worked together to pump the wastewater to the gravity system. The 2015 CIP included the purchase of spare pumps for four stations, but only two spare pumps were purchased – the Pinecrest Pump Station was deferred because of discussions with the developer of Lake Pointe Lodge but both pumps were replaced due to pump failures, and the South National Pump Station was deferred because of necessary upgrades needed for the entire station. Abel added that in January the Board approved a contract for on-call pump maintenance and repair services. After the South National Pump Station was inspected issues were found one of the pumps. Because the purchase was not budgeted, staff recommended deferring the design of the 45 Highway Pump Station improvements and the remaining funds would come from the Sewer Fund operating budget for pump station maintenance.

The Committee discussed investing the money in a used pump that would need to be replaced within two years, the scrap value and having a backup pump for emergencies. The Committee directed staff to use working capital reserves for the expense so as not to defer other projects planned in 2016.

Driver moved to recommend that the Board of Aldermen approve a purchase order with FTC Equipment LLC for the new pump and adapter for the South National Pump Station in an estimated amount of \$11,500. Rittman seconded; motion passed 5-0.

5. NON-ACTION ITEMS

A. 2016 Parkville in Art purchase award

City Administrator Lauren Palmer noted that she authorized participating in the 2016 event after a successful purchase award competition in 2015. The artwork purchased during the event would be displayed at City Hall. The Mayor and City Clerk were working with representatives from the event to coordinate details of the selection process.

B. Budget amendment process

City Administrator Lauren Palmer stated that staff determined that budget amendments would be required for the 2016 budget and that they would be presented as needed to the Board of Aldermen throughout the year.

6. OTHER BUSINESS

Mayor Johnston said she attended an event at Riss Lake and received positive comments on the new streets in the subdivision. She added that a negative comment was received from one resident but it did not reflect the opinion of the entire group. They commended Alan Schank and the streets staff for their hard work on the streets.

7. ADJOURNMENT

Driver moved to adjourn the meeting at 9:50 a.m. Rittman seconded; motion passed 5-0.

Submitted by:

Bonnie Buckmaster
Public Works Department Assistant

Approval Date

CITY OF PARKVILLE Policy Report

Date: June 23, 2016

Prepared By:

Matthew Chapman
Finance/HR Director

Reviewed By:

Lauren Palmer
City Administrator

ISSUE:

Review and approve the audit for the City of Parkville for fiscal year 2015 as prepared by Cochran Head Vick & Co., P.C..

BACKGROUND:

The City has into a contract with Cochran Head Vick & Co., P.C., to conduct an audit of the City finances for year 2015. Cochran Head Vick & Co., P.C has completed the audit and has issued an unmodified opinion. Mr. Michael Keenan will review the report at the meeting and any questions can be answered at this time.

BUDGET IMPACT:

There is no cost associated with this action.

ALTERNATIVES:

1. Recommend that the Board of Aldermen approve the audited financial statements for the fiscal year ended December 31, 2015.
2. Receive the update and direct staff to delay the presentation to the Board of Aldermen to July 19 to allow additional time for review.
3. Postpone the item.

STAFF RECOMMENDATION:

Staff recommends that the Finance Committee recommend that the Board of Aldermen approve the audited financial statements for the fiscal year ended December 31, 2015. Pending Finance Committee review, final action will be scheduled for the Board of Aldermen on July 5. If the Finance Committee or Board desires additional time to review the audit, final action may be deferred to July 19, 2016.

POLICY:

Section 143.010 of the Parkville Municipal Code states that the Finance Committee shall review and comment on the annual audit prior to the presentation to the Board of Aldermen.

MOTION:

I move to recommend that the Board of Aldermen approve the audited financial statements for the fiscal year ended December 31, 2015.

ATTACHMENTS:

1. Audited Financial Statements for the Year Ended December 31, 2015
2. Management Letter
3. Audit Comments and Responses Memo
4. Powerpoint presentation

Draft

City of Parkville, Missouri

Basic Financial Statements With Independent Auditor's Report

For the Year Ended
December 31, 2015



INDEPENDENT AUDITOR'S REPORT

1251 NW Briarcliff Pkwy
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To the Honorable Mayor and
Board of Aldermen
City of Parkville, Missouri

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, each major fund, and the aggregate remaining fund information of the City 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 Offices

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Emphasis of a Matter

As described in Note 7A to the financial statements, subsequent to yearend, the City acquired certain property resulting from a judicial foreclosure default judgment. The property was subject to special assessments related to the both the Brink Meyer Road and Brush Creek Drainage Neighborhood Improvement Districts.

As described in Notes 9 and 11 to the financial statements, in 2015, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. The City has made other adjustments to the 2014 financial statements as described in Note 11.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios and schedule of employer contributions as listed in the table of contents 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's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of the City's internal control over financial reporting and 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 the 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's internal control over financial reporting and compliance.

Kansas City, Missouri
June 15, 2016

Draft

CITY OF PARKVILLE, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

As management of the City of Parkville, we offer readers of the City of Parkville's financial statements this narrative overview and analysis of the financial activities of the City of Parkville for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

1. The assets and deferred outflows of the City of Parkville exceeded its liabilities and deferred inflows at the close of the year by \$9,493,329 (net position), a decrease of \$2,625,616 over the prior year.
2. As of the close of the current year, the City's governmental funds showed a combined ending balance of \$4,684,135, a decrease of \$1,177,886 from the prior year as a result of planned debt refinancing. Approximately 34 percent of the fund balance, \$1,579,944 is unassigned and available for spending at the City's discretion.
3. The City's total long-term debt decreased \$2,088,823. Debt connected with the City's government activities decreased \$1,791,551 primarily due to the pay down and refunding of the City's 2006 Certificate of Participation. Debt connected with the City's business-type activities decreased \$297,269 as the City paid off a capital lease obligation early.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components; government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities reports information about the City as a whole and its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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The Statement of Net Position and the Statement of Activities report the City's net position and changes in it. You can think of the City's net position—the difference between assets and deferred outflows less liabilities and deferred inflows—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is that the format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative net financial costs of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

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

Governmental activities—Most of the City's basic services are reported here, including general government, public safety, public works, parks and recreation, and community development. Taxes, (sales, property, and franchise) charges for services, fines, and state and federal grants finance most of these activities.

Business-type activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sanitary sewer fund activities are reported here.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City establishes other funds to help it control and manage money for particular purposes. The City uses three types of funds to manage its resources: governmental, proprietary, and agency funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

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

Proprietary funds—When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s sewer enterprise fund, is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

Fiduciary Funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, since the resources of those funds are not available to support the City’s operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also contain certain *required supplemental information* that further explains and supports the information in the financial statements. This report also contains *other supplementary information* that provides certain combining and individual fund statements and schedules.

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Government-Wide Financial Analysis

Our analysis below focuses on net position (Figure 1) and changes in net position (Figure 2) of the governmental and business-type activities.

Figure 1 – Statement of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 11,919,946	\$ 16,539,744	\$ 1,224,469	\$ 1,400,259	\$ 13,144,415	\$ 17,940,003
Capital assets	9,650,764	9,596,365	3,571,218	3,783,417	13,221,982	13,379,782
Total assets	21,570,710	26,136,109	4,795,687	5,183,676	26,366,397	31,319,785
Deferred charge on refunding	33,127	-	-	-	33,127	-
Deferred outflows - pension	86,658	30,337	-	-	86,658	30,337
Total deferred outflows of resources	119,785	30,337	-	-	119,785	30,337
Long-term debt	14,667,277	16,292,917	1,518,351	1,815,620	16,185,628	18,108,537
Other liabilities	355,789	558,700	245,828	98,452	601,617	657,152
Total liabilities	15,023,066	16,851,617	1,764,179	1,914,072	16,787,245	18,765,689
Deferred inflow - property taxes	163,377	465,488	-	-	163,377	465,488
Deferred inflow - pension	42,231	-	-	-	-	-
Total deferred intflows of resources	205,608	465,488	-	-	205,608	465,488
Net position:						
Net investment in capital assets	2,338,456	767,779	2,052,867	1,967,797	4,391,323	2,735,576
Restricted	1,703,206	3,017,153	174,709	156,350	1,877,915	3,173,503
Unrestricted	2,420,159	5,064,409	803,932	1,145,457	3,224,091	6,209,866
Total net position	\$ 6,461,821	\$ 8,849,341	\$ 3,031,508	\$ 3,269,604	\$ 9,493,329	\$ 12,118,945

* as restated

Net position may serve over time as a useful indicator of a government's financial position. The City of Parkville's assets and deferred outflows exceeded liabilities and deferred inflows by \$9,493,329 at the close of the year ended December 31, 2015.

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Figure 2 – Statement of Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		2015	2014*
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program revenues:						
Charges for services	\$ 683,966	\$ 791,908	\$ 1,096,800	\$ 1,093,424	\$ 1,780,766	\$ 1,885,332
Operating grants and contributions	256,108	222,503	-	-	256,108	222,503
Capital grants and contributions	1,080,809	871,819	45,143	46,890	1,125,952	918,709
General revenues:						
Property taxes	1,436,359	1,404,253	-	-	1,436,359	1,404,253
Sales taxes	1,685,328	1,765,529	-	-	1,685,328	1,765,529
Franchise taxes	813,440	902,084	-	-	813,440	902,084
Intergovernmental activity taxes	160,125	164,549	-	-	160,125	164,549
Other taxes	3,254	1,592	-	-	3,254	1,592
Other	114,003	105,536	9,594	8,981	123,597	114,517
Total revenues	6,233,392	6,229,773	1,151,537	1,149,295	7,384,929	7,379,068
Expenses:						
General government	1,147,866	1,081,774	-	-	1,147,866	1,081,774
Public safety	1,313,066	1,379,740	-	-	1,313,066	1,379,740
Public works	1,541,591	1,296,926	-	-	1,541,591	1,296,926
Parks and recreation	435,047	374,837	-	-	435,047	374,837
Community development	3,556,318	729,525	-	-	3,556,318	729,525
Interest on long-term debt	627,024	1,124,864	-	-	627,024	1,124,864
Sewer	-	-	1,389,633	971,634	1,389,633	971,634
Total expenses	8,620,912	5,987,666	1,389,633	971,634	10,010,545	6,959,300
Change in net position	(2,387,520)	242,107	(238,096)	177,661	(2,625,616)	419,768
Net position, beginning	8,849,341	8,607,234	3,269,604	3,091,943	12,118,945	11,699,177
Net position, ending	\$ 6,461,821	\$ 8,849,341	\$ 3,031,508	\$ 3,269,604	\$ 9,493,329	\$ 12,118,945

* as restated

The City's net position decreased \$2,625,616 during the 2015 fiscal year. Of the total, governmental activities net position decreased \$2,387,520 and business-type activities net position decreased by \$238,096. Total 2015 governmental revenue increased \$3,619 over 2014. Total governmental activities expenses increased \$2,633,246. The increase is primarily attributable to additional Community Development expenses related to certain properties and special assessment receivable adjustments associated with the Brink Meyer Road and Brush Creek Drainage Neighborhood Improvement Districts. See Note 7A in the Notes to the Basic Financial Statements on page 33 for additional details.

Total 2015 business-type activities revenues increased slightly over 2014. Total business-type expenses increased \$417,999 resulting from intentional additional repair and maintenance expenses to catch up on deferred maintenance.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

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As mentioned earlier in this analysis, at the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,684,135. Of this amount \$3,104,191 is *non-spendable, restricted committed or assigned* for various purposes and \$1,579,944 is unassigned.

The general fund is the main operating fund of the City. At the end of the current fiscal year the general fund balance was \$2,924,185. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 46.6% of total general fund expenditures. Included in the general fund's committed fund balance is the City's reserve fund which totaled \$1,269,842 at December 31, 2015.

The City's fund balance of the general fund increased by \$167,891 during the current fiscal year. 2015 general fund expenditures, excluding transfers out, were approximately \$9,200 less than 2014.

At December 31, 2015, the transportation sales tax fund has an ending fund balance of \$231,767, all of which is restricted. The fund balance decreased by \$96,229 during the year primarily related to the 2015 asphalt overlay program.

The debt service fund has a total fund balance of \$642,209, all of which is restricted for the payment of principal, interest and fees. The fund balance decreased by \$1,267,357 during the year primarily due to the pay down and refunding of the City's 2006 Certificate of Participation.

Proprietary Fund

The City's proprietary fund provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the sewer fund at the end of the year totaled \$3,031,508 of which \$803,932 is unrestricted. The sewer fund's net position decreased by \$238,096 from the prior year due to an increase in repair and maintenance expenses.

General Fund Actual to Budget Analysis

Actual revenues exceed budgeted revenues by \$31,232 as taxes, intergovernmental, and other revenues exceed budgeted revenues which more than offset the fines and forfeiture budget to actual deficit. Actual expenditures were \$668,104 under the final budget. The city routinely outperforms budget due to careful management, conservative budgeting, and personnel savings due to routine vacancies throughout the year. However, this amount is significantly higher than recent previous years due primarily to three factors. The City budgeted a considerable increase in 2015 for workers compensation, property, and liability coverage based on early projections. Through the negotiation process, those costs were brought down considerably. The City budgeted an increase in 2015 for legal expenses due to anticipated needs for code enforcement, economic development, and litigation. Fortunately costs were managed well below budget. Finally, three capital projects that were initiated in 2015 will not be completed until 2016, so approximately \$140,000 of approved expenses will be reported in 2016 due to the timing of payments.

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Capital Asset and Debt Administration

Capital Assets

At the end of year, the City had \$13,221,982 invested in capital assets including land, buildings, equipment, vehicles, infrastructure, and sewer lines net of accumulated depreciation. (See table below) This represents a net decrease of \$157,800 from last year as current year depreciation expense exceeded current year capital assets additions.

City of Parkville, Missouri Capital Assets (Net of Depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 869,880	\$ 869,880	\$ 59,975	\$ 59,975	\$ 929,855	\$ 929,855
Buildings & Improvements	3,195,009	3,306,278	2,015,051	2,188,002	5,210,060	5,494,280
Equipment & Vehicles	452,240	460,331	48,455	37,839	500,695	498,170
Infrastructure	5,133,635	4,959,876	1,447,737	1,497,601	6,581,372	6,457,477
Total	<u>\$ 9,650,764</u>	<u>\$ 9,596,365</u>	<u>\$ 3,571,218</u>	<u>\$ 3,783,417</u>	<u>\$ 13,221,982</u>	<u>\$ 13,379,782</u>

Additional information on the City's capital assets can be found in Note 6 in the Notes to the Basic Financial Statements.

Long-Term Obligations - At the end of the current fiscal year, the City had total long-term obligations outstanding of \$15,936,135.

City of Parkville, Missouri Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Limited General Obligation Bonds (plus premium)	\$ 10,993,523	\$ 11,293,620	\$ -	\$ -	\$ 10,993,523	\$ 11,293,620
Certificates of Participation (less discount)	3,383,722	4,866,626	-	-	3,383,722	4,866,626
Compensated Absences	40,539	49,092	-	-	40,539	49,092
Capital Lease Obligation	-	-	-	149,350	-	149,350
Revenue Bonds (plus premium)	-	-	1,518,351	1,666,270	1,518,351	1,666,270
Total	<u>\$ 14,417,784</u>	<u>\$ 16,209,338</u>	<u>\$ 1,518,351</u>	<u>\$ 1,815,620</u>	<u>\$ 15,936,135</u>	<u>\$ 18,024,958</u>

The government activities decreased \$1,791,554 and the business-type activities decreased \$297,269.

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During fiscal year 2015, the City issued \$3,383,722 Refunding Certificates of Participation to current refund the 2006 Certificates of Participation. The City completed the refunding to reduce its debt service payments by \$1,427,903 and to obtain an economic gain of \$529,186.

In 2003, the City entered into a lease purchase agreement to fund certain improvements to the City's sewer plant property. In 2015, the City retired the remaining outstanding balance under the agreement totaling \$149,350. The early retirement resulted in an estimated interest costs savings of \$37,107.

Additional information on the City's long-term obligations can be found in Note 7 in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

As in prior years, the City budgeted cautiously, holding 2016 revenues and expenditure budgets at or near 2015 levels. The 2016 budget maintains essential services at current levels and directs limited additional resources toward the five critical success factors identified by the Board of Aldermen in July 2015 (basic services, infrastructure, parks, economic development, and finances). The City is fortunately experiencing steady growth in its retail, residential, and commercial base that bodes well for future financial security. The Board continues to exercise caution when implementing new projects and expanding services due to the debt burden associated with the Brush Creek Drainage and Brink Meyer Road Neighborhood Improvement Districts (NIDs). However, the NID properties show strong development potential, so the City should not forgo opportunities. The City continues to take advantage of grant opportunities and strategic financing. For example, the English Landing Park restroom project, a long-deferred community priority, will be accomplished through a combination of sources – county grant, donations, and a Fewson Fund loan.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office, Parkville, Missouri.

