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***CITY OF SHREWSBURY, MISSOURI***  
***FINANCIAL REPORT***

*For The Fiscal Year Ended December 31, 2014*

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RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

One North Brentwood  
Saint Louis, MO 63105

T 314.290.3300  
F 314.290.3400

W rubinbrown.com  
E info@rubinbrown.com

## Independent Auditors' Report

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

### Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the City of Shrewsbury, Missouri (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility For The Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the City as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 10, the Budgetary Comparison Information on pages 35 - 39, and the Schedule of Funding Progress on page 40 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

*RubinBrown LLP*

June 22, 2015

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## **Management's Discussion And Analysis**

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# CITY OF SHREWSBURY, MISSOURI

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Shrewsbury, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2014.

### Financial Highlights

- The total liabilities of the City of Shrewsbury exceeded assets and deferred outflows of resources by \$794,936 (*net position*) in 2014.
- As of December 31, 2014, the City's governmental funds reported combined fund balances of \$4,813,979, a decrease of \$506,165 in comparison with the prior year. Over 40% of this total, \$1,935,676 is unassigned and available for use within the City's designation and policies. In accordance with City policy, \$239,198 has been assigned to the 2015 fiscal year budget deficit.
- At December 31, 2014, non-spendable, restricted, assigned and unassigned fund balance for the general fund was \$2,402,350, or 38.5% of total general fund operating expenditures (excluding advances on the tax increment financing (TIF) notes included in public works and planning expenditures).
- The City reduced its existing long-term bond debt by \$825,000 during the year ended December 31, 2014.

### Using This Annual Report

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

### Overview Of The Financial Statements

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

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

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

## **CITY OF SHREWSBURY, MISSOURI**

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### Management's Discussion And Analysis (*Continued*)

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

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

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

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

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

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities exceeded assets by \$794,936 as of December 31, 2014. The significant decrease in net position is due to the requirement of reporting the activity related to the TIF notes that occurred in 2014 on the City's Government-Wide Financials Statements and Statement of Activities.

## CITY OF SHREWSBURY, MISSOURI

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### Management's Discussion And Analysis (*Continued*)

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

#### Statement of Net Position

	Governmental Activities	
	2014	2013
<b>Assets</b>		
Current and other assets	\$ 5,179,261	\$ 5,776,975
Capital assets	6,802,922	7,095,639
<b>Total Assets</b>	<b>11,982,183</b>	<b>12,872,614</b>
<b>Deferred Outflow Of Resources</b>		
Deferred amount on refundings	17,329	22,800
<b>Liabilities</b>		
Current and other liabilities	245,217	339,266
Long-term liabilities	12,549,231	7,054,873
<b>Total Liabilities</b>	<b>12,794,448</b>	<b>7,394,139</b>
<b>Net Position</b>		
Net investment in capital assets	2,431,033	2,000,534
Restricted	2,565,979	2,667,572
Unrestricted	(5,791,948)	833,169
<b>Total Net Position</b>	<b>\$ (794,936)</b>	<b>\$ 5,501,275</b>

Unrestricted net position represents the accumulated results of all past years' operations. This means that if the City had to pay off all its liabilities today, there would be a negative balance of \$794,936.

#### Changes in Net Position

In 2014, the City's total revenues on a government-wide basis were \$6,943,129 which represents a 2.9% decrease in revenue compared to 2013. Of the City's revenues, taxes represent 66%, 26% is generated by charges for services, and 7.5% of revenues come from grants and contributions and other revenue.

## CITY OF SHREWSBURY, MISSOURI

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### Management's Discussion And Analysis (*Continued*)

The total cost of all programs and services for 2014 was \$13,239,340. This represents an increase of \$4,793,365 or approximately 57% more than the prior year. The majority of the increase (\$6,228,448) reflects the issuance of Tax Increment Finance notes representing special, limited obligations of the City, payable solely from incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area. Additional increases in the cost of programs and services included an increase in insurance premiums and personnel costs (related to an increase in longevity pay and one-time employee pay adjustment) and capital expenditures. The City's expenses cover a range of typical city services - city administration, police, fire, court, public works, and parks. Of these, public safety (police and court), public works and the fire department functions together comprise approximately 80% of the total cost of programs and services. The parks function was the next largest with 8.5% of the total costs.

The following table provides a summary of the City's operations for the years ended December 31, 2014 and 2013:

#### Statement of Activities

	Governmental Activities	
	2014	2013
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for services	\$ 1,835,498	\$ 1,808,107
Operating grants and contributions	352,523	344,751
Capital grants and contributions	26,021	24,190
<b>General Revenues</b>		
Property taxes	1,066,807	1,036,880
Sales taxes	2,359,610	2,600,992
Utility taxes	1,065,052	1,088,991
Other taxes	96,985	96,985
Other	140,633	146,967
<b>Total Revenues</b>	<b>6,943,129</b>	<b>7,147,863</b>
<b>Expenses</b>		
General government	975,204	692,409
Public safety	2,377,374	2,219,313
Public works	6,303,886	2,291,965
Fire and ambulance services	1,910,017	1,880,787
Parks	1,121,406	1,198,633
Interest and fiscal charges	551,453	162,868
<b>Total Expenses</b>	<b>13,239,340</b>	<b>8,445,975</b>
<b>Change In Net Position</b>	<b>(6,296,211)</b>	<b>(1,298,112)</b>
<b>Net Position - Beginning Of Year</b>	<b>5,501,275</b>	<b>6,799,387</b>
<b>Net Position - End Of Year</b>	<b>\$ (794,936)</b>	<b>\$ 5,501,275</b>

## **CITY OF SHREWSBURY, MISSOURI**

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### Management's Discussion And Analysis (*Continued*)

