

**CITY OF GREENWOOD, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER  
WITH INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

**CITY OF GREENWOOD, MISSOURI  
TABLE OF CONTENTS**

**INDEPENDENT AUDITORS' REPORT** ..... 1

**BASIC FINANCIAL STATEMENTS:**

**Government-Wide Financial Statements**

        Statement of Net Position ..... 3

        Statement of Activities ..... 4

**Fund Financial Statements**

        Governmental Funds:

            Balance Sheet ..... 5

            Reconciliation of the Governmental Funds Balance Sheet  
                to the Statement of Net Position ..... 6

            Statement of Revenues, Expenditures and Changes in  
                Fund Balances ..... 7

            Reconciliation of the Statement of Revenues, Expenditures and Changes  
                in Fund Balances of Governmental Funds to the Statement of Activities ..... 8

        Proprietary Funds:

            Statement of Net Position ..... 9

            Statement of Revenues, Expenses and Changes in  
                Net Position ..... 10

            Statement of Cash Flows ..... 11

        Notes to the Basic Financial Statements ..... 12

**REQUIRED SUPPLEMENTARY INFORMATION:**

    Budgetary Comparison Schedules:

        General Fund ..... 27

        Park Fund ..... 28

        Street Fund ..... 29

        Fire and Ambulance Fund ..... 30

        Hydrant Fund ..... 31

        Notes to the Budgetary Comparison Schedules ..... 32

**CITY OF GREENWOOD, MISSOURI  
TABLE OF CONTENTS**

**INTERNAL CONTROL AND COMPLIANCE:**

Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* ..... 34

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen  
City of Greenwood, 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 Greenwood as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City of Greenwood as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 through 32 be presented to supplement the basic financial statements. Such information, although not 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 response 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Westbrook & Co., P.C.*

Richmond, Missouri  
October 11, 2016

**CITY OF GREENWOOD, MISSOURI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

|                                      | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total<br/>Primary<br/>Government</u> |
|--------------------------------------|------------------------------------|-------------------------------------|---|
| <b>ASSETS</b>                        |                                    |                                     |   |
| Cash and cash equivalents            | \$ 1,753,737                       | \$ 632,875                          | \$ 2,386,612                            |
| Receivables, net:                    |                                    |                                     |   |
| Taxes                                | 190,887                            | -                                   | 190,887                                 |
| Accounts                             | 55,778                             | 146,244                             | 202,022                                 |
| Due from other funds                 | 166,533                            | 170,000                             | 336,533                                 |
| Inventory                            | 6,085                              | -                                   | 6,085                                   |
| Prepaid expenses                     | 31,886                             | 2,371                               | 34,257                                  |
| Restricted cash and cash equivalents | 669,978                            | 77,963                              | 747,941                                 |
| Capital assets, net                  | <u>5,767,047</u>                   | <u>1,109,587</u>                    | <u>6,876,634</u>                        |
| <br>Total Assets                     | <br><u>8,641,931</u>               | <br><u>2,139,040</u>                | <br><u>10,780,971</u>                   |
| <b>LIABILITIES</b>                   |                                    |                                     |   |
| Accounts payable                     | 39,942                             | 70,431                              | 110,373                                 |
| Accrued payroll and benefits         | 25,509                             | 2,472                               | 27,981                                  |
| Due to other funds                   | 212,054                            | 124,479                             | 336,533                                 |
| Accrued interest                     | 30,586                             | -                                   | 30,586                                  |
| Municipal court bonds                | 9,139                              | -                                   | 9,139                                   |
| Customer deposits                    | 37,500                             | 48,300                              | 85,800                                  |
| Noncurrent liabilities:              |                                    |                                     |   |
| Due in one year                      | 191,996                            | 54,234                              | 246,230                                 |
| Due in more than one year            | <u>2,917,849</u>                   | <u>2,302</u>                        | <u>2,920,151</u>                        |
| <br>Total Liabilities                | <br><u>3,464,575</u>               | <br><u>302,218</u>                  | <br><u>3,766,793</u>                    |
| <b>NET POSITION</b>                  |                                    |                                     |   |
| Net investment in capital assets     | 2,840,805                          | 1,053,051                           | 3,893,856                               |
| Restricted for:                      |                                    |                                     |   |
| Capital outlay                       | 171,260                            | 77,963                              | 249,223                                 |
| Debt service                         | 338,231                            | -                                   | 338,231                                 |
| Unrestricted                         | <u>1,827,060</u>                   | <u>705,808</u>                      | <u>2,532,868</u>                        |
| <br>Total Net Position               | <br><u>\$ 5,177,356</u>            | <br><u>\$ 1,836,822</u>             | <br><u>\$ 7,014,178</u>                 |

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD, MISSOURI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