Draft

Exhibit A

CITY OF PARKVILLE, MISSOURI
Statement of Net Position
December 31, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments	\$ 3,107,630	\$ 913,062	\$ 4,020,692
Receivables:			
Taxes	367,100	-	367,100
Special assessments	5,248,601	-	5,248,601
Accounts and other	-	121,374	121,374
Due from other governments	17,159	-	17,159
Prepays, deposits, and other assets	74,399	1,839	76,238
Restricted assets:			
Cash and investments	1,505,057	188,194	1,693,251
Land held for redevelopment	1,600,000	-	1,600,000
Capital assets:			
Not being depreciated	869,880	59,975	929,855
Being depreciated, net of depreciation	8,780,884	3,511,243	12,292,127
Total assets	<u>21,570,710</u>	<u>4,795,687</u>	<u>26,366,397</u>
Deferred Outflows of Resources			
Deferred charges on refunding	33,127	-	33,127
Deferred outflow - pension asset	38,548	-	38,548
Deferred outflow - employer contributions	48,110	-	48,110
Total deferred outflows of resources	<u>119,785</u>	<u>-</u>	<u>119,785</u>
Liabilities			
Accounts payable	162,555	194,966	357,521
Accrued payroll and benefits	61,278	908	62,186
Accrued interest	131,956	36,469	168,425
Payable from restricted assets:			
Customer deposits	-	13,485	13,485
Long term debt:			
Net pension liability	249,493	-	249,493
Due within one year	345,636	152,919	498,555
Due in more than one year	14,072,148	1,365,432	15,437,580
Total liabilities	<u>15,023,066</u>	<u>1,764,179</u>	<u>16,787,245</u>
Deferred Inflows of Resources			
Deferred inflow - property taxes	163,377	-	163,377
Deferred inflow - pension liability	42,231	-	42,231
Total deferred inflows of resources	<u>205,608</u>	<u>-</u>	<u>205,608</u>
Net Position			
Net investment in capital assets	2,338,456	2,052,867	4,391,323
Restricted :			
Capital projects	322,255	-	322,255
Debt service	642,209	174,709	816,918
Public safety	89,092	-	89,092
Parks and recreation	59,912	-	59,912
Community development	22,741	-	22,741
Fewson trust (non-expendable)	566,997	-	566,997
Unrestricted	2,420,159	803,932	3,224,091
Total net position	<u>\$ 6,461,821</u>	<u>\$ 3,031,508</u>	<u>\$ 9,493,329</u>

See accompanying notes to the basic financial statements

CITY OF PARKVILLE, MISSOURI
Statement of Activities
For the Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>		<u>Primary Government</u>		
			<u>Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:							
Government activities							
General government	\$ 1,147,866	\$ 419,815	\$ -	\$ 108,540	\$ (619,511)	\$ -	\$ (619,511)
Public safety	1,313,066	230,085	8,904	-	(1,074,077)	-	(1,074,077)
Public Works	1,541,591	-	233,066	972,269	(336,256)	-	(336,256)
Parks and recreation	435,047	34,066	14,138	-	(386,843)	-	(386,843)
Community development	3,556,318	-	-	-	(3,556,318)	-	(3,556,318)
Interest on long-term debt	627,024	-	-	-	(627,024)	-	(627,024)
Total governmental activities	<u>8,620,912</u>	<u>683,966</u>	<u>256,108</u>	<u>1,080,809</u>	<u>(6,600,029)</u>	<u>-</u>	<u>(6,600,029)</u>
Business-type activities							
Sewer	1,389,633	1,096,800	-	45,143	-	(247,690)	(247,690)
Total business-type activities	<u>1,389,633</u>	<u>1,096,800</u>	<u>-</u>	<u>45,143</u>	<u>-</u>	<u>(247,690)</u>	<u>(247,690)</u>
Total primary government	<u>\$ 10,010,545</u>	<u>\$ 1,780,766</u>	<u>\$ 256,108</u>	<u>\$ 1,125,952</u>	<u>(6,600,029)</u>	<u>(247,690)</u>	<u>(6,847,719)</u>

General revenues:

Taxes:

Property taxes, levied for general purpose	1,097,697	-	1,097,697
Property taxes, levied for debt service	338,662	-	338,662
Sales taxes	1,685,328	-	1,685,328
Franchise taxes	813,440	-	813,440
Intergovernmental activity taxes	160,125	-	160,125
Other taxes	3,254	-	3,254
Unrestricted investment earnings	36,812	4,974	41,786
Gain on disposal of capital assets	19,247	-	19,247
Miscellaneous	57,944	4,620	62,564
Total general revenues	<u>4,212,509</u>	<u>9,594</u>	<u>4,222,103</u>
Change in net position	<u>(2,387,520)</u>	<u>(238,096)</u>	<u>(2,625,616)</u>
Net position, beginning of year, as restated	8,849,341	3,269,604	12,118,945
Net position, end of year	<u>\$ 6,461,821</u>	<u>\$ 3,031,508</u>	<u>\$ 9,493,329</u>

See accompanying notes to the basic financial statements

Draft

Exhibit C

CITY OF PARKVILLE, MISSOURI
Balance Sheet - Governmental Funds
December 31, 2015

	General	Transportation Sales Tax Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 2,596,069	\$ 265,267	\$ -	\$ 246,294	\$ 3,107,630
Receivables:					
Taxes	278,706	88,394	-	-	367,100
Special assessments	-	-	5,248,601	-	5,248,601
Due from other governments	6,274	10,885	-	-	17,159
Due from other funds	244,075	-	-	-	244,075
Prepays, deposits and other assets	74,399	-	-	-	74,399
Restricted cash and investments	-	8,883	926,970	569,204	1,505,057
Total Assets	<u>\$ 3,199,523</u>	<u>\$ 373,429</u>	<u>\$ 6,175,571</u>	<u>\$ 815,498</u>	<u>\$ 10,564,021</u>
Liabilities					
Accounts payable	\$ 99,578	\$ 44,498	\$ 674	\$ 17,805	\$ 162,555
Accrued payroll and benefits	61,278	-	-	-	61,278
Due to other funds	-	-	244,075	-	244,075
Total Liabilities	<u>160,856</u>	<u>44,498</u>	<u>244,749</u>	<u>17,805</u>	<u>467,908</u>
Deferred inflows of resources					
Unavailable revenues	<u>114,482</u>	<u>8,883</u>	<u>5,288,613</u>	<u>-</u>	<u>5,411,978</u>
Fund balances:					
Nonspendable:					
Prepaid Items	74,399	-	-	-	74,399
Fewson trust	-	-	-	566,997	566,997
Restricted:					
Capital projects	-	320,048	-	2,207	322,255
Debt service	-	-	642,209	-	642,209
Public safety	-	-	-	89,092	89,092
Parks and recreation	-	-	-	59,912	59,912
Community development	-	-	-	22,741	22,741
Committed:					
Emergency reserve	1,269,842	-	-	-	1,269,842
Assigned:					
Capital projects	-	-	-	56,744	56,744
Unassigned	<u>1,579,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,579,944</u>
Total fund balance	<u>2,924,185</u>	<u>320,048</u>	<u>642,209</u>	<u>797,693</u>	<u>4,684,135</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,199,523</u>	<u>\$ 373,429</u>	<u>\$ 6,175,571</u>	<u>\$ 815,498</u>	<u>\$ 10,564,021</u>

See accompanying notes to the basic financial statements

Draft

Exhibit C
Continued

CITY OF PARKVILLE, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2015

Fund balances of governmental funds	\$ 4,684,135
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements	5,248,601
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	9,650,764
Long-term assets held for redevelopment are not reported in the fund statements	1,600,000
Deferred charges on refunding are not due and payable in the current period and therefore not reported in the governmental fund statements	33,127
Deferred outflows and inflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position	44,427
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	(131,956)
The net pension liability is not due and payable and therefore is not recorded in the governmental fund statements.	(249,493)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Long-term liabilities	(14,417,784)
Net position of governmental activities	<u>\$ 6,461,821</u>

See accompanying notes to the basic financial statements

Draft

Exhibit D

CITY OF PARKVILLE, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2015

	General	Transportation Sales Tax Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 2,871,357	\$ 454,581	\$ 338,662	\$ 273,781	\$ 3,938,381
Intergovernmental	95,222	469,846	-	210,125	775,193
Charges for services	36,616	-	-	4,956	41,572
Fines and forfeitures	225,128	-	-	-	225,128
Licenses and permits	315,764	-	-	-	315,764
Special assessments	-	-	589,095	-	589,095
Grants	-	-	-	58,540	58,540
Charges for sewer administration	101,500	-	-	-	101,500
Interest	7,623	-	17,855	11,334	36,812
Other	47,163	2,300	-	22,697	72,160
Total Revenues	3,700,373	926,727	945,612	581,433	6,154,145
Expenditures:					
Current:					
General government	923,911	-	-	-	923,911
Public safety	1,203,442	-	-	11,488	1,214,930
Public works	618,882	-	-	-	618,882
Parks and recreation	349,601	-	-	42,801	392,402
Community development	292,195	-	-	438,801	730,996
Capital outlay	-	790,847	-	73,295	864,142
Debt service:					
Principal	-	-	545,000	-	545,000
Interest and fiscal charges	-	-	717,537	-	717,537
Refunding payment	-	-	1,346,056	-	1,346,056
Total Expenditures	3,388,031	790,847	2,608,593	566,385	7,353,856
Excess of Revenues Over (Under) Expenditures	312,342	135,880	(1,662,981)	15,048	(1,199,711)
Other financing sources (uses):					
Transfers in	245,000	-	395,624	4,577	645,201
Transfers out	(400,201)	(245,000)	-	-	(645,201)
Sale of capital assets	10,750	11,075	-	-	21,825
Proceeds from certificates of participation	-	-	3,383,722	-	3,383,722
Payment to escrow agent	-	-	(3,383,722)	-	(3,383,722)
Total Other Financing Sources (Uses)	(144,451)	(233,925)	395,624	4,577	21,825
Net change in fund balances	167,891	(98,045)	(1,267,357)	19,625	(1,177,886)
Fund balances, beginning of year, as restated	2,756,294	418,093	1,909,566	778,068	5,862,021
Fund balances, end of year	\$ 2,924,185	\$ 320,048	\$ 642,209	\$ 797,693	\$ 4,684,135

See accompanying notes to the basic financial statements

Draft

Exhibit D
(continued)

CITY OF PARKVILLE, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the 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 \$ (1,177,886)

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.

Capital outlay costs in excess of capitalization threshold	158,214
Depreciation	(436,237)
Donated capital assets	335,000
Disposal of capital assets	(2,578)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.

Special assessments	(3,102,331)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Principal payments on long-term debt	275,000
Refunding of certificates of participation, net	1,516,278
Changes in unamortized bond issuance discount	24,850
Changes in accrued interest expense	165,441

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

Change in compensated absences and net pension obligations	<u>(143,271)</u>
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Change in net position of governmental activities	<u><u>\$ (2,387,520)</u></u>
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See accompanying notes to the basic financial statements

Draft

Exhibit E

CITY OF PARKVILLE, MISSOURI
Statement of Net Position
Proprietary Fund
December 31, 2015

	<u>Sewer Fund</u>
Assets	
Current assets:	
Cash and investments	\$ 913,062
Receivables, net:	
Accounts and other	121,374
Prepaid expenses	1,839
Restricted cash and investments	188,194
Total current assets	<u>1,224,469</u>
Noncurrent assets:	
Capital assets:	
Not being depreciated	59,975
Being depreciated, net of depreciation	3,511,243
Total noncurrent assets	<u>3,571,218</u>
Total assets	<u>4,795,687</u>
Liabilities	
Current liabilities:	
Accounts payable	194,966
Accrued liabilities	908
Current liabilities (payable from restricted assets):	
Customer deposits	13,485
Interest payable	36,469
Current portion of bonds payable	152,919
Total current liabilities:	<u>398,747</u>
Long-term liabilities:	
Bonds payable	1,365,432
Total long-term liabilities:	<u>1,365,432</u>
Total liabilities	<u>1,764,179</u>
Net position	
Net investment in capital assets	2,052,867
Restricted net position for:	
Debt service	174,709
Unrestricted	803,932
Total net position	<u>\$ 3,031,508</u>

See accompanying notes to the basic financial statements

Draft

Exhibit F

CITY OF PARKVILLE, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2015

	<u>Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 1,096,800
Other	4,620
Total operating revenues	<u>1,101,420</u>
Operating expenses:	
Personnel Services	14,152
Contractual Services	335,549
Administrative Fee	101,500
Depreciation	234,400
Repairs and maintenance	548,509
Other	73,220
Total operating expenses	<u>1,307,330</u>
Operating income (loss)	<u>(205,910)</u>
Nonoperating revenues (expenses):	
Intergovernmental	45,143
Interest income	4,974
Interest expense	(82,303)
Total nonoperating revenues (expenses)	<u>(32,186)</u>
Change in net position	(238,096)
Total net position, beginning of year, as restated	<u>3,269,604</u>
Total net position, end of year	<u>\$ 3,031,508</u>

See accompanying notes to the basic financial statements

Draft

CITY OF PARKVILLE, MISSOURI
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

Exhibit G

	Sewer Fund
Cash flows provided by (used in) operating activities:	
Receipts from customers and others	\$ 1,075,123
Payments to suppliers	(906,989)
Payments to employees	(13,465)
Net cash provided by (used in) operating activities	154,669
Cash flows provided by (used in) investing activities:	
Interest received	50,117
Net cash flows provided by (used in) investing activities	50,117
Cash flows provided by (used in) capital and related financing activities:	
Interest and fiscal charges	(47,434)
Principal payments on long-term debt	(297,269)
Net cash flows provided by (used in) capital and related financing activities	(366,904)
Net change in cash and equivalents	(162,118)
Cash and equivalents, beginning of year	1,263,374
Cash and equivalents, end of year	\$ 1,101,256
Cash and investments reported on the Statement of Net Position	
Cash and investments	\$ 913,062
Restricted cash and investments	188,194
Total cash and investments	\$ 1,101,256
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (205,910)
Adjustments to reconcile operating loss to net cash used by operations:	
Depreciation	234,400
Changes in:	
Receivables	(26,297)
Accounts payable	151,789
Accrued liabilities	687
Net cash provided by (used in) operating activities	\$ 154,669

See accompanying notes to the basic financial statements

Draft

Exhibit H

CITY OF PARKVILLE, MISSOURI
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2015

	Municipal Court	Escrow Fund	Total Agency Funds
Assets			
Cash and investments	\$ 21,730	\$ 71,952	\$ 93,682
Total assets	<u>\$ 21,730</u>	<u>\$ 71,952</u>	<u>\$ 93,682</u>
Liabilities			
Due to others	\$ 21,730	\$ 71,952	\$ 93,682
Total liabilities	<u>\$ 21,730</u>	<u>\$ 71,952</u>	<u>\$ 93,682</u>

See accompanying notes to the basic financial statements

(1) Summary of Significant Accounting Policies

The City of Parkville, Missouri (the City) was incorporated on February 6, 1957. The City is a fourth class city and operates under a Mayor-Board of Aldermen form of government. The City Administrator is the chief administrative officer of the City. The City provides services to nearly 5,600 residents in many areas, including law enforcement, sewer services, community enrichment and development, and various social services.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its blended component unit, the City of Parkville, Missouri Tax Increment Financing (TIF) Commission (the Commission). The Commission is governed by a board of which six members are appointed by the Mayor with the consent of the Board of Alderman, two members appointed by the school board whose district is in the boundary of the redevelopment area, and one member appointed by the affected taxing district. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance economic development through payments in lieu of taxes (PILOTS) and economic activity taxes (EATS). The Commission does not issue separate financial statements.

B. Basis of Presentation

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

Government-wide financial statements

The statement of net position and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund financial statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the City's major governmental funds:

General Fund – the general fund of the City accounts for all financial transactions not accounted for in other funds. For financial reporting purposes, the City's Emergency Reserve Fund and Equipment Reserve Fund activities are included in the General Fund.

Transportation Fund – This fund is used to account for revenues restricted for transportation purposes including the half-percent transportation sales taxes collected and a county tax distribution for capital improvements and the expenditures for the related items.

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, principal and interest on long-term obligations of the City.

The City reports the following fund types of nonmajor funds:

Special Revenue Funds - These funds account for specific revenue sources that are restricted for specified purposes.

Permanent Fund – This fund reports resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support City programs.

PROPRIETARY FUND

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The following is the City's major proprietary fund:

The Sewer Service Fund – This fund accounts for the provision of waste water and sewer services to the general public. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and related debt service, and billing and collection.

FIDUCIARY FUNDS

The City maintains two fiduciary funds, the Municipal Court, which accounts for court bonds paid by defendants and the Escrow Fund which accounts for funds held in escrow for future special assessments. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

C. Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within 60 days after year-end to pay obligations of the current period). This includes property taxes, investment earnings and state-levied locally shared taxes (including motor vehicle fees). The City records property tax receivables at the time the lien attaches to the property. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position and statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

D. Cash and Investments

Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, investment pools and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third party and must be of the kind prescribed by State Statutes and approved by the State.

The City maintains and controls a cash pool in which a majority of the City's funds share. Each fund's portion of the pool is displayed on their respective balance sheet or statement of net position as "cash and investments". The City's cash and investments are primarily considered to be cash on hand, amounts in demand deposits, and certificates of deposits. Interest earned on demand deposits is allocated to the various funds on the basis of average month-end balances.

For purposes of the statement of cash flows, short-term investments and certificates of deposit with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

E. Accounts Receivable

Accounts receivable result primarily from miscellaneous services provided to citizens accounted for in the Governmental Funds, and from water, sewer, and sanitation services accounted for in the their respective Proprietary Fund net of an allowance for doubtful accounts.

F. Special Assessments Receivable

Special assessments receivable reflects the property taxes collectable by the City for the purpose of repaying certain Special Assessment debt held by the City. The amount collectable by the City is reduced each year as the taxes are levied against the property and, subsequently, collected by the City.

G. Prepaid Items

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, streets lights, storm sewers, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

As the City is a Phase III government under Governmental Accounting Standards Board (GASB) Statement No. 34, it has elected to exercise its option to forego retroactively reporting governmental infrastructure assets acquired prior to December 31, 2003. Governmental infrastructure assets on the statement of net position include only infrastructure capital assets acquired subsequent to December 31, 2003.

Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Fully depreciated capital assets are included in their respective accounts until their disposal.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

Governmental infrastructure	20 – 40 years
Buildings	20 – 40 years
Machinery and equipment	5 – 10 years
Sewer plant and collection systems	20 – 50 years

I. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation in varying amounts. Vacation days are required to be taken within the current or following calendar year in which earned. In the event of retirement or termination, an employee is paid for unused vacation days.

Vested or accumulation vacation is accounted for as follows:

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

J. Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. The first two relate to the change in actual and projected earnings in calculating the pension asset and employer contributions made subsequent to the measurement date of June 30, 2015. The last is deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises under the accrual and modified accrual basis of accounting, which qualify for reporting in this category. The first one relates to the change in actual and projected experience in calculating the pension liability. The second item, unavailable revenue, is reported in both the statement of net position and in the governmental funds balance sheet for receipts of tax payments related to fiscal year 2016 property taxes. Special assessment revenues related to debt are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues related to taxes, fees, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

K. Interfund Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or statement of net position.

The General fund provides administrative and other support services for the Sewer fund. Amounts charged to the Sewer fund for such services were \$101,500 for the year ended December 31, 2015.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

L. Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications:

Non-Spendable – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts which can only be used for specific purposes determined by a formal action of passing an ordinance or resolution by the Board of Aldermen, the City's highest level of decision-making authority. Any changes or removal of specific purpose requires the same action by the Board of Aldermen.

Assigned – This consists of amounts which are constrained by City management's intent to be used for a specific purpose but do not meet the criteria to be classified as committed. In accordance with the approved City policy only the Board of Alderman has the authority to assign amounts for a specific purpose in this category.

Unassigned – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Per policy, the general fund balance should be no less than 5% of general fund appropriations for the succeeding fiscal year in order to provide adequate cash flow and emergency cash funding. The City will endeavor to grow a general fund balance of 15% of general fund appropriations for the succeeding fiscal year. Amounts over 15% may be moved into the emergency reserve fund.

M. Net Position Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

- (1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Expenditures in Excess of Budget Appropriations

In violation of the budget ordinance, actual expenditures exceeded budgeted appropriations as follows:

<u>Fund</u>	<u>Expenditures in Excess of Budget Appropriations</u>
Economic Development	\$ 2,777
Nature Sanctuary	10,450
Parks Donations	13,351
Debt Service Fund (Certificates of Participation)	4,692,581
Reserve Fund	178,124

O. Use of Estimates

The preparation of the basic 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

(2) Cash and Investments

A reconciliation of cash and investments as shown on the government-wide statement of net position and statement of fiduciary net position is as follows:

Cash on hand	\$	330
Demand deposits		4,549,242
Certificates of deposits		340,226
US treasuries and agency securities		56,027
Restricted cash equivalents held in trust		861,800
		\$ 5,807,625

	Government-wide statement of net position	Fiduciary funds statement of net position	Total
Cash and investments	\$ 4,020,692	\$ 93,682	\$ 4,114,374
Restricted cash and investments	1,693,251	0	1,693,251
	\$ 5,713,943	\$ 93,682	\$ 5,807,625

Custodial Credit Risk

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

As of December 31, 2015, the City's deposits were insured with Federal depository insurance, with the remaining uninsured balance collateralized by securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of December 31, 2015.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

(3) Tax Revenues and Taxes Receivable

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. Assessed values are established by county assessors, subject to review by the county's Board of Equalization. The assessed value of local property at January 1, 2014, was \$195,553,232.

