

City of Parkville, Missouri

Basic Financial Statements With Independent Auditor's Report

For the Year Ended
December 31, 2018

CITY OF PARKVILLE, MISSOURI

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-----------------------------|
| Independent Auditor's Report | 1-2 |
| Management's Discussion and Analysis | 3-10 |
| Basic Financial Statements: | |
| | <u>Exhibit</u> |
| Government-wide Financial Statements: | |
| Statement of Net Position | A 11 |
| Statement of Activities | B 12 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | C 13 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | D 15 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 16 |
| Statement of Net position – Proprietary Funds | E 17 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | F 18 |
| Statement of Cash Flows - Proprietary Funds | G 19 |
| Statement of Assets and Liabilities – Fiduciary Funds | H 20 |
| Notes to the Basic Financial Statements | 21-41 |
| | <u>Schedule</u> <u>Page</u> |
| Required Supplementary Information: | |
| Notes to Required Supplementary Information | 42 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 1 43 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Transportation Sales Tax Fund | 2 44 |
| Schedule of Changes in Net Pension Liability and Related Ratios | 3 45 |
| Schedule of Employer Contributions | 4 46 |

CITY OF PARKVILLE, MISSOURI
TABLE OF CONTENTS, Continued

| | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| Other Supplementary Information | | |
| Combining and Individual Fund Statements and Schedules: | | |
| Combining Balance Sheet – General Fund | 5 | 47 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund | 6 | 48 |
| Combining Balance Sheet – Debt Service Fund | 7 | 49 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Fund | 8 | 50 |
| Combining Balance Sheet – Non-major Governmental Funds | 9 | 51 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds | 10 | 52 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – | | |
| Reserve Fund | 11 | 53 |
| Debt Service Funds | 12 | 54-55 |
| Economic Development | 13 | 56 |
| Nature Sanctuary | 14 | 57 |
| Parks Donation | 15 | 58 |
| Fewson Fund | 16 | 59 |
| Capital Projects | 17 | 60 |



INDEPENDENT AUDITOR’S REPORT

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 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, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Other offices in Missouri
and Kansas

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 combining and individual non-major fund financial statements and schedules 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 12, 2019, 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 effectiveness of the City's 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.

Cochran Head Vicks Co., P.C.

Kansas City, Missouri
June 12, 2019

CITY OF PARKVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

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, 2018. 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 \$14,069,129 (net position), an increase of \$4,687,237 over the prior year.
2. As of the close of the current year, the City's governmental funds showed a combined ending balance of \$6,071,029, a decrease of \$330,756 from the prior year. Approximately 27.3 percent of the fund balance, \$1,657,321 is unassigned and available for spending at the City's discretion.
3. The City's total long-term debt decreased \$1,350,022 from 2017. Debt connected with the City's government activities decreased \$1,192,103 and debt connected with the City's business-type activities decreased \$157,919.

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.

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.

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.

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 | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | \$ 10,142,430 | \$ 12,746,419 | \$ 790,051 | \$ 693,130 | \$ 10,932,481 | \$ 13,439,549 |
| Capital assets | 13,279,415 | 10,420,203 | 4,431,204 | 3,325,554 | 17,710,619 | 13,745,757 |
| Total assets | <u>23,421,845</u> | <u>23,166,622</u> | <u>5,221,255</u> | <u>4,018,684</u> | <u>28,643,100</u> | <u>27,185,306</u> |
| Deferred charge on refunding | 24,226 | 27,193 | - | - | 24,226 | 27,193 |
| Deferred outflows - pension | 167,839 | 190,033 | - | - | 167,839 | 190,033 |
| Total deferred outflows of resources | <u>192,065</u> | <u>217,226</u> | <u>-</u> | <u>-</u> | <u>192,065</u> | <u>217,226</u> |
| Long-term debt | 14,319,297 | 15,511,400 | 1,049,594 | 1,207,513 | 15,368,891 | 16,718,913 |
| Other liabilities | 813,631 | 907,035 | 92,613 | 110,049 | 906,244 | 1,017,084 |
| Total liabilities | <u>15,132,928</u> | <u>16,418,435</u> | <u>1,142,207</u> | <u>1,317,562</u> | <u>16,275,135</u> | <u>17,735,997</u> |
| Deferred inflow - property taxes | 179,393 | 178,215 | - | - | 179,393 | 178,215 |
| Deferred inflow - pension | 161,508 | 106,428 | - | - | 161,508 | 106,428 |
| Total deferred inflows of resources | <u>340,901</u> | <u>284,643</u> | <u>-</u> | <u>-</u> | <u>340,901</u> | <u>284,643</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 6,773,956 | 3,599,650 | 3,381,610 | 2,118,041 | 10,155,566 | 5,717,691 |
| Restricted | 2,777,302 | 2,051,443 | 166,177 | 162,166 | 2,943,479 | 2,213,609 |
| Unrestricted | 438,823 | 1,029,677 | 531,261 | 420,915 | 970,084 | 1,450,592 |
| Total net position | <u>\$ 9,990,081</u> | <u>\$ 6,680,770</u> | <u>\$ 4,079,048</u> | <u>\$ 2,701,122</u> | <u>\$ 14,069,129</u> | <u>\$ 9,381,892</u> |

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 \$14,069,129 at the close of the year ended December 31, 2018.

Figure 2 – Statement of Changes in Net Position

| | Governmental | | Business-type | | Total | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 867,726 | \$ 753,324 | \$ 1,397,139 | \$ 1,201,599 | \$ 2,264,865 | \$ 1,954,923 |
| Operating grants and contributions | 536,832 | 268,266 | - | - | 536,832 | 268,266 |
| Capital grants and contributions | 3,771,910 | 951,587 | 1,254,389 | 136,661 | 5,026,299 | 1,088,248 |
| General revenues: | | | | | | |
| Property taxes | 1,610,486 | 1,547,190 | - | - | 1,610,486 | 1,547,190 |
| Sales taxes | 1,790,051 | 1,725,601 | - | - | 1,790,051 | 1,725,601 |
| Franchise taxes | 885,571 | 832,472 | - | - | 885,571 | 832,472 |
| Intergovernmental activity taxes | 187,802 | 159,670 | - | - | 187,802 | 159,670 |
| Other taxes | 1,454 | 1,319 | - | - | 1,454 | 1,319 |
| Other | 112,317 | 121,263 | 9,757 | 8,861 | 122,074 | 130,124 |
| Total revenues | <u>9,764,149</u> | <u>6,360,692</u> | <u>2,661,285</u> | <u>1,347,121</u> | <u>12,425,434</u> | <u>7,707,813</u> |
| Expenses: | | | | | | |
| General government | 1,235,154 | 1,312,725 | - | - | 1,235,154 | 1,312,725 |
| Public safety | 1,323,997 | 1,473,865 | - | - | 1,323,997 | 1,473,865 |
| Public works | 2,211,315 | 2,441,014 | - | - | 2,211,315 | 2,441,014 |
| Parks and recreation | 484,632 | 453,053 | - | - | 484,632 | 453,053 |
| Community development | 769,938 | 737,342 | - | - | 769,938 | 737,342 |
| Interest on long-term debt | 429,802 | 474,178 | - | - | 429,802 | 474,178 |
| Sewer | - | - | 1,283,359 | 1,325,580 | 1,283,359 | 1,325,580 |
| Total expenses | <u>6,454,838</u> | <u>6,892,177</u> | <u>1,283,359</u> | <u>1,325,580</u> | <u>7,738,197</u> | <u>8,217,757</u> |
| Change in net position | 3,309,311 | (531,485) | 1,377,926 | 21,541 | 4,687,237 | (509,944) |
| Net position, beginning | 6,680,770 | 7,212,255 | 2,701,122 | 2,679,581 | 9,381,892 | 9,891,836 |
| Net position, ending | <u>\$ 9,990,081</u> | <u>\$ 6,680,770</u> | <u>\$ 4,079,048</u> | <u>\$ 2,701,122</u> | <u>\$ 14,069,129</u> | <u>\$ 9,381,892</u> |

The City's net position increased \$4,687,237 during the 2018 fiscal year. Of the total, governmental activities net position increased \$3,309,311 and business-type activities net position increased by \$1,377,926. Total 2018 governmental revenues increased \$3,403,457 over 2017 primarily due to increases in contributed park land and infrastructure capital assets. Total governmental activities expenses decreased \$437,339. The decrease is primarily attributable to the City's mill and overlay program in 2017.

Total 2018 business-type activities revenues increased \$1,314,164 over 2017 due to a rate increase and contributed infrastructure capital assets. Total business-type expenses decreased \$42,221 primarily due less repair and maintenance expenses in 2018.

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.

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 \$6,071,029. Of this amount \$4,413,708 is *non-spendable, restricted, committed or assigned* for various purposes and \$1,657,321 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 \$3,086,030. 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 41.4% of total general fund expenditures. Included in the general fund's committed fund balance is the City's emergency reserve fund which totaled \$1,338,079 at December 31, 2018.

The City's fund balance of the general fund increased by \$41,385 during the current fiscal year. General Fund revenues increased by \$337,264 over 2017 primarily related to increases in taxes, administrative fees and public improvement fees. 2018 general fund expenditures, excluding transfers out, were approximately \$175,958 more than 2017. The increase is mostly attributable to salaries and benefits, parks capital outlay, and transfers to the debt service fund.

At December 31, 2018, the transportation sales tax fund has an ending fund balance of \$1,135,327, all of which is restricted. The fund balance decreased \$502,227 during the year primarily due to engineering costs related to the Route 9 improvements expenditures and transfers out to the debt service fund.

The debt service fund has a total fund balance of \$851,538, all of which is restricted for the payment of principal, interest and fees. The fund balance decreased by \$33,121 during the year.

Proprietary Fund

The City's proprietary fund provides 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 \$4,079,048 of which \$531,261 is unrestricted. The sewer fund's net position increased by \$1,377,926 from the prior year due to an increase in customer sewer rates and contributed sewer infrastructure capital assets.

General Fund Actual to Budget Analysis

Actual revenues exceeded budgeted revenues by \$319,705 primarily due to license and permits exceeding budgeted revenues. Actual expenditures were \$250,980 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. Costs were managed well below budget. Additional savings were realized in professional services.

Capital Asset and Debt Administration

Capital Assets

At the end of year, the City had \$17,710,619 invested in capital assets including land, construction in progress, buildings, equipment, vehicles, infrastructure, and sewer lines net of accumulated depreciation. (See table below) This represents a net increase of \$3,964,862 from last year as current year capital asset additions primarily related to contributed park land and infrastructure assets exceeded depreciation expense.

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

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

| | Governmental | | Business-Type | | Total | |
|----------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 2,719,880 | \$ 869,880 | \$ 59,975 | \$ 59,975 | \$ 2,779,855 | \$ 929,855 |
| Construction in progress | - | 121,611 | - | - | - | 121,611 |
| Buildings and improvements | 3,144,205 | 3,101,484 | 1,726,397 | 1,782,924 | 4,870,602 | 4,884,408 |
| Equipment and vehicles | 398,865 | 487,647 | 35,823 | 32,372 | 434,688 | 520,019 |
| Infrastructure | 7,016,465 | 5,839,581 | 2,609,009 | 1,450,283 | 9,625,474 | 7,289,864 |
| Total | <u>\$ 13,279,415</u> | <u>\$ 10,420,203</u> | <u>\$ 4,431,204</u> | <u>\$ 3,325,554</u> | <u>\$ 17,710,619</u> | <u>\$ 13,745,757</u> |

Long-Term Obligations - At the end of the current fiscal year, the City had total long-term obligations outstanding of \$15,368,891.

