

**CITY OF REPUBLIC, MISSOURI**

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY DATA  
AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2015

## CONTENTS

	<u>PAGE NO.</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis Letter	3-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Net Position – Proprietary Fund	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	20
Statement of Cash Flows – Proprietary Fund	21
Notes to Financial Statements	22-53
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) Major Governmental Funds	54-56
Schedule of Changes in Net Pension Liability and Related Ratios	57
Schedule of Pension Plan Contributions	58

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Republic, Missouri

### **Report on the Financial Statements**

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

### *Management's Responsibility for the Financial Statements*

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

### *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. 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, and each major fund of the City of Republic, Missouri, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Change in Accounting Principle*

As discussed in Note A to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### *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 through 12, and the required supplementary information 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.



Decker & DeGood  
Springfield, Missouri  
June 8, 2016



GROWING TOGETHER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Republic's financial performance provides an overview of the City's financial activities for the year ended December 31, 2015. Please read it in conjunction with the City's financial statements, which begin on page 13.

### Financial Highlights and Significant Events

- On a governmental-wide basis, the assets of the City exceeded its liabilities at December 31, 2015 by \$30,374,014 (net position). Of this amount, the governmental net position account is \$14,608,545, while business-type assets are at \$15,765,469. The unrestricted net position accounts for \$8,090,746 or 26.6% of the total. Governmental activities represent \$4,928,582 or 60.9% of the total unrestricted net position and may be used to meet the government's ongoing obligations to its citizens and creditors in accordance with fund restrictions and fiscal policies. The unrestricted net position of the City's business-type activities are \$3,162,164 and are available to meet the ongoing obligations necessary to provide City drinking water and sanitary sewer services.
- The City's total net position increased \$ 2,206,846 over the prior fiscal year. The net position of the governmental activities increased by \$ 1,404,351, accounting for 63.6% of the total increase, while the net position of the business-type activities increased by \$ 802,495. Growth in tax revenues was the major reason for governmental activities growth. The primary growth in the business-type assets is due to the revision in the rate structure for water and sewer services that occurred for 2013.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,079,010, representing a net increase of \$1,145,996, after all annual capital projects were completed. In accordance with the City's fund balance policy, fund balances are categorized as nonspendable, restricted or unrestricted (committed, assigned and unassigned). Approximately 1.4% of the fund is nonspendable; 4.9% is restricted for debt; 19.2% is committed; 35.3% is assigned for street maintenance and park activities; and 39.2% is unassigned and available to meet financial needs of the governmental funds at the City's discretion.
- The unrestricted portion of the fund balance of the governmental activities is \$6,636,624, while the General Fund's unrestricted balance is \$2,773,951, which represents 50.2% of its total operating expenditures. The City's fund balance policy requires a minimum unrestricted balance of 17% of operating expenditures be retained by the General Fund, which is adequately met.
- A 1/8-cent fire sales tax was approved by the voters in April 2013 to fund capital assets and improvements for the Republic Fire Department. Tax proceeds for 2015 were approximately \$269,131, which was used to acquire necessary firefighting equipment and to service the debt on two fire pumper trucks acquired in 2013.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Republic's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains supplementary information 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 of Republic's finances, in a manner similar to private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the City. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

*The Statement of Net Position* presents information on all of the City's net assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The Statement of Activities* presents information showing how the government's net assets changed during the current fiscal year. All changes in net assets are reported as soon as 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 not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Republic that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judiciary, public safety, transportation, culture and recreation. The business-type activities include the water, sewer, and electric systems.

The government-wide financial statements can be found on pages 13 and 14 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, while others are established to help control and manage money for a particular purpose. The City's two kinds of funds are as follows:

- **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 the accrual method of accounting, which measures cash when earned and expenditures when incurred. 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 reconciliation at the bottom of the fund financial statements.

The City of Republic adopts an annual budget for its governmental funds and a comparison of actual to budget has been provided to demonstrate compliance with the authorized budget. The Statement of Revenues, Expenditures and Changes in Fund Balance on a Budgetary Basis can be found on page 54-56.

The basic governmental fund financial statements (Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balance) can be found on pages 15 and 17 of this report.

- 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 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. The basic proprietary fund financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows) can be found on pages 19-21 of this report.

## Notes to the 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. The notes to the financial statements can be found on pages 22-53 of this report.

### Required Supplemental Information

In addition to the basic financial statements the required supplementary information can be found on pages 54-58 of this report.

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The City's governmental activities net assets exceeded liabilities by \$14.5 million at December 31, 2015. This was a slight increase from the prior year.

The City's business-type activities net assets exceeded liabilities by \$15.7 million at December 31, 2015. This increase was due to growth in the proprietary funds by \$0.4 million of which was from normal operations.

As of December 31, 2015, net position changed as follows:

	Governmental Activities		Business-type Activities	
	2014		2014	
	2015	Restated	2015	Restated
Current Assets	\$ 5,354,229	\$ 6,639,241	\$ 1,364,868	\$ 5,408,178
Noncurrent Assets	21,462,697	19,193,707	27,719,057	23,833,697
Total Assets	<u>26,816,926</u>	<u>25,832,948</u>	<u>29,083,925</u>	<u>29,241,875</u>
Deferred Outflows	200,276	341,359	31,676	26,634
Current Liabilities	1,792,019	2,877,691	1,485,357	1,777,531
Long-term Debt	10,535,827	9,996,263	11,836,586	12,501,350
Total Liabilities	<u>12,327,846</u>	<u>12,873,954</u>	<u>13,321,943</u>	<u>14,278,881</u>
Deferred Inflows	80,811	96,159	28,189	26,654
Net Position:				
Invested in				
capital assets-net	9,337,774	8,434,652	11,317,305	10,579,883
Restricted	342,189	328,272	1,286,000	1,337,595
Unrestricted	4,928,582	4,441,270	3,162,164	3,045,496
Total net position	<u>\$ 14,608,545</u>	<u>\$ 13,204,194</u>	<u>\$ 15,765,469</u>	<u>\$ 14,962,974</u>

**City of Republic  
Changes in Net Position**

**Government-Wide Financial Analysis-continued**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenues:				
Program Revenues:				
Charge for services	\$ 1,237,228	\$ 1,351,737	\$ 4,741,358	\$ 4,665,330
Operating grants and contributions	192,464	102,615	-	70,490
Capital grants and contributions	22,422	251,427	181,517	192,030
General Revenues:				
Taxes	8,770,531	8,148,073	-	-
Interest	34,409	16,780	230,037	42,654
Other	136,817	84,616	-	-
Transfers	155,425	167,150	(155,425)	(167,150)
Total Revenue	<u>10,549,296</u>	<u>10,122,398</u>	<u>4,997,487</u>	<u>4,803,354</u>
Expenses:				
Administration	1,740,922	1,580,928	4,194,992	3,875,595
Public Safety	3,599,547	3,337,839	-	-
Animal control	88,927	112,354	-	-
Parks and recreation	2,188,273	1,862,211	-	-
Streets	1,215,395	1,422,345	-	-
Interest	311,881	366,832	-	-
Total Expense	<u>9,144,945</u>	<u>8,682,509</u>	<u>4,194,992</u>	<u>3,875,595</u>
Change in Net Position	1,404,351	1,439,889	802,495	927,759
Net Position, beginning	13,204,194	12,908,336	14,962,974	14,443,670
Prior period adjustment	<u>-</u>	<u>(1,144,031)</u>	<u>-</u>	<u>(408,455)</u>
Net Position, ending	<u>\$ 14,608,545</u>	<u>\$ 13,204,194</u>	<u>\$ 15,765,469</u>	<u>\$ 14,962,974</u>

## Financial Analysis of the Governmental 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 of Republic'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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Some significant items are presented below for comparison and analysis.