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CITY OF PARKVILLE, MISSOURI
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The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City's property tax levies per \$100 of assessed valuation for the year in which the revenues were earned were as follows:

<u>Fund</u>	<u>Levy</u>
General Fund	\$ 0.4784
General Revenue- Temporary	0.1759
	<u>\$ 0.6543</u>

Tax revenues for the year consisted of the following:

	Property Taxes	Sales Taxes	Franchise Taxes	Other Taxes	Total
Major governmental funds:					
General	\$ 1,097,697	\$ 960,220	\$ 813,440	\$ -	\$ 2,871,357
Transportation Sales Tax	-	454,581	-	-	454,581
Debt Service	338,662	-	-	-	338,662
Nonmajor funds	-	270,527	-	3,254	273,781
	<u>\$ 1,436,359</u>	<u>\$ 1,685,328</u>	<u>\$ 813,440</u>	<u>\$ 3,254</u>	<u>\$ 3,938,381</u>

Taxes receivable represent property, sales, gross receipts, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes. Taxes receivable consisted of the following at December 31, 2015:

	Sales Taxes	Franchise Taxes	Total
Major governmental funds:			
General	\$180,838	\$ 97,868	\$278,706
Transportation Sales Tax	88,394	-	88,394
	<u>\$269,232</u>	<u>\$ 97,868</u>	<u>\$367,100</u>

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year consisted of the following:

	General Fund	Transportation Sales Tax	Other Nonmajor Funds	Total
Grants - Federal, State and Local	\$ 24,630	\$ -	\$ 50,000	\$ 74,630
State:				
Motor vehicle sales tax	46,053	-	-	46,053
Motor vehicle fuel tax	-	146,671	-	146,671
Motor vehicle license and title transfer fees	24,539	-	-	24,539
Local:				
Economic activity taxes	-	323,175	160,125	483,300
Total Intergovernmental Revenue	<u>\$ 95,222</u>	<u>\$ 469,846</u>	<u>\$ 210,125</u>	<u>\$ 775,193</u>

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Amounts due from other governments at December 31, 2015, were as follows:

	<u>General Fund</u>	<u>Transporation Sales Tax</u>	<u>Total</u>
Motor vehicle sales tax	\$ 3,836	\$ -	\$ 3,836
Motor vehicle fuel tax	-	10,885	10,885
Motor vehicle license and title transfer fees	<u>2,438</u>	<u>-</u>	<u>2,438</u>
Total due from other governments	<u>\$ 6,274</u>	<u>\$ 10,885</u>	<u>\$ 17,159</u>

(5) Interfund Activity

Transfers between funds for the year ended December 31, 2015 were as follows:

	<u>Transfers Out:</u>		
	<u>General</u>	<u>Transporation Sales Tax</u>	<u>Total</u>
Transfers In:			
Governmental activities:			
General Fund	\$ -	\$ 245,000	\$ 245,000
Debt Service Fund	395,624	-	395,624
Other Governmental Funds	<u>4,577</u>	<u>-</u>	<u>4,577</u>
Total	<u>\$ 400,201</u>	<u>\$ 245,000</u>	<u>\$ 645,201</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues in the General Fund to meet certain special assessment debt service requirements as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

Amount due to/due from other funds as of December 31, 2015 were as follows:

	<u>Due to:</u>
	<u>General</u>
	<u>Fund</u>
Due from:	
Debt service fund	<u>\$ 244,075</u>

Interfund advances to the Debt Service Fund were used to lower annual principal bond payments through the refunding of the Certificates of Participation.

(6) Capital Assets

A summary of the changes in capital assets for the year is as follows:

	December 31, 2014 ***	Additions	Retirements	December 31, 2015
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 869,880	\$ -	\$ -	\$ 869,880
Total capital assets, not being depreciated	869,880	-	-	869,880
Capital assets, being depreciated				
Buildings and improvements	4,394,446	-	-	4,394,446
Equipment and vehicles	2,045,443	158,214	116,501	2,087,156
Infrastructure	6,011,540	335,000	-	6,346,540
Total capital assets being depreciated	12,451,429	493,214	116,501	12,828,142
Less accumulated depreciation for:				
Buildings and improvements	1,088,168	111,269	-	1,199,437
Equipment and vehicles	1,585,112	163,727	113,923	1,634,916
Infrastructure	1,051,664	161,241	-	1,212,905
Total accumulated depreciation	3,724,944	436,237	113,923	4,047,258
Total capital assets being depreciated, net	8,726,485			8,780,884
Governmental activates capital assets, net	<u>\$ 9,596,365</u>			<u>\$ 9,650,764</u>

*** as restated

	December 31, 2014 ***	Additions	Retirements	December 31, 2015
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 59,975	\$ -	\$ -	\$ 59,975
Total capital assets, not being depreciated	59,975	-	-	59,975
Capital assets, being depreciated				
Buildings and improvements	5,253,934	-	-	5,253,934
Equipment and vehicles	263,593	22,201	-	285,794
Infrastructure	2,384,899	-	-	2,384,899
Total capital assets being depreciated	7,902,426	22,201	-	7,924,627
Less accumulated depreciation for:				
Buildings and improvements	3,065,932	172,951	-	3,238,883
Equipment and vehicles	225,754	11,585	-	237,339
Infrastructure	887,298	49,864	-	937,162
Total accumulated depreciation	4,178,984	234,400	-	4,413,384
Total capital assets being depreciated, net	3,723,442			3,511,243
Business-type activates capital assets, net	<u>\$ 3,783,417</u>			<u>\$ 3,571,218</u>

*** ss restated

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

Governmental activities:	
General government	\$ 126,764
Public safety	59,692
Public works	212,928
Parks and recreation	34,043
Economic development	2,810
Total depreciation expense for governmental activities	\$ 436,237
 Business-type activities:	
Sewer	\$ 234,400
Total depreciation expense for business-type activities	\$ 234,400

(7) Long Term Debt

A summary of the changes in long term debt is as follows:

	Beginning of Year	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
Governmental Activities:					
Limited general obligation bonds:					
Series 2010 - River Park	\$ 1,755,000	\$ -	\$ 275,000	\$ 1,480,000	\$ 280,000
Series 2014A - Brush Creek	5,375,000	-	-	5,375,000	-
Series 2014B - Brink Meyer	3,675,000	-	-	3,675,000	-
Premium on issuance	488,620	-	25,097	463,523	25,097
	11,293,620	-	300,097	10,993,523	305,097
Certificates of participation	4,900,000	3,383,722	4,900,000	3,383,722	-
Discount on issuance	(33,374)	-	(33,374)	-	-
* Compensated absences	49,092	40,539	49,092	40,539	40,529
Total Governmental Activities	16,209,338	3,424,261	5,215,815	14,417,784	345,626
 Business-type Activates:					
Revenue bonds	\$ 1,595,000	\$ -	\$ 140,000	\$ 1,455,000	\$ 145,000
Premium on issuance	71,270	-	7,919	63,351	7,919
Capital lease obligation	149,350	-	149,350	-	-
Total Business-type Activates	1,815,620	-	297,269	1,518,351	152,919
Total Primary Government	\$ 18,024,958	\$ 3,424,261	\$ 5,513,084	\$ 15,936,135	\$ 498,545

* Primarily liquidated by the General fund in prior years.

A. Limited General Obligation Bonds

The City has issues special limited general obligation bonds to provide funds for the acquisition and construction of certain neighborhood improvement projects. Financing is provided by special assessments levied within the respective Districts. Special general obligation bonds are direct obligations and pledge the full faith and credit of the City. The City's limited general obligation bonds as of December 31, 2015:

Series 2010 - Neighborhood Improvement District - Limited General Obligation Refunding Bonds (River Park Project); due in annual installments through March 1, 2020; interest at 1.75% to 3.25%	\$ 1,480,000
Series 2014A - Neighborhood Improvement District - Limited General Obligation Bonds (Brush Creek Drainage Area Neighborhood Improvement Project); due in annual installments through March 1, 2034; interest at 3.0% to 4.0%	5,375,000
Series 2014B - Neighborhood Improvement District - Limited General Obligation Bonds (Brink Meyer Road Neighborhood Improvement Project); due in annual installments through March 1, 2034; interest at 3.0% to 3.25%	<u>3,675,000</u>
Total limited general obligation bonds	<u>\$ 10,530,000</u>

In 2015, the City began the required special assessment levy on the property owners within the Brink Meyer Road Neighborhood Improvement District (Brink Meyer NID). The Brink Meyer NID's scheduled annual special assessments necessary to meet the Series 2014B debt service requirements is \$276,166 per year through 2034. The Brink Meyer NID's sole property owner is delinquent on its 2015 special assessment. Accordingly, the City transferred funds totaling \$178,124 from the General Fund to the Debt Service Fund to assist in meeting the 2015 debt service requirement on the 2014B bonds. The City is currently pursuing legal action against the property owner related to the default on the special assessments.

In 2015, the City began the required special assessment levy on the property owners within the Brush Creek Drainage Area Neighborhood Improvement District (Brush Creek NID). The Brush Creek NID's scheduled annual special assessments necessary to meet the Series 2014A debt service requirements is \$388,030 per year through 2034. Certain property in the Brink Meyer NID is also subject to special assessments in the Brush Creek NID. The property owner is delinquent on its 2015 Brush Creek NID special assessment of approximately \$81,000. The City is currently pursuing legal action against the property owner related to the default on the special assessments.

Subsequent event

As a result of the judicial foreclosure default judgment issued by the Platte County Circuit Court, a sheriff's sale was held on May 24, 2016, for the approximately 73 acre tract of property on the southeast quadrant of the intersection of I-435 and Route 45. This property is subject to special assessments for both the Brink Meyer Road NID and Brush Creek Drainage NID. At the sale, the City acquired the property for a credit bid (no cash exchange) of \$10,000. City management has estimated the acquisition value of the acquired property at \$1,600,000 and has recorded this amount as "Land held for redevelopment. With the sale, all past, current and future Brink Meyer Road NID and Brush Creek Drainage NID special assessments due within the NID districts associated with the acquired property were "cleared" as part of the judicial foreclosure process and are no longer subject to Brink Meyer Road NID and Brush Creek Drainage NID a special assessments. Accordingly, the principal portion of the special assessment receivable of \$4,427,331 net of the estimated acquisition value of the property of \$1,600,000 resulted in a total of \$2,827,331 being charged to expense.

The City is actively seeking a development partnership to offset the debt exposure through a combination of property sale proceeds and new economic activity.

B. Certificates of Participation

During fiscal year 2015, the City issued \$3,383,722 Refunding Certificates of Participation to current refund the 2006 Certificates of Participation issued for the purpose of constructing City Hall, public parking lot and certain other capital improvements within the City. A temporary levy on property was approved to make a portion of the debt service payments. Principal and interest payments are due semi-annually beginning on September 1, 2016 through March 1, 2027 with principal payments ranging from \$139,867 to \$444,872, with an interest rate of 2.24%.

The net proceeds of the certificates of participation together with the other available funds totaling \$4,729,779 were deposited in trust with an escrow agent to provide for all future debt service payments on the refunded 2006 Certificates of Participation. The City completed the refunding to reduce its debt service payments by \$1,427,903 and to obtain an economic gain of \$529,186.

C. Revenue Bonds

The City issued Sewerage System Revenue Bonds (State Revolving Loan Fund (SRF)) Series 2004A in the original amount of \$2,750,000. Series 2004A (SRF) Sewage System Refunding Revenue Bonds (SRF) are special, limited obligations of the City payable solely from, and secured by a pledge of, the net revenues. The bonds are due in annual installments of \$30,000 to \$170,000 through January 1, 2015 with interest ranging from 3.0% to 5.25%. The outstanding balance at December 31, 2015, is \$1,455,000.

D. Lease purchase Agreement

In 2003, the City entered into a lease purchase agreement to fund certain improvements to the City's sewer plant property. In 2015, the City retired the remaining outstanding balance under the agreement totaling \$149,350.

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Future Debt Service Requirements

Year Ending December 31,	Governmental Activities					
	Limited General Obligation Refunding Bonds - Series 2010 (River Park)		Limited General Obligation Bonds - Series 2014A (Brush Creek)		Limited General Obligation Bonds - Series 2014B (Brink Meyer)	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 280,000	\$ 40,700	\$ -	\$ 93,544	\$ -	\$ 73,994
2017	285,000	33,275	210,000	90,394	140,000	71,894
2018	295,000	24,575	215,000	87,169	145,000	69,719
2019	305,000	15,194	220,000	83,869	150,000	67,469
2020	315,000	5,119	230,000	80,419	155,000	65,144
2021-2025	-	-	1,245,000	712,731	830,000	590,169
2026-2030	-	-	1,475,000	488,563	995,000	427,175
2031-2034	-	-	1,780,000	102,300	1,260,000	91,125
	<u>\$ 1,480,000</u>	<u>\$ 118,863</u>	<u>\$ 5,375,000</u>	<u>\$ 1,738,989</u>	<u>\$ 3,675,000</u>	<u>\$ 1,456,689</u>

Year Ending December 31,	Governmental Activities				Business-type Activities	
	Certificates of Participation Series 2015		Total		Sewerage System Revenue Bonds Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ 56,636	\$ 280,000	\$ 264,874	\$ 145,000	\$ 69,313
2017	297,114	72,468	932,114	268,031	150,000	61,938
2018	335,155	65,386	990,155	246,849	150,000	61,938
2019	354,132	57,666	1,029,132	224,198	155,000	54,438
2020	361,800	49,648	1,061,800	200,330	160,000	46,619
2021-2025	1,772,536	117,935	3,847,536	1,420,835	695,000	108,350
2026-2030	262,985	6,078	2,732,985	921,816	-	-
2031-2034	-	-	3,040,000	193,425	-	-
	<u>\$ 3,383,722</u>	<u>\$ 425,817</u>	<u>\$ 13,913,722</u>	<u>\$ 3,740,358</u>	<u>\$ 1,455,000</u>	<u>\$ 402,596</u>

(8) Cooperative Agreement – Sewer Services

The City has entered into agreements with the City of Kansas City, Missouri and the Platte County Regional Sewer District to provide certain sewer services for the City. For the year ended December 31, 2015, amounts recorded under these agreements were \$53,304 (Kansas City, Missouri) and \$3,961 (Platte County Regional Sewer District).

(9) Employees Retirement System

A. Plan Description

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

B. Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	2015 Valuation
Benefit Multiplier:	1.25% for life
Final Average Salary:	3 Years
Member Contributions:	4%

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. Benefit terms changed from 1.0% for life to 1.25% for life since the last measurement period.

C. Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

	General	Police	Total
Inactive employees or beneficiaries currently receiving benefits	1	1	2
Inactive employees entitled to but not yet receiving benefits	4	4	8
Active employees	18	12	30
	23	17	40

D. Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% to the pension plan. Employer contribution rates are 3.5% (General) and 4.2% (Police) of annual covered payroll.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

F. Actuarial Assumptions

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation (General and Police)
	3.5% to 8.6% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on 105% of the 1994 Group Annuity Mortality Table set back 0 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

G. Discount Rate

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

H. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 912,014	\$ 828,435	\$ 83,579
Changes for the year:			
Service Cost	104,714	-	104,714
Interest	69,352	-	69,352
Change in benefit terms	226,297	-	226,297
Difference between expected and actual	(47,700)	-	(47,700)
Contributions - employer	-	73,690	(73,690)
Contributions - employee	-	60,880	(60,880)
Net investment income	-	17,409	(17,409)
Benefit payments, including refunds	(14,002)	(14,002)	-
Administrative expense	-	(3,356)	3,356
Other changes (net transfer)	-	38,126	(38,126)
Net changes	338,661	172,747	165,914
Balances at end of year	\$ 1,250,675	\$ 1,001,182	\$ 249,493

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate	1% Increase
	6.25%	Assumption 7.25%	8.25%
Total Pension Liability (TPL)	\$ 1,468,062	\$ 1,250,675	\$ 1,072,627
Plan Fiduciary Net Position	(1,001,182)	(1,001,182)	(1,001,182)
Net Pension Liability	\$ 466,880	\$ 249,493	\$ 71,445

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

For the year ended December 31, 2015, the City recognized LAGERS pension expense of \$243,387 (\$133,422 (General) and \$109,865 (Police)). The City reported deferred outflows related to LAGERS pension from the following sources:

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	General	Police	Total
	Deferred	Deferred	Deferred
	Outflows/ (Inflows) of	Outflows/ (Inflows) of	Outflows/ (Inflows) of
	Resources	Resources	Resources
Differences in experience	\$ (17,834)	\$ (24,397)	\$ (42,231)
Excess (deficit) investment returns	21,344	17,204	38,548
Contributions subsequent to the measurement date	26,280	21,830	48,110
Total	<u>\$ 29,790</u>	<u>\$ 14,637</u>	<u>\$ 44,427</u>

Net amounts reported as deferred outflows resources related to LAGERS pension will be recognized in pension expense as follows:

Year ending December 31:	General	Police	Total
2016	\$ 29,235	\$ 23,043	\$ 52,278
2017	2,955	1,213	4,168
2018	2,955	1,213	4,168
2019	2,955	1,213	4,168
2020	(2,381)	(3,088)	(5,469)
Thereafter	(5,929)	(8,957)	(14,886)
Total	<u>\$ 29,790</u>	<u>\$ 14,637</u>	<u>\$ 44,427</u>

K. Payable to the Pension Plan

At December 31, 2015, the City paid all outstanding contributions to the LAGERS pension plan.

(10) Commitments and Contingencies

A. Insurance

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

The City is a member of the Midwest Public Risk (MPR), formerly Mid-America Regional Council Insurance Trust, a not-for-profit corporation consisting of local governments and political subdivisions. MPR was formed as a public entity risk retention pool to cover health and dental, workers' compensation, and property and casualty claims for its members. MPR has been established as assessable pools and accounting records are maintained for each line of coverage on a policy-year basis. The City pays annual premiums to MPR for all coverage. The agreement with MPR provides that MPR will be self-sustaining through member premiums. MPR has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, MPR has the authority to declare refunds to members for the excess of revenues over expenses relating to any single plan year. The City continues to carry commercial insurance for employee life insurance and short-term disability. The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

B. Investments-Trust Fund

The City was the recipient of funds from a resident's estate during the calendar year 2002. The funds were previously held by a trustee for the benefit of the City. In 2011, the City took over management of the fund and by Resolution No. 12-01-13, the Board of Aldermen enacted a policy restricting the use of the fund to follow the intentions of the original donor of the fund. The nature of the fund is that the principal of the contributions is to remain intact. One-half of the interest earnings are to be added to the principal and the remaining one-half of annual earnings may be used to fund city capital projects. At December 31, 2015, the fund had \$2,207 net appreciation on assets available for expenditure which is reported as restricted fund balance and \$566,997 in principal which is reported as nonspendable fund balance. Both of these amounts are reported as restricted net position on the government-wide statement of net position

The State of Missouri requires that recipients of endowment gifts maintain the original principal intact at the original donation value.