Overall, expenditures exceeded revenue by \$506,165 across all funds. However, due to the fact that the City must report the Tax Increment Finance Note advances and accrued interest as an expense in the amount of \$6,228,448 on its government-wide Statement of Activities, the overall net position decreased by \$6,296,211. Total revenues decreased by 3% compared to 2013 while expenses increased by 52% (when accounting for the \$6,228,448 in TIF notes). Overall taxes (property and sales) were down by 5.8%, utility taxes declined by 2.2% and earnings on investments increased by \$35,340. Sales tax receipts in 2014 decreased, in large part due to the relocation of several businesses from the Kenrick Plaza redevelopment area to other surrounding communities or closing. Furthermore, the decline in sales tax revenue suggests a continued slow economic recovery. Charges for services increased slightly in the general government category, and the parks and recreation category, while charges for public safety, public works and planning, and fire and ambulance charges decreased. The increase in revenue in the general government category is mostly due to the increase in permit fees from the additional construction activity in the Kenrick Plaza redevelopment area.

Parks and Recreation program revenue increased by 3.9% in fiscal year 2014 due to an overall increase in participation in parks and recreation programs and a higher number of room rentals and recreation passes sold. The City received a few grants in fiscal year 2014. All grants received are reimbursement grants, where the funds must be spent for specific purposes. Once the City completes the work, it is eligible for reimbursement. During the year, the City received a community development block grant (\$16,484) from St. Louis County Department of Planning. The City also received a grant from St. Louis County to go toward CALEA certification (\$1,000), and the Local Law Enforcement Block Grant from the Missouri Department of Public Safety for light bars and siren installation on the police patrol cars (\$8,537).

### **Financial Analysis Of The City's Funds**

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

At the end of the current year, the City's governmental funds reported a combined ending fund balance of \$4,813,979 a decrease of \$506,165 when compared to the prior year. This decrease in the combined fund balance reflects a shortfall (expenditures over revenues) in the General fund of \$394,987. There were additional budget deficits in the Capital Improvement Fund of \$114,003 and in the Sewer Lateral Fund of \$5,931. There was a small surplus in the Debt Service Fund of \$8,756.

Of the total combined fund balance, \$1,935,676 (40.2%) constitutes an unrestricted (unassigned) fund balance, which is available for spending that the City's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows:

- 1) To pay for debt service (\$1,334,152);
- 2) To pay for capital improvements (\$797,461);
- 3) To pay for sewer repairs (\$280,016);
- 4) To pay for funding of various municipal court and police programs as defined in the Missouri State Statutes (\$80,655);

## **CITY OF SHREWSBURY, MISSOURI**

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### Management's Discussion And Analysis (*Continued*)

- 5) To fund the budgetary deficit projected for fiscal year 2015 (\$239,198).

**Budgetary Highlights** - In the total of all funds, the City's amended budgeted reflected a decrease in its overall fund balance of \$585,295 for 2014. This anticipated decrease primarily reflected the expected decrease in key City revenues as a result of a continued weak economy, the closing of several businesses for relocation as a result of the Kenrick Plaza Redevelopment, and a one-time salary adjustment for all employees after four years of a pay freeze. At year end, the total fund balance, in all funds, decreased by \$506,165. This difference primarily reflects less than anticipated expenditures. Expenditures were favorable to budget in all funds, with the exception of the Sewer Lateral Fund.

Actual overall expenditures were less than the final amended budget by approximately 0.8%. This slightly favorable variance to budget reflects less than anticipated expenditures in all departments, with the exception of the Municipal Court. Expenditures were also over budget in the Sewer Lateral Program Fund.

Actual overall revenues and other financing sources were 2.8% less than budget and this unfavorable variance explains the decrease in overall fund balance.

The amended budgeted deficit in the General Fund was \$346,102. Unfavorable actual results in total revenues and favorable actual results in expenditures were realized resulting in a final deficit of \$394,987 in the General Fund for the year. The unfavorable result in 2014 revenues are attributed to a significant decrease in sales tax revenue, fire and ambulance fees, and municipal court fines when compared to prior years and the 2014 budget.

Total expenditures in the General Fund were \$102,410 below the amended budget and a result of a continued effort in all departments to contain costs in general operating expenses.

**Capital Assets.** The City's investment in capital assets (net of depreciation) decreased in the current year by \$292,717.

Major capital asset additions completed during the year include the following:

Public Works Department: Hot Tar Melter and Roof Repairs over the Public Works Building

Police Department: 2014 patrol vehicles (1), in-car mobile camera system equipment, and equipment for patrol vehicles

Fire Department: Structural Firefighting Gear, and cardiac monitor defibrillators

Parks Department: John Deere Gator

Other: purchase of new copiers city-wide, street paving and surfacing and concrete repairs

## CITY OF SHREWSBURY, MISSOURI

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### Management's Discussion And Analysis (*Continued*)

	<b>Capital Assets (Net Of Depreciation)</b>	
	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 706,264	\$ 706,264
Land improvements	715,979	774,086
Buildings	3,779,291	4,030,433
Equipment	751,846	647,406
Furniture and fixtures	29,836	32,249
Vehicles	658,875	732,937
Infrastructure	160,831	172,264
<b>Total</b>	<b>\$ 6,802,922</b>	<b>\$ 7,095,639</b>

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

### **Debt Administration**

At the end of the current year, the City had a total debt of \$11,685,782 (excluding interest accretion on 2007 Series). Of this amount \$945,000 is the Series 2008 leasehold refunding revenue bonds (which refinanced the Series 1999 leasehold refunding revenue bonds). Other debt includes the Series 2006 general obligation capital refunding bonds in the amount of \$1,140,000, and \$1,686,326 for the Series 2007 general obligation capital appreciation bonds. All of the above bonds are secured solely by specified revenue sources such as the debt service property tax levy, and the parks and stormwater and capital improvement sales tax. Additionally, in December of 2014, Tax Increment Financing (TIF) notes payable were issued. The Series 2013A TIF notes in the amount of \$140,864 and the Series 2013B TIF notes for \$7,773,592 are limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza Redevelopment area.