| FUNCTIONS/PROGRAMS              | Expenses            | PROGRAM REVENUES        |  |  | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN NET POSITION |                                 |                     |
|---------------------------------|---------------------|-------------------------|--|--|---|---------------------------------|---------------------|
|                                 |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                              | Business-<br>Type<br>Activities | Total               |
| Primary Government:             |                     |                         |  |  |   |                                 |                     |
| Governmental activities:        |                     |                         |  |  |   |                                 |                     |
| General government              | \$ 295,357          | \$ 134,592              | \$ -                                     | \$ -                                   | \$ (160,765)  | \$ -                            | \$ (160,765)        |
| Public safety                   | 747,066             | 137,687                 | -  | -                                      | (609,379)   | -                               | (609,379)           |
| Municipal court                 | 96,196              | -                       | -  | -                                      | (96,196)  | -                               | (96,196)            |
| Parks and recreation            | 142,591             | 60,685                  | 2,500                                    | -                                      | (79,406)  | -                               | (79,406)            |
| Road and street                 | 379,905             | 13,518                  | -  | -                                      | (366,387)   | -                               | (366,387)           |
| Fire and ambulance              | 430,010             | -                       | -  | -                                      | (430,010)   | -                               | (430,010)           |
| Capital outlay                  | 14,085              | -                       | -  | -                                      | (14,085)  | -                               | (14,085)            |
| Interest on long-term debt      | 122,415             | -                       | -  | -                                      | (122,415)   | -                               | (122,415)           |
| Total governmental activities   | <u>2,227,625</u>    | <u>346,482</u>          | <u>2,500</u>                             | <u>-</u>                               | <u>(1,878,643)</u>                                      | <u>-</u>                        | <u>(1,878,643)</u>  |
| Business-type activities:       |                     |                         |  |  |   |                                 |                     |
| Sewer                           | 915,774             | 1,110,601               | -  | -                                      | -   | 194,827                         | 194,827             |
| Trash                           | 256,539             | 275,010                 | -  | -                                      | -   | 18,471                          | 18,471              |
| Total business-type activities  | <u>1,172,313</u>    | <u>1,385,611</u>        | <u>-</u>                                 | <u>-</u>                               | <u>-</u>  | <u>213,298</u>                  | <u>213,298</u>      |
| Total primary government        | <u>\$ 3,399,938</u> | <u>\$ 1,732,093</u>     | <u>\$ 2,500</u>                          | <u>\$ -</u>                            | <u>(1,878,643)</u>                                      | <u>213,298</u>                  | <u>(1,665,345)</u>  |
| General revenues:               |                     |                         |  |  |   |                                 |                     |
| Property tax                    |                     |                         |  |  | 1,108,852   | -                               | 1,108,852           |
| Sales tax                       |                     |                         |  |  | 676,488   | -                               | 676,488             |
| Franchise taxes                 |                     |                         |  |  | 311,039   | -                               | 311,039             |
| Other local taxes               |                     |                         |  |  | 936   | -                               | 936                 |
| Interest revenue                |                     |                         |  |  | 16,826  | 3,584                           | 20,410              |
| Other revenue                   |                     |                         |  |  | 25,697  | 850                             | 26,547              |
| Total general revenues          |                     |                         |  |  | <u>2,139,838</u>  | <u>4,434</u>                    | <u>2,144,272</u>    |
| Change in net position          |                     |                         |  |  | 261,195   | 217,732                         | 478,927             |
| Net position, beginning of year |                     |                         |  |  | <u>4,916,161</u>  | <u>1,619,090</u>                | <u>6,535,251</u>    |
| Net position, end of year       |                     |                         |  |  | <u>\$ 5,177,356</u>                                     | <u>\$ 1,836,822</u>             | <u>\$ 7,014,178</u> |

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

|   | <u>GENERAL</u>        | <u>PARK</u>           | <u>STREET</u>           | <u>FIRE AND<br/>AMBULANCE</u> | <u>HYDRANT</u>       | <u>TOTALS<br/>GOVERNMENTAL<br/>FUNDS</u> |
|---|-----------------------|-----------------------|-------------------------|-------------------------------|----------------------|--|
| <b>ASSETS</b>   |                       |                       |                         |                               |                      |  |
| Cash and cash equivalents   | \$ 670,589            | \$ 137,406            | \$ 858,177              | \$ 56,202                     | \$ 31,363            | \$ 1,753,737                             |
| Receivables, net:   |                       |                       |                         |                               |                      |  |
| Taxes   | 96,173                | 17,422                | 52,711                  | 23,820                        | 761                  | 190,887                                  |
| Accounts  | 30,836                | 110                   | 24,832                  | -                             | -                    | 55,778                                   |
| Due from other funds  | 7,233                 | -                     | 119,300                 | -                             | 40,000               | 166,533                                  |
| Inventory   | -                     | -                     | 6,085                   | -                             | -                    | 6,085                                    |
| Prepaid expenses  | 26,748                | 1,755                 | 3,383                   | -                             | -                    | 31,886                                   |
| Restricted cash and cash equivalents                                      | <u>46,729</u>         | <u>-</u>              | <u>623,249</u>          | <u>-</u>                      | <u>-</u>             | <u>669,978</u>                           |
| <br>Total Assets  | <br><u>\$ 878,308</u> | <br><u>\$ 156,693</u> | <br><u>\$ 1,687,737</u> | <br><u>\$ 80,022</u>          | <br><u>\$ 72,124</u> | <br><u>\$ 2,874,884</u>                  |
| <b>LIABILITIES</b>  |                       |                       |                         |                               |                      |  |
| Accounts payable  | \$ 15,643             | \$ 19,853             | \$ 4,446                | \$ -                          | \$ -                 | \$ 39,942                                |
| Accrued liabilities   | 40,954                | 2,391                 | 6,288                   | -                             | -                    | 49,633                                   |
| Due to other funds  | 210,000               | 639                   | 1,409                   | -                             | 6                    | 212,054                                  |
| Municipal court bonds   | 9,139                 | -                     | -                       | -                             | -                    | 9,139                                    |
| Customer deposits   | <u>37,500</u>         | <u>-</u>              | <u>-</u>                | <u>-</u>                      | <u>-</u>             | <u>37,500</u>                            |
| <br>Total Liabilities   | <br><u>313,236</u>    | <br><u>22,883</u>     | <br><u>12,143</u>       | <br><u>-</u>                  | <br><u>6</u>         | <br><u>348,268</u>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                       |                       |                         |                               |                      |  |
| Unavailable revenue - property taxes                                      | <u>15,198</u>         | <u>-</u>              | <u>15,618</u>           | <u>20,634</u>                 | <u>660</u>           | <u>52,110</u>                            |
| <b>FUND BALANCE</b>   |                       |                       |                         |                               |                      |  |
| Nonspendable  | 26,748                | 1,755                 | 9,468                   | -                             | -                    | 37,971                                   |
| Restricted  | -                     | 132,055               | 1,650,508               | 59,388                        | 71,458               | 1,913,409                                |
| Unassigned  | <u>523,126</u>        | <u>-</u>              | <u>-</u>                | <u>-</u>                      | <u>-</u>             | <u>523,126</u>                           |
| <br>Total Fund Balances   | <br><u>549,874</u>    | <br><u>133,810</u>    | <br><u>1,659,976</u>    | <br><u>59,388</u>             | <br><u>71,458</u>    | <br><u>2,474,506</u>                     |
| <br>Total liabilities, deferred inflows of resources<br>and fund balances | <br><u>\$ 878,308</u> | <br><u>\$ 156,693</u> | <br><u>\$ 1,687,737</u> | <br><u>\$ 80,022</u>          | <br><u>\$ 72,124</u> | <br><u>\$ 2,874,884</u>                  |