	Percent of Total	2015	2014	Change	
				Amount	%
<b>Revenues</b>					
Property taxes	10.58%	\$ 1,099,976	\$ 903,404	\$ 196,572	21.76%
Franchise taxes	7.74%	804,986	857,033	(52,047)	-6.07%
Sales taxes	60.60%	6,301,405	5,859,861	441,544	7.54%
Missouri motor fuel taxes	5.43%	564,960	558,600	6,360	1.14%
Licenses & permits	2.00%	207,600	190,502	17,098	8.98%
Charge for services	5.69%	591,659	622,580	(30,921)	-4.97%
Greene county Road & Bridge	0.97%	100,901	98,973	1,928	1.95%
Fines & forfeits	2.37%	246,742	346,886	(100,144)	-28.87%
Interest	0.33%	34,409	16,780	17,629	105.06%
Rents	1.84%	191,227	191,679	(452)	-0.24%
Grants	1.10%	113,985	255,069	(141,084)	-55.31%
Miscellaneous	1.36%	141,322	87,702	53,620	61.14%
<b>Total</b>	<b>100.00%</b>	<b>10,399,172</b>	<b>9,989,069</b>	<b>410,103</b>	<b>4.11%</b>
<b>Expenditures:</b>					
General government	16.50%	1,568,495	1,557,484	11,011	0.71%
Police	16.81%	1,597,871	1,716,355	(118,484)	-6.90%
Fire	12.16%	1,155,700	1,186,389	(30,689)	-2.59%
Court	1.38%	131,069	126,901	4,168	3.28%
Emergency management	0.87%	82,906	65,428	17,478	26.71%
Animal control	0.84%	79,533	110,149	(30,616)	-27.80%
Streets	10.43%	991,477	1,284,824	(293,347)	-22.83%
Park and Recreation	18.68%	1,775,681	1,606,823	168,858	10.51%
Capital outlay	7.60%	721,942	1,041,269	(319,327)	-30.67%
Debt service	14.72%	1,399,053	1,444,735	(45,682)	-3.16%
<b>Total</b>	<b>100.00%</b>	<b>9,503,727</b>	<b>10,140,357</b>	<b>(636,630)</b>	<b>-6.28%</b>

Most notable increases were in Property Taxes (up 21.8% or \$196,572) and Sales Taxes (up 7.54% or \$441,544) due to better local economic conditions. Fines & forfeitures were down 28.9% or \$100,144 due to the loss of key traffic personnel in early 2015. Grant revenues were down 55.3% or \$141,084 due to less grant opportunities in 2015 and more competition for available grant funds.

Expenditures decreased in some departments due to decreases in personnel as well as close monitoring of expenditures. Streets department decreased due to certain projects closing in 2014. Capital outlay will increase/decrease from year to year based on purchases of vehicles and major equipment.

**Business-type Activities**

In reviewing the current to the past year on the water and sewer fund, we noted the following:

	2015	2014	Change	
			Amount	%
Waterworks and Sewer Fund				
Revenue	\$ 4,675,828	\$ 4,665,330	\$ 10,498	0.23%
Expense net of Depreciation and interfund	2,800,401	2,683,932	116,469	4.34%
Operating Income	1,134,928	1,268,062	(133,134)	-10.50%

Waterworks and Sewer Fund showed a significant increase in personnel services of \$308,391 this year over the prior year, primarily due to recognition of \$188,460 in additional pension expense after the adoption of GASB Statement 68, *Accounting and Financial Reporting for Pensions*. There were major decreases in contractual and services expense, and repair and maintenance expense, in the amounts of \$111,830 and \$99,899 respectively. There was no expense incurred for the I&I (Installation & Infill) Reduction Program in 2015, which was budgeted at \$137,500 for 2015. Program expense incurred in 2014 was \$133,405. Repairs and maintenance expenses for the lift stations decreased from \$111,492 in 2014 to \$20,432 in 2015, after major repairs to the lift station pumps were completed in 2014.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council revised the budget for capital improvements as needed. The budget amendment was only slightly increased for additional line items that the Council felt they had the additional monies to go ahead and include in 2015.

Revenues came in 11.4% higher than budgeted, primarily due to increases of 24.8% in sales tax collections, 22.3% in licenses and permits, 13.7% in other revenues, 4.5% in franchise fees and 3.2% in property tax collections; offset by a decrease of 35.2% in fines and forfeitures and 0.9% in intergovernmental. Real property assessed valuation in 2016 increased by 6.7% from the prior year.

Expenditures came in less than 0.1% over budget for 2015 attributable to general spending constraints watched closely by staff and decreasing interest expense on existing obligations.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,816,709	\$ 1,816,709	\$ 370,328	\$ 370,328	\$ 2,187,037	\$ 2,187,037
Buildings and Plant	16,773,709	15,969,006	32,565,767	32,503,963	49,339,476	48,472,969
Street	3,928,220	3,675,563	-	-	3,928,220	3,675,563
Equipment	1,290,469	1,133,258	848,994	706,749	2,139,463	1,840,007
Vehicles	2,412,288	2,117,576	543,661	472,933	2,955,949	2,590,509
Construction -in-Progress	-	787,341	20,100	-	20,100	787,341
	<u>\$ 26,221,395</u>	<u>\$ 25,499,453</u>	<u>\$ 34,348,850</u>	<u>\$ 34,053,973</u>	<u>\$ 60,570,245</u>	<u>\$ 59,553,426</u>

Additional information on the City's capital assets can be found in Note D of the notes to the financial statements of this report.

### Debt

At year-end, the City had \$ 21,826,333 outstanding notes as compared to the prior year of \$ 24,007,869.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ -	\$ -	\$ 5,835,000	\$ 6,685,000	\$ 5,835,000	\$ 6,685,000
Special Obligation bonds	6,828,950	7,592,575	91,050	112,425	6,920,000	7,705,000
Certificates of Participation	-	-	5,995,000	6,243,000	5,995,000	6,243,000
Lease & Notes Obligations	2,932,926	3,161,480	143,407	213,389	3,076,333	3,374,869
TOTALS	<u>\$ 9,761,876</u>	<u>\$ 10,754,055</u>	<u>\$ 12,064,457</u>	<u>\$ 13,253,814</u>	<u>\$ 21,826,333</u>	<u>\$ 24,007,869</u>

Additional information on the City's long-term debt can be found in Note E of the notes to the financial statements of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the preparation of the 2016 budget, any potential economic impact on the community in the coming year was taken into account in forecasting revenues and expenditure levels. The 2016 budget is set at \$18,849,746, a 15.5% increase from the 2015 budget as amended. This increase is attributable to an anticipated cost of living salary adjustment at mid-year, expected increases in premiums for health insurance and property liability insurance, and a \$1.2 million capital outlay for replacement of pumps at one of the City's lift stations.

Revenues were budgeted 12.4% higher than 2015, primarily due to expected increases in collections of property taxes, sales taxes and intergovernmental revenues (i.e. motor fuel & sales taxes, various grants).

Limited revenue sources, rising costs and increase in service demand continue to influence the parameters within which the City operates and sets its budget. The following assumptions impacted the City's budget development for 2016:

- As part of the Springfield Metropolitan Statistical Area (MSA), the City is in close proximity to amenities offered in Springfield while offering housing in a more rural atmosphere. Development in the City continues, as evidenced by the 22.3% growth in license and permits revenues in 2015 and increase in projects.
- Fiscal year 2015 ended with an unemployment rate for the MSA of 3.8%, a decrease from 4.2% in 2014. This compares favorably to the Missouri rate of 4.4% and the national rate of 5.0%.
- Steady annual increase in population with 2015 being estimated at 1.2% over 2014.
- A 6.7% increase in assessed real property valuation with a zero percent increase in property tax levy over 2014.
- Another full year of 1/8-cent fire sales tax budgeted to fund fire-related capital items, which provides some relief to the General Fund for funding of public safety needs.
- Sales tax estimated at growth factor of 5.0%.
- A 5.0% increase in the water basic rate while the sewer basic rate remains unchanged from December 2012. This is based on the five-year rate schedule resulting from the utility rate study undertaken and adopted in 2011.
- Increase in the cost of personnel services due to steady growth in medical insurance premiums and from the Affordable Care Act, contributions for retirement and wage adjustments.
- Budgeted excess of revenues is to be segregated in assigned accounts for future capital spending.
- General Fund's unassigned fund balance at year-end 2016 estimated to be at \$2.7 million level, which is available for discretionary spending. The City is able to maintain an unassigned fund balance in excess of the 17% of operating expenditures as specified in the City's Fund Balance Policy.
- The City sold 23.95 acres of park land to City Utilities of Springfield in April, 2016. The sales price was \$193,000. A mid-year budget amendment will be introduced to account for this activity and some minor clerical corrections discovered after the 2015 budget was passed.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office at 213 North Main, Republic, Missouri.