C. Federal and State Grants

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

D. Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

(11) Adjustments to Prior Period Financial Statements and Changes in Presentation

For the year ended December 31, 2015, management determined that the following adjustments were to be made to the opening net position and fund balances:

Certain revenue recognition adjustments between the governmental funds and government-wide financial statements related to sales taxes were required to be in conformity with GASB Statement No. 33.

Management determined that certain amounts held on deposit for debt service should be recorded as an asset of the City and the related debt service payments should be recognized on the date the debt service payment was made.

Management determined that certain adjustments were necessary to properly report and depreciate infrastructure and other capital assets. The City previously used the modified method to report governmental infrastructure capital assets.

Management determined that land held for resale reported in prior years related to infrastructure projects should be expensed as certain of those costs are related to assets not owned by the City.

Management determined that the total outstanding special assessments receivable should be reported. This change had no effect on fund balance as these amounts are reported as deferred inflows of resources on the fund statements under the modified accrual method. However, on the government-wide statements special assessments should be recognized on the full accrual basis of accounting.

Management implemented GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

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	Governmental Funds	Governmental Activities	Sewer Fund/Business- type Activities
Net position/fund balance, beginning of year as previously reported	\$ 5,758,998	\$ 5,587,140	\$ 3,400,421
Revenue recognition - sales taxes	103,023	103,023	-
Debt service activity	-	-	(51,957)
Capital assets	-	2,697,485	(39,096)
Accumulated depreciation	-	(963,221)	(39,764)
Land held for resale	-	(8,472,776)	-
Special assessments	-	9,950,932	-
Changes in accounting and reporting related to the City's pension plans	-	(53,242)	-
Net Position, beginning of year as restated	<u>\$ 5,862,021</u>	<u>\$ 8,849,341</u>	<u>\$ 3,269,604</u>

(12) Subsequent Events

The City evaluated subsequent events through June 15, 2016, the date the financial statements were available to be issued. No subsequent events, other than the event discussed in Note 7A, were identified that required disclosure in the financial statements.

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Schedule 1

CITY OF PARKVILLE, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2015

	Original	2015		Variance with
	Budget	Final	Actual	Final Budget
		Budget		Positive
				(Negative)
Revenues:				
Taxes	\$ 2,843,600	\$ 2,843,600	\$ 2,871,357	\$ 27,757
Intergovernmental	65,500	65,500	86,395	20,895
Charges for services	34,200	34,200	36,616	2,416
Fines and forfeitures	261,000	261,000	225,128	(35,872)
Licenses and permits	321,461	321,461	315,764	(5,697)
Grants	-	-	345	345
Charges for sewer	101,500	101,500	101,500	-
Interest	7,000	7,000	7,623	623
Other	34,880	34,880	55,645	20,765
Total Revenues	<u>3,669,141</u>	<u>3,669,141</u>	<u>3,700,373</u>	<u>31,232</u>
Expenditures:				
Current:				
General government	1,053,656	1,053,656	923,911	129,745
Public safety	1,437,797	1,437,797	1,203,442	234,355
Public works	780,326	780,326	618,882	161,444
Parks and recreation	383,156	383,156	349,601	33,555
Community development	401,200	401,200	292,195	109,005
Total Expenditures	<u>4,056,135</u>	<u>4,056,135</u>	<u>3,388,031</u>	<u>668,104</u>
Excess of Revenues Over				
(Under) Expenditures	<u>(386,994)</u>	<u>(386,994)</u>	<u>312,342</u>	<u>699,336</u>
Other Financing Sources (Uses):				
Transfers in	245,000	245,000	246,751	1,751
Transfers out	(277,500)	(277,500)	(282,077)	(4,577)
Sale of capital assets	10,000	10,000	10,750	750
Total Other Financing Sources (Uses)	<u>(22,500)</u>	<u>(22,500)</u>	<u>(24,576)</u>	<u>(2,076)</u>
Change in fund balance	<u>\$ (409,494)</u>	<u>\$ (409,494)</u>	<u>287,766</u>	<u>\$ 697,260</u>
Fund Balances, Beginning of Year			<u>1,366,577</u>	
Fund Balances, End of Year			<u>\$ 1,654,343</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

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Schedule 2

**CITY OF PARKVILLE, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Transportation Sales Tax Fund
For the Year Ended December 31, 2015**

	2015			Variance with Final Budget
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Taxes	\$ 435,000	\$ 435,000	\$ 454,581	\$ 19,581
Intergovernmental	437,000	437,000	469,846	32,846
Other	11,500	11,500	2,300	(9,200)
Total Revenues	<u>883,500</u>	<u>883,500</u>	<u>926,727</u>	<u>43,227</u>
Expenditures:				
Capital outlay	<u>855,500</u>	<u>855,500</u>	<u>790,847</u>	<u>64,653</u>
Total Expenditures	<u>855,500</u>	<u>855,500</u>	<u>790,847</u>	<u>64,653</u>
Excess of Revenues Over (Under) Expenditures	<u>28,000</u>	<u>28,000</u>	<u>135,880</u>	<u>107,880</u>
Other Financing Sources (Uses):				
Transfers out	(245,000)	(245,000)	(245,000)	-
Sale of capital assets	-	-	11,075	11,075
Total Other Financing Sources (Uses)	<u>(245,000)</u>	<u>(245,000)</u>	<u>(233,925)</u>	<u>11,075</u>
Change in fund balance	<u>\$ (217,000)</u>	<u>\$ (217,000)</u>	<u>(98,045)</u>	<u>\$ 118,955</u>
Fund Balances, Beginning of Year			<u>418,093</u>	
Fund Balances, End of Year			<u>\$ 320,048</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

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Schedule 3

CITY OF PARKVILLE, MISSOURI
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended December 31, 2015

	Lagers 2015
Total Pension Liability	
Service costs	\$ 104,714
Interest on total pension liability	69,352
Changes in benefit terms	226,297
Difference between expected and actual experience of the total pension liability	(47,700)
Benefit payments and refunds	(14,002)
Net change in total pension liability	338,661
Total pension liability - beginning of year	912,014
Total pension liability - end of year (a)	<u>\$ 1,250,675</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 73,690
Contributions - employee	60,880
Net investment income	17,409
Benefit payments and refunds	(14,002)
Administrative expenses	(3,356)
Other (net transfer)	38,126
Net change in plan fiduciary net position	172,747
Plan fiduciary net position - beginning of year	828,435
Plan fiduciary net position - end of year (b)	<u>\$ 1,001,182</u>
Net pension liability (a) - (b)	<u>\$ 249,493</u>
Plan net position as a percentage of the total pension liability	80.05%
Covered employee payroll	1,414,512
Net pension liability/(asset) as a percentage of covered payroll	17.64%

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Schedule 4

**CITY OF PARKVILLE, MISSOURI
Required Supplementary Information
Schedule of Employer Contributions
For the Year Ended December 31, 2015**

LAGERS (General and Police)

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2009	\$ 24,347	\$ 24,347	\$ -	\$ 581,934	4.18%
2010	57,324	57,324	-	1,371,930	4.18%
2011	54,185	54,185	-	1,354,526	4.00%
2012	65,702	65,702	-	1,522,146	4.32%
2013	61,194	61,194	-	1,496,050	4.09%
2014	63,625	63,625	-	1,621,236	3.92%
2015	90,692	90,692	-	1,501,816	6.04%

Lagers

Valuation Date February 28, 2015

Notes: The roll-forward of total pension liability from February 28, 2015 to December 31, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 15 to 24 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation assumption	3.5% wage inflation; 3% price inflation
Salary increases	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experienced-based table of rates that are specific to
Mortality	105% of the 1994 Group Annuity Mortality Table set

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CITY OF WARREN, MISSOURI
Combining Balance Sheet - General Fund
December 31, 2015

Schedule 5

	General Fund	Reserve Fund	Equipment Reserve	Totals
Assets:				
Cash and investments	\$ 1,570,302	\$ 1,025,767	\$ -	\$ 2,596,069
Receivables:				
Taxes	278,706	-	-	278,706
Due from other governments	6,274	-	-	6,274
Due from other funds	-	244,075	-	244,075
Prepaid, deposits and other assets	74,399	-	-	74,399
Total Assets	\$ 1,929,681	\$ 1,269,842	\$ -	\$ 3,199,523
Liabilities:				
Accounts payable	\$ 99,578	\$ -	\$ -	\$ 99,578
Accrued payroll and benefits	61,278	-	-	61,278
Total Liabilities	160,856	-	-	160,856
Deferred inflows of resources:				
Unavailable revenues	114,482	-	-	114,482
Fund balances:				
Nonspendable:				
Prepaid items	74,399	-	-	74,399
Committed:				
Emergency reserve	-	1,269,842	-	1,269,842
Unassigned	1,579,944	-	-	1,579,944
Total fund balances	1,654,343	1,269,842	-	2,924,185
Total liabilities, deferred inflows and fund balances	\$ 1,929,681	\$ 1,269,842	\$ -	\$ 3,199,523

Draft

CITY OF PARKVILLE, MISSOURI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund

For the Year Ended December 31, 2015

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Equipment Reserve</u>	<u>Eliminations</u>	<u>Totals</u>
Revenues:					
Taxes	\$ 2,871,357	\$ -	\$ -	\$ -	\$ 2,871,357
Intergovernmental	95,222	-	-	-	95,222
Charges for services	36,616	-	-	-	36,616
Fines and forfeitures	225,128	-	-	-	225,128
Licenses and permits	315,764	-	-	-	315,764
Charges for sewer	101,500	-	-	-	101,500
Interest	7,623	-	-	-	7,623
Other	47,163	-	-	-	47,163
Total Revenues	<u>3,700,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,700,373</u>
Expenditures:					
Current:					
General government	923,911	-	-	-	923,911
Public safety	1,203,442	-	-	-	1,203,442
Public works	618,882	-	-	-	618,882
Parks and recreation	349,601	-	-	-	349,601
Community development	292,195	-	-	-	292,195
	<u>3,388,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,388,031</u>
Excess of Revenues Over (Under) Expenditures	312,342	-	-	-	312,342
Other financing sources (uses):					
Transfers in	246,751	60,000	-	(61,751)	245,000
Transfers out	(282,077)	(178,124)	(1,751)	61,751	(400,201)
Sale of capital assets	10,750	-	-	-	10,750
Total Other Financing Sources	<u>(24,576)</u>	<u>(118,124)</u>	<u>(1,751)</u>	<u>-</u>	<u>(144,451)</u>
Change in fund balance	287,766	(118,124)	(1,751)	-	167,891
Fund Balances, Beginning of Year	<u>1,366,577</u>	<u>1,387,966</u>	<u>1,751</u>	<u>-</u>	<u>2,756,294</u>
Fund Balances, End of Year	<u>\$ 1,654,343</u>	<u>\$ 1,269,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,924,185</u>

Draft
 CITY OF JAYKOW, MISSOURI
 Combining Balance Sheet - Debt Service Fund
 December 31, 2015

Schedule 7

	<u>River Park</u>	<u>Certificates of Participation</u>	<u>Brush Creek</u>	<u>Brink Meyer</u>	<u>Totals</u>
Assets:					
Receivables:					
Special assessments	\$ 1,314,445	\$ -	\$ 3,934,156	\$ -	\$ 5,248,601
Restricted cash and investments	165,555	40,270	431,458	289,687	926,970
Total Assets	<u>\$ 1,480,000</u>	<u>\$ 40,270</u>	<u>\$ 4,365,614</u>	<u>\$ 289,687</u>	<u>\$ 6,175,571</u>
Liabilities:					
Accounts payable	\$ 424	\$ 250	\$ -	\$ -	\$ 674
Due to other funds	-	244,075	-	-	244,075
Total Liabilities	<u>424</u>	<u>244,325</u>	<u>-</u>	<u>-</u>	<u>244,749</u>
Deferred inflows of resources:					
Unavailable revenues	<u>1,314,445</u>	<u>40,012</u>	<u>3,934,156</u>	<u>-</u>	<u>5,288,613</u>
Fund balances:					
Restricted:					
Debt service (deficit)	165,131	(244,067)	431,458	289,687	642,209
Total fund balances	<u>165,131</u>	<u>(244,067)</u>	<u>431,458</u>	<u>289,687</u>	<u>642,209</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,480,000</u>	<u>\$ 40,270</u>	<u>\$ 4,365,614</u>	<u>\$ 289,687</u>	<u>\$ 6,175,571</u>

Draft

CITY OF PARKVILLE, MISSOURI

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Debt Service Fund

For the Year Ended December 31, 2015

	<u>River Park</u>	<u>Certificates of Participation</u>	<u>Brush Creek</u>	<u>Brink Meyer</u>	<u>Totals</u>
Revenues:					
Taxes	\$ -	\$ 338,662	\$ -	\$ -	\$ 338,662
Special assessments	332,806	-	256,198	91	589,095
Interest	178	11,179	3,755	2,743	17,855
Total Revenues	<u>332,984</u>	<u>349,841</u>	<u>259,953</u>	<u>2,834</u>	<u>945,612</u>
Expenditures:					
Debt service:					
Principal	275,000	270,000	-	-	545,000
Interest and fiscal charges	46,680	257,320	230,663	182,874	717,537
Advance refunding payment	-	1,346,056	-	-	1,346,056
	<u>321,680</u>	<u>1,873,376</u>	<u>230,663</u>	<u>182,874</u>	<u>2,608,593</u>
Excess of Revenues Over (Under) Expenditures	11,304	(1,523,535)	29,290	(180,040)	(1,662,981)
Other financing sources (uses):					
Transfers in	-	217,500	-	178,124	395,624
Proceeds from certificates of participation	-	3,383,722	-	-	3,383,722
Payment to escrow agent	-	(3,383,722)	-	-	(3,383,722)
Total Other Financing Sources	<u>-</u>	<u>217,500</u>	<u>-</u>	<u>178,124</u>	<u>395,624</u>
Change in fund balance	11,304	(1,306,035)	29,290	(1,916)	(1,267,357)
Fund Balances, Beginning of Year	<u>153,827</u>	<u>1,061,968</u>	<u>402,168</u>	<u>291,603</u>	<u>1,909,566</u>
Fund Balances (deficit), End of Year	<u>\$ 165,131</u>	<u>\$ (244,067)</u>	<u>\$ 431,458</u>	<u>\$ 289,687</u>	<u>\$ 642,209</u>

CITY OF PARKVILLE, MISSOURI
Combining Balance Sheet - Non-major Governmental Funds
December 31, 2015

	Special Revenue Funds							Permanent Fund	Capital Project Fund	Totals	
	Economic Development	Nature Sanctuary	Parks Donations	Court Recoupment Fees	Police Training Fees LET	Police Shop	TIF Development	Market Place Development	Fewson Project		Capital Projects
	Assets										
Cash and investments	\$ 881	\$ 34,708	\$ 36,377	\$ 38,929	\$ 43,477	\$ 11,550	\$ 12,444	\$ 9,416	\$ -	\$ 58,512	\$ 246,294
Restricted cash and investments	-	-	-	-	-	-	-	-	569,204	-	569,204
Total Assets	\$ 881	\$ 34,708	\$ 36,377	\$ 38,929	\$ 43,477	\$ 11,550	\$ 12,444	\$ 9,416	\$ 569,204	\$ 58,512	\$ 815,498
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 11,173	\$ -	\$ 2,015	\$ 2,849	\$ -	\$ -	\$ -	\$ 1,768	\$ 17,805
Total Liabilities	-	-	11,173	-	2,015	2,849	-	-	-	1,768	17,805
Fund balances											
Nonspendable:											
Fewson trust	-	-	-	-	-	-	-	-	566,997	-	566,997
Restricted:											
Capital projects	-	-	-	-	-	-	-	-	2,207	-	2,207
Public safety	-	-	-	38,929	41,462	8,701	-	-	-	-	89,092
Parks and recreation	-	34,708	25,204	-	-	-	-	-	-	-	59,912
Community development	881	-	-	-	-	-	12,444	9,416	-	-	22,741
Assigned:											
Capital projects	-	-	-	-	-	-	-	-	-	56,744	56,744
Total fund balances	881	34,708	25,204	38,929	41,462	8,701	12,444	9,416	569,204	56,744	797,693
Total liabilities and fund balances	\$ 881	\$ 34,708	\$ 36,377	\$ 38,929	\$ 43,477	\$ 11,550	\$ 12,444	\$ 9,416	\$ 569,204	\$ 58,512	\$ 815,498

CITY OF PARKVILLE, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds							Permanent Fund	Capital Project Fund	Totals	
	Economic Development	Nature Sanctuary	Parks Donations	Court Recoupment Fees	Police Training Fees LET	Police Shop	TIF Development	Market Place Development	Fewson Project		Capital Projects
Revenues:											
Taxes	\$ 3,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,527	\$ -	\$ -	\$ -	\$ 273,781
Intergovernmental	-	-	-	-	-	-	160,125	-	-	50,000	210,125
Charges for services	-	-	-	2,189	2,767	-	-	-	-	-	4,956
Interest	-	-	-	-	-	-	12	9	11,313	-	11,334
Grants	-	-	-	-	-	-	-	-	-	58,540	58,540
Other	-	6,377	7,761	-	-	8,559	-	-	-	-	22,697
Total Revenues	3,254	6,377	7,761	2,189	2,767	8,559	430,664	9	11,313	108,540	581,433
Expenditures:											
Current:											
Public safety	-	-	-	2,138	5,522	3,828	-	-	-	-	11,488
Parks and recreation	-	14,450	28,351	-	-	-	-	-	-	-	42,801
Community development	2,777	-	-	-	-	-	436,024	-	-	-	438,801
Capital outlay	-	-	-	-	-	-	-	-	-	73,295	73,295
	<u>2,777</u>	<u>14,450</u>	<u>28,351</u>	<u>2,138</u>	<u>5,522</u>	<u>3,828</u>	<u>436,024</u>	<u>-</u>	<u>-</u>	<u>73,295</u>	<u>566,385</u>
Excess of Revenues Over (Under) Expenditures	477	(8,073)	(20,590)	51	(2,755)	4,731	(5,360)	9	11,313	35,245	15,048
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	4,577	4,577
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	4,577	4,577
Change in fund balance	477	(8,073)	(20,590)	51	(2,755)	4,731	(5,360)	9	11,313	39,822	19,625
Fund Balances, Beginning of Year	404	42,781	45,794	38,878	44,217	3,970	17,804	9,407	557,891	16,922	778,068
Fund Balances, End of Year	<u>\$ 881</u>	<u>\$ 34,708</u>	<u>\$ 25,204</u>	<u>\$ 38,929</u>	<u>\$ 41,462</u>	<u>\$ 8,701</u>	<u>\$ 12,444</u>	<u>\$ 9,416</u>	<u>\$ 569,204</u>	<u>\$ 56,744</u>	<u>\$ 797,693</u>