See accompanying notes to the financial statements.



**CITY OF GREENWOOD, MISSOURI  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

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**Fund Balances - Total Governmental Funds** \$ 2,474,506

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

Capital assets used in governmental activities are not current financial  
resources and, therefore, are not reported in the governmental funds:

|                                |                    |           |
|--------------------------------|--------------------|-----------|
| Governmental capital assets    | \$ 7,105,462       |           |
| Less: accumulated depreciation | <u>(1,338,415)</u> | 5,767,047 |

Certain revenues are not available to pay for current period expenditures  
and therefore are reported as unavailable revenue in the governmental funds.

|                |  |        |
|----------------|--|--------|
| Property taxes |  | 52,110 |
|----------------|--|--------|

Repayment of long-term debt principal is an expenditure in the governmental funds  
but it reduces long-term liabilities in the Statement of Net Position.

|                          |                 |             |
|--------------------------|-----------------|-------------|
| General obligation bonds | (3,040,000)     |             |
| Capital lease            | <u>(37,323)</u> | (3,077,323) |

|  |  |         |
|--|--|---------|
| Liabilities for compensated absences are recognized only when paid in the governmental<br>fund statements but are accrued in the government-wide statements. |  | (8,398) |
|--|--|---------|

Other assets and liabilities not reported at the fund statement level:

|                          |  |                 |
|--------------------------|--|-----------------|
| Accrued interest expense |  | <u>(30,586)</u> |
|--------------------------|--|-----------------|

**Net Position of Governmental Activities** **\$ 5,177,356**

**CITY OF GREENWOOD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

| REVENUES:  | GENERAL           | PARK              | STREET              | FIRE AND<br>AMBULANCE | HYDRANT          | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|--|-------------------|-------------------|---------------------|-----------------------|------------------|--------------------------------|
| Taxes  | \$ 925,165        | \$ 104,931        | \$ 642,756          | \$ 410,852            | \$ 13,118        | \$ 2,096,822                   |
| Fees and license                                     | 137,558           | 60,685            | 13,518              | -                     | -                | 211,761                        |
| Fines, tickets and fees                              | 134,721           | -                 | -                   | -                     | -                | 134,721                        |
| Grants   | -                 | 2,500             | -                   | -                     | -                | 2,500                          |
| Interest revenue                                     | 6,182             | 112               | 6,670               | 3,721                 | 141              | 16,826                         |
| Miscellaneous  | 7,029             | 15,968            | 2,700               | -                     | -                | 25,697                         |
| Total Revenues                                       | <u>1,210,655</u>  | <u>184,196</u>    | <u>665,644</u>      | <u>414,573</u>        | <u>13,259</u>    | <u>2,488,327</u>               |
| <b>EXPENDITURES:</b>                                 |                   |                   |                     |                       |                  |                                |
| General government                                   | 272,739           | 2,781             | 9,993               | -                     | 432              | 285,945                        |
| Public safety  | 700,417           | -                 | -                   | -                     | -                | 700,417                        |
| Municipal court                                      | 96,196            | -                 | -                   | -                     | -                | 96,196                         |
| Parks and recreation                                 | -                 | 119,307           | -                   | -                     | -                | 119,307                        |
| Road and street                                      | -                 | -                 | 274,137             | -                     | -                | 274,137                        |
| Fire and ambulance                                   | -                 | -                 | -                   | 430,010               | -                | 430,010                        |
| Capital outlay                                       | 83,468            | 6,061             | 506,743             | -                     | -                | 596,272                        |
| Debt service:  |                   |                   |                     |                       |                  |                                |
| Principal  | 20,790            | -                 | 150,000             | -                     | -                | 170,790                        |
| Interest and fees                                    | 380               | -                 | 120,687             | -                     | -                | 121,067                        |
| Total Expenditures                                   | <u>1,173,990</u>  | <u>128,149</u>    | <u>1,061,560</u>    | <u>430,010</u>        | <u>432</u>       | <u>2,794,141</u>               |
| Excess (deficiency) of revenues<br>over expenditures | 36,665            | 56,047            | (395,916)           | (15,437)              | 12,827           | (305,814)                      |
| Other financing sources (uses):                      |                   |                   |                     |                       |                  |                                |
| Capital lease proceeds                               | 58,113            | -                 | -                   | -                     | -                | 58,113                         |
| Net change in fund balances                          | 94,778            | 56,047            | (395,916)           | (15,437)              | 12,827           | (247,701)                      |
| Fund balance, beginning of year                      | 455,096           | 77,763            | 2,055,892           | 74,825                | 58,631           | 2,722,207                      |
| Fund balance, end of year                            | <u>\$ 549,874</u> | <u>\$ 133,810</u> | <u>\$ 1,659,976</u> | <u>\$ 59,388</u>      | <u>\$ 71,458</u> | <u>\$ 2,474,506</u>            |