City of Parkville, Missouri Outstanding Debt

| | Governmental | | Business-Type | | Total | |
|-------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Limited General Obligation | | | | | | |
| Bonds (plus premium) | \$ 9,348,232 | \$ 10,028,329 | \$ - | \$ - | \$ 9,348,232 | \$ 10,028,329 |
| Certificates of Participation | 2,751,453 | 3,086,608 | - | - | 2,751,453 | 3,086,608 |
| Loan agreement | 2,159,600 | 2,353,700 | - | - | 2,159,600 | 2,353,700 |
| Compensated Absences | 60,012 | 42,763 | - | - | 60,012 | 42,763 |
| Revenue Bonds (plus premium) | - | - | 1,049,594 | 1,207,513 | 1,049,594 | 1,207,513 |
| Total | <u>\$ 14,319,297</u> | <u>\$ 15,511,400</u> | <u>\$ 1,049,594</u> | <u>\$ 1,207,513</u> | <u>\$ 15,368,891</u> | <u>\$ 16,718,913</u> |

The governmental activities decreased \$1,192,103 and the business-type activities decreased \$157,919.

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 2019 revenues and expenditure budgets at or near 2018 levels. The 2019 budget maintains essential services at current levels and directs limited additional resources toward the 2019 Priorities as established by the Board of Aldermen in August 2018. The City reaffirmed the five Critical Success Factors of Basic Services, Infrastructure, Economic Development, Parks and Finances. The City established priorities for the next twelve to eighteen months that focused on specific strategies in six goal areas: Neighborhoods, Service Delivery, Long-Term Staffing Needs, Infrastructure, Economic Development and Financial Stability. The City continues to experience steady growth in its retail, residential, and commercial base that bodes well for future financial security. The Board continued 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). In early 2019, the Board approved a redevelopment agreement and economic development contract with a developer for a multi-phased project known as "Creekside", a proposed mixed use development located at the southeast, southwest, and northwest quadrants of the intersection of Highway 45 and Interstate 435. 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, was completed in 2018. The City also entered into a loan agreement with Bank Liberty to secure funding for enhanced street maintenance and Route 9 improvements. The City will receive a federal funding grant through the Mid-America Regional Council (MARC) as well as 9 Highway Corridor Community Improvement District Funds.

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.

CITY OF PARKVILLE, MISSOURI
Statement of Net Position
December 31, 2018

| | Primary Government | | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| Assets | | | |
| Cash and investments | \$ 3,482,086 | \$ 457,071 | \$ 3,939,157 |
| Receivables: | | | |
| Taxes | 339,494 | - | 339,494 |
| Special assessments | 3,325,204 | - | 3,325,204 |
| Accounts and other | 84 | 153,278 | 153,362 |
| Due from other governments | 17,668 | - | 17,668 |
| Prepays, deposits, and other assets | 90,630 | 40 | 90,670 |
| Restricted assets: | | | |
| Cash and investments | 2,637,264 | 179,662 | 2,816,926 |
| Land held for redevelopment | 2,100,000 | - | 2,100,000 |
| Capital assets: | | | |
| Not being depreciated | 869,880 | 59,975 | 929,855 |
| Being depreciated, net of depreciation | 12,409,535 | 4,371,229 | 16,780,764 |
| Total assets | <u>25,271,845</u> | <u>5,221,255</u> | <u>30,493,100</u> |
| Deferred Outflows of Resources | | | |
| Deferred charges on refunding | 24,226 | - | 24,226 |
| Deferred outflow - pension related activity | 167,839 | - | 167,839 |
| Total deferred outflows of resources | <u>192,065</u> | <u>-</u> | <u>192,065</u> |
| Liabilities | | | |
| Accounts payable | 196,806 | 52,375 | 249,181 |
| Accrued payroll and benefits | 91,381 | 1,409 | 92,790 |
| Accrued interest | 147,618 | 25,344 | 172,962 |
| Payable from restricted assets: | | | |
| Customer deposits | - | 13,485 | 13,485 |
| Long term debt: | | | |
| Net pension liability | 377,826 | - | 377,826 |
| Due within one year | 1,417,141 | 162,919 | 1,580,060 |
| Due in more than one year | 12,902,156 | 886,675 | 13,788,831 |
| Total liabilities | <u>15,132,928</u> | <u>1,142,207</u> | <u>16,275,135</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflow - property taxes | 179,393 | - | 179,393 |
| Deferred inflow - pension related activity | 161,508 | - | 161,508 |
| Total deferred inflows of resources | <u>340,901</u> | <u>-</u> | <u>340,901</u> |
| Net Position | | | |
| Net investment in capital assets | 6,773,956 | 3,381,610 | 10,155,566 |
| Restricted : | | | |
| Capital projects | 1,144,294 | - | 1,144,294 |
| Debt service | 851,538 | 166,177 | 1,017,715 |
| Public safety | 93,103 | - | 93,103 |
| Parks and recreation | 91,308 | - | 91,308 |
| Community development | 23,441 | - | 23,441 |
| Fewson trust (non-expendable) | 573,618 | - | 573,618 |
| Unrestricted | 438,823 | 531,261 | 970,084 |
| Total net position | <u>\$ 9,990,081</u> | <u>\$ 4,079,048</u> | <u>\$ 14,069,129</u> |

CITY OF PARKVILLE, MISSOURI
Statement of Activities
For the Year Ended December 31, 2018

| <u>Functions/Programs</u> | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------|----------------------|--------------------------|--------------------------|---|--------------------------|----------------------|
| | Expenses | Operating | | Capital | Primary Government | | |
| | | Charges for Services | Grants and Contributions | Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 1,235,154 | \$ 674,319 | \$ - | \$ - | \$ (560,835) | \$ - | \$ (560,835) |
| Public safety | 1,323,997 | 156,107 | 11,594 | - | (1,156,296) | - | (1,156,296) |
| Public works | 2,211,315 | - | 226,030 | 1,869,614 | (115,671) | - | (115,671) |
| Parks and recreation | 484,632 | 37,300 | 257,606 | 1,902,296 | 1,712,570 | - | 1,712,570 |
| Community development | 769,938 | - | 41,602 | - | (728,336) | - | (728,336) |
| Interest on long-term debt | 429,802 | - | - | - | (429,802) | - | (429,802) |
| Total governmental activities | <u>6,454,838</u> | <u>867,726</u> | <u>536,832</u> | <u>3,771,910</u> | <u>(1,278,370)</u> | <u>-</u> | <u>(1,278,370)</u> |
| Business-type activities | | | | | | | |
| Sewer | 1,283,359 | 1,397,139 | - | 1,254,389 | - | 1,368,169 | 1,368,169 |
| Total business-type activities | <u>1,283,359</u> | <u>1,397,139</u> | <u>-</u> | <u>1,254,389</u> | <u>-</u> | <u>1,368,169</u> | <u>1,368,169</u> |
| Total primary government | <u>\$ 7,738,197</u> | <u>\$ 2,264,865</u> | <u>\$ 536,832</u> | <u>\$ 5,026,299</u> | <u>(1,278,370)</u> | <u>1,368,169</u> | <u>89,799</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 1,220,901 | - | 1,220,901 |
| Property taxes, levied for debt service | | | | | 389,585 | - | 389,585 |
| Sales taxes | | | | | 1,790,051 | - | 1,790,051 |
| Franchise taxes | | | | | 885,571 | - | 885,571 |
| Intergovernmental activity taxes | | | | | 187,802 | - | 187,802 |
| Other taxes | | | | | 1,454 | - | 1,454 |
| Unrestricted investment earnings | | | | | 20,989 | 5,137 | 26,126 |
| Gain on disposal of capital assets | | | | | 10,554 | - | 10,554 |
| Miscellaneous | | | | | 80,774 | 4,620 | 85,394 |
| Total general revenues | | | | | <u>4,587,681</u> | <u>9,757</u> | <u>4,597,438</u> |
| Change in net position | | | | | 3,309,311 | 1,377,926 | 4,687,237 |
| Net position, beginning of year | | | | | 6,680,770 | 2,701,122 | 9,381,892 |
| Net position, end of year | | | | | <u>\$ 9,990,081</u> | <u>\$ 4,079,048</u> | <u>\$ 14,069,129</u> |

See accompanying notes to the basic financial statements

**CITY OF PARKVILLE, MISSOURI
Balance Sheet - Governmental Funds
December 31, 2018**

| | General | Transportation Sales Tax Fund | Debt Service Fund | Nonmjo Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------------------|----------------------|---------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and investments | \$ 3,057,455 | \$ - | \$ - | \$ 424,631 | \$ 3,482,086 |
| Receivables: | | | | | |
| Taxes | 263,865 | 75,629 | - | - | 339,494 |
| Special assessments | - | - | 3,325,204 | - | 3,325,204 |
| Accounts and other | 84 | - | - | - | 84 |
| Due from other governments | 5,399 | 12,269 | - | - | 17,668 |
| Due from other funds | - | 27,483 | - | - | 27,483 |
| Prepays, deposits and other assets | 90,630 | - | - | - | 90,630 |
| Restricted cash and investments | - | 1,099,152 | 955,527 | 582,585 | 2,637,264 |
| Total Assets | \$ 3,417,433 | \$ 1,214,533 | \$ 4,280,731 | \$ 1,007,216 | \$ 9,919,913 |
| Liabilities | | | | | |
| Accounts payable | \$ 108,094 | \$ 79,206 | \$ 424 | \$ 9,082 | \$ 196,806 |
| Accrued payroll and benefits | 91,381 | - | - | - | 91,381 |
| Due to other funds | - | - | 27,483 | - | 27,483 |
| Total Liabilities | 199,475 | 79,206 | 27,907 | 9,082 | 315,670 |
| Deferred inflows of resources | | | | | |
| Unavailable revenues | 131,928 | - | 3,401,286 | - | 3,533,214 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 90,630 | - | - | - | 90,630 |
| Fewson trust | - | - | - | 573,618 | 573,618 |
| Restricted: | | | | | |
| Capital projects | - | 1,135,327 | - | 8,967 | 1,144,294 |
| Debt service | - | - | 851,538 | - | 851,538 |
| General government | - | - | - | - | - |
| Public safety | - | - | - | 93,103 | 93,103 |
| Parks and recreation | - | - | - | 91,308 | 91,308 |
| Community development | - | - | - | 23,441 | 23,441 |
| Committed: | | | | | |
| Emergency reserve | 1,338,079 | - | - | - | 1,338,079 |
| Assigned: | | | | | |
| Capital projects | - | - | - | 207,697 | 207,697 |
| Unassigned | 1,657,321 | - | - | - | 1,657,321 |
| Total fund balance | 3,086,030 | 1,135,327 | 851,538 | 998,134 | 6,071,029 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 3,417,433 | \$ 1,214,533 | \$ 4,280,731 | \$ 1,007,216 | \$ 9,919,913 |