Additional information on the City's long-term debt can be found in Note 5 found on pages 30-32 of this report.

### **Economic Factors and Year 2015 Budget**

There are a number of factors that affect the budget over which the City has little or no control. Sales taxes are the single largest category of revenue for the City and they fall into this category. As reviewed earlier, sales tax receipts in the General Fund were 9.5% less than budgeted and 8.8% less than sales tax revenue in 2013. Sales tax revenues continue to remain well below pre-recession levels. The City continues to contain costs where possible, while at the same time providing a high level of public safety and recreation services to the community. However, this continues to remain a challenge for the City.

## **CITY OF SHREWSBURY, MISSOURI**

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### Management's Discussion And Analysis (*Continued*)

The City has taken a number of steps to continue to contain costs where feasible in the FY 2015 budget. It has been also assumed that sales tax revenues will be close to last year's (2014) budget, but most likely will not increase significantly. In 2015, the City plans to fund the debt payments (principal and interest) for the Series 2008 leasehold refunding revenue bonds solely from the City's Capital Improvement Fund. The Board made the decision to fund the Series 2008 leasehold revenue bond payments out of the Capital Improvement Fund to help alleviate the pressure on the City's General Fund. The City is anticipating economic growth as a new Walmart is expected to open in the fall of 2015, with additional retail space available for new businesses to move into the City. With these factors in mind, the City is forecasting a General Fund budget deficit of (\$239,198) and a Capital Improvement Fund deficit of (\$1,557) in FY2015.

### **Additional Information regarding the Wal-Mart and Kenrick Plaza Redevelopment**

In 2009, the City completed the review of the Watson Road commercial corridor study that it contracted with PGAV Urban Consulting to perform. The results of this study concluded that the City could benefit from pursuing redevelopment alternatives along the corridor, particularly in the Kenrick Plaza area. In 2010, the City issued requests for proposal to all interested developers and selected G.J. Grewe Corporation as the City's preferred developer for the upper level Kenrick Plaza. The City entered into a preliminary funding agreement with G.J. Grewe to obtain sufficient funds from the developer in order to finance consultants to assist the City in their due diligence review of proposed development details from the developer. The City entered into a redevelopment agreement with Kenrick Developers, L.L.C. on February 8, 2013 to revitalize the Kenrick Plaza commercial area with subsequent related economic benefit. In 2014, the demolition phase and construction of the redevelopment began. Construction will continue throughout 2015 and the redevelopment is anticipated to be completed by the end of the year in 2015, with a Wal-Mart set to open in the fall of 2015.

### **Requests for Information**

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

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## **Basic Financial Statements**

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# CITY OF SHREWSBURY, MISSOURI

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## STATEMENT OF NET POSITION

December 31, 2014

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 3,492,825
Cash and investments - restricted	310,055
Receivables:	
Taxes	1,025,746
Other	203,814
Prepays	146,821
Capital assets:	
Nondepreciable	706,264
Depreciable, net	6,096,658
<b>Total Assets</b>	<u>11,982,183</u>
<b>Deferred Outflow of Resources</b>	
Deferred amount on refundings	<u>17,329</u>
<b>Liabilities</b>	
Accounts payable	136,774
Accrued interest	25,818
Accrued wages	73,399
Refundable deposits	9,226
Long-term liabilities:	
Due within one year	849,855
Due in more than one year	11,699,376
<b>Total Liabilities</b>	<u>12,794,448</u>
<b>Net Position</b>	
Net investment in capital assets	2,431,033
Restricted for:	
Capital projects	797,461
Debt service	1,407,847
Sewer repairs	280,016
Law enforcement	80,655
Unrestricted	<u>(5,791,948)</u>
<b>Total Net Position</b>	<u>\$ (794,936)</u>

# CITY OF SHREWSBURY, MISSOURI

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2014

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>Governmental Activities</b>					
General government	\$ 975,204	\$ 621,855	\$ 500	\$ 1,000	\$ (351,849)
Public safety	2,377,374	420,902	—	8,537	(1,947,935)
Public works and planning	6,303,886	30,686	352,023	16,484	(5,904,693)
Fire and ambulance services	1,910,017	282,950	—	—	(1,627,067)
Parks and recreation	1,121,406	479,105	—	—	(642,301)
Interest and fiscal charges	551,453	—	—	—	(551,453)
<b>Total Governmental Activities</b>	<b>\$ 13,239,340</b>	<b>\$ 1,835,498</b>	<b>\$ 352,523</b>	<b>\$ 26,021</b>	<b>(11,025,298)</b>

### General Revenues

Property taxes levied for:	
General purposes	1,066,807
Sales tax levied for:	
General purposes	1,146,541
Park and stormwater purposes	516,160
Capital improvements	438,829
Fire district improvements	258,080
Utility taxes	1,065,052
Other taxes	96,985
Earnings on investments	39,404
Miscellaneous	101,229
<b>Total General Revenues</b>	<b>4,729,087</b>

Change in net position (6,296,211)