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (247,701)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

|                         |            |         |
|-------------------------|------------|---------|
| Capital asset purchases | \$ 582,187 |         |
| Depreciation expense    | (180,698)  | 401,489 |

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

|                        |          |         |
|------------------------|----------|---------|
| Principal payments     | 170,790  |         |
| Capital lease proceeds | (58,113) | 112,677 |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

|                |  |     |
|----------------|--|-----|
| Property taxes |  | 493 |
|----------------|--|-----|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

|                              |         |         |
|------------------------------|---------|---------|
| Accrued interest expense     | (4,415) |         |
| Compensated absences payable | (1,348) | (5,763) |

**Change in Net Position of Governmental Activities** **\$ 261,195**

**CITY OF GREENWOOD, MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

| <b>ASSETS</b>                           | <u>SEWER</u>        | <u>TRASH</u>      | <u>TOTALS</u>       |
|---|---------------------|-------------------|---------------------|
| Current assets:                         |                     |                   |                     |
| Cash and cash equivalents               | \$ 506,710          | \$ 126,165        | \$ 632,875          |
| Receivables, net                        | 114,489             | 31,755            | 146,244             |
| Prepaid expenses                        | <u>1,704</u>        | <u>667</u>        | <u>2,371</u>        |
| Total current assets                    | <u>622,903</u>      | <u>158,587</u>    | <u>781,490</u>      |
| Noncurrent assets:                      |                     |                   |                     |
| Restricted cash and cash equivalents    | 77,963              | -                 | 77,963              |
| Due from other funds                    | 170,000             | -                 | 170,000             |
| Capital assets, net                     | <u>1,109,587</u>    | <u>-</u>          | <u>1,109,587</u>    |
| Total noncurrent assets                 | <u>1,357,550</u>    | <u>-</u>          | <u>1,357,550</u>    |
| Total assets                            | <u>\$ 1,980,453</u> | <u>\$ 158,587</u> | <u>\$ 2,139,040</u> |
| <br><b>LIABILITIES AND NET POSITION</b> |                     |                   |                     |
| Current liabilities:                    |                     |                   |                     |
| Current portion of long-term debt       | \$ 50,000           | \$ -              | \$ 50,000           |
| Accounts payable                        | 70,122              | 309               | 70,431              |
| Customer deposits payable               | 48,300              | -                 | 48,300              |
| Due to other funds                      | 123,439             | 1,040             | 124,479             |
| Accrued liabilities:                    |                     |                   |                     |
| Payroll and benefits                    | 1,978               | 494               | 2,472               |
| Compensated absences                    | <u>3,387</u>        | <u>847</u>        | <u>4,234</u>        |
| Total current liabilities               | <u>297,226</u>      | <u>2,690</u>      | <u>299,916</u>      |
| Noncurrent liabilities:                 |                     |                   |                     |
| Compensated absences                    | <u>1,842</u>        | <u>460</u>        | <u>2,302</u>        |
| Total liabilities                       | <u>299,068</u>      | <u>3,150</u>      | <u>302,218</u>      |
| Net Position:                           |                     |                   |                     |
| Net investment in capital assets        | 1,059,587           | -                 | 1,059,587           |
| Restricted for debt service             | 29,663              | -                 | 29,663              |
| Unrestricted                            | <u>592,135</u>      | <u>155,437</u>    | <u>747,572</u>      |
| Total net position                      | <u>1,681,385</u>    | <u>155,437</u>    | <u>1,836,822</u>    |
| Total liabilities and net position      | <u>\$ 1,980,453</u> | <u>\$ 158,587</u> | <u>\$ 2,139,040</u> |

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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|  | <u>SEWER</u>        | <u>TRASH</u>      | <u>TOTALS</u>       |
|--|---------------------|-------------------|---------------------|
| Operating revenues:                    |                     |                   |                     |
| Charges for services                   | <u>\$ 1,110,601</u> | <u>\$ 275,010</u> | <u>\$ 1,385,611</u> |
| Operating expenses:                    |                     |                   |                     |
| Personnel services                     | 68,126              | 17,030            | 85,156              |
| Operation and maintenance              | 37,478              | 17,211            | 54,689              |
| Sewer treatment charges                | 737,295             | -                 | 737,295             |
| Trash services                         | -                   | 218,127           | 218,127             |
| Administration                         | 16,819              | 4,171             | 20,990              |
| Depreciation and amortization          | <u>52,695</u>       | <u>-</u>          | <u>52,695</u>       |
| Total operating expenses               | <u>912,413</u>      | <u>256,539</u>    | <u>1,168,952</u>    |
| Operating income                       | <u>198,188</u>      | <u>18,471</u>     | <u>216,659</u>      |
| Nonoperating revenues (expenses):      |                     |                   |                     |
| Interest income                        | 3,584               | -                 | 3,584               |
| Interest expense and fees              | (3,361)             | -                 | (3,361)             |
| Other revenue                          | <u>850</u>          | <u>-</u>          | <u>850</u>          |
| Total nonoperating revenues (expenses) | <u>1,073</u>        | <u>-</u>          | <u>1,073</u>        |
| Change in net position                 | 199,261             | 18,471            | 217,732             |
| Net position, beginning of year        | <u>1,482,124</u>    | <u>136,966</u>    | <u>1,619,090</u>    |
| Net position, end of year              | <u>\$ 1,681,385</u> | <u>\$ 155,437</u> | <u>\$ 1,836,822</u> |