See accompanying notes to the basic financial statements

**CITY OF PARKVILLE, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2018**

| | | |
|--|-----------|------------------|
| Fund balances of governmental funds | \$ | 6,071,029 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Long-term special assessments are not available to pay for current period expenditures and are therefore deferred in the fund statements | | 3,353,821 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements. | | 13,279,415 |
| Long-term assets held for redevelopment are not reported in the fund statements | | 2,100,000 |
| Deferred charges on refunding are not due and payable in the current period and therefore are not reported in the governmental fund statements | | 24,226 |
| 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 | | 6,331 |
| 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. | | (147,618) |
| The net pension liability is not due and payable and therefore is not recorded in the governmental fund statements. | | (377,826) |
| 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 | | (14,319,297) |
| Net position of governmental activities | <u>\$</u> | <u>9,990,081</u> |

See accompanying notes to the basic financial statements

CITY OF PARKVILLE, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2018

| | General | Transportation Sales Tax Fund | Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------------------|----------------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 3,134,433 | \$ 479,240 | \$ 389,585 | \$ 284,304 | \$ 4,287,562 |
| Intergovernmental | 134,090 | 521,904 | - | 426,221 | 1,082,215 |
| Charges for services | 37,300 | - | - | 2,007 | 39,307 |
| Fines and forfeitures | 154,101 | - | - | - | 154,101 |
| Licenses and permits | 483,517 | - | - | - | 483,517 |
| Special assessments | - | - | 573,116 | - | 573,116 |
| Grants and donations | - | - | - | 30,546 | 30,546 |
| Charges for sewer administration | 190,000 | - | - | - | 190,000 |
| Interest | 7,919 | - | 9,341 | 3,728 | 20,988 |
| Other | 108,051 | 35,880 | - | 1,815 | 145,746 |
| Total Revenues | 4,249,411 | 1,037,024 | 972,042 | 748,621 | 7,007,098 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,158,836 | - | - | - | 1,158,836 |
| Public safety | 1,315,429 | - | - | 10,704 | 1,326,133 |
| Public works | 650,226 | - | - | - | 650,226 |
| Parks and recreation | 581,885 | - | - | 9,317 | 591,202 |
| Community development | 292,984 | - | - | 472,152 | 765,136 |
| Capital outlay | - | 1,136,286 | - | 65,741 | 1,202,027 |
| Debt service: | | | | | |
| Principal | - | - | 1,184,255 | - | 1,184,255 |
| Interest and fiscal charges | - | - | 462,409 | - | 462,409 |
| Total Expenditures | 3,999,360 | 1,136,286 | 1,646,664 | 557,914 | 7,340,224 |
| Excess of Revenues Over (Under) Expenditures | 250,051 | (99,262) | (674,622) | 190,707 | (333,126) |
| Other financing sources (uses): | | | | | |
| Transfers in | 215,000 | 12,500 | 641,501 | 25,000 | 894,001 |
| Transfers out | (426,036) | (415,465) | - | (52,500) | (894,001) |
| Sale of capital assets | 2,370 | - | - | - | 2,370 |
| Total Other Financing Sources (Uses) | (208,666) | (402,965) | 641,501 | (27,500) | 2,370 |
| Net change in fund balances | 41,385 | (502,227) | (33,121) | 163,207 | (330,756) |
| Fund balances, beginning of year | 3,044,645 | 1,637,554 | 884,659 | 834,927 | 6,401,785 |
| Fund balances, end of year | \$ 3,086,030 | \$ 1,135,327 | \$ 851,538 | \$ 998,134 | \$ 6,071,029 |

See accompanying notes to the basic financial statements

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, 2018

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

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ (330,756) |
| <p>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.</p> | |
| Capital outlay costs in excess of capitalization threshold | 255,821 |
| Depreciation | (490,157) |
| Donated capital assets | 3,234,145 |
| Disposal of capital assets | (140,597) |
| <p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.</p> | |
| Special assessments | (460,478) |
| <p>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.</p> | |
| Principal payments on long-term debt | 1,184,255 |
| Changes in unamortized bond issuance premium and deferred charges | 22,130 |
| Changes in accrued interest expense | 10,477 |
| <p>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.</p> | |
| Change in compensated absences and net pension obligations | <u>24,471</u> |
| Change in net position of governmental activities | <u>\$ 3,309,311</u> |

See accompanying notes to the basic financial statements

Exhibit E

**CITY OF PARKVILLE, MISSOURI
Statement of Net Position
Proprietary Fund
December 31, 2018**

| | Sewer Fund |
|---|---------------|
| Assets | |
| Current assets: | |
| Cash and investments | \$ 457,071 |
| Receivables, net: | |
| Accounts and other | 153,278 |
| Prepaid expenses | 40 |
| Restricted cash and investments | 179,662 |
| Total current assets | 790,051 |
| Noncurrent assets: | |
| Capital assets: | |
| Not being depreciated | 59,975 |
| Being depreciated, net of depreciation | 4,371,229 |
| Total noncurrent assets | 4,431,204 |
| Total assets | 5,221,255 |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 52,375 |
| Accrued liabilities | 1,409 |
| Current liabilities (payable from restricted assets): | |
| Customer deposits | 13,485 |
| Interest payable | 25,344 |
| Current portion of bonds payable | 162,919 |
| Total current liabilities: | 255,532 |
| Long-term liabilities: | |
| Bonds payable | 886,675 |
| Total long-term liabilities: | 886,675 |
| Total liabilities | 1,142,207 |
| Net position | |
| Net investment in capital assets | 3,381,610 |
| Restricted net position for: | |
| Debt service | 166,177 |
| Unrestricted | 531,261 |
| Total net position | \$ 4,079,048 |

See accompanying notes to the basic financial statements

Exhibit F

CITY OF PARKVILLE, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2018

| | Sewer Fund |
|--|---------------|
| | |
| Operating revenues: | |
| Charges for services | \$ 1,397,139 |
| Other | 4,620 |
| Total operating revenues | 1,401,759 |
| Operating expenses: | |
| Personnel services | 23,096 |
| Contractual services | 330,193 |
| Administrative fee | 190,000 |
| Depreciation | 259,924 |
| Repairs and maintenance | 382,970 |
| Other | 48,573 |
| Total operating expenses | 1,234,756 |
| Operating income | 167,003 |
| Nonoperating revenues (expenses): | |
| Intergovernmental revenues | 32,039 |
| Interest income | 5,137 |
| Interest expense | (48,603) |
| Total nonoperating revenues (expenses) | (11,427) |
| Income before transfers and capital contributions | 155,576 |
| Capital contributions | 1,222,350 |
| Change in net position | 1,377,926 |
| Total net position, beginning of year | 2,701,122 |
| Total net position, end of year | \$ 4,079,048 |

See accompanying notes to the basic financial statements

CITY OF PARKVILLE, MISSOURI
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

Exhibit G

| | Sewer Fund |
|--|---------------|
| Cash flows from operating activities: | |
| Receipts from customers and others | \$ 1,396,194 |
| Payments to suppliers | (966,231) |
| Payments to employees | (22,289) |
| Net cash provided by operating activities | 407,674 |
| Cash flows provided by noncapital financing activities: | |
| Intergovernmental revenues | 32,039 |
| Net cash flows provided by noncapital financing activities | 32,039 |
| Cash flows from investing activities: | |
| Interest received | 5,137 |
| Net cash flows provided by investing activities | 5,137 |
| Cash flows from capital and related financing activities: | |
| Purchases of capital assets | (143,224) |
| Interest and fiscal charges | (60,272) |
| Principal payments on long-term debt | (150,000) |
| Net cash flows provided by (used in) capital and related financing activities | (353,496) |
| Net change in cash and equivalents | 91,354 |
| Cash and equivalents, beginning of year | 545,379 |
| Cash and equivalents, end of year | \$ 636,733 |
| Cash and investments reported on the Statement of Net Position | |
| Cash and investments | \$ 457,071 |
| Restricted cash and investments | 179,662 |
| Total cash and investments | \$ 636,733 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 167,003 |
| Adjustments to reconcile operating income to net cash provided by operations: | |
| Depreciation and amortization | 259,924 |
| Changes in: | |
| Receivables | (5,565) |
| Prepaid expenses and deposits | (2) |
| Accounts payable | (14,493) |
| Accrued liabilities | 807 |
| Net cash provided by operating activities | \$ 407,674 |
| Noncash capital and financing activities: | |
| Capital contributions | \$ 1,222,350 |

See accompanying notes to the basic financial statements

CITY OF PARKVILLE, MISSOURI
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2018

| | Municipal Court | Escrow Fund | Total Agency Funds |
|----------------------|--------------------|----------------|-----------------------|
| Assets | | | |
| Cash and investments | \$ 21,133 | \$ 59,462 | \$ 80,595 |
| Total assets | \$ 21,133 | \$ 59,462 | \$ 80,595 |
| Liabilities | | | |
| Due to others | \$ 21,133 | \$ 59,462 | \$ 80,595 |
| Total liabilities | \$ 21,133 | \$ 59,462 | \$ 80,595 |

See accompanying notes to the basic financial statements

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

(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.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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's activities are included in the General Fund.

Transportation Sales Tax 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 others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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 Sewer Fund net of an allowance for doubtful accounts.

F. Special Assessments Receivable

Special assessments receivable reflects the property taxes collectible by the City for the purpose of repaying certain Special Assessment debt held by the City. The amount collectible 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.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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:

| | |
|------------------------------------|---------------|
| Infrastructure | 20 – 40 years |
| Buildings and improvements | 20 – 40 years |
| Equipment and vehicles | 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 two items that qualify for reporting in this category. The first item is the deferred charge 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 refunding or refunded debt. The second item results from actuarial assumption changes, the change in actual and projected experience, and pension contributions made by the City subsequent to the pension valuation date. The contribution amount will be applied during the next fiscal year while the changes in actual versus projected amounts and change in assumptions will be amortized over five to seven years.

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 changes in assumptions, the change in actual and projected experience in calculating the pension liability, and the difference between actual and projected earnings in calculating the net pension asset. The second item, unavailable revenue, is reported in both the statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues related to taxes, special assessments, 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 additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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 \$190,000 for the year ended December 31, 2018.

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 maintain a general fund balance of 15% of general fund appropriations for the succeeding fiscal year. Amounts over 15% may be transferred into the emergency reserve fund.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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. 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.

O. Expenditures in excess of Budget

In violation of the budget ordinance, actual expenditures and transfers out exceeded budgeted appropriations in the Reserve Fund by \$8,375, Lease Purchase Agreement Fund by \$27,843, Parks Donation Fund by \$13,334, and the Capital Projects Fund by \$13,241.