Draft

Schedule 11

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Reserve Fund
For the Year Ended December 31, 2015

	Original Budget	2015 Final Budget	Actual	Variance with Final Budget Positive (Negative)
Total Revenues	\$ -	\$ -	\$ -	\$ -
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	60,000	60,000	60,000	-
Transfers out	-	-	(178,124)	(178,124)
Total Other Financing Sources (Uses)	60,000	60,000	(118,124)	(178,124)
Change in fund balance	<u>\$ 60,000</u>	<u>\$ 60,000</u>	(118,124)	<u>\$ (178,124)</u>
Fund Balance, Beginning of Year			<u>1,387,966</u>	
Fund Balance, End of Year			<u>\$ 1,269,842</u>	

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Funds
For the Year Ended December 31, 2015

	River Park			Certificates of Participation			Brush Creek			Brink Meyer			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
Revenues:															
Taxes	\$ -	\$ -	\$ -	\$ 337,167	\$ 338,662	\$ 1,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,167	\$ 338,662	\$ 1,495
Special assessments	323,800	332,806	9,006	-	-	-	388,030	256,198	(131,832)	275,166	91	(275,075)	986,996	589,095	(397,901)
Interest	200	178	(22)	10,100	11,179	1,079	4,520	3,755	(765)	3,330	2,743	(587)	18,150	17,855	(295)
Total Revenues	324,000	332,984	8,984	347,267	349,841	2,574	392,550	259,953	(132,597)	278,496	2,834	(275,662)	1,342,313	945,612	(396,701)
Expenditures:															
Debt service:															
Principal	275,000	275,000	-	270,000	270,000	-	-	-	-	-	-	-	545,000	545,000	-
Interest and fiscal charges	49,000	46,680	2,320	294,517	257,320	37,197	392,550	230,663	161,887	278,496	182,874	95,622	1,014,563	717,537	297,026
Refunding payment	-	-	-	-	1,346,056	(1,346,056)	-	-	-	-	-	-	-	1,346,056	(1,346,056)
Total Expenditures	324,000	321,680	2,320	564,517	1,873,376	(1,308,859)	392,550	230,663	161,887	278,496	182,874	95,622	1,559,563	2,608,593	(1,049,030)
Excess of Revenues Over															
(Under) Expenditures	-	11,304	11,304	(217,250)	(1,523,535)	(1,306,285)	-	29,290	29,290	-	(180,040)	(180,040)	(217,250)	(1,662,981)	(1,445,731)
Other financing sources (uses):															
Transfers in	-	-	-	217,250	217,500	(250)	-	-	-	-	178,124	(178,124)	217,250	395,624	(178,374)
Proceeds from certificates of participation	-	-	-	-	3,383,722	(3,383,722)	-	-	-	-	-	-	-	3,383,722	(3,383,722)
Payment to escrow agent	-	-	-	-	(3,383,722)	3,383,722	-	-	-	-	-	-	-	(3,383,722)	3,383,722
Total Other Financing Sources (Uses)	-	-	-	217,250	217,500	(4,692,831)	-	-	-	-	178,124	(178,124)	217,250	395,624	(178,374)
Change in fund balance	<u>\$ -</u>	<u>11,304</u>	<u>\$ 11,304</u>	<u>\$ -</u>	<u>(1,306,035)</u>	<u>\$ (5,999,116)</u>	<u>\$ -</u>	<u>29,290</u>	<u>\$ 29,290</u>	<u>\$ -</u>	<u>(1,916)</u>	<u>\$ (358,164)</u>	<u>\$ -</u>	<u>(1,267,357)</u>	<u>\$ (1,624,105)</u>
Fund Balance, Beginning of Year		<u>153,827</u>			<u>1,061,968</u>			<u>402,168</u>		<u>291,603</u>				<u>1,909,566</u>	
Fund Balance (deficit), End of Year		<u>\$ 165,131</u>			<u>\$ (244,067)</u>			<u>\$ 431,458</u>		<u>\$ 289,687</u>				<u>\$ 642,209</u>	

Draft

Schedule 13

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Economic Development
For the Year Ended December 31, 2015

	2015		Variance with
	Original	Final	Final Budget
	Budget	Budget	Positive
			(Negative)
Revenues:			
Taxes	\$ 1,500	\$ 1,500	\$ 1,754
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,754</u>
Expenditures:			
Community development	-	-	(2,777)
Total Expenditures	<u>-</u>	<u>-</u>	<u>(2,777)</u>
Change in fund balance	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ (1,023)</u>
Fund Balance, Beginning of Year			<u>404</u>
Fund Balance, End of Year			<u>\$ 881</u>

Draft

Schedule 14

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Nature Sanctuary
For the Year Ended December 31, 2015

	2015		Variance with
	Original	Final	Final Budget
	Budget	Budget	Positive
			(Negative)
Revenues:			
Other	\$ 3,500	\$ 3,500	\$ 2,877
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>2,877</u>
Expenditures:			
Parks and recreation	<u>4,000</u>	<u>4,000</u>	<u>(10,450)</u>
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>(10,450)</u>
Change in fund balance	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ (7,573)</u>
Fund Balance, Beginning of Year			<u>42,781</u>
Fund Balance, End of Year			<u>\$ 34,708</u>

Draft

Schedule 15

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Parks Donations
For the Year Ended December 31, 2015

	2015			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget		Positive
				(Negative)
Revenues:				
Other	\$ -	\$ -	\$ 7,761	\$ 7,761
Total Revenues	<u>-</u>	<u>-</u>	<u>7,761</u>	<u>7,761</u>
Expenditures:				
Parks and recreation	15,000	15,000	28,351	(13,351)
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>28,351</u>	<u>(13,351)</u>
Change in fund balance	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	(20,590)	<u>\$ (5,590)</u>
Fund Balance, Beginning of Year			<u>45,794</u>	
Fund Balance, End of Year			<u>\$ 25,204</u>	

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Schedule 16

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Fewson Fund
For the Year Ended December 31, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Interest	\$ 4,914	\$ 4,914	\$ 11,313	\$ 6,399
Total Revenues	<u>4,914</u>	<u>4,914</u>	<u>11,313</u>	<u>6,399</u>
Expenditures:				
Capital outlay	<u>157,982</u>	<u>157,982</u>	-	<u>157,982</u>
Total Expenditures	<u>157,982</u>	<u>157,982</u>	-	<u>157,982</u>
Change in fund balance	<u>\$ (153,068)</u>	<u>\$ (153,068)</u>	11,313	<u>\$ 164,381</u>
Fund Balance, Beginning of Year			<u>557,891</u>	
Fund Balance, End of Year			<u>\$ 569,204</u>	

Draft

Schedule 17

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects
For the Year Ended December 31, 2015

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 50,000	\$ 20,000
Grants	183,585	183,585	58,540	(125,045)
Total Revenues	<u>213,585</u>	<u>213,585</u>	<u>108,540</u>	<u>(105,045)</u>
Expenditures:				
Capital outlay	<u>213,585</u>	<u>213,585</u>	<u>73,295</u>	<u>140,290</u>
Total Expenditures	<u>213,585</u>	<u>213,585</u>	<u>73,295</u>	<u>140,290</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>35,245</u>	<u>35,245</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>4,577</u>	<u>4,577</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,577</u>	<u>4,577</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>39,822</u>	<u>\$ 39,822</u>
Fund Balance, Beginning of Year			<u>16,922</u>	
Fund Balance, End of Year			<u>\$ 56,744</u>	

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CITY OF PARKVILLE, MISSOURI

**REQUIRED COMMUNICATIONS
AND MANAGEMENT LETTER**

For the Year Ended December 31, 2015

City of Parkville, Missouri
Draft
Required Communications and Compliance Report
For the Year Ended December 31, 2015

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Certified Public Accountants

June 15, 2016

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 584-9955
Fax (816) 584-9958

To the Honorable Mayor and
Board of Aldermen
City of Parkville, Missouri

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Parkville, Missouri (the City) for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you that is incorporated as an exhibit to the professional auditing services agreement dated November 2, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City implemented Government Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* in 2015. In addition, as described in Note 11, management determined that certain adjustments to beginning net position/fund balances were necessary. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates used by the City's management include determining the allowance for doubtful accounts, the estimated historical cost of infrastructure and the related estimated useful lives used in recording depreciation and accumulated depreciation for capital assets, and the estimated obligation relating to pension benefits. We evaluated the key factors and assumptions used in developing the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of certain special assessments in Note 7 to the financial statements and adjustments to beginning net position/fund balances disclosed in Note 11 to the financial statements.

The financial statement disclosures are neutral, consistent and clear.

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We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of our audit procedures were corrected by management. The adjustments include both current year adjustments and prior period adjustments:

- An adjustment was required to reduce leases payable for principle payments of \$149,350.
- Adjustments to record trust account activity and debt service payments related to the SRF bonds of \$520,906.
- Adjustments to record special assessment receivables related to general obligation debt of \$8,292,395 and additional accrued liabilities of \$4,854.
- An adjustment to record the expiration of prepaid insurance of \$84,969.
- Adjustments to record additional accounts payable of \$17,609.
- Adjustments to correct capital assets of \$640,450 for the proprietary fund.
- Adjustments to correct capital assets of \$1,950,932 for governmental activities.
- Adjustment to properly recognize sales tax revenues of \$103,023.
- Adjustment to eliminate land held for resale of \$8,472,776.
- Adjustment to record allowance for uncollectable sewer receivable \$40,000.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. There was a disagreement regarding the recording of land held for redevelopment. We are pleased to report that the disagreement was satisfactorily resolved.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 15, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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Other Matters

We applied certain limited procedures to City's management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of employer contributions and comparison of needed-to-actual maintenance/preservation of infrastructure capital assets, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parkville, Missouri as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies in the City's internal control described under Financial Reporting to be material weaknesses.

As part of our annual audit, we try to identify opportunities for improving the management of financial resources and for improving the internal controls over financial reporting. We are submitting, for your consideration, our observations and recommendations with regard to these matters.

Management's responses to our comments are included with this report. We did not audit the City's responses and, accordingly, we express no opinion on them.

CURRENT YEAR COMMENTS

Financial Reporting – Material Weakness

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles. Under our professional standards, we have to assess the City's controls over preparing the financial statements including assessing the skills and competencies necessary to prevent, detect, and correct a material misstatement.

Draft

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

We recommend that management review year-end closing procedures to ensure that transactions are properly recorded in accordance with generally accepted accounting principles. In addition, due to the complexities of financial reporting, we recommend that management explore various alternatives for improving the controls over financial reporting including the use of governmental accounting standards, reference guides and continuing education and training courses.

Management's Response

The audit of the city's 2013 financial statements made a similar recommendation that, "the City would find it beneficial if personnel had some knowledge of future accounting changes and their impact on Parkville's financial statements." Staff and the Board of Aldermen responded to the recommendation and, since that time, has increased the budget and time available for professional development for finance staff. Finance staff attended multiple seminars covering topics such as Long-Term Financial Planning and Fiduciary Facts, Fallacies-How the SEC's Municipal Advisor Rule is Fairing and Why it Matters and Pension Challenges Ahead-GASB Update. Additionally, the City's Finance/Human Resources Director will be attending the Government Finance Officers Association of Missouri's Accounting Academy in May 2016. This intensive four-day workshop combines lecture, discussion and exercise for an overview of governmental accounting, auditing and financial reporting.

With regard to audit adjustments, in the past staff routinely made the adjustments following consultation with the auditor during the audit review process. This was intentional since often there was discussion about the proper application of accounting principles or auditing standards. For example, during the fiscal year 2014 audit, staff challenged the appropriateness of reporting approximately \$8.5 million of land held for resale. This was related to property in the Brush Creek Drainage and Brink Meyer Road Neighborhood Improvement Districts (NIDs). Staff was assured by the previous auditor that this was the best way to account for the asset, even though the City did not own the underlying land. In the future, staff will make the appropriate adjustments during the year-end closings prior to review by the auditor. Staff will use all available reference guides to provide a checklist of tasks to ensure accurate and timely financial reporting. Staff understands that the City is ultimately accountable for the accuracy of the financial statements and will endeavor to increase the in-house knowledge of governmental accounting standards to improve this reporting process in the future.

Capital Assets

During our audit we noted that the City could not provide a detailed listing of governmental infrastructure capital assets. City staff subsequently provided a detail listing of governmental infrastructure after substantial research. We recommend that the City maintain and update the listing as activities occur.

Management Response

Prior to this year, the City did have an inventory of assets but did not associate a value with the assets listed in the inventory. That work is complete and will be updated annually as part of the year-end closing process and as new assets are added to the City's inventory.

Draft

Budgeting

For the year ended December 31, 2015, actual expenditures exceeded budgeted appropriations in the following funds:

Fund	Expenditures in Excess of Budget Appropriations
Economic Development	\$ 2,777
Nature Sanctuary	10,450
Parks Donations	13,351
Debt Service Fund (Certificates of Participation)	4,692,581
Reserve Fund	178,124

We recommend that management review its processes and procedures for monitoring and amending the budget.

Management's Response

Management is not aware that the City has ever previously adopted a budget amendment. It has not been done in recent history, since there is no statutory requirement to do so. In each instance of expenditures exceeding budgeted appropriations, adequate funds were available for the purchase, and the purchase was authorized by the appropriate authority in accordance with the City's adopted purchasing policy. Based on the recommendation of the auditor, staff will prepare and present budget amendments as needed in the future. The expense in the Economic Development Fund was a result of the City's participation with the Parkville Economic Development Council in the 2015 Platte County Community Development Day. The expense in the Parkville Nature Sanctuary Fund occurred after funds were expended in 2015 for tree trimming in Sullivan Nature Sanctuary. The City received a Tree Resource Improvement and Maintenance (TRIM) grant that fully funded the tree trimming expense, but the funds were not received until 2016. The expense in the Parks Donation Fund resulted from timing of costs associated with the architectural design of the English Landing Park restroom project that were anticipated to occur in 2016. The Debt Service Fund expense reflects payments of principal and interest made to the escrow agent as part of the refinancing of the 2006 series of Certificates of Participation bonds to more favorable interest rates. This refinancing benefitted the City with lower annual debt payments and a reduction in total debt of \$1,246,278. The Reserve Fund expense was the amount needed to cover the debt service payments due from the Brink Meyer NID Fund. As no assessments were collected for this fund in 2015, reserve funds were used to cover the payments. The City intends on reimbursing the Reserve Fund to the extent that there are available resources should the recovery of delinquent assessments occur.

Sewer Allowance for Doubtful Accounts

During the audit we noted that the City's sewer accounts receivable consisted of several outstanding balances that were deemed to be uncollectible. We recommend that management periodically analyze and review the receivable accounts to identify accounts that are uncollectible. We also suggest that the City review their collection efforts and monitoring of slow paying or past due accounts to improve overall collections.

Draft

Management's Response

In 2013-14, following the transition of sewer billing from the water company back to the City, the City did extensive work to create policies and procedures for collecting delinquent sewer payments. The new process included provisions for property liens and water shutoffs for delinquent customers. Within six months, the City collected approximately \$40,000 of delinquent payments. This process worked well until a staff transition in mid-2015. The delinquency process was abandoned for approximately six months, but it has since been reinstated through additional staff training and support. Staff previously identified a batch of account balances deemed to be uncollectible, but at that time staff was researching a possible relationship with a collection company to pursue overdue balances. That work was also abandoned following the staff transition. Staff is working now to revise the listing of uncollectible accounts to make a recommendation to the Board of Aldermen for writing off bad debt. In addition, staff is now better documenting the various tasks for sewer billing and delinquency collections to ensure continuity in the event of future staff changes.

Municipal Court

The Municipal Court collects fines and court costs and deposits those funds into a bank account. The monies collected are to be distributed to the State of Missouri, the City of Parkville or other agencies in accordance with State Statute and City Ordinances. It was noted during the audit that the bank account was not reconciled on a timely basis and carried an account balance of \$12,971 as of December 31, 2015. The Court could not provide a detail of the amounts owed to the entities described above for the amount remaining in the fund. We recommend that the City reconcile the remaining amount in the fund to ensure that fines and court costs collected are appropriately distributed in accordance with state and municipal regulations.

Management's Response

Court and finance staff continue to research the account balance to determine the source and the appropriate distribution of these funds. Court staff currently reconciles bank accounts manually each month and each reconciliation is reviewed by the Finance/Human Resources Director. Future reconciliations will be conducted by City finance staff

Administrative and Support Services

The General Fund provides administrative and support services for the benefit of the Sewer Fund. The administrative and support services fee is based on management's estimate of the administrative and support service costs attributable to the Sewer Fund. We recommend that management implement additional procedures to better document and support the administrative and support services fees paid to the General Fund.

Management's Response

Management agrees with the recommendation and, in fact, previously identified the need during the 2016 budget process. Management engaged the city's financial advisor Springsted, Inc. to perform a Wastewater Administration Charge Allocation Study to review and recommend a wastewater administrative charge allocation for General Fund activities performed for the Sewer Service Fund. The work will be completed well in advance of the 2017 budget process.

Future Accounting Pronouncements

Draft

The Governmental Accounting Standards Board (GASB) has recently issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB Statement 72 – *Fair Value Measurement and Application*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the fiscal year beginning on January 1, 2017.
- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the fiscal year beginning on January 1, 2018.
- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 77 – *Tax Abatement Disclosures*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 79 – *Certain External Investment Pools and Pool Participants*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, effective for the fiscal year beginning on January 1, 2017.
- GASB Statement 81 – *Irrevocable Split-Interest Agreements*, effective for the fiscal year beginning on January 1, 2017.
- GASB Statement 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the fiscal year beginning on January 1, 2017.

We recommend management review these standards to determine the impact they may have on the City's financial reporting.

Management's Response

City staff will review all recent and upcoming GASB statements and ensure that any required changes are incorporated in future financial reporting.

CONCLUSION

We hope the above comments are beneficial. We would welcome the opportunity to provide additional information or assistance regarding internal controls or enhancement of operational efficiency or to assist in the implementation of suggestions or recommendations made during our audit.

This report is intended solely for the information and use of the Mayor and the Board of Aldermen and the management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Draft

COMPLIANCE REPORT



Draft

COCHRAN HEAD VICK & CO., P.C.

Certified Public Accountants

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Independent Auditor's 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 Board of Aldermen
City of Parkville, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Raytown, Missouri (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2015-01 to be material weaknesses.

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Draft

Compliance and Other Matters

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

The City's Response to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Kansas City, Missouri
June 15, 2016

Draft

2015-01 Financial Reporting

Condition

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles.

Cause

Year-end procedures were not sufficient to identify the adjustments noted above in a timely manner.

Effect

Potential exists for material misstatements to the financial statements.

Recommendation

We recommend that management review year-end closing procedures to ensure that transactions are properly recorded in accordance with generally accepted accounting principles. Additionally, due to the complexities of financial reporting, we recommend that management continue exploring various alternatives for improving the controls over financial reporting including the use of governmental accounting standards, reference guides and continuing education and training courses.