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|   | <u>SEWER</u>      | <u>TRASH</u>      | <u>TOTALS</u>     |
|---|-------------------|-------------------|-------------------|
| Cash flows from operating activities:   |                   |                   |                   |
| Cash receipts from customers  | \$ 1,121,729      | \$ 278,072        | \$ 1,399,801      |
| Cash payments to suppliers  | (780,834)         | (239,491)         | (1,020,325)       |
| Cash paid to employees  | <u>(67,889)</u>   | <u>(16,973)</u>   | <u>(84,862)</u>   |
| Net cash provided by operating activities   | <u>273,006</u>    | <u>21,608</u>     | <u>294,614</u>    |
| Cash flows from capital and related financing activities:                               |                   |                   |                   |
| Due to other funds  | (113,923)         | 35                | (113,888)         |
| Principal paid on bonds   | (50,000)          | -                 | (50,000)          |
| Interest and fees paid on debt  | <u>(3,361)</u>    | <u>-</u>          | <u>(3,361)</u>    |
| Net cash provided (used) in capital and related financing activities                    | <u>(167,284)</u>  | <u>35</u>         | <u>(167,249)</u>  |
| Cash flows from investing activities:   |                   |                   |                   |
| Interest received   | 3,584             | -                 | 3,584             |
| Other receipts  | <u>850</u>        | <u>-</u>          | <u>850</u>        |
| Net cash provided by investing activities   | <u>4,434</u>      | <u>-</u>          | <u>4,434</u>      |
| Net increase in cash and cash equivalents   | 110,156           | 21,643            | 131,799           |
| Cash and cash equivalents, beginning of year  | <u>474,517</u>    | <u>104,522</u>    | <u>579,039</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 584,673</u> | <u>\$ 126,165</u> | <u>\$ 710,838</u> |
| Cash and cash equivalents   | \$ 506,710        | \$ 126,165        | \$ 632,875        |
| Restricted cash and cash equivalents  | <u>77,963</u>     | <u>-</u>          | <u>77,963</u>     |
| Cash and cash equivalents, end of year  | <u>\$ 584,673</u> | <u>\$ 126,165</u> | <u>\$ 710,838</u> |
| Reconciliation of operating income to net cash provided by operating activities:        |                   |                   |                   |
| Operating income  | \$ 198,188        | \$ 18,471         | \$ 216,659        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                   |                   |                   |
| Depreciation  | 52,695            | -                 | 52,695            |
| Changes in assets and liabilities:  |                   |                   |                   |
| (Increase) decrease in receivables  | 11,128            | 3,062             | 14,190            |
| (Increase) decrease in prepaid expenses   | 331               | 75                | 406               |
| Increase (decrease) in accounts payable   | 1,802             | (57)              | 1,745             |
| Increase (decrease) in compensated absences   | (63)              | 73                | 10                |
| Increase (decrease) in payroll and benefits   | 300               | (16)              | 284               |
| Increase (decrease) in customer deposits payable  | <u>8,625</u>      | <u>-</u>          | <u>8,625</u>      |
| Net cash provided by operating activities   | <u>\$ 273,006</u> | <u>\$ 21,608</u>  | <u>\$ 294,614</u> |

See accompanying notes to the basic financial statements.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

The City of Greenwood, Missouri is a fourth-class city located in Jackson and Cass Counties, Missouri. The City operates under a Mayor-Board of Aldermen form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

Financial Reporting Entity: The City's reporting entity includes the City's governing board and all related organizations. The combined financial statements of the City include all organizations that raise and hold economic resources for the direct benefit of the City. The City has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

The City has determined that no other outside agency meets the criteria set forth in GASB Statement No. 61 and, therefore, no other agency has been included as a component unit in the City's financial statements.

Basis of Presentation: The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary are presented. Major funds are displayed in separate columns.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

In the Fund financial statements, fund balance consist of five classifications” 1) Nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. 2) Restricted fund balance are amounts restricted to specific purposes. 3) Committed fund balances are amounts that can only be used for specific purposes as pursuant to official action by the Council prior to the end of the reporting period. 4) Assigned fund balances are amounts the City intends to use for a specific purpose but is neither restricted nor committed. The Council has the authority to assign fund balances. 5) Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general ledger.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City applied restricted funds first. When an expenditure is incurred for which committed, assigned, and/or unassigned fund balances are available, the City first applies committed funds, then assigned funds, and finally unassigned funds, as needed.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Governmental Funds** - The following are the City’s major governmental funds:

General Fund: This is the City’s primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Funds: Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for special purposes. The City reports four funds as special revenue funds as follows:

- Park Fund - Accounts for taxes collected and expended for operations and improvements to the City’s parks.
- Street Fund - Accounts for taxes collected and expended for the operation and maintenance of the City’s streets.
- Fire and Ambulance Fund - Accounts for taxes collected and expended for operation of the City’s emergency services, which are contracted to neighboring cities and fire districts.
- Hydrant Fund - Accounts for taxes collected and expended for maintenance of the City’s water hydrants.



**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Funds** - The following are the City's major proprietary funds:

Sewer Fund: Accounts for the acquisition, operation, and maintenance of the City's sanitary sewer utility facilities and services.

Trash Fund: This fund accounts for the provision of trash services to the residents of the City.

**Measurement Focus and Basis of Accounting**

Government-wide Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenues from property taxes are recognized in the period for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental activities and business-type activities and all enterprise funds of the City follow all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as FASB statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Fund Financial Statements: Governmental funds 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 collected 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 the related fund liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease are reported as other financing sources.

Property tax, sales tax, gasoline tax, motor vehicle tax, franchise taxes, interest, and revenues from other governmental units associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 Sewer and Trash Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include 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.

Receivables: The City records as accounts receivable in the Proprietary Fund financial statements the sewer and trash charges. The City has an agreement with the water service provider allowing for shutoff of water service for unpaid sewer bills.

Inventory: Inventories consist primarily of street signs and related supplies.

Prepaid items: Certain payments to vendors reflecting costs applicable to future accounting periods have been recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets: These assets consist of cash and escrowed funds held in trust. They are restricted as to use for debt service, bond reserves and capital improvements as provided by bonding resolutions.