**Net Position - Beginning Of Year 5,501,275**

**Net Position - End Of Year \$ (794,936)**

**CITY OF SHREWSBURY, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2014**

	Major Funds				Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	
<b>Assets</b>					
Cash and investments	\$ 1,583,974	\$ 333,139	\$ 741,033	\$ 834,679	\$ 3,492,825
Restricted cash and investments	—	—	310,055	—	310,055
Receivables:					
Taxes	696,671	10,367	56,128	262,580	1,025,746
Grants	—	—	18,033	—	18,033
Other	185,038	210	—	533	185,781
Due from other funds	317	—	—	—	317
Prepays	146,821	—	—	—	146,821
<b>Total Assets</b>	<b>\$ 2,612,821</b>	<b>\$ 343,716</b>	<b>\$ 1,125,249</b>	<b>\$ 1,097,792</b>	<b>\$ 5,179,578</b>
<b>Liabilities And Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 55,658	\$ 63,700	\$ 17,416	\$ —	\$ 136,774
Due to other funds	—	—	317	—	317
Accrued wages	73,399	—	—	—	73,399
Refundable deposits	9,226	—	—	—	9,226
<b>Total Liabilities</b>	<b>138,283</b>	<b>63,700</b>	<b>17,733</b>	<b>—</b>	<b>219,716</b>
<b>Deferred Inflows Of Resources</b>					
Property taxes	72,188	—	—	73,695	145,883
<b>Fund Balances</b>					
Nonspendable:					
Prepays	146,821	—	—	—	146,821
Restricted for:					
Debt service	—	—	310,055	1,024,097	1,334,152
Sewer repairs	—	280,016	—	—	280,016
Capital improvements	—	—	797,461	—	797,461
Law enforcement	80,655	—	—	—	80,655
<b>Total Restricted</b>	<b>80,655</b>	<b>280,016</b>	<b>1,107,516</b>	<b>1,024,097</b>	<b>2,492,284</b>
Assigned to:					
Budgetary deficit	239,198	—	—	—	239,198
Unassigned	1,935,676	—	—	—	1,935,676
<b>Total Fund Balances</b>	<b>2,402,350</b>	<b>280,016</b>	<b>1,107,516</b>	<b>1,024,097</b>	<b>4,813,979</b>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balances</b>	<b>\$ 2,612,821</b>	<b>\$ 343,716</b>	<b>\$ 1,125,249</b>	<b>\$ 1,097,792</b>	<b>\$ 5,179,578</b>

**CITY OF SHREWSBURY, MISSOURI**

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION**

**December 31, 2014**

**Total Fund Balance - Governmental Funds** \$ 4,813,979

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$15,771,499 and the accumulated depreciation is \$8,968,577. 6,802,922

Unamortized deferred amounts on refundings are reported in the government-wide statement of net position as deferred outflows of resources and are amortized over the life of the related debt. 17,329

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

Accrued compensated absences, vacation	\$ (206,069)	
Net pension obligation	(39,488)	
Bonds payable	(4,389,218)	
Notes payable	(7,497,141)	
Capitalized interest on notes payable	(417,315)	
Accrued interest	<u>(25,818)</u>	
		(12,575,049)

Property taxes assessed by the City, but not collected within 60 days after year end, are deferred inflows of resources in the fund financial statements. However, revenue for this amount is recognized in the government-wide statements. 145,883

**Total Net Position - Governmental Activities** \$ (794,936)

**CITY OF SHREWSBURY, MISSOURI**

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

**For The Year Ended December 31, 2014**

	Major Funds				Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	
<b>Revenues</b>					
Taxes	\$ 3,965,447	\$ 30,686	\$ 438,829	\$ 547,278	\$ 4,982,240
Licenses and permits	531,484	—	—	—	531,484
Fines and court costs	420,902	—	—	—	420,902
Investment income	20,900	3,315	7,780	7,409	39,404
Charges for services	852,426	—	—	—	852,426
Grants	1,000	—	25,021	—	26,021
Miscellaneous	60,402	—	—	—	60,402
<b>Total Revenues</b>	<b>5,852,561</b>	<b>34,001</b>	<b>471,630</b>	<b>554,687</b>	<b>6,912,879</b>
<b>Expenditures</b>					
Current:					
General government	856,501	—	—	—	856,501
Public safety	2,234,135	—	—	—	2,234,135
Public works and planning	6,239,837	—	—	—	6,239,837
Fire and ambulance services	1,801,518	—	—	—	1,801,518
Parks and recreation	776,690	—	—	—	776,690
Capital outlay	—	39,932	368,335	—	408,267
Debt service:					
Principal retirement	140,000	—	185,000	500,000	825,000
Interest and fiscal charges	10,000	—	32,298	45,931	88,229
<b>Total Expenditures</b>	<b>12,058,681</b>	<b>39,932</b>	<b>585,633</b>	<b>545,931</b>	<b>13,230,177</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(6,206,120)</b>	<b>(5,931)</b>	<b>(114,003)</b>	<b>8,756</b>	<b>(6,317,298)</b>
<b>Other Financing Sources</b>					
Issuance of tax increment finance notes	5,811,133	—	—	—	5,811,133
<b>Net Change In Fund Balances</b>	<b>(394,987)</b>	<b>(5,931)</b>	<b>(114,003)</b>	<b>8,756</b>	<b>(506,165)</b>
<b>Fund Balances - Beginning Of Year</b>	<b>2,797,337</b>	<b>285,947</b>	<b>1,221,519</b>	<b>1,015,341</b>	<b>5,320,144</b>
<b>Fund Balances - End Of Year</b>	<b>\$ 2,402,350</b>	<b>\$ 280,016</b>	<b>\$ 1,107,516</b>	<b>\$ 1,024,097</b>	<b>\$ 4,813,979</b>

# CITY OF SHREWSBURY, MISSOURI

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2014

**Net Change In Fund Balances - Total Governmental Funds** \$ (506,165)

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

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

Capital outlays	\$ 300,227	
Depreciation expense	(592,944)	
	<u>                    </u>	(292,717)

Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. (403,738)

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

Interest accretion	(96,313)	
Repayments of principal and accreted interest	825,000	
Issuance of tax increment finance notes	(5,811,133)	
Amortization of deferred amounts on refundings	(5,471)	
	<u>                    </u>	(5,087,917)

Compensated absences, as reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds. 7,291

Net pension obligation, as reported in the statement of activities, does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. (1,888)

Property tax revenues and other tax revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements since they will be collected several months after year end. (11,077)