John O'Donnell  
Finance Director

**CITY OF REPUBLIC, MISSOURI**

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,317,096	\$ 708,519	\$ 4,025,615
Receivables:			
Property tax, net	939,168	-	939,168
Sales tax	812,338	-	812,338
Utilities, net	-	629,513	629,513
Franchise taxes	137,182	-	137,182
Due from other governments	48,248	-	48,248
Prepaid items	100,197	26,836	127,033
Restricted assets: cash and cash equivalents	2,363,047	4,337,295	6,700,342
Capital assets:			
Non-depreciable	1,816,709	390,428	2,207,137
Depreciable, net	17,282,941	22,991,334	40,274,275
 Total assets	 <u>26,816,926</u>	 <u>29,083,925</u>	 <u>55,900,851</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension related	200,276	31,676	231,952
<b>LIABILITIES</b>			
Accounts payable	133,061	98,955	232,016
Accrued payroll taxes and benefits	15,007	4,570	19,577
Accrued wages	126,164	36,302	162,466
Accrued other	-	1,985	1,985
Court bonds	13,193	-	13,193
Developers escrow	30,000	-	30,000
Accrued interest	66,087	50,298	116,385
Compensated absences	284,631	44,624	329,255
Long-term liabilities:			
Due within one year	1,123,876	1,248,623	2,372,499
Due in more than one year	8,638,000	10,815,834	19,453,834
Due in more than one year-Arbitrage rebate payable	-	41,980	41,980
Due in more than one year-Restricted customer deposits	-	378,370	378,370
Due in more than one year - Pension liability	1,897,827	600,402	2,498,229
 Total Liabilities	 <u>12,327,846</u>	 <u>13,321,943</u>	 <u>25,649,789</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - pension related	80,811	28,189	109,000
<b>NET POSITION</b>			
Net investment in capital assets	9,337,774	11,317,305	20,655,079
Restricted for bond reserve requirements	342,189	1,286,000	1,628,189
Unrestricted	4,928,582	3,162,164	8,090,746
 Total Net Position	 <u>\$ 14,608,545</u>	 <u>\$ 15,765,469</u>	 <u>\$ 30,374,014</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
**STATEMENT OF ACTIVITIES-**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental activities:							
General administration	\$ 1,309,530	\$ 63,368	\$ -	\$ -	\$ (1,246,162)	\$ -	\$ (1,246,162)
Public safety:							
Police	1,894,423	115,450	10,425	22,422	(1,746,126)	-	(1,746,126)
Fire	1,454,865	-	5,990	-	(1,448,875)	-	(1,448,875)
Courts	146,111	131,292	-	-	(14,819)	-	(14,819)
Emergency management	104,148	-	6,502	-	(97,646)	-	(97,646)
Planning	431,392	138,381	-	-	(293,011)	-	(293,011)
Animal control	88,927	3,093	-	-	(85,834)	-	(85,834)
Parks and recreation	2,188,273	782,886	-	-	(1,405,387)	-	(1,405,387)
Streets	1,215,395	2,758	169,547	-	(1,043,090)	-	(1,043,090)
Interest	311,881	-	-	-	(311,881)	-	(311,881)
<b>Total Governmental Activities:</b>	<b>9,144,945</b>	<b>1,237,228</b>	<b>192,464</b>	<b>22,422</b>	<b>(7,692,831)</b>	<b>-</b>	<b>(7,692,831)</b>
Business-type activities:							
Water	1,276,569	1,619,844	-	50,115	-	393,390	393,390
Sewer	2,918,423	3,121,514	-	131,402	-	334,493	334,493
<b>Total Business-type Activities:</b>	<b>4,194,992</b>	<b>4,741,358</b>	<b>-</b>	<b>181,517</b>	<b>-</b>	<b>727,883</b>	<b>727,883</b>
<b>Total Primary Government</b>	<b>\$ 13,339,937</b>	<b>\$ 5,978,586</b>	<b>\$ 192,464</b>	<b>\$ 203,939</b>	<b>(7,692,831)</b>	<b>727,883</b>	<b>(6,964,948)</b>
<b>General Revenues</b>							
Property taxes:							
For general purposes					773,960	-	773,960
For street purposes					120,772	-	120,772
For park purposes					199,943	-	199,943
Franchise tax					804,986	-	804,986
Sales tax					6,301,405	-	6,301,405
Other taxes					4,505	-	4,505
Missouri motor fuel taxes					564,960	-	564,960
Investment earnings					34,409	230,037	264,446
Other					136,817	-	136,817
Transfers					155,425	(155,425)	-
Total general revenues and transfers					9,097,182	74,612	9,171,794
<b>CHANGE IN NET POSITION</b>					<b>1,404,351</b>	<b>802,495</b>	<b>2,206,846</b>
<b>NET POSITION, JANUARY 1- RESTATED</b>					<b>13,204,194</b>	<b>14,962,974</b>	<b>28,167,168</b>
<b>NET POSITION, DECEMBER 31</b>					<b>\$ 14,608,545</b>	<b>\$ 15,765,469</b>	<b>\$ 30,374,014</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	<u>General Fund</u>	<u>Street Maintenance Fund</u>	<u>Park Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,366,121	\$ 1,363,186	\$ 587,789	\$ 3,317,096
Receivables:				
Property tax, net	665,955	102,455	170,758	939,168
Sales tax	384,680	256,595	171,063	812,338
Franchise Taxes	137,182	-	-	137,182
Due from other governments	25,460	22,788	-	48,248
Prepaid items	72,346	8,160	19,691	100,197
Restricted assets: Cash and cash equivalents	<u>1,851,477</u>	<u>451,570</u>	<u>60,000</u>	<u>2,363,047</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,503,221</u></u>	<u><u>\$ 2,204,754</u></u>	<u><u>\$ 1,009,301</u></u>	<u><u>\$ 7,717,276</u></u>
 <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 40,850	\$ 32,779	\$ 59,432	\$ 133,061
Accrued liabilities:				
Payroll taxes and liabilities	11,074	1,706	2,227	15,007
Wages	92,028	12,212	21,924	126,164
Compensated absences	212,580	32,430	39,621	284,631
Developers escrow	-	30,000	-	30,000
Court bonds and police evidence	13,193	-	-	13,193
Total Liabilities	<u>369,725</u>	<u>109,127</u>	<u>123,204</u>	<u>602,056</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property tax revenue	<u>25,447</u>	<u>3,912</u>	<u>6,851</u>	<u>36,210</u>
 <b>FUND BALANCES</b>				
Nonspendable	72,346	8,160	19,691	100,197
Restricted-debt reserves	342,189	-	-	342,189
Committed	919,563	421,570	20,000	1,361,133
Assigned	-	1,661,985	839,555	2,501,540
Unassigned	2,773,951	-	-	2,773,951
Total Fund Balances	<u>4,108,049</u>	<u>2,091,715</u>	<u>879,246</u>	<u>7,079,010</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u><u>\$ 4,503,221</u></u>	<u><u>\$ 2,204,754</u></u>	<u><u>\$ 1,009,301</u></u>	<u><u>\$ 7,717,276</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF GOVERNMENT FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
DECEMBER 31, 2015

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

Total Fund Balances - Governmental Funds	\$ 7,079,010
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Capital assets used in governmental activities are not financial resources therefore are not reported in the funds:

Cost of capital assets	26,221,397	
Accumulated depreciation	<u>(7,121,747)</u>	
		19,099,650

Other long-term liabilities include unearned revenue amounts which represent amounts receivable but not determined to be available and not recognized as current year revenues in the governmental funds; therefore, are added to the fund balance to arrive at net position

Unavailable property tax revenue	36,210
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Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:

Net pension liability	(1,897,827)	
Deferred outflows - pension related	200,276	
Deferred inflows - pension related	(80,811)	

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:

Long-term liabilities:		
Notes payable	(2,932,926)	
Special obligation bonds	(6,828,950)	
Accrued interest payable	<u>(66,087)</u>	

Net Position of Governmental Activities	<u>\$ 14,608,545</u>
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**CITY OF REPUBLIC, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Street Maintenance Fund	Park Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 777,687	\$ 121,345	\$ 200,944	\$ 1,099,976
Sales	2,871,527	1,661,023	1,768,855	6,301,405
Franchise	804,986	-	-	804,986
Other	4,505	-	-	4,505
Intergovernmental				
Missouri motor fuel taxes	282,480	282,480	-	564,960
Grants	45,339	68,646	-	113,985
Greene County road and bridge	-	100,901	-	100,901
Licenses and permits	204,842	2,758	-	207,600
Charges for services	-	-	591,659	591,659
Fines and forfeitures	246,742	-	-	246,742
Investment earnings	22,992	8,561	2,856	34,409
Rent income	-	-	191,227	191,227
Other	85,860	11,586	39,371	136,817
Total Revenues	<u>5,346,960</u>	<u>2,257,300</u>	<u>2,794,912</u>	<u>10,399,172</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,187,784	-	-	1,187,784
Public safety				
Police	1,597,871	-	-	1,597,871
Fire	1,155,700	-	-	1,155,700
Court	131,069	-	-	131,069
Emergency management	82,906	-	-	82,906
Planning	380,711	-	-	380,711
Animal control	79,533	-	-	79,533
Streets	-	991,477	-	991,477
Parks and recreation	-	-	1,775,681	1,775,681
Capital outlay				
General government	4,000	-	-	4,000
Police	199,760	-	-	199,760
Fire	89,059	-	-	89,059
Emergency management	22,998	-	-	22,998
Streets	-	376,379	-	376,379
Parks and recreation	-	-	29,746	29,746
Debt service:				
Principal	446,454	102,141	538,710	1,087,305
Interest	149,627	21,791	140,330	311,748
Total Expenditures	<u>5,527,472</u>	<u>1,491,788</u>	<u>2,484,467</u>	<u>9,503,727</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(180,512)</u>	<u>765,512</u>	<u>310,445</u>	<u>895,445</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	746,305	-	-	746,305
Lease proceeds	-	95,126	-	95,126
Transfers out	-	(400,977)	(189,903)	(590,880)
Total Other Financing Sources (Uses)	<u>746,305</u>	<u>(305,851)</u>	<u>(189,903)</u>	<u>250,551</u>
<b>NET CHANGES IN FUND BALANCES</b>	565,793	459,661	120,542	1,145,996
<b>FUND BALANCES, JANUARY 1-RESTATED</b>	<u>3,542,256</u>	<u>1,632,054</u>	<u>758,704</u>	<u>5,933,014</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 4,108,049</u>	<u>\$ 2,091,715</u>	<u>\$ 879,246</u>	<u>\$ 7,079,010</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Net Change in Fund Balances - Governmental Funds \$ 1,145,996

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful life and reported as depreciation.