Customer Deposits: The City collects a deposit from a new customer prior to initiating sewer service. The deposit will remain with the City until the termination of the sewer service. The City also collects a Mud bond when a new home permit is issued. It is collected and held until the certificate of occupancy is issued and the money is refunded. These customer deposits are reported in restricted assets.

Interfund Transactions: During the course of normal operations, the City transfers revenues between funds for various reasons, including (1) transfers of revenues from a fund that a statute or the budget requires to collect them to the fund that a statute or the budget requires to expend them, (2) transfers of resources for the construction of assets, and (3) transfers of charges for utility or other services to City departments. Legally authorized transfers that are not intended to be repaid are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine permanent transfers of equity are reported as equity transfers. Short-term amounts owed between funds are classified as "Due to/from other funds".

Capital Assets: Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, and similar items) reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Capital assets are stated at cost or estimated historical cost. Contributions of capital assets are recorded at estimated fair value at the date of donation. Additions, improvements and expenditures that add to the value of an asset or significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the useful life of an asset are not capitalized.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation is computed on all assets using the straight-line method over the estimated useful lives of the related assets, which range as follows:

|                            | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 40           |
| Equipment and vehicles     | 5 - 10       |
| Sanitary sewer system      | 25 - 50      |
| Infrastructure             | 10 - 50      |

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

Compensated Absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts based upon length of service. In the event of termination, an employee forfeits unused sick leave, however, certain amounts of unused vacation can be compensated, depending upon length of service. Compensatory time is also accumulated for certain employees. A liability for accumulated vacation and compensatory time is accrued when earned in the government-wide and proprietary fund financial statements. Accumulated vacation that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated vacation leave of proprietary funds is recorded as an expenditure and liability of those funds as the benefits accrue to employees.

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 and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Post-Employment Benefits Other Than Pension: The City has no legal or contractual requirements for providing benefits to former employees of the City.

Net Position: Net position represents the difference between assets and liabilities. In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capitalization of Interest: Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types with the fund financial statements. There was no interest capitalized in fiscal year 2016.

Statement of Cash Flows: The City defines cash and cash equivalents used in the statement of cash flows as all cash and highly liquid investments with an original maturity of three months or less when purchased (both restricted and unrestricted).

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**NOTE B - CASH AND INVESTMENTS**

State statutes permit the City to invest its monies as follows: 1) obligations of the United States Government or any agency or instrumentality, including repurchase agreements; 2) bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States, and other short-term obligations of the United States; 3) under limited circumstances, commercial paper and banker's acceptances; and 4) deposit accounts with insured financial institutions provided those accounts are entirely insured by the FDIC or collateralized with government securities that have a fair value exceeding the deposit amount.

State statutes require that all deposits in financial institutions be fully collateralized by certain U.S. Government or Governmental Agency securities, certain state or political subdivision debt obligations, surety bonds, or certain letters of credit.

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. At June 30, 2016, the bank balances of the City's deposits totaled \$3,263,271. Of the bank balance, \$1,038,596 was covered by federal depository insurance and \$2,224,675 was collateralized with securities held by the bank's trust department in the City's name. Accordingly, at June 30, 2016, none of the City's deposits were exposed to custodial credit risk.

Interest rate risk: Interest rate risk is defined as the risk that the fair value of the City's investments will decrease as a result of increases in interest rates. Generally, the longer the maturity of an investment means the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal interest rate risk policy.

Investment Policy: The City deposits and invests all monies as allowed by statute and in accordance with its investment policy. State statutes allow the City to deposit in open accounts and certificates of deposit, and to invest in obligations of the U/S/ government, U.S. government agency obligations, and repurchase agreements.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE B - CASH AND INVESTMENTS (continued)**

Credit risk: Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's funds that are directed to a Trustee are invested by the Trustee for the benefit of the City in guaranteed investment contracts. Such investment agreements constitute an obligation of the credit provider and the trustees review the rating, by a nationally recognized rating service of each credit provider's unsecured long-term debt. As such, the guaranteed investment contracts are unrated.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single user. The City's investment policy places no limit on the amount the City may invest in any one issuer.

**NOTE C - RESTRICTED ASSETS**

Cash and cash equivalents are restricted for the following purposes:

Governmental Funds:

General Fund:

|                               |               |
|-------------------------------|---------------|
| Customer deposits - Mud bonds | \$ 37,500     |
| Municipal court funds         | <u>9,229</u>  |
|                               | <u>46,729</u> |

Street Fund:

|   |                |
|---|----------------|
| Transportation capital projects account | 171,260        |
| Transportation bond proceeds account    | 113,758        |
| Transportation debt account             | <u>338,231</u> |
| Total street fund                       | <u>623,249</u> |
| Total governmental funds                | <u>669,978</u> |

Proprietary Funds:

Sewer Fund:

|                                     |                   |
|-------------------------------------|-------------------|
| Customer deposits                   | <u>48,300</u>     |
| Revenue bond reserves and accounts: |                   |
| Revenue bond principal retirement   | 25,000            |
| Revenue bond interest retirement    | 4,576             |
| Revenue bond rebate account         | <u>87</u>         |
| Total proprietary funds             | <u>77,963</u>     |
| Total government                    | <u>\$ 747,941</u> |

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE D - TAXES**

Property taxes are finalized and levied by September 1 and become delinquent after December 31 each year. Property taxes attach as an enforceable lien on property as of January 1. The current taxes receivable represent the 2015 levy plus any uncollected amounts from a prior year levy. Property taxes that are not available for current year operations are shown as deferred revenue.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2015 for purposes of local taxation was:

|                    |           |                      |
|--------------------|-----------|----------------------|
| General            | \$        | 0.4381               |
| Fire and Ambulance |           | 0.5946               |
| Hydrant            |           | 0.0190               |
| Debt service       |           | <u>0.4791</u>        |
| <b>Total</b>       | <b>\$</b> | <b><u>1.5308</u></b> |