**Change In Net Position Of Governmental Activities** \$ (6,296,211)

**CITY OF SHREWSBURY, MISSOURI**

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

**December 31, 2014**

**Assets**

Cash

\$ 9,246

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**Liabilities**

Due to others

\$ 353

Court bonds held in trust

8,893

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**Total Liabilities**

\$ 9,246

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**CITY OF SHREWSBURY, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2014**

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**1. Summary Of Significant Accounting Policies**

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

**Reporting Entity**

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

**Basis Of Presentation**

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

**Government-Wide And Fund Financial Statements**

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

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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

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

#### **Measurement Focus, Basis Of Accounting And Financial Statement Presentation**

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

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

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

## CITY OF SHREWSBURY, MISSOURI

### Notes To Basic Financial Statements (*Continued*)

House Bill 103 amending RSMo section 302.341 became effective August 28, 2013. The amendments to the statute now require the City to annually calculate the percentage of its general revenue that comes from traffic violations and to report an accounting of that calculation. Any such revenues that exceed 30% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines of \$352,593; of which \$251,201 represent traffic violations and other traffic related items. This amount is approximately 4% of total general revenues of \$5,852,561 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

The City reports the following major governmental funds:

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

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

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

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

Additionally, the City reports the following fiduciary fund type:

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

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

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

#### **Investments**

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

#### **Restricted Cash**

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

#### **Capital Assets**

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

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

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

Land improvements	20 - 30 years
Buildings	7 - 40 years
Equipment	5 - 10 years
Furniture and fixtures	5 years
Vehicles	3 - 15 years
Infrastructure	25 - 50 years

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

**Deferred Outflows Of Resources**

In addition to assets, the statement of net position and fund balance sheet includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The City has a deferred loss on refunding reported in the statement of net position. A deferred loss on refunding is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. This item has been reported as deferred outflow on the government-wide statement of net position.

**Deferred Inflows Of Resources**

In addition to liabilities, the statement of net position and fund balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. Certain grants received before eligibility requirements are met are reported as deferred inflows of resources.

In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

**Compensated Absences**

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

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

**Long-Term Liabilities**

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

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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

#### **Net Position**

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

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

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

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

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

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

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

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

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

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

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

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

#### **Fund Balance Classification Policies And Procedures:**

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

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

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

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

#### **Estimates And Assumptions**

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

## **2. Cash And Investments**

A summary of deposits and investments as of December 31, 2014 is as follows:

	<u>Fair Value</u>
<b>Governmental Activities (Including Agency Fund):</b>	
Cash	\$ 1,379,541
Money Market Fund	7,033
Federated Cash Reserve Fund (Money Market Securities)	258,041
Certificates of deposit	2,075,460
Tennessee Valley Authority Bonds	92,051
	<u>\$ 3,812,126</u>
Government-wide - Governmental Activities	\$ 3,802,880
Fiduciary fund - Municipal Court Agency Fund	9,246
	<u>\$ 3,812,126</u>

## **CITY OF SHREWSBURY, MISSOURI**

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### Notes To Basic Financial Statements (*Continued*)

#### **Investment Policy**

##### **General**

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

##### **Custodial Credit Risk**

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

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

As of December 31, 2014, the City's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

#### Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy minimizes investment risk by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City does business. The following table provides information at December 31, 2014, on the credit ratings of securities associated with the City, as well as the maturities of those securities:

Investment Type	Fair Value	Investment Maturities (In Years)			Credit Risk	
		< 1 Year	1-5 Years	6-10 Years	S&P	Moody's
Money market fund	\$ 7,033	\$ 7,033	\$ —	\$ —	N/A	N/A
Federated cash reserve fund	258,041	258,041	—	—	AAA	Aaa
Negotiable certificates of deposit	2,075,460	526,661	1,548,799	—	N/A	N/A
Tennessee Valley Authority Bonds	92,051	—	—	92,051	AAA	Aaa
	\$ 2,432,585	\$ 791,735	\$ 1,548,799	\$ 92,051		

#### Interest Rate Risk

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

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (Continued)

#### Concentration Of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount it may invest with one issuer. However, it is the City's policy to diversify the portfolio so potential losses on individual securities will be minimized. At December 31, 2014, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments by fund and overall:

		<b>Percent of Fund's Total Investments</b>	<b>Percent of City's Total Investments</b>
<b>General Fund</b>			
Tennessee Valley Authority Bonds	\$ 92,051	9%	—
Certificates of Deposit			
Business Bank	98,193	10%	5%
State Bank India	147,304	15%	7%
Discover Bank	98,100	10%	5%
CitiBank	97,933	10%	5%
Goldman Sachs	78,412	8%	—
Comenity Bank Jumbo	100,336	10%	5%
Auburn Bank	105,160	11%	5%
BMW Bank	95,733	10%	5%
Webster Bank	49,648	5%	—
<b>Sewer Lateral Fund</b>			
Certificates of Deposit			
First Bank Puerto Rico	96,987	49%	5%
Discover Bank	99,159	51%	5%
<b>Capital Improvements Fund</b>			
Certificates of Deposit			
First Merchants Bank	85,541	17%	—
American Express Centurion Bank	66,033	13%	—
BMW Bank	150,216	30%	7%
Webster Bank	49,648	10%	—
First Bank Puerto Rico	99,981	20%	5%
<b>Debt Service Fund</b>			
Certificates of Deposit			
Goldman Sachs	247,941	50%	12%
Georgia Bank	244,728	50%	12%

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (Continued)

### 3. Property Tax

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied in October and payable by December 31. A lien is placed on the personal property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2014, upon which the 2014 levy was based for real estate and personal property, was \$111,848,439. The following is a summary of the 2014 tax rates per \$100 of assessed valuation:

	2014 Tax Rates		
	General Fund	Debt Service Fund	Total
Real property:			
Residential	0.4830	0.5160	.9990
Commercial	0.4790	0.5160	.9950
Personal property	0.5770	0.5160	1.093