Management's Response/Corrective Action

The audit of the city's 2013 financial statements made a similar recommendation that, "the City would find it beneficial if personnel had some knowledge of future accounting changes and their impact on Parkville's financial statements." Staff and the Board of Aldermen responded to the recommendation and, since that time, has increased the budget and time available for professional development for finance staff. Finance staff attended multiple seminars covering topics such as Long-Term Financial Planning and Fiduciary Facts, Fallacies-How the SEC's Municipal Advisor Rule is Fairing and Why it Matters and Pension Challenges Ahead-GASB Update. Additionally, the City's Finance/Human Resources Director will be attending the Government Finance Officers Association of Missouri's Accounting Academy in May 2016. This intensive four-day workshop combines lecture, discussion and exercise for an overview of governmental accounting, auditing and financial reporting.

With regard to audit adjustments, in the past staff routinely made the adjustments following consultation with the auditor during the audit review process. This was intentional since often there was discussion about the proper application of accounting principles or auditing standards. For example, during the fiscal year 2014 audit, staff challenged the appropriateness of reporting approximately \$8.5 million of land held for resale. This was related to property in the Brush Creek Drainage and Brink Meyer Road Neighborhood Improvement Districts (NIDs). Staff was assured by the previous auditor that this was the best way to account for the asset, even though the City did not own the underlying land. In the future, staff will make the appropriate adjustments during the year-end closings prior to review by the auditor. Staff will use all available reference guides to provide a checklist of tasks to ensure accurate and timely financial reporting. Staff understands that the City is ultimately accountable for the accuracy of the financial statements and will endeavor to increase the in-house knowledge of governmental accounting standards to improve this reporting process in the future.



CITY OF PARKVILLE
Memorandum

Date: Wednesday, June 22, 2016

To: Mayor and Board of Aldermen

From: Steve Berg, Treasurer
Matthew Chapman, Finance & Human Resources Director

CC: Lauren Palmer, City Administrator

RE: Comments on Audit Report and Management Letter with responses

Below is a summary of questions or requests for additional information that were raised by Alderman Robert Lock after the presentation of the Draft Audit Report and Management Letter at the Finance Committee meeting on May 9, 2016. Responses are provided with each question for review prior to the Finance Committee meeting on June 27, 2016.

1. Assuming the auditor issues an unmodified opinion, will there be any discussion in the report of the prior period adjustments?

Yes – with respect to change in accounting principles with the implementation of GASB 68.

2. Are there any unique highlights in the Management's Discussion and Analysis compared to last year?

2015 highlights include:

The City's governmental funds showed a combined ending balance of \$4,684,135, a decrease of \$1,177,886 from the prior year. Approximately 34 percent of the fund balance, \$1,579,944 is unassigned and available for spending at the City's discretion.

The City's total long-term debt decreased \$2,088,833. Debt connected with the City's government activities decreased \$1,791,564 primarily due to the pay down and refunding of the City's 2006 Certificate of Participation. Debt connected with the City's business-type activities decreased \$297,269 as the City paid off a capital lease obligation early.

3. How are unavailable revenues computed?

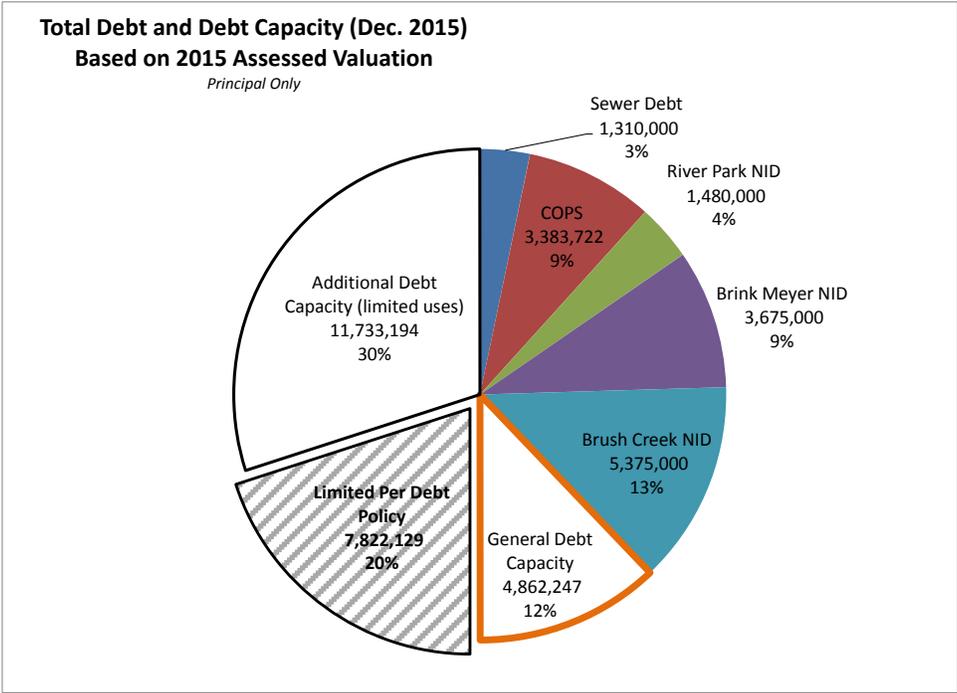
Unavailable revenues are computed as a combination of the following:

1. General Fund - Property taxes received in late 2015 for 2016.
2. Transportation Fund - Money held in escrow for The National's contribution to Water's Edge street repairs.
3. Debt Service Fund - Future receivables from future year special assessments.

The large amounts shown as long-term receivables are the result of past and future unpaid Neighborhood Improvement District (NID) special assessments over the 20-year life of the related limited general obligation bonds.

4. As a relative percentage, how is Parkville doing as it pertains to debt service to total governmental funds?

With the most recent general obligation bond issue in 2014, the City was upgraded to an AA rating, which is a good indicator of the city’s financial health and solid debt position. The City’s Debt Management Policy (Resolution No. 09-01-14) states that the City’s total general obligation indebtedness should not exceed 80% of the limit prescribed by state law. The chart below demonstrates that the City is well within this self-imposed limit.



Additionally, staff prepared the chart below detailing the debt status of the city based on the Standard & Poor methodology for assessing the debt and contingent liabilities for credit ratings.

Ratio	S&P Benchmark	Parkville
1. Total net governmental fund debt as a percentage of assessed value (12/31/15)	Less than 10%	7.90%
2. Total net governmental fund debt as a percentage of estimated market value (estimated as 4 times assessed value) (12/31/15)	Less than 10%	1.99%
3. Total net governmental funds debt service as a percentage of total governmental funds expenditures (2015)	Less than 60%	20%
4. Total net governmental debt amortization within 10 years (June 30, 2016 to June 30, 2026)	Greater than 65%	65.40%

Notes:

- *The first two calculations are based on debt totals from the 2015 audit and the 2015 assessed valuation.*
- *#3 uses data from pages 15 and 17 of the 2015 audit, and SRF debt data from the SRF debt payment schedule.*
- *#4 uses data from debt payment schedules for the various debt issues.*
- *All of the above combine all debt of the City, including NIDs and the Sewer proprietary fund (SRF).*

5. Was the negative net change in fund balance expected?

The (\$1,267,357) net change in Fund Balance-Debt Service was a reduction in debt due to certificates of participation refinancing and was not anticipated until mid-2015 when the city began exploring refinancing options.

6. Should the balance of the Emergency Reserve Fund be categorized as “assigned” based on the policy limiting uses adopted by the Board of Aldermen?

After reviewing the Reserve Policy (Resolution No. 12-01-13), the auditors concurred with staff that the Emergency Reserve Fund balance should be reflected as “committed,” which means the funds are constrained by city management’s intent to be used for a specific purpose. The change is reflected in the final version of the audit.

7. Is an ordinance required to amend the budget?

Yes, since the budget is adopted by ordinance, an ordinance is required to amend it. Staff is not aware of a statutory requirement to amend the budget if expenditures exceed budget appropriations, but it is a good management practice recommended by the auditors. In each instance noted in the 2015 audit of expenditures exceeding budgeted appropriations, adequate funds were available for the purchase, and the purchase was authorized by the appropriate authority in accordance with the City’s adopted purchasing policy. Based on the recommendation of the auditor, staff will prepare and present budget amendments as needed in the future.

8. Is the Transportation Sales Tax dedicated to a particular activity or can it be used as General Revenue?

Transportation Sales Tax proceeds must be used for transportation related activities/expenses. However this definition is pretty broad. Until fairly recently the City included these taxes in the General Fund and only transferred amounts to the transportation fund as needed to cover actual street repaving and repair expenses (capital type expenses). Now all capital and non-personnel operating costs associated with transportation maintenance are accounted for in the Transportation Fund. Over the past several years the Board has implemented a strategy to incrementally reduce the transfer from the Transportation Fund to the General Fund for personnel expenses for street maintenance. This is intended to preserve more funding for capital maintenance expenses. Putting all the transportation-specific revenue in a separate fund has the advantage of making it easy to ensure that transportation revenues are dedicated to transportation expenses.

9. Is the total of grants (federal, state, local) recorded in 2015 correct? The value of \$65,803 seems low.

This value is slightly low with the following explanations:

\$50,000 – non major funds – The amount includes a portion of the partner contributions for the Route 9 Corridor Study (\$20,000 MODOT, \$15,000 City of Riverside, and \$15,000 Platte County). The Park University contribution of \$10,000 was omitted but is included in the revised audit.

\$15,803 – General Fund – this amount only includes a FEMA flood reimbursement. A \$345 bulletproof vest grant and an \$8,137 Tree Resource Improvement and Maintenance (TRIM) grant were added to the grant total in the final version of the audit.

Depending on how a grant is awarded and managed, it may not be reflected in the City's financial statements. For example, in 2015 the City received a grant from the Mid-America Regional Council (MARC) for \$113,586 for the Route 9 Corridor Study. Since MARC handled the grant administration, it made payments to the contractor on the city's behalf.

10. Is the 0 year set back for males and females reference in the Actuarial Assumptions section correct?

Yes. Based on the actuarial calculations performed for the purpose of satisfying the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 68, this is correct. A copy of the General Division Notes to Schedule of Contributions page from the GASB Accounting Schedule is provided in Attachment A.

11. Should Note 11 include a dollar amount? Should the prior period be restated?

The dollar amounts associated to each of the adjustments described in note 11 were reported on the following page in tabular format. Prior period amounts were restated in the City's MD&A.

	Governmental Funds	Governmental Activities	Sewer Fund/Business- type Activities
Net position/fund balance, beginning of year as previously reported	\$ 5,758,998	\$ 5,587,140	\$ 3,400,421
Revenue recognition - sales taxes	103,023	103,023	-
Debt service activity	-	-	(51,957)
Capital assets	-	1,583,834	(78,860)
Land held for resale	-	(8,472,776)	-
Special assessments	-	9,950,932	-
Changes in accounting and reporting related to the City's pension plans	-	(53,242)	-
Net Position, beginning of year as restated	<u>\$ 5,862,021</u>	<u>\$ 8,698,911</u>	<u>\$ 3,269,604</u>

**Attachment A:
General Division Notes to Schedule of Contributions page from the GASB Accounting
Schedule**

Missouri LAGERS – The City of Parkville

Section B

**General Division
Notes to Schedule of Contributions**

Valuation Date: February 28, 2015

Notes: The roll-forward of total pension liability from February 28, 2015 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 15 to 24 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% 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.
Other Information:	None

**Report to
The Honorable Mayor
and Members of the Board of Aldermen**

City of Parkville, Missouri



**Financial and Compliance Audit
For the year ended December 31, 2015**

CHV

Certified Public Accountants

CHV

Certified Public Accountants

- Serving Missouri and Kansas since 1975.
- Peer Review – We have been awarded the highest rating given as a result of our peer review.
- Member of-
 - AICPA
 - AICPA Government Audit Quality Center
 - AICPA Employee Benefit Plan Audit Quality Center
 - BDO Alliance USA
 - Three (3) members of our governmental services audit team are members of the GFOA Special Review Committee
 - Licensed in Missouri, Kansas, and Nebraska

ENGAGEMENT TEAM



David Cochran, CPA
Engagement Partner



Michael Keenan, CPA
Senior Manager



Ray Miller, CPA
Senior Associate



Bethany Zimbleman, CPA
Staff Associate

Scope of Audit

- We were engaged to perform an audit of the City's basic Financial Statements.

Our Responsibilities

- Conduct our audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards.
- Plan and perform our audit to obtain reasonable, not absolute, assurance that the basic financial statements are free of material misstatement.
- Report on internal controls over financial reporting and compliance with laws and regulations.

The Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) recommends that we communicate the following matters to the Governing Board:

City of Parkville, Missouri	
Illegal Acts – None came to our attention as a result of performing our audit procedures.	
<p>Changes in Significant Accounting Policies –</p> <ul style="list-style-type: none"> ➤ In 2015, the City changed accounting policies related to its pension plan by adopting Government Accounting Standards Board (GASB) Statement No. 68 – <i>Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.</i> ➤ Management determined that certain adjustments to beginning net position/fund balances were necessary. 	
No difficulties or disagreements with management that were not satisfactorily resolved.	
Cooperation – Full access to books and records.	

Financial and Compliance Audit addresses three basic questions:

Question	Answers
Are the financial statements free of material misstatement?	We have issued an unmodified opinion that the financial statements are fairly presented in all material respects.
Are internal controls over financial reporting adequately designed and operating effectively?	<p>We identified certain deficiencies in internal control that we consider to be material weaknesses.</p> <ul style="list-style-type: none"> ➤ Financial Reporting ➤ Capital Assets
Did the City of Parkville, Missouri comply, in all material respects, with the finance-related laws and regulations?	No material noncompliance was noted with the finance-related laws and regulations that govern the City's operations.

Other Management Letter Comments

Other Management Letter Comments – Contains suggestions for best practices and possible improvements in internal control noted in the conduct of the audit.

- Budgeting
- Sewer Allowance for Doubtful Accounts
- Municipal Court
- Administrative and Support Services
- Future Accounting Pronouncements

CHV

Certified Public Accountants

**We appreciate the opportunity to serve as the auditor
for
the City of Parkville, Missouri**

CITY OF PARKVILLE Policy Report

Date: June 20, 2015

Prepared By:
Alysen Abel
Public Works Director

Reviewed By:
Lauren Palmer
City Administrator

ISSUE:

Renew the maintenance agreement with Blue Valley Public Service Inc. (BVPS) for the outdoor warning sirens.

BACKGROUND:

The City of Parkville is part of the Platte County regional tornado and public safety warning system. The City covers the cost to maintain the four warning sirens in Parkville. Each year, the City contracts with Blue Valley Public Safety (BVPS) to maintain the warning siren system for the sirens. All of the sirens in the system are manufactured by Federal Signal for compatibility, and BVPS is the authorized representative for the manufacturer in this region.

The current maintenance contract expires on July 31, 2016. The proposed agreement includes a one-year term from August 1, 2016, to July 31, 2017. The agreement includes repair or replacement of the four sirens and associated equipment due to normal wear and tear. It requires BVPS to perform monthly inspections to ensure all equipment is functioning properly.

BUDGET IMPACT:

The 2016 budget includes \$2,850 for the maintenance to the warning siren system. The current contract includes a fee of \$234 per month. The proposed renewal rate will remain at \$234 per month for a total of \$2,808 for the term. There was a cost increase in 2015 due to the increased cost of the batteries.

ALTERNATIVES:

1. Approve the maintenance agreement with Blue Valley Public Service Inc. for the outdoor warning sirens.
2. Do not approve the maintenance agreement.
3. Postpone the item.

STAFF RECOMMENDATION:

Staff recommends the approval of the maintenance agreement for the maintenance of the outdoor warning sirens at a cost of \$2,808 from August 1, 2016, to July 31, 2017.

POLICY:

Per the Purchasing Policy, Resolution No. 10-02-14, the Finance Committee may authorize purchases up to \$10,000.

SUGGESTED MOTION:

I move to approve the maintenance agreement with Blue Valley Public Service Inc. for the outdoor warning sirens in the amount of \$2,808.

ATTACHMENT:

1. Quote – BVPS
2. Maintenance Agreement



509 JAMES ROLLO DRIVE ♦ PO BOX 363
 GRAIN VALLEY, MO 64029
 (816) 847-7502

MAINTENANCE AGREEMENT

PO # _____

Maintenance Period: 8-1-16 thru 7-31-17

Payment Period: Quarterly

Customer Address City of Parkville ATTN: Alysén Abel, PW Director 8880 Clark Avenue Parkville, MO 64152 Phone Attention of		Billing Address		
Qty.	Model and Description	Unit per Month	Month Total	Annual
4	M/N 2001 Sirens	16.00	64.00	
3	M/N DFCH Radio Controls	12.50	37.50	
1	M/N DCFCBH Radio Control	12.50	12.50	
16	Batteries	7.50	120.00	
	Month Total (Aug.-July):		234.00	
	ANNUAL TOTAL:			\$ 2,808.00

BLUE VALLEY PUBLIC SAFETY

Dee A. Wieduwilt

Dee A. Wieduwilt, Office Manager

Date: 6/14/2016 11:26:00 AM

CUSTOMER

City of Parkville, MO

By: _____

Date: _____

OUTDOOR WARNING SIREN MAINTENANCE AGREEMENT

THIS SERVICE AGREEMENT, entered into on this 27th day of June 2016, by and between the CITY OF PARKVILLE, MISSOURI ("City") and Blue Valley Public Safety Inc. (BVPS), 509 James Rollo Dr. Grain Valley, MO 64029 ("Service Provider").

WHEREAS, the City seeks to execute a maintenance agreement with BVPS to maintain the City's outdoor warning siren system.

WHEREAS, the City has budgeted funds to do the necessary work; and

WHEREAS, Service Provider is an area business with the necessary skills and qualifications to provide these services.

NOW THEREFORE, IN CONSIDERATION of the mutual covenants and agreements set forth herein, the parties mutually agree as follows:

I. SCOPE OF SERVICES

- A. The term "Services" when used in this Agreement shall mean services to be provided by BVPS which shall consist of the repair or replacement of the four (4) sirens, four (4) radio controls, sixteen (16) batteries, and parts and components thereof (the "Equipment") which have malfunctioned or become inoperative in normal wear and usage within 96 hours after the City has notified the Service Provider. It also includes the monthly checking and changing of batteries, verifying correct voltage and making sure the radio controls are operable. This agreement does NOT extend to repair or replacement of the Equipment or parts or components thereof which have malfunctioned or become inoperative for any other reason, including, but not limited to, misuse, abuse, vehicular accident, fire, natural disaster, explosion or other casualty or modification or alteration by any party other than Blue Valley. Anything outside of the normal scope of maintenance will be an Additional Service subject to Section I.A.C of this Agreement. The City agrees to retain Service Provider and Service Provider agrees to perform and complete the Services.
- B. The City reserves the right to direct revision of the Services at the City's discretion. Service Provider shall advise the City of additional costs and time delays, if any, in performing the revision, before Service Provider performs the revised services.
- C. Service Provider shall provide Additional Services under this Agreement only upon written request of the City and only to the extent defined and required by the City. Any additional services or materials provided by the Service Provider without the City's prior written consent shall be at the Service Provider's own risk, cost, and expense, and Service Provider shall not make a claim for compensation from the City for such work.
- D. The Service Provider will furnish all equipment, fuel, and labor necessary to complete the Services.
- F. The City will provide a location to dump any debris or scrap materials at the Public Works Street facility.
- G. Service Provider shall provide on-site safety oversight and shall recognize the dangers associated with performing maintenance to the City's outdoor warning siren system.