**NOTE E - RECEIVABLES**

Receivables for proprietary funds represent user-based charges for services provided to the City's customers. Net receivables at June 30, 2016 were as follows:

|                           | <u>Total</u><br><u>Receivables</u> | <u>Allowance</u>       | <u>Net</u><br><u>Receivables</u> |
|---------------------------|------------------------------------|------------------------|----------------------------------|
| Business-type activities: |                                    |                        |                                  |
| Proprietary funds:        |                                    |                        |                                  |
| Sewer                     | \$ 120,069                         | \$ 5,580               | \$ 114,489                       |
| Trash                     | <u>33,329</u>                      | <u>1,574</u>           | <u>31,755</u>                    |
| <b>Total</b>              | <b><u>\$ 153,398</u></b>           | <b><u>\$ 7,154</u></b> | <b><u>\$ 146,244</u></b>         |

Taxes receivable represent the net collectible ad valorem taxes, local sales taxes, and franchise taxes. Balances at June 30, 2016 were as follows:

| <u>Fund</u>                 | <u>Total</u><br><u>Receivables</u> | <u>Allowance</u>        | <u>Net</u><br><u>Receivables</u> |
|-----------------------------|------------------------------------|-------------------------|----------------------------------|
| Governmental activities:    |                                    |                         |                                  |
| General fund:               |                                    |                         |                                  |
| Ad valorem                  | \$ 28,110                          | \$ 10,588               | \$ 17,522                        |
| Sales taxes                 | 41,720                             | -                       | 41,720                           |
| Franchise tax               | <u>36,931</u>                      | <u>-</u>                | <u>36,931</u>                    |
| Total general fund          | <u>106,761</u>                     | <u>10,588</u>           | <u>96,173</u>                    |
| Special revenue funds:      |                                    |                         |                                  |
| Ad valorem                  | 57,665                             | 14,890                  | 42,775                           |
| Sales taxes                 | 34,844                             | -                       | 34,844                           |
| Franchise tax               | <u>17,095</u>                      | <u>-</u>                | <u>17,095</u>                    |
| Total special revenue funds | <u>109,604</u>                     | <u>14,890</u>           | <u>94,714</u>                    |
| Total governmental funds    | <b><u>\$ 216,365</u></b>           | <b><u>\$ 25,478</u></b> | <b><u>\$ 190,887</u></b>         |

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE F - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2016 were as follows:

| Fund                     | Due From   | Due To     |
|--------------------------|------------|------------|
| Governmental funds:      |            |            |
| General fund             | \$ 7,233   | \$ 210,000 |
| Park fund                | -          | 639        |
| Street fund              | 119,300    | 1,409      |
| Hydrant fund             | 40,000     | 6          |
| Total governmental funds | 166,533    | 212,054    |
| Proprietary funds:       |            |            |
| Sewer fund               | 170,000    | 123,439    |
| Trash fund               | -          | 1,040      |
| Total proprietary funds  | 170,000    | 124,479    |
| Total                    | \$ 336,533 | \$ 336,533 |

Interfund receivables and payables from the Street Fund and the Sewer Fund in the amount of \$119,300 are for the purposes of paying off the sewer fund debt. Monthly payments are being remitted from the Sewer Fund to the Street Fund.

Interfund receivable and payable from the Fire and Ambulance Fund and the Sewer Fund to the General Fund in the amount of \$40,000 and \$170,000, respectively, were loans to the General Fund to purchase land.

The remaining amounts are made up of the quarterly surcharge which is due to the General Fund.

**NOTE G - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The City matches employee contributions up to a maximum of 4.5% of compensation. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amount, property or rights, are solely the property of the participants. Investments are managed by the plan's trustee under several investment options which are selected by the participants.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE H - CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2016:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Retirements/<br/>Reclassification</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|-------------------|--|---------------------------|
| Governmental activities:                     |                              |                   |  |                           |
| Nondepreciable assets:                       |                              |                   |  |                           |
| Land   | \$ 1,061,800                 | \$ 32,877         | \$ -                                     | \$ 1,094,677              |
| Construction in progress                     | 98,153                       | 459,866           | 558,019                                  | -                         |
| Total nondepreciable assets                  | <u>1,159,953</u>             | <u>492,743</u>    | <u>558,019</u>                           | <u>1,094,677</u>          |
| Depreciable capital assets:                  |                              |                   |  |                           |
| Buildings                                    | 562,696                      | 7,685             | -  | 570,381                   |
| Equipment                                    | 684,351                      | 79,044            | -  | 763,395                   |
| Infrastructure                               | 4,116,275                    | 560,734           | -  | 4,677,009                 |
| Total depreciable assets                     | <u>5,363,322</u>             | <u>647,463</u>    | <u>-</u>                                 | <u>6,010,785</u>          |
| Total accumulated depreciation               | <u>1,157,717</u>             | <u>180,698</u>    | <u>-</u>                                 | <u>1,338,415</u>          |
| Total depreciable capital assets, net        | <u>4,205,605</u>             | <u>466,765</u>    | <u>-</u>                                 | <u>4,672,370</u>          |
| Total governmental activities capital assets | <u>\$ 5,365,558</u>          | <u>\$ 959,508</u> | <u>\$ 558,019</u>                        | <u>\$ 5,767,047</u>       |

Depreciation expense was charged to functions as follows:

|                      |                   |
|----------------------|-------------------|
| General government   | \$ 9,412          |
| Public safety        | 42,234            |
| Road and street      | 105,768           |
| Parks and recreation | <u>23,284</u>     |
|                      | <u>\$ 180,698</u> |