Capital outlay	721,942
Depreciation	(816,001)

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

Unavailable property tax revenue prior year	(41,511)
Unavailable property tax revenue current year	36,210

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discount, 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.

Repayments of principal	1,087,307
New debt issue	(95,126)

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 the governmental funds.

Pension expense	(634,331)
Accrued interest	(135)

Change in Net Position of Governmental Activities \$ 1,404,351

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
STATEMENT OF NET POSITION  
PROPRIETARY FUND (WATER AND SEWER FUND)  
DECEMBER 31, 2015

Current Assets	
Cash and cash equivalents	\$ 708,519
Receivables:	
Accounts, net	629,513
Prepaid items	26,836
Total Current Assets	<u>1,364,868</u>
Noncurrent Assets:	
Restricted assets: cash and cash equivalents	4,337,295
Capital Assets:	
Non-depreciable	390,428
Depreciable, net	22,991,334
Total Noncurrent Assets	<u>27,719,057</u>
Total Assets	<u>29,083,925</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	<u>31,676</u>
Current Liabilities	
Accounts payable	98,955
Accrued payroll taxes and benefits	4,570
Accrued wages	36,302
Compensated absences	44,624
Accrued interest	50,298
Accrued sales tax and primacy	1,985
Current portion of long-term debt	1,248,623
Total Current Liabilities	<u>1,485,357</u>
Noncurrent Liabilities	
Arbitrage rebate payable	41,980
Restricted customer deposits	378,370
Revenue bonds payable	4,940,000
Special obligation bonds payable	68,550
Lease obligation	72,284
Certificates of participation	5,735,000
Net pension obligation	600,402
Total Noncurrent Liabilities	<u>11,836,586</u>
Total Liabilities	<u>13,321,943</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	<u>28,189</u>
NET POSITION	
Net investments in capital assets	11,317,305
Restricted for bond requirements	1,286,000
Unrestricted	3,162,164
Total Net Position	<u>\$ 15,765,469</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION-  
PROPRIETARY FUND (WATER AND SEWER FUND)  
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES	
Water sales	\$ 1,509,263
Sewer service charges	3,043,207
Late fees	99,755
Other	23,603
Total Operating Revenues	<u>4,675,828</u>
OPERATING EXPENSES	
Personnel services	1,652,560
Insurance	49,305
Contractual and services	427,883
Repairs and maintenance	231,327
Utilities	439,326
Depreciation	740,499
Total Operating Expenses	<u>3,540,900</u>
OPERATING INCOME	<u>1,134,928</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	230,037
Interest expense and fiscal charges	(654,092)
Rental income	65,530
Total Nonoperating Revenues (Expenses)	<u>(358,525)</u>
INCOME BEFORE CONTRIBUTIONS, GRANTS, AND TRANSFERS	<u>776,403</u>
CONTRIBUTIONS, GRANTS, AND TRANSFERS	
Impact fees	169,859
Grants	11,658
Transfers (out)	(155,425)
Total contributions, grants, and transfers	<u>26,092</u>
CHANGE IN NET POSITION	802,495
NET POSITION, JANUARY 1 - RESTATED	<u>14,962,974</u>
NET POSITION, DECEMBER 31	<u><u>\$ 15,765,469</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (WATER AND SEWER FUND)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash flows from operating activities:	
Receipts from customers and users	\$ 4,769,728
Payments to suppliers	(1,105,377)
Payments to employees	(1,484,597)
Net Cash Provided by Operating Activities	<u>2,179,754</u>
Cash flows from noncapital financing activities:	
Transfers (out)	(155,425)
Net Cash (Used for) Noncapital Financing Activities	<u>(155,425)</u>
Cash flows from investing activities:	
Investment income received	230,037
Collections for rent	65,530
Net Cash Provided by Investing Activities	<u>295,567</u>
Cash flows from capital and related financing activities:	
Grants for capital improvements	11,658
Capital improvements	(288,564)
Impact fees	169,859
Payments of debt principal	(1,189,357)
Payments of interest	(654,442)
Net Cash (Used for) Capital and Related Financing Activities	<u>(1,950,846)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	369,050
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>4,676,764</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 5,045,814</u>
CASH SUMMARY	
Cash and cash equivalents	\$ 708,519
Restricted assets-cash and cash equivalents	<u>4,337,295</u>
Total	<u>\$ 5,045,814</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,134,928
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	740,499
(Increase) decrease in:	
Accounts receivable, net	69,326
Prepaid items	5,739
Deferred amounts related to pensions	(3,487)
Increase (decrease) in:	
Accounts payable	44,016
Accrued liabilities-	
Wages and payroll taxes and benefits	(24,354)
Other	(7,291)
Compensated absences	3,857
Customer deposits	24,574
Pension liability	191,947
Total Adjustments	<u>1,044,826</u>
Net Cash Provided by Operating Activities	<u>\$ 2,179,754</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Republic, Missouri (the City) was organized under home rule charter as approved by the voters on April 3, 2007. The City's major operations include law enforcement, fire protection, water and sewer services, community enrichment and development, and various other programs to serve its citizens.

The accounting and financial reporting policies of the City conform to U.S. generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**REPORTING ENTITY**

The financial statements of the City present the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB – 14*. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the City as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 proprietary fund financial statements. Revenues are recorded when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 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 the accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Sales taxes, property taxes, franchise taxes, licenses, court fines, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Maintenance Fund

This fund is a Special Revenue Fund established to account for the proceeds of specific revenue sources (property taxes, ½ cent transportation sales tax and Missouri motor fuel taxes) that are designated for ongoing maintenance and construction of streets and stormwater improvements.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Park Fund

This fund is a Special Revenue Fund established to account for the special revenue (property taxes and park sales tax) and activity fees of recreational and park facilities used by the general public.

The City reports the following major proprietary fund:

Water and Sewer Fund

This fund accounts for the provision of water and sewer services, respectively, to the residents and applicable nonresidents of the City. They are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues collected, expenditures paid, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other 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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Proprietary Fund include the cost of sales and services. Operating expenses for the Proprietary Fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**POOLED CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The City maintains a cash pool that is used by all fund activities except for those that are required to be segregated. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month.

For cash flow statement purposes, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds under U.S. generally accepted accounting principles, cash and cash equivalents are distinguished only for those funds.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that certain investments be reported in the financial statements at fair value. Fair value is established as readily determinable current market value for equity and debt securities. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

**RESTRICTED ASSETS**

Certain General Fund monies are classified as restricted assets on the balance sheet because their use is limited to refunding court bonds paid and by covenants of the capital lease agreement. The reserve account is to be used solely for the purpose of making lease payments on the applicable due dates when and to the extent other monies are not available for this purpose. The lease payment account is used only for the payment of the principal and interest on the lease obligation.

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond account is used only for the payment of principal and interest on revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the water and sewer fund. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Restricted cash consisted of the following December 31, 2015:

General Fund		
Equipment reserves	\$ 854,188	
Police investigation	6,213	
Court bonds	5,892	
Debt reserves	752,752	
Operating reserves	219,349	
Impact fees	<u>13,083</u>	
		\$ 1,851,477
Street Maintenance Fund		
Stormwater deposits	136,203	
Operating reserves	<u>315,367</u>	
		451,570
Park Fund		
Equipment	20,000	
Operating reserves	<u>40,000</u>	
		<u>60,000</u>
Total Governmental Activities		<u>\$ 2,363,047</u>
Water and Sewer Fund		
Equipment replacement	\$ 2,266,258	
Debt reserves	1,308,627	
Impact fees	<u>762,410</u>	
		<u>\$ 4,337,295</u>

**ACCOUNTS RECEIVABLE**

Amounts due from private individuals, organizations, or other governments which pertain to tax revenue and charges for services rendered by the City are reported as accounts receivable.