II. STANDARD OF CARE

- A. Service Provider shall exercise the same degree of care, skill, and diligence in the performance of all Services to the City that is ordinarily possessed and exercised by reasonable, prudent, and experienced professionals under similar circumstances.
- B. Service Provider represents it has all necessary licenses, permits, knowledge, and certifications required to perform the Services described herein.

III. COMPENSATION

- A. As consideration for providing the Services, the City shall pay Service Provider as follows:
 - a. Services will be billed at the rate of two hundred thirty-four dollars and 00/100 cents (\$234.00) per month for twelve (12) months from August 1, 2016 through July 31, 2017, not to exceed two thousand eight hundred eight dollars and 00/100 cents (\$2,808.00) The Service Provider will be paid quarterly (every three months), at the rate of seven hundred two dollars and 00/100 (\$702.00).
 - b. The Service Provider is not eligible to receive reimbursement for incidentals, mileage, or other expenses.
- B. Compensation will be made quarterly upon satisfactory completion of the Services for the preceding three months.
- C. Service Provider shall submit an itemized invoice to the City upon completion of the Services that details the Services that were provided each quarter. The City agrees to pay the balance of the approved invoice, or undisputed portions of the disputed invoice, within 30 days of the date of receipt by the City. In the event of a dispute, and prior to the invoice's due date, City shall pay the undisputed portion of the invoice and notify Service Provider of the nature of the dispute regarding the balance.
- D. Service Provider shall maintain accounts and records, including personnel, property, and financial records, adequate to identify and account for all costs pertaining to the Agreement and such other records as may be deemed necessary by the City to assure proper accounting for all funds. These records will be made available for audit purposes to the City or any authorized representative, and will be retained for one year after the expiration of this Agreement unless permission to destroy them is granted by the City.

IV. SCHEDULE

- A. Unless otherwise directed by the City, Service Provider shall commence performance of the Services on August 1, 2016.
- B. Services shall be completed on a monthly basis through the term of the Agreement after receiving the notice to proceed unless written authorization for an extension is provided by the City.
- C. Neither the City nor the Service Provider shall be in default of the Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party.
- D. If Service Provider's performance is delayed due to delays caused by the City, Service Provider shall have no claim against the City for damages or payment adjustment other than an extension of time to perform the Services.

V. LIABILITY AND INDEMNIFICATION

- A. Service Provider shall indemnify and hold harmless the City and its departments, elected officials, officers, employees and agents, from and against all liability, suits, actions, proceedings, judgments, claims, losses, damages, and injuries (including attorneys' fees and

other expenses of litigation, arbitration, mediation or appeal), which in whole or in part arise out of or have been connected with Service Providers' negligence, error, omission, recklessness, or wrongful or criminal conduct in the performance of Services, including performance by Service Provider's employees and agents; or arising from any claim for libel, slander, defamation, copyright infringement, invasion of privacy, piracy and/or plagiarism related to any materials related to materials Service Provider creates or supplies to the City, except to the extent that such claims arise from materials created or supplied by the City.

- B. Service Provider's obligation to indemnify and hold harmless shall remain in effect and shall be binding on Service Provider whether such injury shall accrue, or may be discovered, before or after termination of this Agreement.

VI. INSURANCE

- A. The Service Provider shall secure and maintain, at its expense, through the duration of this Agreement Commercial General Liability Insurance on an occurrence basis with minimum limits of \$1,000,000 per occurrence and \$1,000,000 aggregate coverage. Service Provider shall also secure and maintain Worker's Compensation and Employer's Liability Insurance, when applicable, at the limits required by state and/or federal law. The City will only accept coverage from an insurance carrier that offers proof that it:
 - a. Is licensed to do business in the State of Missouri;
 - b. Carries a Best's policy holder rating of A or better; and
 - c. Carries at least a Class X financial rating.
- B. Service Provider shall furnish the City with a Certificate of Insurance on a standard ACORD form, indicating types of insurance, policy numbers, dates of commencement and expiration of policies and carriers. Service Provider shall cause the City to be included as an Additional Insured, and shall require its insurer to provide the City with at least 30 days advance notice of cancellation. Service Provider shall deliver to the City a copy of an Additional Insured Endorsement, using ISO Additional Insured Endorsement (CG 20 10), edition date 11/85, or an equivalent (e.g., CG 20 10, edition date 10/93, plus CG 20 37, edition date 04/13 or other carrier form) and a Notice of Cancellation Endorsement, using CNA form G-140327-B (Ed. 07/11), Travelers Form IL T4 00 (12/09) or other equivalent carrier forms. A copy of the Notice of Cancellation Endorsement and Additional Insured Endorsement must be furnished to the Owner prior to commencement of any services on City property.

VII. ASSIGNMENT OF AND RESPONSIBILITY FOR PERSONNEL

- A. Service Provider's assignment of personnel to perform the Services shall be subject to the City's oversight and general guidance. The City reserves the right to request qualifications and/or reject service from any and all employees of the Service Provider.
- B. While upon City premises, the Service Provider's employees and agents shall be subject to the City's rules and regulations respecting its property and the conduct of employees thereon.

VIII. RELATIONSHIP OF THE PARTIES

- A. Service Provider represents that it has, or will secure at Service Provider's own expense, all personnel required in performing the Services under this Agreement. Such personnel shall not be employees of or have any contractual relationship with the City.

- B. All of the Services required hereunder will be performed by the Service Provider or under Service Provider's supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.
- C. None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement.

IX. NOTICES

- A. All notices required by this Agreement shall be in writing, and unless otherwise directed by this Agreement, shall be sent to the addresses as set forth in this Section:

- B. Notices sent by Service Provider shall be sent to:
 - City of Parkville
 - Attn: Alysen Abel P.E.
 - Public Works Director
 - 8880 Clark Ave.
 - Parkville, MO 64152

- C. Notices sent by the City shall be sent to:
 - Blue Valley Public Safety Inc.
 - Attn: Dee Wieduwilt
 - 509 James Rollo Drive
 - Grain Valley, MO 64029

X. TERM AND TERMINATION

- A. The effective date of this Agreement shall be the date of execution, when the Agreement is signed by both parties.
- B. The term of this Agreement shall be until July 31, 2017.
- C. Notwithstanding Article X, Paragraph B, the City reserves the right and may elect to terminate this Agreement at any time, with or without cause, by giving at least ten (10) days written notice to the Service Provider. The City shall compensate Service Provider for the Services that have been completed to the City's satisfaction as of the date of termination. Service Provider shall perform no activities other than reasonable wrap-up activities after receipt of notice of termination.

XI. MISCELLANEOUS PROVISIONS

- A. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Missouri.
- B. Assignability. Service Provider shall not assign any interest on this Agreement, and shall not transfer any interest in the same (whether by assignment or invitation), without the prior written consent of the City thereto. Provided, however, that the claims for money by Service Provider from the City under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the City.
- C. Media Announcements. Service Provider shall not be authorized to make statements to the media or otherwise on behalf of the City without express direction and consent of the City

- D. Compliance with Local Laws. Service provider shall comply with all applicable laws, ordinances, and codes of the State and local governments, and shall save the City harmless with respect to any damages arising from any tort done in performing any of the work embraced by this Agreement.
- E. Equal Employment Opportunity. During the performance of this Agreement, Service Provider agrees as follows:
- i. Service Provider will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, religion, or sex. Service Provider will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, national origin, religion, or sex. Such action shall include, but not be limited to, employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
 - ii. Service Provider will, in all solicitation or advertisements for employees placed by or on behalf of Professional, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, religion, or sex.
 - iii. Service Provider will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.
- F. Authorized Employees. Service Provider acknowledges that Section 285.530, RSMo, prohibits any business entity or employer from knowingly employing, hiring for employment, or continuing to employ an unauthorized alien to perform work within the State of Missouri. Service Provider therefore covenants that it will not knowingly in violation of subsection 1 or Section 285.530, RSMo, and that it will not knowingly employ, hire for employment, or continue to employ any unauthorized aliens to perform Services related to this Agreement, and that its employees are lawfully to work in the United States.
- G. Interest of Members of a City. No member of the governing body of the City and no other officer, employee, or agent of the City who exercises any functions or responsibilities in connection with the planning and carrying out of this Agreement, shall have any personal financial interest, direct or indirect, in this Agreement, and Service Provider shall take appropriate steps to assure compliance.
- H. Interest of Service Provider and Employees. Service Provider covenants that he/she presently has no interest and shall not acquire interest, direct or indirect, in the study area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of his/her services hereunder. Service Provider further covenants that in the performance of this Agreement, no person having any such interest shall be employed.
- I. Entire Agreement. This Agreement represents the entire Agreement and understanding between the parties, and this Agreement supersedes any prior negotiations, proposals, or agreements. Unless otherwise provided in this Agreement, any amendment to this Agreement shall be in writing and shall be signed by the City and Service Provider, and attached hereto.

- J. Severability. If any part, term or provision of this Agreement, or any attachments or amendments hereto, is declared invalid, void, or enforceable, all remaining parts, terms, and provisions shall remain in full force and effect.
- K. Waiver. The failure of either party to require performance of this Agreement shall not affect such party's right to enforce the same. A waiver by either party of any provision of breach of this Agreement shall be in writing. A written waiver shall not affect the waiving party's rights with respect to any other provision or breach.
- L. Third Parties. The Services to be performed by the Service Provider are intended solely for the benefit for the City. Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any person or entity not a signatory to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CITY OF PARKVILLE, MISSOURI

By: _____
Nanette K. Johnston, Mayor

ATTEST:

Melissa McChesney, City Clerk

BLUE VALLEY PUBLIC SAFETY INC.

By: _____
Dee Wieduwilt, Office Manager

CITY OF PARKVILLE Policy Report

Date: June 21, 2016

Prepared By:
Alysen Abel
Public Works Director

Reviewed By:
Lauren Palmer
City Administrator

ISSUE:

Approve a small construction contract with Havens Construction for the River Hills Storm Sewer Reconstruction.

BACKGROUND:

In 2013, there was a small failure in the area adjacent to 10201 River Hills Drive. The depth of the failure was approximately 2 to 3 feet. After the area settled, Public Works staff filled in the area with compacted soil. With the significant rainfall in May, a sinkhole with a depth of approximately 15 feet appeared in the same area.

The streets and storm sewer public improvements associated with River Hills Estates 1st Plat were constructed in 1999. It appears that the pipes connected to the storm structure were not properly grouted. The grouting around the pipes provides a water tight seal between the pipe and the storm structure. Over time, the storm water washed away the gravel bedding and soil around the gap. With the recent significant storm events, a failure was created in the area adjacent to the storm sewer manhole.

Public Works staff reached out to several contractors in the area to obtain quotes for the work. Some of the contractors did not have the expertise needed to do the storm sewer repair. There were two contractors that evaluated the site and agreed to provide bids to the City to perform the necessary repairs: Havens Construction and Beemer Construction.

The traditional trenching method for this repair would involve removal of several established trees that have been in the neighborhood since the area was constructed in 1999. Havens proposed an alternative method to access the area through the manhole upstream of the failure. Because of the cost to remove and replace the existing features, as well as the time and labor, staff recommends that the contractor repair the storm sewer from inside the manhole.

As of the time of publication of this report, staff had not yet received the second quote from Beemer Construction. Staff will present this additional information to the Finance Committee on Monday and reserves the right to alter the staff recommendation accordingly. In the interest of time, staff is proceeding with a recommendation based on the single viable quote. Although the area is currently roped off with snow fence and fully covered with plywood, it could be an attractive nuisance for children and pets in the area. Staff recommends making the repair as soon as feasible due to safety concerns.

BUDGET IMPACT:

It is estimated that the cost to repair the storm sewer will be about \$5,000. The full extent of the repair is unknown until the contractor starts the work. Staff negotiated an hourly fee contract for labor and equipment with a not-to-exceed limit of \$5,000. This was not an anticipated or budgeted project. The city budgeted \$2,500 in 2016 in the Transportation Fund for routine storm sewer repairs. Of that amount, \$2,035 is available. The remaining \$2,965 will cause an overage in the line item. It is possible that savings in other operating lines items may be adequate to

ITEM 3D

For 06-27-16

Board of Aldermen - Finance Committee Meeting

cover this expense; if not, there are adequate reserves available in the fund. The year-end fund balance is currently projected at \$60,646 (including this expense).

ALTERNATIVES:

1. Approve a small construction contract with Havens Construction for the River Hills storm sewer reconstruction.
2. Provide alternative direction to staff.
3. Postpone the item.

STAFF RECOMMENDATION:

Staff recommends the approval of a small construction contract with Havens Construction for the repair of the storm sewer in River Hills. Since it was difficult to estimate the extent of the damage, staff recommends an hourly contract based on the unit prices provided by the contractor, with a maximum not to exceed contract amount of \$5,000.

POLICY:

Per the Purchasing Policy, Resolution No. 10-02-14, the Finance Committee may authorize purchases up to \$10,000.

SUGGESTED MOTION:

I move to approve a small construction contract with Havens Construction for the River Hills Storm Sewer Reconstruction in an amount not to exceed \$5,000.

ATTACHMENTS:

1. Map of the Area
2. Photos of failure
3. Small Construction Contract







SMALL CONSTRUCTION SERVICES AGREEMENT MAINTENANCE OR REPAIR PROJECT

THIS SERVICE AGREEMENT, entered into on this 27th day of June 2016, by and between the CITY OF PARKVILLE, MISSOURI ("City") and Havens Construction ("Contractor").

WHEREAS, the City seeks to hire Contractor to provide certain construction services as described in Exhibit "A" to this Agreement (the "Construction Services"); and

WHEREAS, the City has budgeted funds to acquire the services necessary to complete the Construction Services; and

WHEREAS, Contractor has the necessary staff and qualifications to provide the Construction Services to the City.

NOW THEREFORE, IN CONSIDERATION of the mutual covenants and agreements set forth herein, the parties mutually agree as follows:

I. SCOPE OF SERVICES

- A. The term "Construction Services" when used in this Agreement shall mean any and all labor, material, equipment, insurance, surety bonds or other thing of value that may be required by this Agreement including its exhibits.
- B. The City agrees to retain Contractor and Contractor agrees to perform and complete the Construction Services described in the **Exhibit "A"** – Scope of Work, attached hereto and incorporated by reference.
- C. Service Provider represents it has all necessary skills, personnel, financial capacity, licenses, permits, knowledge, and certifications required to perform the Services described herein.

II. COMPENSATION

- A. As consideration for providing the Construction Services, the City shall pay Contractor as set forth in **Exhibit "A" on a time and material basis on a price not to exceed \$5,000.00.**
- B. Contractor shall submit its detailed invoices breaking out, labor, material and mark up costs to the City either at completion of the Project, or on such milestone or other interim terms as set forth on **Exhibit "A"**. Contractor's final invoice shall be accompanied by Waivers and Releases of Claim on the forms attached as **Exhibit "B-2"** to this Agreement, executed by Contractor any all subcontractors with contract values of \$5,000 or more, and notarized. If partial payments are authorized on **Exhibit "A"**, then Contractor shall submit partial waivers on the form attached as **Exhibit "B-1."** The City agrees to pay the balance of an approved invoice, or undisputed portions of a disputed invoice, within 30 days of the date of receipt by the City. In the event of a dispute, and prior to the invoice's due date, City shall pay the undisputed portion of the invoice and notify Contractor of the nature of the dispute regarding the balance.
- C. Contractor shall maintain accounts and records, including personnel, property, and financial records, adequate to identify and account for all costs pertaining to the Agreement and such other records as may be deemed necessary by the City to assure proper accounting for all funds. These records will be made available for audit purposes to the City or any authorized representative, and will be retained for three years after the expiration of this Agreement unless permission to destroy them is granted by the City.

III. SCHEDULE

- A. Time is of the essence in performance of this Agreement.
- B. Unless otherwise directed by the City, Contractor shall commence performance of the Construction Services upon execution of this Agreement.
- C. Services shall be completed within the schedule set forth on **Exhibit "A"**.
- D. Neither the City nor the Contractor shall be in default of the Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party.
- E. If **Exhibit "A"** contains a provision for Liquidated Damages, it shall be because the parties have agreed that late completion of the Construction Services by Contractor would cause irreparable harm to the City, which harm is difficult to quantify; and that the parties have agreed that the amount stated in Exhibit "A" for Liquidated Damages is a fair approximation of the daily costs that the City would incur for late Substantial Completion of the work.

IV. CHANGES

The City reserves the right issue Changes, both additive and deductive, to the Scope of Work at the City's discretion. Contractor shall advise the City of additional costs and time delays, if any, resulting from such Changes, before Contractor performs the Changes. No adjustment to the Contract Time or Contract Price will be permitted unless Contractor has advised the City of the potential impact prior to commencing work on the Change, and the City either issues a Change Order which is agreed to by the parties, or the City directs the Contractor to proceed.

- A. Contractor shall provide Construction Services under this Agreement only upon written request of the City and only to the extent defined and required by the City. Any additional services or materials provided by the Contractor without the City's prior written consent shall be at the Contractor's own risk, cost, and expense, and Contractor shall not make a claim for compensation from the City for such work.

V. INDEMNIFICATION

- A. Contractor shall indemnify and hold harmless the City and its departments, elected officials, officers, employees and agents, from and against all liability, suits, actions, proceedings, judgments, claims, losses, damages, and injuries (including attorneys' fees and other expenses of litigation, arbitration, mediation or appeal), which in whole or in part arise out of or have been connected with Contractor's negligence, error, omission, recklessness, or wrongful or criminal conduct in the performance of Construction Services, including performance by Contractor's employees and agents; or arising from any claim for libel, slander, defamation, copyright infringement, invasion of privacy, piracy and/or plagiarism related to any materials related to materials furnished by Contractor in the course of performance of the work, except to the extent that such claims arise from materials created or supplied by the City.
- B. Contractor's obligation to indemnify and hold harmless shall remain in effect and shall be binding on Contractor whether such injury shall accrue, or may be discovered, before or after termination of this Agreement.