Under article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City, by vote of the qualified electors thereof and voting thereon, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed ten percent (10%) of the assessed valuation of the taxable tangible property within the City, ascertained by the last completed assessment for State or County purposes. The Missouri Constitution permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purposes of acquiring rights-of-way; constructing, extending, and improving streets and avenues; and constructing, extending, and improving a sanitary or storm sewer system. A computation of the legal debt margin at December 31, 2014 is as follows:

<b>City Purposes</b>	
Assessed valuation	\$ 111,848,439
	<hr/>
Debt limit - 10% of assessed value	\$ 11,184,844
General obligation bonds payable	(3,444,218)
Amount available in Debt Service Fund	1,024,097
	<hr/>
<b>Legal Debt Margin</b>	\$ 8,764,723
	<hr/>

Property taxes not collected within 60 days of year-end are deferred inflows of resources for fund financial statements but are recognized as revenue in the government-wide financial statements.

**CITY OF SHREWSBURY, MISSOURI**

Notes To Basic Financial Statements (*Continued*)

**4. Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance - December 31, 2013	Additions	Retirements	Balance - December 31, 2014
<b>Government Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 706,264	\$ —	\$ —	\$ 706,264
Capital assets, being depreciated:				
Land improvements	1,348,391	1,000	—	1,349,391
Infrastructure	228,661	—	—	228,661
Buildings	9,597,077	12,700	—	9,609,777
Machinery and equipment	1,461,881	259,754	—	1,721,635
Furniture and fixtures	289,953	1,250	—	291,203
Vehicles	1,839,045	25,523	—	1,864,568
Total capital assets being depreciated	14,765,008	300,227	—	15,065,235
Less accumulated depreciation for:				
Land improvements	574,305	59,107	—	633,412
Infrastructure	56,397	11,433	—	67,830
Buildings	5,566,644	263,842	—	5,830,486
Machinery and equipment	814,475	155,314	—	969,789
Furniture and fixtures	257,704	3,663	—	261,367
Vehicles	1,106,108	99,585	—	1,205,693
Total accumulated depreciation	8,375,633	592,944	—	8,968,577
Total capital assets being depreciated, net	6,389,375	(292,717)	—	6,096,658
Governmental activities capital assets, net	\$ 7,095,639	\$ (292,717)	\$ —	\$ 6,802,922

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

<b>Governmental Activities</b>	
General government	\$ 12,572
Public safety	79,403
Public works and planning	65,663
Fire and ambulance services	103,422
Parks	331,884
	<u>331,884</u>
Total depreciation expense - governmental-type activities	<u>\$ 592,944</u>

# CITY OF SHREWSBURY, MISSOURI

## Notes To Basic Financial Statements (Continued)

### 5. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2014:

	Balance - December 31, 2013	Additions	Retirements	Balance - December 31, 2014	Current Portion
<b>Governmental Activities</b>					
2006 General obligation capital refunding bonds	\$ 1,400,000	\$ —	\$ 260,000	\$ 1,140,000	\$ 270,000
2007 General obligation capital appreciation bonds	1,870,502	—	184,176	1,686,326	176,280
2007 General obligation capital appreciation bonds - interest accretion	577,403	96,313	55,824	617,892	63,720
2008 Leasehold refunding revenue bonds	1,270,000	—	325,000	945,000	175,000
Series 2013A Tax Increment Finance Notes	82,828	58,036	—	140,864	—
Series 2013B Tax Increment Finance Notes	1,603,180	6,170,412	—	7,773,592	—
Net pension obligation	37,600	227,206	225,318	39,488	—
Accrued compensated absences	213,360	183,151	190,442	206,069	164,855
	\$ 7,054,873	\$ 6,735,118	\$ 1,240,760	\$ 12,549,231	\$ 849,855

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

Long-term debt at December 31, 2014 includes the following:

Series 2006 general obligation capital refunding bonds issue of \$3,980,000, used to advance refund the 1998 general obligation bonds originally used to purchase equipment and construct capital assets, interest rate 3.58%, due March 1, 2018	\$ 1,140,000
Series 2007 general obligation capital appreciation bonds originally \$2,058,735, used to purchase equipment, construct capital assets and improve streets, accretion rates range from 4% to 4.4%, due March 1, 2022	1,686,326
Series 2008 leasehold refunding revenue bonds issue of \$2,580,000, used to advance refund the 1999 leasehold revenue bonds originally used to construct capital assets, interest rates range from 2.25% to 4%, due March 1, 2018	945,000
Series 2013A tax increment financing (TIF) notes not to exceed \$2,000,000, used to make improvements to the TIF redevelopment area, interest rate of 6.5%, due January 28, 2036	140,864
Series 2013B TIF notes not to exceed \$15,050,785, used to make improvements to the TIF redevelopment area, interest rate of 8%, due January 28, 2036	7,773,592
	<u>\$ 11,685,782</u>

In December 2013, Tax Increment Financing (TIF) notes payable were issued representing special, limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area. The notes issued consist of Tax-Exempt Tax Increment Revenue Notes Series 2013A (Series 2013A) which are not to exceed \$2,000,000, and Taxable Tax Increment Revenue Notes Series 2013B (Series 2013B) which are not to exceed \$15,050,785. The Series 2013A and Series 2013B notes bear interest at 6.5% and 8%, respectively, with final maturity on both due on January 28, 2036. The balance at December 31, 2014 represents outstanding notes of \$131,810 and accrued capitalized interest of \$9,054 on the Series 2013A notes. The balance at December 31, 2014 represents outstanding notes of \$7,365,331 and accrued capitalized interest of \$408,261 on the Series 2013B notes. The annual debt service repayments of the TIF notes are contingent upon the amounts of payments in lieu of taxes collected by the special allocation fund. The proceeds from the 2013 TIF notes were used to construct capital assets that are not the property of the City and therefore, the notes are excluded from the investment in capital assets, net of related debt at December 31, 2014.