(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 | \$ | 331 |
| Demand deposits | | 5,580,120 |
| Certificates of deposits | | 346,284 |
| US treasuries and agency securities | | 51,665 |
| Restricted cash equivalents held in trust | | 858,278 |
| | \$ | <u>6,836,678</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

| | Government-wide statement of net position | Fiduciary funds statement of assets and liabilities | Total |
|---------------------------------|--|--|--------------|
| Cash and investments | \$ 3,939,157 | \$ 80,595 | \$ 4,019,752 |
| Restricted cash and investments | 2,816,926 | - | 2,816,926 |
| | \$ 6,756,083 | \$ 80,595 | \$ 6,836,678 |

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, 2018, 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, 2018.

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.

Fair Value Measurements

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

The City has the following recurring fair value measurements as of December 31, 2018:

| | Level 1 |
|------------------------|----------------|
| Investment | |
| Federal Home Loan Bank | \$ 51,665 |

All of the City's investments are classified as Level 1 of the fair value hierarchy using prices quoted in active markets for those securities.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

(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, 2017, was \$222,921,724.

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 | \$ 0.4653 |
| General Revenue- Temporary | 0.1759 |
| | <u>\$ 0.6412</u> |

Tax revenues for the year consisted of the following:

| | <u>Property Taxes</u> | <u>Sales Taxes</u> | <u>Franchise Taxes</u> | <u>Other Taxes</u> | <u>Total</u> |
|---------------------------|---------------------------|------------------------|----------------------------|------------------------|---------------------|
| Major governmental funds: | | | | | |
| General | \$ 1,220,901 | \$ 1,027,961 | \$ 885,571 | \$ - | \$ 3,134,433 |
| Transportation Sales Tax | - | 479,240 | - | - | 479,240 |
| Debt Service | 389,585 | - | - | - | 389,585 |
| Nonmajor funds | - | 282,850 | - | 1,454 | 284,304 |
| | <u>\$ 1,610,486</u> | <u>\$ 1,790,051</u> | <u>\$ 885,571</u> | <u>\$ 1,454</u> | <u>\$ 4,287,562</u> |

Taxes receivable represent property, sales, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectable taxes. Taxes receivable consisted of the following at December 31, 2018:

| | <u>Sales Taxes</u> | <u>Franchise Taxes</u> | <u>Total</u> |
|---------------------------|------------------------|----------------------------|-------------------|
| Major governmental funds: | | | |
| General | \$ 157,072 | \$ 106,793 | \$ 263,865 |
| Transportation Sales Tax | 75,629 | - | 75,629 |
| | <u>\$ 232,701</u> | <u>\$ 106,793</u> | <u>\$ 339,494</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

(4) Intergovernmental Revenues/Receivables

Intergovernmental revenues for the year ended December 31, 2018 consisted of the following:

| | <u>General Fund</u> | <u>Transportation Sales Tax</u> | <u>Nonmajor Funds</u> | <u>Total</u> |
|--|-------------------------|-------------------------------------|---------------------------|---------------------|
| Grants - Federal, State and Local | \$ 59,534 | \$ - | \$ 238,419 | \$ 297,953 |
| State: | | - | | |
| Motor vehicle sales tax | 49,567 | - | - | 49,567 |
| Motor vehicle fuel tax | - | 149,072 | - | 149,072 |
| Motor vehicle license and title transfer fees | 24,989 | - | - | 24,989 |
| Local: | | | | |
| Special road district | - | 141,814 | - | 141,814 |
| County transportation | - | 231,017 | - | 231,017 |
| Economic activity taxes | - | - | 187,802 | 187,802 |
| Total intergovernmental revenues | <u>\$134,090</u> | <u>\$ 521,903</u> | <u>\$ 426,221</u> | <u>\$ 1,082,214</u> |

Amounts due from other governments at December 31, 2018, were as follows:

| | <u>General Fund</u> | <u>Transportation Sales Tax</u> | <u>Total</u> |
|--|-------------------------|-------------------------------------|------------------|
| Motor vehicle sales tax | \$ 2,028 | \$ - | \$ 2,028 |
| Motor vehicle fuel tax | - | 12,269 | 12,269 |
| Motor vehicle license and title transfer fees | <u>3,371</u> | <u>-</u> | <u>3,371</u> |
| Total due from other governments | <u>\$ 5,399</u> | <u>\$ 12,269</u> | <u>\$ 17,668</u> |

(5) Interfund Activity

Transfers between funds for the year ended December 31, 2018 were as follows:

| | <u>General</u> | <u>Transportation Sales Tax</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------------------------|--|-------------------|
| Transfers Out: | | | | |
| Transfers In: | | | | |
| Governmental activities: | | | | |
| General Fund | \$ - | \$ 200,000 | \$ 15,000 | \$ 215,000 |
| Debt Service Fund | 426,036 | 215,465 | - | 641,501 |
| Transportation Sales Tax | - | - | 12,500 | 12,500 |
| Nonmajor Governmental Funds | - | - | 25,000 | 25,000 |
| Total | <u>\$ 426,036</u> | <u>\$ 415,465</u> | <u>\$ 52,500</u> | <u>\$ 894,001</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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, and (2) to use unrestricted revenues collected in a fund used to finance various programs and debt service payments 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.

Interfund receivable and payable balances as of December 31, 2018 were as follows:

| | |
|-------------------|----------------------------------|
| | <u>Due to:</u> |
| | Transportation Sales Tax Fund |
| Due from: | |
| Debt Service Fund | <u>\$ 27,483</u> |

Amounts due to the Transportation Sales Tax Fund represent advances to meet debt service requirements.

(6) Capital Assets

A summary of the changes in capital assets for the year ended December 31, 2018 is as follows:

| | December 31, 2017 | Additions | Deletions | December 31, 2018 |
|---|----------------------|------------------|----------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 869,880 | \$ 1,850,000 | \$ - | \$ 2,719,880 |
| Construction in progress | 121,611 | - | 121,611 | - |
| Total capital assets, not being depreciated | <u>991,491</u> | <u>1,850,000</u> | <u>121,611</u> | <u>2,719,880</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 4,522,406 | 160,373 | - | 4,682,779 |
| Equipment and vehicles | 2,320,902 | 95,448 | 27,122 | 2,389,228 |
| Infrastructure | 7,407,688 | 1,384,145 | - | 8,791,833 |
| Total capital assets being depreciated | <u>14,250,996</u> | <u>1,639,966</u> | <u>27,122</u> | <u>15,863,840</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 1,420,922 | 117,652 | - | 1,538,574 |
| Equipment and vehicles | 1,833,255 | 165,244 | 8,136 | 1,990,363 |
| Infrastructure | 1,568,107 | 207,261 | - | 1,775,368 |
| Total accumulated depreciation | <u>4,822,284</u> | <u>490,157</u> | <u>8,136</u> | <u>5,304,305</u> |
| Total capital assets being depreciated, net | <u>9,428,712</u> | | | <u>10,559,535</u> |
| Governmental activities capital assets, net | <u>\$ 10,420,203</u> | | | <u>\$ 13,279,415</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

| | December 31, 2017 | Additions | Deletions | December 31, 2018 |
|--|----------------------|-----------|-----------|----------------------|
| 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 | 5,376,934 | 126,800 | - | 5,503,734 |
| Equipment and vehicles | 304,235 | 16,424 | - | 320,659 |
| Infrastructure | 2,487,178 | 1,222,350 | - | 3,709,528 |
| Total capital assets being depreciated | 8,168,347 | 1,365,574 | - | 9,533,921 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,594,010 | 183,327 | - | 3,777,337 |
| Equipment and vehicles | 271,863 | 12,973 | - | 284,836 |
| Infrastructure | 1,036,895 | 63,624 | - | 1,100,519 |
| Total accumulated depreciation | 4,902,768 | 259,924 | - | 5,162,692 |
| Total capital assets being depreciated, net | 3,265,579 | | | 4,371,229 |
| Business-type activities capital assets, net | \$ 3,325,554 | | | \$ 4,431,204 |

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

Governmental activities:

| | |
|--|------------|
| General government | \$ 113,023 |
| Public safety | 34,750 |
| Public works | 290,916 |
| Parks and recreation | 41,391 |
| Community development | 10,077 |
| Total depreciation expense for governmental activities | \$ 490,157 |

Business-type activities:

| | |
|---|------------|
| Sewer | \$ 259,924 |
| Total depreciation expense for business-type activities | \$ 259,924 |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

(7) Long Term Debt

A summary of the changes in long term debt for the year ended December 31, 2018 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 | \$ 915,000 | \$ - | \$ 295,000 | \$ 620,000 | \$ 305,000 |
| Series 2014A - Brush Creek | 5,165,000 | - | 215,000 | 4,950,000 | 220,000 |
| Series 2014B - Brink Meyer | 3,535,000 | - | 145,000 | 3,390,000 | 150,000 |
| Premium on issuance | 413,329 | - | 25,097 | 388,232 | 25,097 |
| | <u>10,028,329</u> | <u>-</u> | <u>680,097</u> | <u>9,348,232</u> | <u>700,097</u> |
| Certificates of participation | 3,086,608 | - | 335,155 | 2,751,453 | 354,132 |
| Loan agreement | 2,353,700 | - | 194,100 | 2,159,600 | 302,900 |
| * Compensated absences | 42,763 | 17,249 | - | 60,012 | 60,012 |
| Total Governmental Activities | <u>15,511,400</u> | <u>17,249</u> | <u>1,209,352</u> | <u>14,319,297</u> | <u>1,417,141</u> |
| Business-type Activities: | | | | | |
| Revenue bonds | 1,160,000 | - | 150,000 | 1,010,000 | 155,000 |
| Premium on issuance | 47,513 | - | 7,919 | 39,594 | 7,919 |
| Total Business-type Activities | <u>1,207,513</u> | <u>-</u> | <u>157,919</u> | <u>1,049,594</u> | <u>162,919</u> |
| Total Primary Government | <u>\$ 16,718,913</u> | <u>\$ 17,249</u> | <u>\$ 1,367,271</u> | <u>\$ 15,368,891</u> | <u>\$ 1,580,060</u> |

* Primarily liquidated by the General fund in prior years.

A. Limited General Obligation Bonds

The City has issued 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, 2018 are as follows:

| | |
|--|---------------------|
| 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% | \$ 620,000 |
| 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% | 4,950,000 |
| 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>3,390,000</u> |
| Total limited general obligation bonds | <u>\$ 8,960,000</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

In 2015, the City began the required special assessment levy on the property owners within the Brush Creek Drainage Area Neighborhood Improvement (Brush Creek NID) and the Brink Meyer Road Neighborhood Improvement District (Brink Meyer NID).

The City has taken legal actions against certain properties located within the Brush Creek and Brink Meyer NIDs related to delinquent special assessments on those properties. As a result, the City has acquired certain properties through conveyance and the judicial foreclosure process. City management has estimated the acquisition value of the acquired properties and has recorded these amounts as "Land held for redevelopment". These properties are no longer subject to Brush Creek NID and/or the Brink Meyer Road NID special assessments.

A summary of the changes in land held for redevelopment is as follows:

| | December 31, 2017 | Additions | Deletions | December 31, 2018 |
|-----------------------------|----------------------|-----------|-----------|----------------------|
| Land held for redevelopment | \$ 2,100,000 | \$ - | \$ - | \$ 2,100,000 |

The Brush Creek and Brink Meyer NID's originally scheduled annual special assessments necessary to meet the Series 2014A and 2014B debt service requirements was approximately \$670,000. Currently, the anticipated annual collections of special assessments is scheduled to be approximately \$255,000. During the year ended December 31, 2018, the City transferred \$426,036 from the General Fund to the Debt Service Fund to cover the shortfall of special assessments necessary to meet the 2014A and 2014B debt service requirements.