Receivables are reviewed periodically to establish or update the provisions for uncollectible amounts. These provisions are estimated based on an analysis of the age of the various accounts. The City records the amount of earned but unbilled service revenues for the Water and Sewer System enterprise fund.

**CITY OF REPUBLIC, MISSOURI**  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

All receivables were stated at gross because the amounts were collected within the following 60 days except for the following:

	General Fund	Street Fund	Park Fund	Water & Sewer Fund	Total Allowance
Allowance for Property Taxes	\$ 9,824	\$ 2,644	\$ 1,511	\$ -	\$ 13,979
Allowance for Utilities	-	-	-	5,624	5,624

All other receivable were consider collectable within the 60 days.

**INVENTORIES**

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased.

**PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items represent nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of fund balances.

**CAPITAL ASSETS**

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased and capitalized in the proprietary fund statements. All purchased capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 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 efficiency or capacity of an asset are capitalized. Other costs, such as those incurred for repairs and maintenance, are expensed as incurred.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City, in accordance with GASB 34 option, elected not to go back 20 years to capitalize infrastructure but began starting in 2004 and forward capitalizing those costs.

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. Depreciation is provided on the straight-line basis over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Utility systems	20-50
Buildings	40
Infrastructure	20-40
Furniture and equipment	5-10
Vehicles	5-10

It is the City’s policy to capitalize interest incurred on debt during the construction of Enterprise Fund capital assets, when appropriate. Interest incurred in the construction or acquisition of governmental capital assets is not capitalized, in accordance with the provisions of GASB 37.

The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements.

Fully depreciated capital assets are included in the capital assets accounts until their disposal.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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. At this time, the City has one item that meet the definition of deferred outflows of resources. That is the amount related to pension outflows as per GASB 68.

In addition to liabilities, the statement of financial 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 then. In the Governmental Funds the item reported as a deferred inflow of resources arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources – continued**

At this time, the City has one item that meet the definition of deferred inflows of resources. That amount is related to pension inflows as per GASB 68.

**Obligation for Bond Arbitrage**

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the City must rebate to the United State Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five year anniversary of the respective debt issue. As of December 31, 2015 the City had \$ 41,980 arbitrage rebate liability.

**UNAVAILABLE REVENUES**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

	<u>Unavailable</u>
Taxes receivable in excess of 60 days, net	\$ 36,210

**Pensions**

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. Investments are report at fair value.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-term Debt**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

**COMPENSATED ABSENCES**

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service and/or type of position held. Attendance records are reconciled annually. An employee is not allowed to accrue vacation leave in excess of the maximum allowed. In the event of termination or separation, an employee is paid for accumulated vacation up to the accrual maximum. The total amount of accrued vacation is included in accrued expenses in the proprietary fund statements and the government-wide financial statements.

Upon separation from the City's service, an employee is not entitled to receive payment for any accrued and unused sick leave.

**FUND EQUITY**

Fund equity at the governmental fund financial reporting level is reported as "fund balance." Fund equity for all other statements is reported as "net position."

**Governmental Fund Balances**

Generally, governmental fund balances represent the difference between the assets and liabilities under the current financial resources measurement focus of accounting. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

**Nonspendable**-Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Governmental Fund Balances-continued**

**Restricted**-Amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**-Amounts that can be used only for specific purposes determined by a formal action by City Council with the adoption of an ordinance. This includes the budget reserve account.

**Assigned**-Amounts that are designated by Council for a specific purpose but are neither restricted nor committed. Assignments may be made only by the Council or Mayor.

**Unassigned**-All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

**Fund Balance Flow Assumptions**

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The fund balance of the City's General, Street, and Park Funds have been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. Currently the General Fund has set aside \$ 219,349, the Street Fund \$ 315,366, and \$ 40,000 in the Park Fund.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position - continued**

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

**GRANT REVENUES**

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as deferred revenue or amounts receivable respectively from the grantor.

**PROPERTY TAXES**

The City's property taxes are levied each October based on the assessed valuation for all real property located in the City as of the previous January 1. Taxes are due up on receipt of billing and become delinquent after December 31. Liens are placed on property for delinquent taxes on January 1 following the due date.

The county establishes assessed values and the county tax collectors make collections. The assessed value at January 1, 2015 upon which the 2015 levy was based for real estate and railroad and utilities taxes was \$ 168,722,711 for Greene County and \$2,206,037 for Christian County.

The City's tax rate was levied at .4338 for general revenue, .1168 for parks and recreation and .0667 for street lighting per \$100 of assessed valuation.

**USE OF ESTIMATES**

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 reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Under provisions of the City’s charter, the Board of Aldermen and Mayor annually enact by ordinance the operating budgets of the general, special revenue, capital projects and enterprise funds, which cannot exceed appropriation except by approval of the governing body.

An annual budget for capital projects is adopted by individual project. The total budgets of these funds constitute legal spending limits, requiring ordinance amendment. Transfers within the funds are accomplished by resolution of the Board of Aldermen and Mayor to authorize expenditures of various grants received and to adjust the individual fund budgets as required within the total dollar limitations of the budget ordinance. The Board must approve transfers or requests for additional funds. Thus, departmental or cost center appropriations comprise a legal spending limit for governmental funds types, except for capital projects for which the project length financial plans are adopted. The City disperses its capital projects monies to various projects, which may cause a deficit within the project. However, the City adopts a positive Capital Improvements Program where funds can be transferred with appropriate approval from the governing body. Supplemental appropriations were required during the year and the accompanying budgetary data has been revised for amendments authorized by resolution during the year.

**Excess of expenditures over appropriations**

For the year ended December 31, 2015, expenditures were within the authorized budget for all major funds.

**Budgetary basis of accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) for all governmental funds.

**Adoption of New Accounting Standard**

For the year ended December 31, 2015, the City adopted GASB Statement No. 68, “Accounting and Reporting for Pensions,” as amended by GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date.” The objective of these statements is to revise and establish new financial reporting requirements for most governments that provide their employees with pension benefits. At transition, a government must recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. See Note K for the changes in restated amounts.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Debt restrictions**

*General obligation debt*

Article VI, Sections 26 (b) and (c), Constitution of Missouri, limits the outstanding amount of authorized general obligation debt of a City to 20 percent of the assessed valuation of taxable tangible property as shown by the last completed assessment for state or county purposes. Authorization for debt issuance requires four-sevenths at the general municipal election day, primary or general elections and two-thirds at all other elections, vote of the qualified electors thereof. The computed legal debt margin of the City at December 31, 2015, was:

Constitutional Debt Limit	\$ 40,217,477
Outstanding G.O. Bonds	<u>-</u>
Legal debt margin	<u><u>\$ 40,217,477</u></u>

Other long-term debt

Article VI, Section 26 (a), Constitution of Missouri, limits the outstanding indebtedness of a City without popular vote to an amount exceeding in any year the income and revenue provided for such year plus any unencumbered balances from previous years. For the year ended December 31, 2015, the City was in compliance with this requirement.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE B – DEPOSITS AND INVESTMENTS**

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

As of December 31, 2015 the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit 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 is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

**Custodial Credit Risk** is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk which all investments are either insured or registered in the City's name and held by the City's agent.

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE C – CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and construction in progress	\$ 1,816,709	\$ -	\$ -	\$ 1,816,709
Construction in progress	<u>\$ 787,341</u>	<u>\$ -</u>	<u>\$ 787,341</u>	<u>\$ -</u>
Capital assets being depreciated:				
Buildings	\$ 15,969,006	\$ 804,703	\$ -	\$ 16,773,709
Infrastructure	3,675,563	252,657	-	3,928,220
Equipment	1,133,258	157,211	-	1,290,469
Vehicles	<u>2,117,576</u>	<u>294,712</u>	<u>-</u>	<u>2,412,288</u>
Total Capital Assets Being Depreciated	<u>22,895,403</u>	<u>1,509,283</u>	<u>-</u>	<u>24,404,686</u>
Less: Accumulated Depreciation				
Buildings	4,157,463	398,726		4,556,189
Infrastructure	672,377	125,118		797,495
Equipment	574,894	111,920		686,814
Vehicles	<u>901,010</u>	<u>180,237</u>		<u>1,081,247</u>
Total Accumulated Depreciation	<u>6,305,744</u>	<u>816,001</u>	<u>-</u>	<u>7,121,745</u>
Total capital assets, being depreciated, net	<u>16,589,659</u>	<u>693,282</u>	<u>-</u>	<u>17,282,941</u>
Governmental activities capital assets, net	<u>\$ 19,193,709</u>	<u>\$ 693,282</u>	<u>\$ 787,341</u>	<u>\$ 19,099,650</u>

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

Governmental Activities:	
General government	\$ 21,500
Police	139,233
Fire	155,822
Municipal court	223
Streets	162,446
Parks	315,639
Emergency management	10,179
Planning	8,274
Animal control	2,685
Total	<u>\$ 816,001</u>