## CITY OF SHREWSBURY, MISSOURI

### Notes To Basic Financial Statements (Continued)

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

#### Maturities

Aggregate maturities required on general obligation and leasehold revenue bonds are as follows:

Years	Series 2006		Series 2007		Series 2008		Total
	General Obligation Capital Refunding Bonds		General Obligation Capital Appreciation Bonds		Leasehold Refunding Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 270,000	\$ 35,979	\$ 176,280	\$ 62,113	\$ 175,000	\$ 33,449	\$ 752,821
2016	280,000	26,134	168,912	59,934	180,000	26,835	741,815
2017	290,000	15,931	161,772	57,801	185,000	19,808	730,312
2018	300,000	5,370	154,459	55,952	405,000	8,100	928,881
2019	—	—	331,495	121,730	—	—	453,225
2020-2022	—	—	693,408	260,362	—	—	953,770
Total	\$ 1,140,000	\$ 83,414	\$ 1,686,326	\$ 617,892	\$ 945,000	\$ 88,192	\$ 4,560,824

## 6. Missouri Local Government Employees Retirement System

#### Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by State Statute, Section 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 Internal Revenue Code Section 401a and is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

#### Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 4.0% (General), 9.9% (Police), and 6.7% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

## CITY OF SHREWSBURY, MISSOURI

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### Notes To Basic Financial Statements (*Continued*)

#### Annual Pension Cost

The City's annual pension cost for the current year is as follows:

Annual required contribution (February 28, 2014)	\$	226,906
Interest on net pension obligation		2,726
Adjustment to annual required contribution		(2,426)
Annual pension cost		<u>227,206</u>
Contributions made in 2014		<u>225,318</u>
Increase in net pension obligation		1,888
Net pension obligation - beginning of year		<u>37,600</u>
Net pension obligation - end of year	\$	<u><u>39,488</u></u>

The annual required contribution (ARC) was determined as part of the February 29, 2012 and February 28, 2013 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually; b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation; c) additional projected salary increases ranging from 0% to 6.0% per year, depending on age and division, attributable to seniority/merit; d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy Table set back zero years for men and zero years for women; and e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back zero years for men and zero years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2012 was 28 years for the General division, 30 years for the Police division, and 23 years for the Fire division. The amortization period as of February 28, 2013 was 20 years for the General division, 22 years for the Police division, and 25 years for the Fire division.

#### Three-Year Trend Information

<b>For The Fiscal Years Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
2014	\$ 227,206	99%	\$ 39,488
2013	231,824	95%	37,600
2012	192,359	112%	25,557

#### Funded Status And Funding Progress

As of February 28, 2014, the Plan was 124% funded. The actuarial accrued liability for benefits was \$7,053,451, and the actuarial value of assets was \$8,714,557, resulting in an overfunded actuarial accrued liability of \$1,661,106. The covered payroll (annual payroll of active employees covered by the plan) was \$3,075,416, and the ratio of the overfunded AAL to covered payroll was 54%.

The schedule of funding progress, presented as RSI following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**7. Risk Management**

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

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

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

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

**8. Restricted Net Position**

The government-wide statement of net position reports \$2,587,779 of restricted net position, of which \$1,179,932 is restricted by enabling legislation.

**9. Federal Forfeiture Activity**

The City had no revenues, expenses or ending balance as of December 31, 2014.

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**Required Supplementary Information**

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**CITY OF SHREWSBURY, MISSOURI**

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

**Page 1 Of 2**

**For The Year Ended December 31, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget- Positive (Negative)</b>
<b>Revenues</b>				
Taxes:				
Property	\$ 537,000	\$ 537,000	\$ 530,606	\$ (6,394)
Sales	2,205,605	2,205,605	1,995,757	(209,848)
Utility	1,063,000	1,063,000	1,065,052	2,052
Gasoline	158,340	158,340	161,915	3,575
Miscellaneous	218,785	218,785	212,117	(6,668)
<b>Total Taxes</b>	<b>4,182,730</b>	<b>4,182,730</b>	<b>3,965,447</b>	<b>(217,283)</b>
Licenses and permits:				
Building permits	136,000	136,000	259,294	123,294
Business licenses	225,550	225,550	199,943	(25,607)
Other	66,950	66,950	72,247	5,297
<b>Total Licenses And Permits</b>	<b>428,500</b>	<b>428,500</b>	<b>531,484</b>	<b>102,984</b>
Other:				
Fines and court costs	454,700	454,700	420,902	(33,798)
Investment income	25,000	25,000	20,900	(4,100)
Charges for services	879,926	879,926	852,426	(27,500)
Grants	8,000	8,000	1,000	(7,000)
Miscellaneous	25,000	25,000	60,402	35,402
<b>Total Other</b>	<b>1,392,626</b>	<b>1,392,626</b>	<b>1,355,630</b>	<b>(36,996)</b>
<b>Total Revenues</b>	<b>6,003,856</b>	<b>6,003,856</b>	<b>5,852,561</b>	<b>(151,295)</b>