Subsequent to December 31, 2018, the City entered into an agreement to sell approximately 70 acres of land held for development to a developer for a total purchase price of \$4,800,000. The agreement provides for the acquisition of the property in two phases. The initial portion (Phase I) of the property to be acquired is approximately 35 acres. The second portion (Phase II) of the property to be acquired is approximately 35 acres.

The purchase price for Phase I is \$2,400,000 and is payable with \$400,000 due at the Phase I closing and the execution of a Promissory Note of \$2,000,000 delivered by the Meadows at Creekside Community Improvement District (the CID). The Promissory Note is payable solely from the proceeds of special assessments levied by the CID and secured by a second deed of trust.

The purchase price for Phase II is \$2,400,000 and is payable with \$400,000 due at the Phase II closing and the execution of a Promissory Note delivered by the CID. The Promissory Note is payable solely from the CID special assessments and secured by a second deed of trust. The buyer's obligation to purchase and the City's obligation to sell the Phase II property is subject to certain contingencies related to the commencement of Phase I construction that must occur by January 1, 2020.

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 tax levy was approved to fund 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 outstanding balance at December 31, 2018, is \$2,751,453.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

C. Loan Agreement

During fiscal year 2017, the City entered into a loan agreement for \$2,353,700 for the purpose of transportation related capital improvements. Principal and interest payments are due semi-annually beginning on September 1, 2017 through March 1, 2022 with principal payments ranging from \$194,100 to \$1,329,800, with an interest rate of 2.19%. The outstanding balance at December 31, 2018, is \$2,159,600.

Portions of the proceeds of the loan agreement (\$1,020,300) will be used to fund the Route 9 Project (the Project). The total costs of the Project has been estimated at \$3,484,000. The Project is currently in the engineering phase with the construction phase estimated to begin in 2019. The City has been awarded \$965,000 in federal funds and is anticipating \$1,734,500 in state funding for the construction costs of the Project. It is projected that the federal funds will be available to the City to be used for the scheduled March 1, 2020 debt service payment. The state and federal funding sources requires a local match of \$784,500. To provide funding for the matching requirement, the City has entered into a cooperative agreement with the 9 Highway Corridor Community Improvement District (the District). The agreement provides for reimbursements to the City for certain costs associated with the Project payable from the District's 1% sales tax.

D. Revenue Bonds

The City issued Sewerage System Revenue Bonds (State Revolving Loan Fund (SRF)) Series 2004A in the original amount of \$2,750,000. The Series 2004A (SRF) Sewerage System Revenue Bonds (SRF) are special, limited obligations of the City payable solely from, and secured by a pledge of, the net revenues of the Sewer Fund. The bonds are due in annual installments of \$30,000 to \$170,000 through January 1, 2025 with interest ranging from 3.0% to 5.25%. The outstanding balance at December 31, 2018, is \$1,010,000.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

E. Future Debt Service Requirements

| Year Ending | Governmental Activities | | | | | |
|-------------|---|------------------|---|---------------------|--|---------------------|
| | Limited General Obligation Refunding Bonds - Series 2010 (River Park) | | Limited General Obligation Bonds - Series 2014A (Brush Creek) | | Limited General Obligation Bonds - Series 2014 (Brink Meyer) | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| December 31 | | | | | | |
| 2019 | \$ 305,000 | \$ 15,193 | \$ 220,000 | \$ 171,037 | \$ 150,000 | \$ 137,188 |
| 2020 | 315,000 | 5,119 | 230,000 | 164,287 | 155,000 | 132,613 |
| 2021 | - | - | 235,000 | 157,312 | 160,000 | 127,888 |
| 2022 | - | - | 240,000 | 150,188 | 160,000 | 123,088 |
| 2023 | - | - | 250,000 | 142,838 | 165,000 | 118,213 |
| 2024-2028 | - | - | 1,375,000 | 586,681 | 920,000 | 501,931 |
| 2029-2033 | - | - | 1,635,000 | 317,975 | 1,130,000 | 283,225 |
| 2034 | - | - | 765,000 | 15,300 | 550,000 | 13,750 |
| | <u>\$ 620,000</u> | <u>\$ 20,312</u> | <u>\$ 4,950,000</u> | <u>\$ 1,705,618</u> | <u>\$ 3,390,000</u> | <u>\$ 1,437,896</u> |

| | Governmental Activities | | | | | |
|---------------|---|-------------------|---------------------|------------------|----------------------|---------------------|
| | Certificates of Participation Series 2015 | | Loan Agreement | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | \$ 354,132 | \$ 57,666 | \$ 302,900 | \$ 43,979 | \$ 1,332,032 | \$ 425,063 |
| 2020 | 361,800 | 49,648 | 1,329,800 | 26,100 | 2,391,600 | 377,767 |
| 2021 | 388,809 | 41,241 | 316,200 | 8,077 | 1,100,009 | 334,518 |
| 2022 | 395,103 | 32,461 | 210,700 | 2,307 | 1,005,803 | 308,044 |
| 2023 | 420,474 | 23,327 | - | - | 835,474 | 284,378 |
| 2024-2028 | 831,135 | 26,985 | - | - | 3,126,135 | 1,115,597 |
| 2029-2033 | - | - | - | - | 2,765,000 | 601,200 |
| 2034 | - | - | - | - | 1,315,000 | 29,050 |
| Totals | <u>\$ 2,751,453</u> | <u>\$ 231,328</u> | <u>\$ 2,159,600</u> | <u>\$ 80,463</u> | <u>\$ 13,871,053</u> | <u>\$ 3,475,617</u> |

| | Business-type Activities | |
|---------------|--|-------------------|
| | Sewage System Revenue Bonds Series 2004A | |
| | Principal | Interest |
| 2019 | \$ 155,000 | \$ 54,438 |
| 2020 | 160,000 | 46,619 |
| 2021 | 160,000 | 38,350 |
| 2022 | 165,000 | 29,950 |
| 2023 | 170,000 | 21,625 |
| 2024-2028 | 200,000 | 18,425 |
| Totals | <u>\$ 1,010,000</u> | <u>\$ 209,407</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

(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, 2018, expenses incurred under these agreements were \$30,505 (Kansas City, Missouri) and \$20,145 (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 (55 for police) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

| | |
|-----------------------|-----------------------|
| | <u>2018 Valuation</u> |
| Benefit Multiplier: | 2% for life |
| Final Average Salary: | 5 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.

C. Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

| | <u>General</u> | <u>Police</u> | <u>Total</u> |
|--|----------------|---------------|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 2 | 2 | 4 |
| Inactive employees entitled to but not yet receiving benefits | 9 | 11 | 20 |
| Active employees | 20 | 11 | 31 |
| | <u>31</u> | <u>24</u> | <u>55</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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 8.3% (General) and 10.3% (Police) of annual covered payroll.

E. Net Pension Liability

The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

F. Actuarial Assumptions

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

| | |
|---------------------------|--|
| Inflation | 3.25% wage inflation; 2.5% price inflation |
| Salary Increase | 3.25% to 6.55% including wage inflation |
| Investment rate of return | 7.25%, net of investment expenses |

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

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

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

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

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

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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 | \$ 1,911,323 | \$ 1,414,503 | \$ 496,820 |
| Changes for the year: | | | |
| Service Cost | 148,593 | - | 148,593 |
| Interest | 142,885 | - | 142,885 |
| Difference between expected and actual | (16,202) | - | (16,202) |
| Contributions - employer | - | 155,363 | (155,363) |
| Contributions - employee | - | 68,390 | (68,390) |
| Net investment income | - | 180,098 | (180,098) |
| Benefit payments, including refunds | (27,488) | (27,488) | - |
| Administrative expense | - | (3,246) | 3,246 |
| Other changes (net transfer) | - | (6,335) | 6,335 |
| Net changes | 247,788 | 366,782 | (118,994) |
| Balances at end of year | <u>\$ 2,159,111</u> | <u>\$ 1,781,285</u> | <u>\$ 377,826</u> |

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 | \$ 2,542,951 | \$ 2,159,111 | \$ 1,850,661 |
| Plan Fiduciary Net Position | (1,781,285) | (1,781,285) | (1,781,285) |
| Net Pension Liability | <u>\$ 761,666</u> | <u>\$ 377,826</u> | <u>\$ 69,376</u> |

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

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

For the year ended December 31, 2018, the City recognized LAGERS pension expense of \$117,560 (\$55,512 (General) and \$62,048 (Police)). The City reported deferred outflows related to LAGERS pension from the following sources:

| | <u>General</u> | <u>Police</u> | <u>Total</u> |
|---|-------------------|------------------|-------------------|
| Deferred Outflows of Resources: | | | |
| Assumption changes | \$ 30,558 | \$ 18,833 | \$ 49,391 |
| Difference in experience | 14,560 | 22,214 | 36,774 |
| Contributions subsequent to the measurement date* | <u>43,927</u> | <u>37,747</u> | <u>81,674</u> |
| Total | <u>\$ 89,045</u> | <u>\$ 78,794</u> | <u>\$ 167,839</u> |
| | | | |
| Deferred Inflows of Resources: | | | |
| Assumption changes | \$ 8,488 | \$ - | \$ 8,488 |
| Deficient investment returns | 28,887 | 20,766 | 49,653 |
| Difference in experience | <u>64,482</u> | <u>38,885</u> | <u>103,367</u> |
| Total | <u>\$ 101,857</u> | <u>\$ 59,651</u> | <u>\$ 161,508</u> |

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2019.

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

| Year ending December 31: | <u>General</u> | <u>Police</u> | <u>Total</u> |
|--------------------------|--------------------|--------------------|--------------------|
| 2019 | \$ (6,736) | \$ 827 | \$ (5,909) |
| 2020 | (12,073) | (3,473) | (15,546) |
| 2021 | (20,500) | (10,379) | (30,879) |
| 2022 | (14,014) | (5,789) | (19,803) |
| 2023 | (3,989) | (268) | (4,257) |
| Thereafter | <u>573</u> | <u>478</u> | <u>1,051</u> |
| Total | <u>\$ (56,739)</u> | <u>\$ (18,604)</u> | <u>\$ (75,343)</u> |

K. Payable to the Pension Plan

At December 31, 2018, the City paid all outstanding contributions to the LAGERS pension plan.

CITY OF PARKVILLE, MISSOURI

Notes to the Basic Financial Statements

December 31, 2018

(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, 2018, the fund had \$8,967 net appreciation on assets available for expenditure which is reported as restricted fund balance and \$573,618 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) Subsequent Events

The City evaluated subsequent events through June 12, 2019, the date the financial statements were available to be issued. Other than discussed under Note 7 A, no other subsequent events were identified that required adjustment to or disclosure in the financial statements.