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE C – CAPITAL ASSETS (Continued)**

<b>Business-type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 370,328	\$ -	\$ -	\$ 370,328
Construction in progress	<u>\$ -</u>	<u>\$ 20,100</u>	<u>\$ -</u>	<u>\$ 20,100</u>
Capital assets being depreciated:				
Plant	\$ 32,446,471	\$ 55,491	\$ -	\$ 32,501,962
Buildings	63,805	-	-	63,805
Equipment	706,749	142,245	-	848,994
Vehicles	<u>472,933</u>	<u>70,728</u>	<u>-</u>	<u>543,661</u>
Total capital assets being depreciated	<u>33,689,958</u>	<u>268,464</u>	<u>-</u>	<u>33,958,422</u>
Less: Accumulated depreciation for:				
Plant	9,692,163	650,668	-	10,342,831
Buildings	40,468	1,243	-	41,711
Equipment	192,504	38,679	-	231,183
Vehicles	<u>295,141</u>	<u>56,222</u>	<u>-</u>	<u>351,363</u>
Total accumulated depreciation	<u>10,220,276</u>	<u>746,812</u>	<u>-</u>	<u>10,967,088</u>
Total capital assets being depreciated, net	<u>\$ 23,469,682</u>	<u>\$ (478,348)</u>	<u>\$ -</u>	<u>\$ 22,991,334</u>
Business-type activities capital assets, net	<u>\$ 23,840,010</u>	<u>\$ (458,248)</u>	<u>\$ -</u>	<u>\$ 23,381,762</u>

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

Business-type Activities:	
Water	\$ 194,131
Sewer	<u>552,681</u>
	<u>\$ 746,812</u>

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT**

BUSINESS-TYPE ACTIVITIES:

The following is a summary of Proprietary Fund debt of the City for the year ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within one year
Revenue Bonds	\$ 6,685,000	\$ -	\$ 850,000	\$ 5,835,000	\$ 895,000
Special Obligation Bonds	112,425	-	21,375	91,050	22,500
Certificates of Participation	6,243,000	-	248,000	5,995,000	260,000
Lease payable	213,389	-	69,982	143,407	71,123
Total	<u>13,253,814</u>	<u>-</u>	<u>1,189,357</u>	<u>12,064,457</u>	<u>1,248,623</u>
Compensated Absences	<u>40,767</u>	<u>8,683</u>	<u>4,826</u>	<u>44,624</u>	<u>44,624</u>
	<u>\$ 13,294,581</u>	<u>\$ 8,683</u>	<u>\$ 1,194,183</u>	<u>\$ 12,109,081</u>	<u>\$ 1,293,247</u>
				Debt due within one year	\$ 1,248,623
				Revenue Bonds	4,940,000
				Special Obligation Bonds	68,550
				Lease payable	72,284
				Certificates of Participation	5,735,000
				Compensated Absences	<u>44,624</u>
					<u>\$ 12,109,081</u>

State Revolving Fund Program Bonds: The City has \$ 5,835,000 of State Revolving Fund Program Bonds. In conjunction with this issuance, the City entered into an agreement with the Missouri Department of Natural Resources whereby the state of Missouri will advance monies to establish a reserve fund in an amount up to 70% of the outstanding bonds. This reserve fund will serve as collateral on the State Revolving Fund Program Bonds in the event of default and interest earnings on the reserve fund will be used to reduce the City's interest payment on the outstanding bonds. As of December 31, 2015, the reserve fund has approximately \$ 4,276,747.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT (Continued)**

Revenue Bonds

\$6,110,000 1999 A Series Water Pollution Control Revenue Bonds due in annual installments at 3.625% to 5.00% interest. \$ 2,110,000

\$8,190,000 2001C Series Combined Waterworks and Sewerage System Revenue Bonds due in annual installments at 3.00% to 5.375% 3,725,000

Total Revenue Bonds \$ 5,835,000

Special Obligation Bonds

\$ 208,725 of the 2010 \$ 7,165,000 Special Obligation Bond issue for the refunding of debt. Principal payments are annual with semi annual interest payments ranging from 2.00% to 4.00% \$ 91,050

Certifications of Participation

\$7,865,000, 2006 Series Water System Improvements certificates of participation due in monthly installments at 3.975% with monthly payment approximately \$46,000. \$ 5,995,000

Lease Payable

\$ 350,000, 2013 Lease Payable for purchase of screw pump replacement at the wastewater treatment plant, due in semiannual payments of \$ 36,583.05 June 11 and December 11 at 1.63% interest. Accumulated depreciation to date on the pump was \$8,750.00 \$ 143,407

**CITY OF REPUBLIC, MISSOURI**  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Totals
2016	\$ 895,000	\$ 284,991	\$ 1,179,991
2017	945,000	236,553	1,181,553
2018	995,000	186,453	1,181,453
2019	1,045,000	135,000	1,180,000
2020	1,105,000	81,750	1,186,750
2021	850,000	21,250	871,250
	<u>\$ 5,835,000</u>	<u>\$ 945,997</u>	<u>\$ 6,780,997</u>

Annual debt service requirements to maturity for special obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Totals
2016	\$ 22,500	\$ 6,745	\$ 29,245
2017	23,625	6,092	29,717
2018	23,400	4,667	28,067
2019	21,525	-	21,525
	<u>\$ 91,050</u>	<u>\$ 17,504</u>	<u>\$ 108,554</u>

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturity for certificates of participation are as follows:

Year Ending December 31,	Principal	Interest	Totals
2016	\$ 260,000	\$ 288,262	\$ 548,262
2017	272,000	275,931	547,931
2018	284,000	263,085	547,085
2019	298,000	249,604	547,604
2020	312,000	235,514	547,514
2021-2025	1,794,000	941,658	2,735,658
2026-2030	2,258,000	475,188	2,733,188
2031	517,000	28,970	545,970
	<u>\$ 5,995,000</u>	<u>\$ 2,758,212</u>	<u>\$ 8,753,212</u>

Although the agreement provides for cancellation clauses each year, generally accepted accounting standards addresses the legal restriction imposed, and for financial statement presentation, requires the lease to be accounted for as a capital lease.

At December 31, 2015 future minimum lease payments by year and the present value of future minimum capital lease payments were as follows:

Year Ending December 31,	Screw Pump
2016	\$ 73,166
2017	73,166
Total minimum lease payment	146,332
Less: amount representing interest	<u>(2,925)</u>
Present value of future minimum lease payment	<u>\$ 143,407</u>

The City was in compliance with bond reserve requirements.

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT (Continued)**

GOVERNMENTAL ACTIVITIES:

The following is a summary of governmental long-term debt transactions of the City for the year ended December 31, 2015:

	Asset/Collateral Original Cost/ Loan	Beginning			Ending		Amount
		Balance	Additions	Reductions	Balance	Due within One year	
US Bank 5.15% interest Matures 2016	Building 204 N. Main \$ 200,000	\$ 55,574	\$ -	\$ 27,051	\$ 28,523	\$ 28,523	
2012 MTFC Direct Loan 2.96 % interest paid annually	Intersection Improvements \$ 221,019	136,456	-	44,168	92,288	45,468	
2005 Regions Bank \$ 4,802.09 per month at 3.99% interest. Matures 2015	Equipment \$ 474,461	47,153	-	47,153	-	-	
2015 Commerce Bank \$ 32,460.97 paid annually at 1.57% interest. Matures 4/16/2018	Dump Truck \$ 95,126	-	95,126	-	95,126	31,702	
2006 MAMU 4.00% Interest and fees of .85% a month, Matures 2032 Payments approx. \$ 6,000 per month	Fire Station #1 \$ 992,000	804,000	-	35,000	769,000	36,000	
2007 MAMU 4.20% Interest with monthly Payment approx. \$ 9,700 per month month. Matures 2032	Fire Station #2 \$ 1,800,000	1,505,328	-	61,745	1,443,583	63,678	
Drury University No interest, imputed interest 4% Annual payments \$ 30,000 Matures 2019	Park Land \$ 600,000	135,748	-	25,000	110,748	26,045	
U.S. Bancorp, at 1.66% interest Semi-annual payments of \$ 45,579.43 Matures June 15, 2020	Pumper Trucks \$ 751,034	477,222	-	83,564	393,658	84,960	
Total Lease and Notes Payable		<u>3,161,481</u>	<u>95,126</u>	<u>323,681</u>	<u>2,932,926</u>	<u>316,376</u>	

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT (Continued)**

	Asset/Collateral Original Cost/ Loan	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
<u>Special Obligation Bonds</u>						
2010 issue for \$ 7,165,000 issue from 2.0 to 4.0% \$ 208,725 of proceeds was used for Water debt refunding Matures 2025	Refunding Issue	4,912,575	-	453,625	4,458,950	477,500
2011 issue for \$ 3,535,000 issue from 2.0 to 3.75% Matures 2022	Refunding Issue	2,680,000	-	310,000	2,370,000	330,000
Total Special Obligation Bonds		7,592,575	-	763,625	6,828,950	807,500
Total Debt		<u>\$ 10,754,056</u>	<u>\$ 95,126</u>	<u>\$ 1,087,306</u>	<u>\$ 9,761,876</u>	<u>\$ 1,123,876</u>
Compensated Absences		<u>\$ 329,540</u>	<u>\$ 232,453</u>	<u>\$ 277,362</u>	<u>\$ 284,631</u>	<u>\$ 284,631</u>
					Due within one year	\$ 1,123,876
					Special obligation bonds	6,021,450
					Lease and note payable	2,616,550
						<u>\$ 9,761,876</u>

With the exception of the Regions Bank and MAMU loans which are paid monthly, all other loans have interest payments every six months with principal due annually.