VI. INSURANCE

- A. Contractor shall secure and maintain, at its expense, through the duration of this Agreement insurance as set forth on **Exhibit "C."**

VII. ASSIGNMENT OF AND RESPONSIBILITY FOR PERSONNEL

- A. Contractor's assignment of personnel to perform the Services shall be subject to the City's oversight and general guidance. The City reserves the right to request qualifications and/or reject service from any and all employees of the Contractor.
- B. Unless otherwise stated in **Exhibit "A"**, Contractor shall be represented by a Superintendent or Foreman authorized to give and receive all instruction and notices from and to the City at all times while performing Construction Services, and shall have on site a person who is fluent in all languages necessary to communicate instructions regarding the work and information regarding medical emergencies with Contractor's employees and subcontractors.
- C. All of the Construction Services required hereunder will be performed by the Contractor or under Contractor's supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.
- D. None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement including, but not limited to, indemnification, insurance and warranties.
- E. Contractor and all subcontractors with a contract value of \$5,000 or more shall execute affidavits on the form attached as **Exhibit "D"**, attesting to their compliance with RSMo. § 285.530.5 concerning compliance with Missouri's Worker Eligibility requirements.
- F. Contractor and all subcontractors must require all on-site employees to complete the ten-hour construction training program required under Section 292.675 RSMo. unless they have previously completed the program and have documentation of having done so. Contractor shall execute the affidavit attached as **Exhibit "E"**, attesting that it has provided OSHA safety training for its on-site employees. Contractor will forfeit a penalty to the City of \$2,500 plus an additional \$100 for each employee employed by Contractor or any subcontractor, for each calendar day, or portion thereof, such employee is employed without the required training. See Section 292.675 RSMo.
- G. No illegal drug or alcohol usage will be tolerated at the Site. All persons admitted to work on the Site will dress appropriately and avoid foul language. Music shall not be played at volume levels that would be objectionable to third-parties. Any worker found by the City to be violating these conduct requirements will be removed immediately.

VIII. WARRANTY

- A. The Contractor warrants to the City that materials and equipment furnished under the Contract will be of good quality and new unless the Scope of Work documents require or permit otherwise. The Contractor further warrants that the work will conform to the requirements of the Scope of Work documents and will be free from defects, except for those inherent in the quality of the Work the Scope of Work documents require or permit. Work, materials, or equipment not conforming to these requirements may be considered defective. The Contractor's warranty excludes remedy for damage or defect caused by abuse, alterations to the work not executed by the Contractor or its subcontractors or suppliers, improper or insufficient maintenance or improper operation. If required by the Owner, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment. The Contractor's warranties required by the Agreement (express and implied) shall remain in full force and effect even if a material or equipment item is required by the Owner to be manufactured by a specific entity, and no other equivalent product manufactured by any other entity is acceptable.

- B. The Contractor's warranty in Section IX.A. shall not be construed to replace, change or otherwise limit any statutory or common law warranty rights of the Owner, or any other Contract requirements.

IX. OWNERSHIP OF WORK PRODUCT

Contractor agrees that any documents, materials and/or work products produced in whole or in part by or through it under this Agreement, any intellectual property rights of Contractor therein (collectively the "Works") are intended to be owned by the City. Accordingly, Contractor hereby assigns and agrees to assign to the City all of its right title and interest in and to such Works.

X. RELATIONSHIP OF THE PARTIES

- A. Contractor represents that it is an independent contractor and that no personnel performing any of the Construction Services shall be employees of or have any contractual relationship with the City.

XI. NOTICES

- A. All notices required by this Agreement shall be in writing, and unless otherwise directed by this Agreement, shall be sent to the addresses as set forth in this Section:
- B. Notices sent by Contractor shall be sent to:
 - City of Parkville
 - Attn: City Administrator
 - 8880 Clark Ave.
 - Parkville, MO 64152
- C. Notices sent by the City shall be sent to:
 - Havens Construction
 - Attn: Bruce Laughlin
 - 9400 Liberty Drive
 - Liberty, MO 64068
 - (816) 781-4769

XII. CORRECTION OF WORK

The Contractor shall promptly correct work rejected by the City or failing to conform to the requirements of the Agreement, whether discovered before or after Substantial Completion and whether or not fabricated, installed or completed. Costs of correcting such rejected work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for services and expenses of a designer made necessary thereby, shall be at the Contractor's expense. If the Contractor fails to correct nonconforming Work within ten (10) days after receipt of written notice from the City, the City may correct it at Contractor's expense.

XIII. TERM AND TERMINATION

- A. The effective date of this Agreement shall be the date of execution, when the Agreement is signed by both parties.
- B. Notwithstanding anything to the contrary in this Agreement or exhibit, the City reserves the right and may elect to terminate this Agreement at any time, with or without cause, by giving at least ten (10) days' written notice to the Contractor. The City shall compensate Contractor for the Construction Services that have been completed to the City's satisfaction

as of the date of termination. Contractor shall perform no activities other than reasonable wrap-up activities after receipt of notice of termination.

- C. The City may terminate the Agreement for cause if the Contractor
1. refuses or fails to supply enough properly skilled workers or proper materials;
 2. fails to make payment to Subcontractors for materials, equipment, services or labor in accordance with the respective agreements between the Contractor and the Subcontractors;
 3. disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority;
 4. or its Subcontractors or Sub-subcontractors causes a work stoppage due to any strike, picket, boycott or participates in any voluntary or involuntary cessation of Work; or
 5. otherwise is guilty of substantial breach of a provision of the Agreement.

When any of the above reasons exist, the City may without prejudice to any other rights or remedies of the City and after giving the Contractor and the Contractor's surety, if any, seven (7) days' written notice, terminate the Agreement and may, subject to any prior rights of the surety, if any:

1. Exclude the Contractor from the Project site and take possession of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor;
2. Direct the work of subcontractors; and
3. Finish the Work by whatever reasonable method the City may deem expedient. Upon written request of the Contractor, the City shall furnish to the Contractor a detailed accounting of the costs incurred by the City in finishing the Work.

When the Owner terminates the Agreement for one of the reasons stated in Section XIV. A., the Contractor shall not be entitled to receive further payment until the Work is finished.

If the unpaid balance of the Contract Price exceeds costs of finishing the Work, including compensation for the services and expenses of a designer, and legal, consultant and testing fees made necessary thereby, and other damages incurred by the City and not expressly waived, such excess shall be paid to the Contractor. If such costs and damages exceed the unpaid balance, the Contractor or its surety, if any, shall pay the difference to the City upon demand. The obligation for payment, if any, shall survive termination of the Agreement.

XIV. RESOLUTION OF DISPUTES

- A. Should the Contractor believe that it is entitled to any relief due to errors, omissions or defects in the Plans or Specifications, or as a result of any act or omission of an independent contractor designer in connection with the Project, the City shall cooperate with the Contractor by permitting the Contractor to pursue legal action against the designer in the name of the City at Contractor's sole risk and expense as the City would otherwise have against such designer. The City shall pay to Contractor such sums as may be recovered from the designer on behalf of Contractor. Other than this duty of cooperation and remittance, the City shall have no liability or obligation to Contractor for any act, error, omission, negligence or breach of duty by a designer.

- B. City and Contractor agree that disputes relative to the Work shall first be addressed by negotiations between the parties. Such negotiations shall take place within thirty (30) days of demand by the party seeking resolution of the dispute. If direct negotiations fail to resolve the dispute, the party initiating the claim that is the basis for the dispute shall be free to take such steps as it deems necessary to protect its interests; provided, however, that notwithstanding any such dispute Contractor shall proceed with the Work as per the Contract Documents as if no dispute existed.
- C. In order to preserve its rights to dispute a matter hereunder, the complaining party must submit a written notice to the other party setting forth the basis for its complaint within twenty (20) calendar days following receipt of the decision of the City Public Works Director as to such matter or other action on which the dispute is based. A decision of the City Public Works Director (where appropriate) under GC-7 above; notice of dispute, and direct negotiation, shall be conditions precedent to further action.
- D. Arbitration of disputes.
 - 1. Claims, except those waived as provided for elsewhere in this Agreement, which have not been resolved by the procedures described above, shall be decided by arbitration which, unless the parties mutually agree otherwise, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect at the time of the arbitration. The demand for arbitration shall be filed in writing with the other party to the Contract and with the American Arbitration Association.
 - 2. A demand for arbitration may be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when institution of legal or equitable proceedings based on such Claim would be barred by the applicable statute of limitations.
 - 3. An arbitration pursuant to this Section may be joined with an arbitration involving common issues of law or fact between the City or Contractor and any person or entity with whom the City or Contractor has a contractual obligation to arbitrate disputes which does not prohibit consolidation or joinder. No other arbitration arising out of or relating to the Contract shall include, by consolidation, joinder or in any other manner, an additional person or entity not a party to the Contract or not a party to an agreement with the City Contractor, except by written consent containing a specific reference to the Agreement signed by the City and Contractor and any other person or entities sought to be joined. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of any claim, dispute or other matter in question not described in the written consent or with a person or entity not named or described therein. The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by the parties to the Agreement shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.
 - 4. Claims and Timely Assertion of Claims. The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded.
 - 5. Judgment on Final Award. The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

XV. MISCELLANEOUS PROVISIONS

- A. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Missouri.
- B. Assignability. Contractor shall not assign any interest on this Agreement, and shall not transfer any interest in the same (whether by assignment or invitation), without the prior written consent of the City thereto. Provided, however, that the claims for money by Contractor from the City under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the City.
- C. Media Announcements. Contractor shall not be authorized to make statements to the media or otherwise on behalf of the City without express direction and consent of the City
- D. Compliance with Local Laws. Contractor shall comply with all applicable laws, ordinances, and codes of the State of Missouri and local governments, and shall save the City harmless with respect to any damages arising from any tort done in performing any of the work embraced by this Agreement.
- E. Equal Employment Opportunity. During the performance of this Agreement, Contractor agrees as follows:
 - i. Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, religion, or sex. Service Provider will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, national origin, religion, or sex. Such action shall include, but not be limited to, employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
 - ii. Contractor will, in all solicitation or advertisements for employees placed by or on behalf of Professional, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, religion, or sex.
 - iii. Contractor will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement so that provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.
- F. Interest of Members of a City. No member of the governing body of the City and no other officer, employee, or agent of the City who exercises any functions or responsibilities in connection with the planning and carrying out of this Agreement, shall have any personal financial interest, direct or indirect, in this Agreement, and Contractor shall take appropriate steps to assure compliance.
- G. Interest of Contractor and Employees. Contractor covenants that he/she presently has no interest and shall not acquire interest, direct or indirect, in the study area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of his/her services hereunder. Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed.
- H. Entire Agreement. This Agreement represents the entire Agreement and understanding between the parties, and this Agreement supersedes any prior negotiations, proposals, or agreements. Unless otherwise provided in this Agreement, any amendment to this

Agreement shall be in writing and shall be signed by the City and Contractor, and attached hereto.

- I. Severability. If any part, term or provision of this Agreement, or any attachments or amendments hereto, is declared invalid, void, or enforceable, all remaining parts, terms, and provisions shall remain in full force and effect.
- J. Waiver. The failure of either party to require performance of this Agreement shall not affect such party's right to enforce the same. A waiver by either party of any provision of breach of this Agreement shall be in writing. A written waiver shall not affect the waiving party's rights with respect to any other provision or breach.
- K. Third Parties. The Services to be performed by the Contractor are intended solely for the benefit for the City. Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any person or entity not a signatory to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CITY OF PARKVILLE, MISSOURI

By: _____
Nanette K. Johnston, Mayor

ATTEST:

Melissa McChesney, City Clerk

HAVENS CONSTRUCTION

By: _____
Bruce M. Laughlin

Exhibit A

SCOPE OF WORK AND PRICING AGREEMENT

Perform sinkhole and storm sewer structure repairs in the River Hills Estates subdivision. Repairs to be made from inside the structure. The voids should be cleaned out & enlarged if necessary, and filled with grout to prevent soil erosion in the future. Steel reinforcing would be installed to help prevent future movement of the repair grout. When the repairs are complete all debris and the existing abandoned aluminum ladder will be removed from the structure. Make the structure safer by removing the partially installed reinforced plastic steps. Additionally, a lean flowable fill material will be placed in the sinkhole to help fill voids in and around the outside of the manhole. The City of Parkville to provide and place the surface soil fill in the sinkhole and restore the yard area as necessary.

Equipment rates are Rental Rate Blue Book pricing as published by EquipmentWatch of Penton Media, Inc. An hourly fee of \$6.25 per hour will charged for small miscellaneous tool usage.

An overhead & profit fee of 15% will be added to the sum total of all costs, at a total contract cost not to exceed \$5,000.

Work to be completed in thirty (30) calendar days from Notice to Proceed.

This is a prevailing wage contract. Contractors should comply with Missouri Department of Labor Wage Order No. 23 for Platte County Missouri. See Exhibits F-1, F-2 and F-3.

CITY OF PARKVILLE Policy Report

Date: June 21, 2016

Prepared By:
Tim Blakeslee
Assistant to the City Administrator

Reviewed By:
Lauren Palmer
City Administrator

ISSUE:

Reject all bids that were received associated with the Nature Sanctuary garden tractor request for bids.

BACKGROUND:

The Nature Sanctuary division currently uses a twenty-five year old tractor to haul material and equipment in and around the Nature Sanctuary. This piece of equipment has become unreliable. Often it is difficult or impossible to get the tractor started, and it has been unable to mow for a number of years. As a result, in 2016 there was \$3,700 budgeted from the Nature Sanctuary Donation Fund for the purchase of a new piece of equipment to replace the old tractor.

The City released a bid request in early June for the purchase of a garden tractor (Attachment 1). Based on staff research, there are two or three reputable garden tractor models which fit the specifications outlined in the bid request. The bid request was posted on the City's website and disseminated through the KC Blueprint service. Local vendors were also called and informed about the bid opening.

On June 21, 2016, the City received one bid for the garden tractor. The bid tabulation is included in Attachment 2. The only bid received was from Heritage Tractor in the amount of \$4,900 for a John Deere X570 model. This is \$1,200 over budget. Based on interaction with potential bidders, staff expected that two additional vendors would submit bids. Staff contacted these vendors to find out why a bid was not submitted. One vendor decided it was not interested in supplying a bid. The other vendor stated that it was too busy submit a bid and did not fully understand the process.

As a result of the single bid being over budget, staff recommends rejecting all bids and reissuing the request for bids with minor revisions to the specifications. The primary revision to the specifications would be to make the mower deck a bid alternate. The old tractor is not currently used for mowing and staff believes the mowing deck is not a necessary feature and can be listed as an alternate. This may allow potential bidders to provide a price closer to budget.

BUDGET IMPACT:

The Nature Sanctuary Donation Fund includes \$3,700 in the 2016 budget to replace the old nature sanctuary tractor. The purchase of the John Deere X570 Tractor would be over budget by \$1,200.

ALTERNATIVES:

1. Reject all bids and direct staff to reduce the scope by adding the mower deck as a bid alternate and then to rebid the equipment.
2. Approve the purchase of a new John Deere X570 Tractor from Heritage Tractor in the amount of \$4,900.
3. Provide other director to staff.
4. Postpone the item.

ITEM 3E

For 06-27-16

Board of Aldermen – Finance Committee Meeting

STAFF RECOMMENDATION:

Staff recommends that the Finance Committee reject all bids and direct staff to reduce the scope by adding the mower deck as a bid alternate and then to rebid the equipment.

POLICY:

The purchasing policy states that sealed bids are required for all purchases of new vehicles and equipment with a total value exceeding \$2,500. Per the Purchasing Policy, Resolution No. 10-02-14, the Finance Committee may authorize purchases up to \$10,000.

Staff has had some difficulty getting competitive bids for new vehicles/equipment and RFP responses for professional services estimated between \$2,500 and \$5,000. Staff would like direction from the Finance Committee on the idea of revising the purchasing policy so that competitive bids or RFPs would be required for new vehicles/equipment and professional services with a total value over \$5,000 instead of \$2,500. Vendors have stated that it is not worth the effort to respond to RFPs and complete bid forms for such small purchases. For these smaller purchases, it may be more efficient and cost effective for staff to research, find the best deal on the market, and then negotiate between dealers for the best price.

SUGGESTED MOTION:

I move to reject all bids and direct staff to reduce the scope by adding the mower deck as a bid alternate and then to rebid the equipment.

ATTACHMENTS:

1. Bid Request
2. Bid Tabulation

**NOTICE TO BIDDERS – ADVERTISEMENT FOR BIDS
CITY OF PARKVILLE, MISSOURI**

Released: June 7, 2016

Bids due Tuesday, June 21, 2016

The City of Parkville, Missouri is seeking sealed bids for the following:

2016 Garden Tractor (Specifications detailed on page 3)

Sealed bids will be received by the City of Parkville Missouri, 8880 Clark Avenue, Parkville, MO 64152 Attn: Joe Ryan, Nature Sanctuary Director until 10:00 a.m. on Tuesday, June 21, 2016. Deliveries shall be made to City Hall. All Bids must be in a sealed envelope that is clearly marked on the exterior in noticeable type and font as “BID PROPOSAL – 2016 NATURE SANCTUARY TRACTOR.” Bids will be publicly opened and read aloud at approximately 10:05 a.m. in the Public Works Conference Room of City Hall.

The bid request is for one (1) 2016 Garden Tractor as it relates to Nature Sanctuary maintenance. See attached detailed specifications.

Each bid must contain the Bid Form included with the bid documents. Each bid must indicate that the bid is based upon delivering the equipment according to the timeline, specifications, terms and conditions as set forth in the bid documents. Bids shall remain valid for 30 days.

A complete set of bidding documents may be viewed and downloaded at no cost in electronic (PDF) format from the City’s website: www.parkvillemo.gov, under the “Bids and Proposals” page. Bidding documents are also on file for examination at Parkville City Hall.

There is no scheduled pre-bidding conference for this project. Questions concerning this bid may be directed to:

Joe Ryan

Nature Sanctuary Director

816-268-5030

jryan@parkvillemo.gov

To the extent permitted by applicable state and federal laws and regulations, the City reserves the right to reject any and all Bids, to waive any and all informalities, and to disregard all nonconforming, nonresponsive, or conditional Bids, to re-advertise for Bids, and to negotiate with the lowest responsive, responsible bidder. Also, the City reserves the right to reject the Bid of any Bidder if the City believes that it would not be in the best interest of the Project to make an award to that Bidder, whether because the Bid is not responsive or the Bidder is unqualified or of doubtful financial ability, or has a record of poor performance with the City, other municipalities, or other clients or fails to meet any other pertinent standard or criteria established by the intent of the Bidding Documents.

The City reserves the right to apply a local preference in awarding the contract. The City of Parkville Purchasing Policy (as adopted by Resolution No. 02-01-13) states the City's intention to purchase from local suppliers, within reason, as it selects the best and most reasonably priced source for each transaction. The local residence of a supplier may be a factor considered in selecting among bidders on a purchase. It is the determination of the Governing Body that, in certain instances, choosing a local supplier serves the valid public purpose of supporting local businesses that, among other attributes, pay taxes to the City.

ATTACHED BID DOCUMENTS:

1. Equipment Specifications
2. Purchase Order (to be executed by successful bidder)
 - a. Attachment A – Terms and Conditions
 - b. Attachment B – Insurance Requirements
3. Bid Form

Equipment Specifications - 2016 Garden Tractor

- 24 HP or greater Briggs & Stratton Endurance Engine
 - Tuff Torque K66 or greater Transmission
 - 48 - 52" Mowing Deck

BID TABULATION

Nature Sanctuary Garden Tractor
Tuesday, June 21, 2016
10:00 a.m. – Public Works Conference Room

Bidder	TOTAL
Heritage Tractor, Inc.	\$4,900.00

(*) Recommended Award of Purchase