CITY OF PARKVILLE, MISSOURI
Notes to Required Supplementary Information
December 31, 2018

(1) Budgetary Data

The Board of Alderman adopted annual operating budgets for all funds except for the Veterans Memorial, Court Recoupment Fees, Police Training Fees LET, Police Shop, TIF Development and Market Place Development funds. The City's budget is adopted using Generally Accepted Accounting Principles on the Modified Accrual Basis of Accounting. Revisions to the budget can be made only by the Board of Alderman. There was no budget amendment during the year ended December 31, 2018. Legally, expenditures may not exceed the total amount of expenditures budgeted, as revised, in each fund. All annual appropriations lapse at year end if not encumbered.

The City follows these procedures in establishing the budgetary date reflected in the financial statements, beginning in the prior year.

1. In early August, budget worksheets are issued to each department.
2. In early September, budget requests are submitted by departments to the City Administrator.
3. Budget meetings are held between the City Administrator and each department beginning in late September to early October.
4. In late October, a proposed budget is presented to the Board of Aldermen.
5. In early December, the Board of Alderman adopt the budget.

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, 2018

| | 2018 | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Taxes | \$ 3,072,121 | \$ 3,072,121 | \$ 3,134,433 | \$ 62,312 |
| Intergovernmental | 81,250 | 81,250 | 134,090 | 52,840 |
| Charges for services | 39,700 | 39,700 | 37,300 | (2,400) |
| Fines and forfeitures | 180,000 | 180,000 | 154,101 | (25,899) |
| Licenses and permits | 297,270 | 297,270 | 483,517 | 186,247 |
| Charges for sewer | 190,000 | 190,000 | 190,000 | - |
| Interest | 8,160 | 8,160 | 7,919 | (241) |
| Other | 61,205 | 61,205 | 108,051 | 46,846 |
| Total Revenues | <u>3,929,706</u> | <u>3,929,706</u> | <u>4,249,411</u> | <u>319,705</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,294,202 | 1,294,202 | 1,158,836 | 135,366 |
| Public safety | 1,494,633 | 1,494,633 | 1,315,429 | 179,204 |
| Public works | 686,322 | 686,322 | 650,226 | 36,096 |
| Parks and recreation | 455,322 | 455,322 | 581,885 | (126,563) |
| Community development | 319,861 | 319,861 | 292,984 | 26,877 |
| Total Expenditures | <u>4,250,340</u> | <u>4,250,340</u> | <u>3,999,360</u> | <u>250,980</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(320,634)</u> | <u>(320,634)</u> | <u>250,051</u> | <u>570,685</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 200,000 | 200,000 | 215,000 | 15,000 |
| Transfers out | (317,500) | (317,500) | (317,500) | - |
| Sale of capital assets | 5,000 | 5,000 | 2,370 | (2,630) |
| Total Other Financing Sources (Uses) | <u>(112,500)</u> | <u>(112,500)</u> | <u>(100,130)</u> | <u>12,370</u> |
| Change in fund balance | <u>\$ (433,134)</u> | <u>\$ (433,134)</u> | 149,921 | <u>\$ 583,055</u> |
| Fund Balances, Beginning of Year | | | <u>1,598,030</u> | |
| Fund Balances, End of Year | | | <u>\$ 1,747,951</u> | |

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

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, 2018

| | 2018 | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Taxes | \$ 462,000 | \$ 462,000 | \$ 479,240 | \$ 17,240 |
| Intergovernmental | 517,874 | 517,874 | 521,904 | 4,030 |
| Other | 5,304 | 5,304 | 35,880 | 30,576 |
| Total Revenues | <u>985,178</u> | <u>985,178</u> | <u>1,037,024</u> | <u>51,846</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Capital outlay | 1,970,141 | 1,970,141 | 1,136,286 | 833,855 |
| Total Expenditures | <u>1,970,141</u> | <u>1,970,141</u> | <u>1,136,286</u> | <u>833,855</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(984,963)</u> | <u>(984,963)</u> | <u>(99,262)</u> | <u>885,701</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 12,500 | 12,500 |
| Transfers out | (415,465) | (415,465) | (415,465) | - |
| Proceeds from lease | 1,231,777 | 1,231,777 | - | (1,231,777) |
| Total Other Financing Sources (Uses) | <u>816,312</u> | <u>816,312</u> | <u>(402,965)</u> | <u>(1,219,277)</u> |
| Change in fund balance | <u>\$ (168,651)</u> | <u>\$ (168,651)</u> | (502,227) | <u>\$ (333,576)</u> |
| Fund Balances, Beginning of Year | | | <u>1,637,554</u> | |
| Fund Balances, End of Year | | | <u>\$ 1,135,327</u> | |

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

CITY OF PARKVILLE, MISSOURI
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended December 31, 2018

| | Lagers | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 | 2015 |
| Total Pension Liability | | | | |
| Service costs | \$ 148,593 | \$ 119,807 | \$ 116,946 | \$ 104,714 |
| Interest on total pension liability | 142,885 | 107,562 | 93,722 | 69,352 |
| Changes in benefit terms | - | 252,150 | - | 226,297 |
| Difference between expected and actual experience of the total pension liability | (16,202) | 19,236 | (66,469) | (47,700) |
| Changes of assumptions | - | (12,160) | 79,853 | - |
| Benefit payments and refunds | (27,488) | (18,639) | (31,360) | (14,002) |
| Net change in total pension liability | 247,788 | 467,956 | 192,692 | 338,661 |
| Total pension liability - beginning of year | 1,911,323 | 1,443,367 | 1,250,675 | 912,014 |
| Total pension liability - end of year (a) | <u>\$ 2,159,111</u> | <u>\$ 1,911,323</u> | <u>\$ 1,443,367</u> | <u>\$ 1,250,675</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - employer | \$ 155,363 | \$ 112,455 | \$ 93,771 | \$ 73,690 |
| Contributions - employee | 68,390 | 62,865 | 61,441 | 60,880 |
| Net investment income | 180,098 | 141,948 | 63 | 17,409 |
| Benefit payments and refunds | (27,488) | (18,639) | (31,360) | (14,002) |
| Administrative expenses | (3,246) | (3,626) | (3,451) | (3,356) |
| Other (net transfer) | (6,335) | 1,806 | (3,952) | 38,126 |
| Net change in plan fiduciary net position | 366,782 | 296,809 | 116,512 | 172,747 |
| Plan fiduciary net position - beginning of year | 1,414,503 | 1,117,694 | 1,001,182 | 828,435 |
| Plan fiduciary net position - end of year (b) | <u>\$ 1,781,285</u> | <u>\$ 1,414,503</u> | <u>\$ 1,117,694</u> | <u>\$ 1,001,182</u> |
| Net pension liability (a) - (b) | <u>\$ 377,826</u> | <u>\$ 496,820</u> | <u>\$ 325,673</u> | <u>\$ 249,493</u> |
| Plan net position as a percentage of the total pension liability | 82.50% | 74.01% | 77.44% | 80.05% |
| Covered employee payroll | 1,567,178 | 1,457,585 | 1,415,099 | 1,414,512 |
| Net pension liability/(asset) as a percentage of covered payroll | 24.11% | 34.09% | 23.01% | 17.64% |

GASB 68 requires presentation of ten years. As of December 31, 2018, only four years of information is available.

CITY OF PARKVILLE, MISSOURI
Required Supplementary Information
Schedule of Employer Contributions
For the Year Ended December 31, 2018

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 | 57,366 | 57,366 | - | 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% |
| 2016 | 93,266 | 93,266 | - | 1,559,830 | 5.98% |
| 2017 | 142,758 | 142,758 | - | 1,633,155 | 8.74% |
| 2018 | 159,791 | 159,791 | - | 1,767,037 | 9.04% |

Lagers

Valuation Date February 28, 2018

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

Methods and assumptions used to determine contributions rates:

| | |
|--------------------------------------|--|
| Actuarial cost method | Entry Age Normal and Modified Terminal Funding |
| Amortization method | Level percentage of payroll amortization method is used to amortize the UAAL over a close period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years. |
| Remaining amortization period | Multiple bases from 15 to 21 years |
| Asset valuation method | 5-year smoothed market; 20% corridor |
| Inflation assumption | 3.25% wage inflation; 2.5% price inflation |
| Salary increases | 3.25% to 6.55% 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 the type of eligibility condition |
| Mortality | <p>The healthy retiree mortality tables, for post retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for male and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for male and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period based year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p> |
| Other information: | None |

CITY OF PARKVILLE, MISSOURI
Combining Balance Sheet - General Fund
December 31, 2018

| | <u>General Fund</u> | <u>Reserve Fund</u> | <u>Totals</u> |
|---|-------------------------|-------------------------|---------------------|
| Assets: | | | |
| Cash and investments | \$ 1,719,376 | \$ 1,338,079 | \$ 3,057,455 |
| Receivables: | | | |
| Taxes | 263,865 | - | 263,865 |
| Accounts and other | 84 | - | 84 |
| Due from other governments | 5,399 | - | 5,399 |
| Prepaid, deposits and other assets | 90,630 | - | 90,630 |
| Total Assets | <u>\$ 2,079,354</u> | <u>\$ 1,338,079</u> | <u>\$ 3,417,433</u> |
| Liabilities: | | | |
| Accounts payable | \$ 108,094 | \$ - | \$ 108,094 |
| Accrued payroll and benefits | 91,381 | - | 91,381 |
| Total Liabilities | <u>199,475</u> | <u>-</u> | <u>199,475</u> |
| Deferred inflows of resources: | | | |
| Unavailable revenues | <u>131,928</u> | <u>-</u> | <u>131,928</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Prepaid items | 90,630 | - | 90,630 |
| Committed: | | | |
| Emergency reserve | - | 1,338,079 | 1,338,079 |
| Unassigned | 1,657,321 | - | 1,657,321 |
| Total fund balances | <u>1,747,951</u> | <u>1,338,079</u> | <u>3,086,030</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,079,354</u> | <u>\$ 1,338,079</u> | <u>\$ 3,417,433</u> |

CITY OF PARKVILLE, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended December 31, 2018

| | <u>General Fund</u> | <u>Reserve Fund</u> | <u>Eliminations</u> | <u>Totals</u> |
|---|-------------------------|-------------------------|---------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 3,134,433 | \$ - | \$ - | \$ 3,134,433 |
| Intergovernmental | 134,090 | - | - | 134,090 |
| Charges for services | 37,300 | - | - | 37,300 |
| Fines and forfeitures | 154,101 | - | - | 154,101 |
| Licenses and permits | 483,517 | - | - | 483,517 |
| Charges for sewer administration | 190,000 | - | - | 190,000 |
| Interest | 7,919 | - | - | 7,919 |
| Other | 108,051 | - | - | 108,051 |
| Total Revenues | <u>4,249,411</u> | <u>-</u> | <u>-</u> | <u>4,249,411</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 1,158,836 | - | - | 1,158,836 |
| Public safety | 1,315,429 | - | - | 1,315,429 |
| Public works | 650,226 | - | - | 650,226 |
| Parks and recreation | 581,885 | - | - | 581,885 |
| Community development | 292,984 | - | - | 292,984 |
| | <u>3,999,360</u> | <u>-</u> | <u>-</u> | <u>3,999,360</u> |
| Excess of Revenues Over (Under) Expenditures | 250,051 | - | - | 250,051 |
| Other financing sources (uses): | | | | |
| Transfers in | 215,000 | 317,500 | (317,500) | 215,000 |
| Transfers out | (317,500) | (426,036) | 317,500 | (426,036) |
| Sale of capital assets | 2,370 | - | - | 2,370 |
| Total Other Financing Sources | <u>(100,130)</u> | <u>(108,536)</u> | <u>-</u> | <u>(208,666)</u> |
| Change in fund balance | 149,921 | (108,536) | - | 41,385 |
| Fund Balances, Beginning of Year | <u>1,598,030</u> | <u>1,446,615</u> | <u>-</u> | <u>3,044,645</u> |
| Fund Balances, End of Year | <u>\$ 1,747,951</u> | <u>\$ 1,338,079</u> | <u>\$ -</u> | <u>\$ 3,086,030</u> |