For governmental activities, liability for compensated absences are generally liquidated by the General Fund.

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE D – LONG-TERM DEBT (Continued)**

Annual debt service requirements to maturity for lease and note payables are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 316,376	\$ 98,472	\$ 414,848
2017	293,712	89,772	383,484
2018	252,141	81,462	333,603
2019	225,102	74,386	299,488
2020	153,879	68,330	222,209
2021-2025	629,004	271,778	900,782
2026-2030	757,931	140,626	898,557
2031-2032	304,781	12,851	317,632
Total	<u>\$ 2,932,926</u>	<u>\$ 837,677</u>	<u>\$ 3,770,603</u>

Annual debt service requirements to maturity for special obligation bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 807,500	\$ 217,907	\$ 1,025,407
2017	846,375	195,810	1,042,185
2018	856,600	170,818	1,027,418
2019	863,475	147,422	1,010,897
2020	925,000	117,900	1,042,900
2021-2025	2,530,000	173,162	2,703,162
Total	<u>\$ 6,828,950</u>	<u>\$ 1,023,019</u>	<u>\$ 7,851,969</u>

The City was in compliance with bond reserve requirements.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE E – EMPLOYEE RETIREMENT BENEFIT PLAN**

The City of Republic participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri. The retirement system covers all full-time City employees.

Plan description

The City of Republic's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Republic 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](http://www.molagers.org).

Benefits provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

**CITY OF REPUBLIC, MISSOURI**  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)**

	2015 Valuation
Benefit Multiplier:	1.25%
Final Average Salary:	3 years
Member Contributions:	4.00%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

**Employees covered by benefit terms**

At December 31, 2015, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	25
Active employees	104

**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% of their gross pay to the pension plan. Employer’s contribution rates are 8.3 % General, 7.8% Police, and 9.2% Fire of annual covered payroll.

**Net Pension Liability**

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

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial assumptions**

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

Inflation	3.00%	
Salary increase	3.50%	including inflation
Investment rate of return	7.25%	net of investment and administrative expense

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

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

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

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

**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.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE E-- DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)+(b)
<b>Balances at 7/1/2014</b>	\$ (4,635,981)	\$ 3,261,136	\$ (1,374,845)
Changes for the year:			
Service Cost	(301,679)	-	(301,679)
Interest	(341,126)	-	(341,126)
Changes in benefit terms	(873,448)	-	(873,448)
Difference between expected and actual experience	17,410	-	17,410
Contribution - employer	-	348,612	348,612
Contribution - employee	-	180,245	180,245
Net investment income	-	74,200	74,200
Benefit payments, including refunds	160,817	(160,817)	-
Administrative expense	-	(12,770)	(12,770)
Other changes	-	(25,775)	(25,775)
<b>Net changes</b>	<u>(1,338,026)</u>	<u>403,695</u>	<u>(934,331)</u>
<b>Balances at 6/30/2015</b>	<u>\$ (5,974,007)</u>	<u>\$ 3,664,831</u>	<u>\$ (2,309,176)</u>

**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 1 percentage point lower 6.25% or one percentage point higher 8.25 % than the current rate.

1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<u>\$ 3,307,944</u>	<u>\$ 2,309,176</u>	<u>\$ 1,493,844</u>

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2015 the employer recognized pension expense of \$ 241,664. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 92,778	\$ (109,000)
Differences in assumptions	-	-
Excess(deficit) in investment returns	139,174	-
Contributions subsequent to the measurement date*	189,033	-
Total	<u>\$ 420,985</u>	<u>\$ (109,000)</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, 2015.

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

Year ended:	
2016	\$ 33,605
2017	33,605
2018	33,605
2019	33,607
2020	(1,188)
Thereafter	<u>(10,282)</u>
Total	<u>\$ 122,952</u>

**Payable to the Pension Plan**

At December 31, 2015, the City of Republic reported a payable of \$ 0.00 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE F – LEASE REVENUE**

The City leases space on the City’s water towers to various wireless providers for the placement of antennae. Leases are structured to commence at \$18,000 in annual payments for the first five years and then to increase 10% for each of the succeeding five-year terms for a maximum life of thirty years. A total of \$ 65,530 was received during the year ended December 31, 2015 and is reported in the Water and Sewer Fund.

Water Tower

Year Ending December 31,	
2016	\$ 69,360
2017	69,360
2018	71,295
2019	74,541
2020	<u>76,296</u>
 Total	 <u><u>\$ 360,852</u></u>

Community Center

The City has a three-year lease agreement with Lester E. Cox Medical Center to provide approximately 10,350 square feet of the City’s Community Center for the use of the fitness area, locker rooms, restrooms and shared space of the basketball courts, indoor track and family changing room. This lease was renewed in November 2012 with an annual lease of \$ 106,090 with a provision to increase the rent at the beginning of the third year of the agreement by 3%. \$ 165,161 was received in the fiscal year ended December 31, 2015 and is reported in the Park Fund.

**NOTE G – INTERFUND TRANSFERS**

Interfund transfers are as follows:

Operation transfers:	<u>To</u>	<u>From</u>
General Fund	\$ 746,305	\$ -
Water and Sewer Funds	-	155,425
Street Fund	-	400,977
Park Fund	-	<u>189,903</u>
Net Transfer Governmental Activities	<u>\$ 746,305</u>	<u>\$ 746,305</u>

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE G – INTERFUND TRANSFERS (Continued)**

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

**NOTE H – 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 maintains commercial insurance coverage for property damage, worker’s compensation insurance and various Missouri Official’s bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City.

At December 31, 2015, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years the City had no losses that exceeded commercial insurance coverage.

**NOTE I – PRIOR YEAR’S DEBT DEFEASANCE**

During the year ended December 31, 2010, the City defeased three entire bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability for the City’s Water and Governmental Activities. As of December 31, 2015, the amount of defeased debt outstanding but removed from the Water and Governmental Activities amounted to \$ 5,444,000.

**NOTE J – RESTATED OF FUND BALANCE GOVERNMENTAL FUNDS**

Effective for the fiscal year ending December 31, 2015, it was determined that compensated absences were in effect paid within the current year. Therefore, the balances as of January 1, 2015, were adjusted to fund balance for the General, Street and Park Funds. The following represents the adjustment made:

	As stated in Prior Years Report	Adjustment	Restated Balance
General Fund	\$ 3,794,930	\$ (252,674)	\$ 3,542,256
Street Fund	1,667,591	(35,537)	1,632,054
Park Fund	800,033	(41,329)	758,704

**CITY OF REPUBLIC, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2015

**NOTE K – ADJUSTMENT DUE TO ADOPTION OF GASB 68**

GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, will require the City to record net pension obligation on the government-wide statement of net position and proprietary fund. Net pension obligation equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. This resulted in the restatement of Net Position of the Governmental Activities and Business-type Activities as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water &amp; Sewer Fund</u>
Beginning Balance- As stated in prior audit	\$ 14,348,225	\$ 15,371,429	\$ 15,371,429
Adjustment for GASB 68	<u>(1,144,031)</u>	<u>(408,455)</u>	<u>(408,455)</u>
Beginning Balance Restated	<u>\$ 13,204,194</u>	<u>\$ 14,962,974</u>	<u>\$ 14,962,974</u>

**NOTE L – RECENT ACCOUNTING PRONOUNCEMENTS**

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

In February 2015, the GASB approved Statement No. 72 “Fair Value Measurement and Application.” This Statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair values to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

In June 2015, the GASB approved Statement No. 76 “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformance with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015.

**CITY OF REPUBLIC, MISSOURI**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE L – RECENT ACCOUNTING PRONOUNCEMENTS (Continued)**

In August 2015, the GASB approved Statement No. 77 “Tax Abatement Disclosures.” Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

The effects on the City’s financial statements as a result of the adoption of these new pronouncements are unknown.