**CITY OF SHREWSBURY, MISSOURI**

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

**Page 2 Of 2**

**For The Year Ended December 31, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget- Positive (Negative)</b>
<b>Expenditures</b>				
General government:				
Boards and commissions	\$ 288,154	\$ 330,128	\$ 288,976	\$ 41,152
Administration	394,850	418,178	410,247	7,931
Municipal buildings	63,022	63,022	45,116	17,906
Insurance	89,302	89,302	112,162	(22,860)
<b>Total General Government</b>	<b>835,328</b>	<b>900,630</b>	<b>856,501</b>	<b>44,129</b>
Other:				
Public safety	2,155,240	2,185,733	2,234,135	(48,402)
Public works and planning	418,877	448,213	428,704	19,509
Fire and ambulance services	1,803,455	1,837,245	1,801,518	35,727
Parks and recreation	823,637	828,137	776,690	51,447
Debt Service:				
Principal retirement	140,000	140,000	140,000	—
Interest and fiscal charges	10,000	10,000	10,000	—
<b>Total Other</b>	<b>5,351,209</b>	<b>5,449,328</b>	<b>5,391,047</b>	<b>58,281</b>
<b>Total Expenditures</b>	<b>6,186,537</b>	<b>6,349,958</b>	<b>6,247,548</b>	<b>102,410</b>
<b>Revenues Under Expenditures</b>	<b>(182,681)</b>	<b>(346,102)</b>	<b>(394,987)</b>	<b>(48,885)</b>
<b>Unbudgeted Activity</b>				
Issuance of tax increment finance notes	—	—	5,811,133	5,811,133
Public works - capital outlay	—	—	(5,811,133)	(5,811,133)
<b>Net Changes In Fund Balance</b>	<b>\$ (182,681)</b>	<b>\$ (346,102)</b>	<b>(394,987)</b>	<b>\$ (48,885)</b>
<b>Fund Balance - Beginning Of Year</b>			<b>2,797,337</b>	
<b>Fund Balance - End Of Year</b>			<b>\$ 2,402,350</b>	

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**CITY OF SHREWSBURY, MISSOURI**

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**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -  
SEWER LATERAL FUND  
For The Year Ended December 31, 2014**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Property tax	\$ 42,000	\$ 30,686	\$ (11,314)
Investment income	10,000	3,315	(6,685)
<b>Total Revenues</b>	<u>52,000</u>	<u>34,001</u>	<u>(17,999)</u>
<b>Expenditures</b>			
Capital outlay	35,000	39,932	(4,932)
<b>Net Changes In Fund Balance</b>	<u>\$ 17,000</u>	<u>(5,931)</u>	<u>\$ (22,931)</u>
<b>Fund Balance - Beginning Of Year</b>		<u>285,947</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 280,016</u>	

# CITY OF SHREWSBURY, MISSOURI

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## REQUIRED SUPPLEMENTAL INFORMATION NOTES TO BUDGETARY COMPARISON INFORMATION December 31, 2014

### 1. Budgetary Data

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

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

**CITY OF SHREWSBURY, MISSOURI**

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Notes To Budgetary Comparison Information (*Continued*)

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

**2. Violations Of Budgetary Laws And Regulations**

Expenditures exceeded appropriations in the following funds and departments for the year ended December 31, 2014:

<u>Fund / Department</u>	<u>Amount</u>
General / Public safety	\$ 48,402
Sewer Lateral Fund	4,932
Capital Improvements Fund	36,178

**CITY OF SHREWSBURY, MISSOURI**

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAGERS RETIREMENT SYSTEM**  
**December 31, 2014**

**Schedule Of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value Of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Overfunded AAL (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>OAAL As A Percentage Of Covered Payroll [(b-a)/c]</b>
2014	\$ 8,714,557	\$ 7,053,451	\$ 1,661,106	124%	\$ 3,075,416	54%
2013	7,347,370	6,519,793	827,577	113%	2,923,184	28%
2012	6,927,056	6,269,269	657,787	110%	2,849,395	23%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City, Missouri.

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## Supplementary Information

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## CITY OF SHREWSBURY, MISSOURI

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - CAPITAL IMPROVEMENTS FUND For The Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>Revenues</b>				
Sales taxes	\$ 491,260	\$ 491,260	\$ 438,829	\$ (52,431)
Investment income	12,000	12,000	7,780	(4,220)
Grant	28,796	28,796	25,021	(3,775)
<b>Total Revenues</b>	<b>532,056</b>	<b>532,056</b>	<b>471,630</b>	<b>(60,426)</b>
<b>Expenditures</b>				
<b>Capital Outlay:</b>				
Public works	82,903	67,903	137,432	(69,529)
Public safety	81,231	81,231	73,173	8,058
Court	4,900	4,900	2,619	2,281
Fire and ambulance services	90,600	90,600	102,054	(11,454)
Administration	—	—	1,257	(1,257)
Public safety building	35,782	35,782	450	35,332
Parks and recreation	17,500	17,500	15,989	1,511
Other	34,209	34,209	35,361	(1,152)
<b>Debt Service:</b>				
Principal retirement	185,000	185,000	185,000	—
Interest and fiscal charges	32,330	32,330	32,298	32
<b>Total Expenditures</b>	<b>564,455</b>	<b>549,455</b>	<b>585,633</b>	<b>(36,178)</b>
<b>Net Changes In Fund Balance</b>	<b>\$ (32,399)</b>	<b>\$ (17,399)</b>	<b>(114,003)</b>	<b>\$ (96,604)</b>
<b>Fund Balance - Beginning Of Year</b>			<u>1,221,519</u>	
<b>Fund Balance - End Of Year</b>			<u>\$ 1,107,516</u>	

**CITY OF SHREWSBURY, MISSOURI**

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

**For The Year Ended December 31, 2014**

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Property taxes	\$ 516,747	\$ 547,278	\$ 30,531
Investment income	5,000	7,409	2,409
<b>Total Revenues</b>	<b>521,747</b>	<b>554,687</b>	<b>32,940</b>
<b>Expenditures</b>			
Debt Service:			
Principal retirement	500,000	500,000	—
Interest and fiscal charges	45,971	45,931	40
<b>Total Expenditures</b>	<b>545,971</b>	<b>545,931</b>	<b>40</b>
<b>Net Changes In Fund Balances</b>	<b>\$ (24,224)</b>	<b>8,756</b>	<b>\$ 32,900</b>
<b>Fund Balance - Beginning Of Year</b>		<u>1,015,341</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 1,024,097</u>	