CITY OF PARKVILLE, MISSOURI
Combining Balance Sheet - Debt Service Fund
December 31, 2018

| | River Park | Certificates of Participation | Brush Creek | Brink Meyer | Lease Purchase Agreement | Totals |
|--|-----------------------|--|------------------------|------------------------|-------------------------------------|---------------------|
| Assets: | | | | | | |
| Restricted cash and investments | \$ 175,548 | \$ 77,566 | \$ 409,993 | \$ 292,420 | \$ - | \$ 955,527 |
| Receivables: | | | | | | |
| Special assessments | 434,674 | - | 2,890,530 | - | - | 3,325,204 |
| Total Assets | <u>\$ 610,222</u> | <u>\$ 77,566</u> | <u>\$ 3,300,523</u> | <u>\$ 292,420</u> | <u>\$ -</u> | <u>\$ 4,280,731</u> |
| Liabilities: | | | | | | |
| Accounts payable | \$ 424 | \$ - | \$ - | \$ - | \$ - | \$ 424 |
| Due to other funds | - | - | - | - | 27,483 | 27,483 |
| Total Liabilities | <u>424</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>27,483</u> | <u>27,907</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenues | <u>454,445</u> | <u>47,465</u> | <u>2,899,376</u> | <u>-</u> | <u>-</u> | <u>3,401,286</u> |
| Fund balances: | | | | | | |
| Restricted: | | | | | | |
| Debt service | 155,353 | 30,101 | 401,147 | 292,420 | (27,483) | 851,538 |
| Total fund balances (deficit) | <u>155,353</u> | <u>30,101</u> | <u>401,147</u> | <u>292,420</u> | <u>(27,483)</u> | <u>851,538</u> |
| Total liabilities, deferred inflows and fund balances (deficit) | <u>\$ 610,222</u> | <u>\$ 77,566</u> | <u>\$ 3,300,523</u> | <u>\$ 292,420</u> | <u>\$ -</u> | <u>\$ 4,280,731</u> |

CITY OF PARKVILLE, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Debt Service Fund
For the Year Ended December 31, 2018

| | River Park | Certificates of Participation | Brush Creek | Brink Meyer | Lease Purchase Agreement | Totals |
|---|-----------------------|--|------------------------|------------------------|-------------------------------------|-------------------|
| Revenues: | | | | | | |
| Taxes | \$ - | \$ 389,585 | \$ - | \$ - | \$ - | \$ 389,585 |
| Special assessments | 322,080 | - | 251,036 | - | - | 573,116 |
| Interest | 181 | 63 | 5,261 | 3,836 | - | 9,341 |
| Total Revenues | <u>322,261</u> | <u>389,648</u> | <u>256,297</u> | <u>3,836</u> | <u>-</u> | <u>972,042</u> |
| Expenditures: | | | | | | |
| Debt service: | | | | | | |
| Principal | 295,000 | 335,155 | 215,000 | 145,000 | 194,100 | 1,184,255 |
| Interest and fiscal charges | 24,999 | 65,386 | 179,563 | 143,613 | 48,848 | 462,409 |
| | <u>319,999</u> | <u>400,541</u> | <u>394,563</u> | <u>288,613</u> | <u>242,948</u> | <u>1,646,664</u> |
| Excess of Revenues Over (Under) Expenditures | 2,262 | (10,893) | (138,266) | (284,777) | (242,948) | (674,622) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | 140,696 | 285,340 | 215,465 | 641,501 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>140,696</u> | <u>285,340</u> | <u>215,465</u> | <u>641,501</u> |
| Change in fund balance | 2,262 | (10,893) | 2,430 | 563 | (27,483) | (33,121) |
| Fund Balances, Beginning of Year | <u>153,091</u> | <u>40,994</u> | <u>398,717</u> | <u>291,857</u> | <u>-</u> | <u>884,659</u> |
| Fund Balances (deficit), End of Year | <u>\$ 155,353</u> | <u>\$ 30,101</u> | <u>\$ 401,147</u> | <u>\$ 292,420</u> | <u>\$ (27,483)</u> | <u>\$ 851,538</u> |

CITY OF PARKVILLE, MISSOURI
Combining Balance Sheet - Non-major Governmental Funds
December 31, 2018

| | Special Revenue Funds | | | | | | | | | Permanent | Capital | Totals |
|--|-------------------------|---------------------|--------------------|----------------------|-----------------------------|--------------------------------|------------------|--------------------|--------------------------------|-------------------|---------------------|---------------------|
| | Economic Development | Nature Sanctuary | Parks Donations | Veterans Memorial | Court Recoupment Fees | Police Training Fees LET | Police Shop | TIF Development | Market Place Development | Fund | Project Fund | |
| | | | | | | | | | | Fewson Project | Capital Projects | |
| Assets | | | | | | | | | | | | |
| Cash and investments | \$ 1,516 | \$ 73,980 | \$ 12,299 | \$ 6,700 | \$ 40,285 | \$ 40,212 | \$ 20,017 | \$ 12,481 | \$ 9,444 | \$ - | \$ 207,697 | \$ 424,631 |
| Restricted cash and investments | - | - | - | - | - | - | - | - | - | 582,585 | - | 582,585 |
| Total Assets | <u>\$ 1,516</u> | <u>\$ 73,980</u> | <u>\$ 12,299</u> | <u>\$ 6,700</u> | <u>\$ 40,285</u> | <u>\$ 40,212</u> | <u>\$ 20,017</u> | <u>\$ 12,481</u> | <u>\$ 9,444</u> | <u>\$ 582,585</u> | <u>\$ 207,697</u> | <u>\$ 1,007,216</u> |
| Liabilities and Fund Balances | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 1,671 | \$ - | \$ - | \$ - | \$ 7,411 | \$ - | \$ - | \$ - | \$ - | \$ 9,082 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>1,671</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,411</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,082</u> |
| Fund balances | | | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | | | |
| Fewson trust | - | - | - | - | - | - | - | - | - | 573,618 | - | 573,618 |
| Restricted: | | | | | | | | | | | | |
| Capital projects | - | - | - | - | - | - | - | - | - | 8,967 | - | 8,967 |
| Public safety | - | - | - | - | 40,285 | 40,212 | 12,606 | - | - | - | - | 93,103 |
| Parks and recreation | - | 73,980 | 10,628 | 6,700 | - | - | - | - | - | - | - | 91,308 |
| Community development | 1,516 | - | - | - | - | - | - | 12,481 | 9,444 | - | - | 23,441 |
| Assigned: | | | | | | | | | | | | |
| Capital projects | - | - | - | - | - | - | - | - | - | - | 207,697 | 207,697 |
| Total fund balances | <u>1,516</u> | <u>73,980</u> | <u>10,628</u> | <u>6,700</u> | <u>40,285</u> | <u>40,212</u> | <u>12,606</u> | <u>12,481</u> | <u>9,444</u> | <u>582,585</u> | <u>207,697</u> | <u>998,134</u> |
| Total liabilities and fund balances | <u>\$ 1,516</u> | <u>\$ 73,980</u> | <u>\$ 12,299</u> | <u>\$ 6,700</u> | <u>\$ 40,285</u> | <u>\$ 40,212</u> | <u>\$ 20,017</u> | <u>\$ 12,481</u> | <u>\$ 9,444</u> | <u>\$ 582,585</u> | <u>\$ 207,697</u> | <u>\$ 1,007,216</u> |

CITY OF PARKVILLE, MISSOURI
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -
Non-major Governmental Funds
For the Year Ended December 31, 2018

| | Special Revenue Funds | | | | | | | | Permanent Fund | Capital Project Fund | Totals | |
|---|-----------------------|------------------|-----------------|-------------------|-----------------------|--------------------------|---------------|-----------------|--------------------------|----------------------|----------------|------------------|
| | Economic Development | Nature Sanctuary | Parks Donations | Veterans Memorial | Court Recoupment Fees | Police Training Fees LET | Police Shop | TIF Development | Market Place Development | Fewson Project | | Capital Projects |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ 1,453 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 282,851 | \$ - | \$ - | \$ - | \$ 284,304 |
| Intergovernmental | - | - | - | - | - | 1,154 | - | 187,802 | - | - | 237,265 | 426,221 |
| Charges for services | - | - | - | - | 704 | 1,303 | - | - | - | - | - | 2,007 |
| Interest | - | - | - | - | - | - | - | 12 | 9 | 3,707 | - | 3,728 |
| Grants and donations | - | 6,450 | 2,156 | 11,500 | - | - | 10,440 | - | - | - | - | 30,546 |
| Other | 315 | 1,500 | - | - | - | - | - | - | - | - | - | 1,815 |
| Total Revenues | 1,768 | 7,950 | 2,156 | 11,500 | 704 | 2,457 | 10,440 | 470,665 | 9 | 3,707 | 237,265 | 748,621 |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Public safety | - | - | - | - | 839 | 316 | 9,549 | - | - | - | - | 10,704 |
| Parks and recreation | - | 1,183 | 3,334 | 4,800 | - | - | - | - | - | - | - | 9,317 |
| Community development | 1,500 | - | - | - | - | - | - | 470,652 | - | - | - | 472,152 |
| Capital outlay | - | - | - | - | - | - | - | - | - | - | 65,741 | 65,741 |
| | 1,500 | 1,183 | 3,334 | 4,800 | 839 | 316 | 9,549 | 470,652 | - | - | - | 557,914 |
| Excess of Revenues Over (Under) Expenditures | 268 | 6,767 | (1,178) | 6,700 | (135) | 2,141 | 891 | 13 | 9 | 3,707 | 237,265 | 190,707 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | - | 25,000 | 25,000 |
| Transfers out | - | - | (40,000) | - | - | - | - | - | - | - | (12,500) | (52,500) |
| Total Other Financing Sources (Uses) | - | - | (40,000) | - | - | - | - | - | - | - | 12,500 | (27,500) |
| Change in fund balance | 268 | 6,767 | (41,178) | 6,700 | (135) | 2,141 | 891 | 13 | 9 | 3,707 | 249,765 | 163,207 |
| Fund Balances, Beginning of Year | 1,248 | 67,213 | 51,806 | - | 40,420 | 38,071 | 11,715 | 12,468 | 9,435 | 578,878 | 23,673 | 834,927 |
| Fund Balances, End of Year | \$ 1,516 | \$ 73,980 | \$ 10,628 | \$ 6,700 | \$ 40,285 | \$ 40,212 | \$ 12,606 | \$ 12,481 | \$ 9,444 | \$ 582,585 | \$ 273,438 | \$ 998,134 |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Reserve Fund
For the Year Ended December 31, 2018