**CITY OF REPUBLIC, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND**  
**BALANCES - BUDGET AND ACTUAL-UNAUDITED**  
**GENERAL FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Over
				(Under)
<b>REVENUES</b>				
Taxes:				
Property	\$ 753,380	\$ 753,380	\$ 777,687	\$ 24,307
Sales	2,301,215	2,301,215	2,871,527	570,312
Franchise	770,500	770,500	804,986	34,486
Other	3,700	3,700	4,505	805
Intergovernmental	330,850	330,850	327,819	(3,031)
Licenses & permits	167,500	167,500	204,842	37,342
Fines and forfeitures	380,580	380,580	246,742	(133,838)
Investment income	13,500	13,500	22,992	9,492
Other	75,525	75,525	85,860	10,335
Total Revenues	<u>4,796,750</u>	<u>4,796,750</u>	<u>5,346,960</u>	<u>550,210</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,290,270	1,290,270	1,187,784	102,486
Police	1,652,632	1,652,632	1,597,871	54,761
Fire	1,150,200	1,150,200	1,155,700	(5,500)
Municipal court	130,395	130,395	131,069	(674)
Emergency management	94,840	94,840	82,906	11,934
Planning	381,175	381,175	380,711	464
Animal control	113,600	113,600	79,533	34,067
Capital outlay	163,635	163,635	315,817	(152,182)
Debt service:				
Principal	420,962	420,962	446,454	(25,492)
Interest	133,123	133,123	149,627	(16,504)
Total Expenditures	<u>5,530,832</u>	<u>5,530,832</u>	<u>5,527,472</u>	<u>3,360</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<u>(734,082)</u>	<u>(734,082)</u>	<u>(180,512)</u>	<u>553,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	746,305	746,305	746,305	-
Total Other Financing Sources (Uses)	<u>746,305</u>	<u>746,305</u>	<u>746,305</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 12,223</u>	<u>\$ 12,223</u>	565,793	<u>\$ 553,570</u>
<b>FUND BALANCE, JANUARY 1</b>			<u>3,542,256</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ 4,108,049</u>	

See accompanying independent auditor's report.

**CITY OF REPUBLIC, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND**  
**BALANCES - BUDGET AND ACTUAL-UNAUDITED**  
**STREET MAINTENANCE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 116,160	\$ 116,160	\$ 121,345	\$ 5,185
Sales	1,447,335	1,447,335	1,661,023	213,688
Intergovernmental	417,850	417,850	452,027	34,177
Licenses and permits	600	600	2,758	
Investment earnings	4,500	4,500	8,561	4,061
Other	2,000	2,000	11,586	9,586
Total Revenues	<u>1,988,445</u>	<u>1,988,445</u>	<u>2,257,300</u>	<u>266,697</u>
EXPENDITURES				
Streets	1,478,407	1,478,407	991,477	486,930
Capital Outlay	349,000	349,000	376,379	(27,379)
Debt Service:				
Principal	247,665	247,665	102,141	145,524
Interest	22,000	22,000	21,791	209
Total Expenditures	<u>2,097,072</u>	<u>2,097,072</u>	<u>1,491,788</u>	<u>605,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(108,627)</u>	<u>(108,627)</u>	<u>765,512</u>	<u>874,139</u>
OTHER FINANCING SOURCES (USES):				
Lease proceeds	99,000	99,000	95,126	(3,874)
Transfers (out)	<u>(225,500)</u>	<u>(225,500)</u>	<u>(400,977)</u>	<u>(175,477)</u>
Total Other Financing Sources (Uses)	<u>(126,500)</u>	<u>(126,500)</u>	<u>(305,851)</u>	<u>(179,351)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (235,127)</u>	<u>\$ (235,127)</u>	459,661	<u>\$ 694,788</u>
FUND BALANCE, JANUARY 1			<u>1,632,054</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 2,091,715</u>	

See accompanying independent auditor's report.

**CITY OF REPUBLIC, MISSOURI**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND**  
**BALANCES - BUDGET AND ACTUAL-UNAUDITED**  
**PARK FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 203,075	\$ 203,075	\$ 200,944	\$ (2,131)
Sales	1,581,800	1,581,800	1,768,855	187,055
Charges for services	690,690	690,690	591,659	(99,031)
Investment income	1,920	1,920	2,856	936
Rent income	195,100	195,100	191,227	(3,873)
Other	38,352	38,352	39,371	1,019
Total Revenues	<u>2,710,937</u>	<u>2,710,937</u>	<u>2,794,912</u>	<u>83,975</u>
EXPENDITURES				
Parks and recreation	1,727,616	1,727,616	1,775,681	(48,065)
Capital Outlay	111,100	111,100	29,746	81,354
Debt Service:				
Principal	540,675	540,675	538,710	1,965
Interest	140,000	140,000	140,330	(330)
Total Expenditures	<u>2,519,391</u>	<u>2,519,391</u>	<u>2,484,467</u>	<u>34,924</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>191,546</u>	<u>191,546</u>	<u>310,445</u>	<u>118,899</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(189,903)	(189,903)	(189,903)	-
Total Other Financing Sources (Uses)	<u>(189,903)</u>	<u>(189,903)</u>	<u>(189,903)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,643</u>	<u>\$ 1,643</u>	120,542	<u>\$ 118,899</u>
FUND BALANCE, JANUARY 1			<u>758,704</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 879,246</u>	

See accompanying independent auditor's report.

**CITY OF REPUBLIC, MISSOURI**  
 REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED  
 SCHEDULE OF CHANGES IN NET PENSION  
 LIABILITY AND RELATED RATIOS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	General Division	Police Division	Fire Division	Total
Total Pension Liability				
Service costs	\$ (189,337)	\$ (52,909)	\$ (59,433)	\$ (301,679)
Interest on Total Pension Liability	(225,487)	(60,617)	(55,022)	(341,126)
Changes in Benefit Terms	(630,536)	(89,049)	(153,863)	(873,448)
Difference between expected and actual experience	91,955	(105,383)	30,838	17,410
Benefit payments, including refunds	102,596	44,005	14,216	160,817
Net change in total pension liability	(850,809)	(263,953)	(223,264)	(1,338,026)
Total Pension Liability-beginning	(3,067,554)	(831,716)	(736,711)	(4,635,981)
Total Pension Liability-ending	<u>\$ (3,918,363)</u>	<u>\$ (1,095,669)</u>	<u>\$ (959,975)</u>	<u>\$ (5,974,007)</u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 220,418	\$ 58,686	\$ 69,508	\$ 348,612
Contributions - employee	115,811	32,683	31,751	180,245
Net investment income	46,740	15,700	11,760	74,200
Benefits payments, including refunds	(102,596)	(44,005)	(14,216)	(160,817)
Pension Plan Administrative Expense	(7,737)	(2,796)	(2,237)	(12,770)
Other (Net Transfer)	40,381	(79,046)	12,890	(25,775)
Net change in plan fiduciary net position	313,017	(18,778)	109,456	403,695
Plan Fiduciary Net Position-beginning	2,076,511	630,874	553,751	3,261,136
Plan Fiduciary Net Position-ending	<u>\$ 2,389,528</u>	<u>\$ 612,096</u>	<u>\$ 663,207</u>	<u>\$ 3,664,831</u>
 Net Pension (Liability)/Asset	<u>\$ (1,528,835)</u>	<u>\$ (483,573)</u>	<u>\$ (296,768)</u>	<u>\$ (2,309,176)</u>
 Plan fiduciary net position as a percentage of the total pension liability	60.98%	55.87%	69.09%	61.34%
 Covered-employee payroll	\$ 2,623,208	\$ 631,182	\$ 757,540	\$ 4,011,930
 Net Pension liability as a percentage of covered employee payroll	58.28%	76.61%	39.18%	57.55%

Notes to schedule:

\*Information not available as this represents the first actuarial valuation performed pursuant to GASB Statement No. 67.

This schedule is intended to cover ten years. The City implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is therefore unavailable.

See accompanying independent auditors' report.

**CITY OF REPUBLIC, MISSOURI**  
 REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED  
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
 LAST FIVE FISCAL YEARS  
FOR THE YEARS ENDED DECEMBER 31

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage</u>
2011	\$ 245,487	\$ 245,487	\$ -	\$ 4,377,342	5.61%
2012	273,812	273,811	1	4,609,723	5.94%
2013	271,747	271,748	(1)	4,488,691	6.05%
2014	258,794	289,486	(30,692)	4,414,900	6.56%
2015	253,548	367,771	(114,223)	4,394,159	8.37%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2015

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 15 to 29 years
Asset Valuation Method	5-Year smoothed market: 20% corridor
Inflation	3.5% wage inflation; 3.0% price inflation
Salary increases	3.5% to 6.8% including wage inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.
Other information:	None

The City's pension began in 2011, therefore only five years are presented instead of ten.