| | 2018 | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|---------------------|---------------------|---------------------|---|
| | Original Budget | Final Budget | | |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 317,500 | 317,500 | 317,500 | - |
| Transfers out | (417,661) | (417,661) | (426,036) | (8,375) |
| Total Other Financing Sources (Uses) | <u>(100,161)</u> | <u>(100,161)</u> | <u>(108,536)</u> | <u>(8,375)</u> |
| Change in fund balance | <u>\$ (100,161)</u> | <u>\$ (100,161)</u> | (108,536) | <u>\$ (8,375)</u> |
| Fund Balance, Beginning of Year | | | <u>1,446,615</u> | |
| Fund Balance, End of Year | | | <u>\$ 1,338,079</u> | |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Funds
For the Year Ended December 31, 2018

| | River Park | | | Certificates of Participation | | | Brush Creek | | |
|---|-----------------|-------------------|------------------------------|-------------------------------|------------------|------------------------------|------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 386,237 | \$ 389,585 | \$ 3,348 | \$ - | \$ - | \$ - |
| Special assessments | 320,994 | 322,080 | 1,086 | - | - | - | 251,303 | 251,036 | (267) |
| Interest | 170 | 181 | 11 | 110 | 63 | (47) | 7,650 | 5,261 | (2,389) |
| Total Revenues | <u>321,164</u> | <u>322,261</u> | <u>1,097</u> | <u>386,347</u> | <u>389,648</u> | <u>3,301</u> | <u>258,953</u> | <u>256,297</u> | <u>(2,656)</u> |
| Expenditures: | | | | | | | | | |
| Debt service: | | | | | | | | | |
| Principal | 295,000 | 295,000 | - | 335,155 | 335,155 | - | 215,000 | 215,000 | - |
| Interest and fiscal charges | 24,999 | 24,999 | - | 66,486 | 65,386 | 1,100 | 179,563 | 179,563 | - |
| Total Expenditures | <u>319,999</u> | <u>319,999</u> | <u>-</u> | <u>401,641</u> | <u>400,541</u> | <u>1,100</u> | <u>394,563</u> | <u>394,563</u> | <u>-</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,165</u> | <u>2,262</u> | <u>1,097</u> | <u>(15,294)</u> | <u>(10,893)</u> | <u>4,401</u> | <u>(135,610)</u> | <u>(138,266)</u> | <u>(2,656)</u> |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | - | - | - | 4,366 | - | 4,366 | 135,609 | 140,696 | (5,087) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,366</u> | <u>-</u> | <u>4,366</u> | <u>135,609</u> | <u>140,696</u> | <u>(5,087)</u> |
| Change in fund balance | <u>\$ 1,165</u> | <u>2,262</u> | <u>\$ 1,097</u> | <u>\$ (10,928)</u> | <u>(10,893)</u> | <u>\$ 8,767</u> | <u>\$ (1)</u> | <u>2,430</u> | <u>\$ (7,743)</u> |
| Fund Balance, Beginning of Year | | <u>153,091</u> | | | <u>40,994</u> | | | <u>398,717</u> | |
| Fund Balance (deficit), End of Year | | <u>\$ 155,353</u> | | | <u>\$ 30,101</u> | | | <u>\$ 401,147</u> | |

(Continued on Next Page)

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Funds
For the Year Ended December 31, 2018

| | Brink Meyer | | | Lease Purchase Agreement | | | Totals | | |
|---|----------------|-------------------|------------------------------|--------------------------|--------------------|------------------------------|-------------------|-------------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| Revenues: | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 386,237 | \$ 389,585 | \$ 3,348 |
| Special assessments | 1,810 | - | (1,810) | - | - | - | 574,107 | 573,116 | (991) |
| Interest | 4,750 | 3,836 | (914) | - | - | - | 12,680 | 9,341 | (3,339) |
| Total Revenues | 6,560 | 3,836 | (2,724) | - | - | - | 973,024 | 972,042 | (982) |
| Expenditures: | | | | | | | | | |
| Debt service: | | | | | | | | | |
| Principal | 145,000 | 145,000 | - | 194,100 | 194,100 | - | 1,184,255 | 1,184,255 | - |
| Interest and fiscal charges | 143,613 | 143,613 | - | 21,365 | 48,848 | (27,483) | 436,026 | 462,409 | (26,383) |
| Total Expenditures | 288,613 | 288,613 | - | 215,465 | 242,948 | (27,483) | 1,620,281 | 1,646,664 | (26,383) |
| Excess of Revenues Over | | | | | | | | | |
| (Under) Expenditures | (282,053) | (284,777) | (2,724) | (215,465) | (242,948) | (27,483) | (647,257) | (674,622) | (27,365) |
| Other financing sources (uses): | | | | | | | | | |
| Transfers in | 282,052 | 285,340 | 3,288 | 215,314 | 215,465 | 151 | 637,341 | 641,501 | 4,160 |
| Total Other Financing Sources (Uses) | 282,052 | 285,340 | 3,288 | 215,314 | 215,465 | 151 | 637,341 | 641,501 | 4,160 |
| Change in fund balance | \$ (1) | 563 | \$ 564 | \$ (151) | (27,483) | \$ (27,332) | \$ (9,916) | (33,121) | \$ (23,205) |
| Fund Balance, Beginning of Year | | <u>291,857</u> | | | <u>-</u> | | | <u>884,659</u> | |
| Fund Balance (deficit), End of Year | | <u>\$ 292,420</u> | | | <u>\$ (27,483)</u> | | | <u>\$ 851,538</u> | |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Economic Development
For the Year Ended December 31, 2018

| | 2018 | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | | |
| Revenues: | | | | |
| Taxes | \$ 1,500 | \$ 1,500 | \$ 1,453 | \$ (47) |
| Other | - | - | 315 | 315 |
| Total Revenues | <u>1,500</u> | <u>1,500</u> | <u>1,768</u> | <u>268</u> |
| Expenditures: | | | | |
| Community development | 2,000 | 2,000 | 1,500 | 500 |
| Total Expenditures | <u>2,000</u> | <u>2,000</u> | <u>1,500</u> | <u>500</u> |
| Change in fund balance | <u>\$ (500)</u> | <u>\$ (500)</u> | 268 | <u>\$ 768</u> |
| Fund Balance, Beginning of Year | | | <u>1,248</u> | |
| Fund Balance, End of Year | | | <u>\$ 1,516</u> | |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Nature Sanctuary
For the Year Ended December 31, 2018

| | 2018 | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------|--------------------|-----------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues: | | | | |
| Intergovernmental | \$ 9,250 | \$ 9,250 | \$ - | \$ (9,250) |
| Grants and donations | 1,750 | 1,750 | 6,450 | 4,700 |
| Other | 1,500 | 1,500 | 1,500 | - |
| Total Revenues | <u>12,500</u> | <u>12,500</u> | <u>7,950</u> | <u>(4,550)</u> |
| Expenditures: | | | | |
| Parks and recreation | 12,500 | 12,500 | 1,183 | 11,317 |
| Total Expenditures | <u>12,500</u> | <u>12,500</u> | <u>1,183</u> | <u>11,317</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 6,767 | <u>\$ 6,767</u> |
| Fund Balance, Beginning of Year | | | <u>67,213</u> | |
| Fund Balance, End of Year | | | <u>\$ 73,980</u> | |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Parks Donations
For the Year Ended December 31, 2018

| | 2018 | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|--------------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues: | | | | |
| Grants and donations | \$ 2,500 | \$ 2,500 | \$ 2,156 | \$ (344) |
| Total Revenues | <u>2,500</u> | <u>2,500</u> | <u>2,156</u> | <u>(344)</u> |
| Expenditures: | | | | |
| Parks and recreation | 5,000 | 5,000 | 3,334 | 1,666 |
| Total Expenditures | <u>5,000</u> | <u>5,000</u> | <u>3,334</u> | <u>1,666</u> |
| Excess of Revenues Over Expenditures | <u>(2,500)</u> | <u>(2,500)</u> | <u>(1,178)</u> | <u>1,322</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (25,000) | (25,000) | (40,000) | (15,000) |
| Total Other Financing Sources (Uses) | <u>(25,000)</u> | <u>(25,000)</u> | <u>(40,000)</u> | <u>(15,000)</u> |
| Change in fund balance | <u>\$ (27,500)</u> | <u>\$ (27,500)</u> | (41,178) | <u>\$ (13,678)</u> |
| Fund Balance, Beginning of Year | | | <u>51,806</u> | |
| Fund Balance, End of Year | | | <u>\$ 10,628</u> | |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Fewson Fund
For the Year Ended December 31, 2018

| | 2018 | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | | |
| Revenues: | | | | |
| Interest | \$ 6,079 | \$ 6,079 | \$ 3,707 | \$ (2,372) |
| Total Revenues | <u>6,079</u> | <u>6,079</u> | <u>3,707</u> | <u>(2,372)</u> |
| Expenditures: | | | | |
| Capital outlay | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Revenues Over Expenditures | <u>6,079</u> | <u>6,079</u> | <u>3,707</u> | <u>(2,372)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | (7,516) | (7,516) | - | 7,516 |
| Total Other Financing Sources (Uses) | <u>(7,516)</u> | <u>(7,516)</u> | <u>-</u> | <u>7,516</u> |
| Change in fund balance | <u>\$ (1,437)</u> | <u>\$ (1,437)</u> | 3,707 | <u>\$ 5,144</u> |
| Fund Balance, Beginning of Year | | | <u>578,878</u> | |
| Fund Balance, End of Year | | | <u>\$ 582,585</u> | |

CITY OF PARKVILLE, MISSOURI
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects
For the Year Ended December 31, 2018

| | 2018 | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|-----------------|-------------------|---|
| | Original Budget | Final Budget | | |
| Revenues: | | | | |
| Intergovernmental | \$ 40,000 | \$ 40,000 | \$ 237,265 | \$ 197,265 |
| Total Revenues | <u>40,000</u> | <u>40,000</u> | <u>237,265</u> | <u>197,265</u> |
| Expenditures: | | | | |
| Capital outlay | 65,000 | 65,000 | 65,741 | (741) |
| Total Expenditures | <u>65,000</u> | <u>65,000</u> | <u>65,741</u> | <u>(741)</u> |
| Excess of Revenues Over Expenditures | <u>(25,000)</u> | <u>(25,000)</u> | <u>171,524</u> | <u>196,524</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 25,000 | 25,000 | 25,000 | - |
| Transfers out | - | - | (12,500) | (12,500) |
| Total Other Financing Sources (Uses) | <u>25,000</u> | <u>25,000</u> | <u>12,500</u> | <u>(12,500)</u> |
| Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 184,024 | <u>\$ 184,024</u> |
| Fund Balance, Beginning of Year | | | <u>23,673</u> | |
| Fund Balance, End of Year | | | <u>\$ 207,697</u> | |