**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE H - CAPITAL ASSETS (continued)**

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Retirements/<br/>Reclassification</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|--------------------|--|---------------------------|
| Business-type activities:                     |                              |                    |  |                           |
| Sewer fund:                                   |                              |                    |  |                           |
| Depreciable capital assets:                   |                              |                    |  |                           |
| Buildings and improvements                    | \$ 65,696                    | \$ -               | \$ -                                     | \$ 65,696                 |
| Equipment                                     | 51,778                       | -                  | -  | 51,778                    |
| Sewer system                                  | <u>1,773,296</u>             | <u>-</u>           | <u>-</u>                                 | <u>1,773,296</u>          |
| Total depreciable capital assets              | <u>1,890,770</u>             | <u>-</u>           | <u>-</u>                                 | <u>1,890,770</u>          |
| Total accumulated depreciation                | <u>728,488</u>               | <u>52,695</u>      | <u>-</u>                                 | <u>781,183</u>            |
| Total depreciable capital assets, net         | <u>1,162,282</u>             | <u>(52,695)</u>    | <u>-</u>                                 | <u>1,109,587</u>          |
| Trash fund:                                   |                              |                    |  |                           |
| Depreciable capital assets:                   |                              |                    |  |                           |
| Equipment                                     | <u>4,102</u>                 | <u>-</u>           | <u>-</u>                                 | <u>4,102</u>              |
| Total accumulated depreciation                | <u>4,102</u>                 | <u>-</u>           | <u>-</u>                                 | <u>4,102</u>              |
| Total depreciable capital assets, net         | <u>-</u>                     | <u>-</u>           | <u>-</u>                                 | <u>-</u>                  |
| Total business-type activities capital assets | <u>\$ 1,162,282</u>          | <u>\$ (52,695)</u> | <u>\$ -</u>                              | <u>\$ 1,109,587</u>       |

**NOTE I - 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 for which the City participates in a public entity risk pool. The City is a member of the Missouri Public Entity Risk Management Fund (MOPERM), corporate and political body created by the Missouri General Assembly and signed into law on June 20, 1986, to provide liability protection to participating public entities, their officials, and employees. The Fund operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. The Fund is regulated by the Missouri Department of Insurance.

MOPERM manages the cash and investment pool, funded by insurance premiums, on behalf of its members. The Fund's investment pool consists of interest bearing deposits, U.S. government and agencies obligation, and collateralized corporate obligations.

In the event that a deficit occurs with respect to any fiscal year of the Fund for which the City was a participant at any time during such year; and in the event that the Fund determines that an assessment is required in order to provide additional funds for the obligations of the Fund for such year, the City is obligated to pay its pro rata share of any such assessments, irrespective of whether or not the City is a member of the Fund at the time of such assessment. Management of the City is not aware of any deficit situation in the Fund which would require any accrual of liability as of June 30, 2016.

The Fund's financial statements are presented in its annual report for the year ended December 31, 2015.

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE J - COMMITMENTS AND CONTINGENCIES**

Federal and State Grants

The City receives financial assistance from various Federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types or on the overall financial position of the City at June 30, 2016.

**NOTE K - COOPERATIVE AGREEMENT FOR SEWERAGE SERVICE**

The City entered into an agreement for sewerage treatment services with the Little Blue Valley Sewer District, whereby the City was given the right to connect to the Little Blue Valley Sewer District treatment system. Under this agreement, the City pays a monthly fee based upon the number of connections into the system. For the year ended June 30, 2016, the City incurred costs of \$737,295 under the provisions of this agreement.

**NOTE L - CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities during the year were as follows:

|                                       | Beginning<br>Balance<br>July 1, 2015 | Additions        | Retirements       | Ending<br>Balance<br>June 30, 2016 | Amount<br>due within<br>one year |
|---------------------------------------|--------------------------------------|------------------|-------------------|------------------------------------|----------------------------------|
| <b>Governmental Activities:</b>       |                                      |                  |                   |                                    |                                  |
| Series 2010A Tax exempt G.O. Bonds    | \$ 620,000                           | \$ -             | \$ 150,000        | \$ 470,000                         | \$ 150,000                       |
| Series 2010B Taxable G.O. Bonds       | 2,570,000                            | -                | -                 | 2,570,000                          | -                                |
| Capital lease                         | -                                    | 58,113           | 20,790            | 37,323                             | 17,872                           |
| Compensated absences                  | 24,021                               | 8,501            | -                 | 32,522                             | 24,124                           |
| <b>Total Governmental Activities</b>  | <b>\$ 3,214,021</b>                  | <b>\$ 66,614</b> | <b>\$ 170,790</b> | <b>\$ 3,109,845</b>                | <b>\$ 191,996</b>                |
| <b>Business-Type Activities:</b>      |                                      |                  |                   |                                    |                                  |
| 1996 Sewer Revenue Bonds              | \$ 100,000                           | \$ -             | \$ 50,000         | \$ 50,000                          | \$ 50,000                        |
| Compensated absences                  | 6,615                                | -                | 79                | 6,536                              | 4,234                            |
| <b>Total Business-type Activities</b> | <b>\$ 106,615</b>                    | <b>\$ -</b>      | <b>\$ 50,079</b>  | <b>\$ 56,536</b>                   | <b>\$ 54,234</b>                 |

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE M - LONG-TERM DEBT**

Debt service requirements to maturity for all bonds outstanding at June 30, 2016 are as follows:

| Year Ending<br>June 30, | <u>Governmental Activities</u>  |                   | <u>Business-Type Activities</u> |                 | <u>Total Bonds</u> |                   |
|-------------------------|---------------------------------|-------------------|---------------------------------|-----------------|--------------------|-------------------|
|                         | <u>General Obligation Bonds</u> |                   | <u>Revenue Bonds</u>            |                 |                    |                   |
|                         | <u>Street Fund</u>              |                   | <u>Sewer Fund</u>               |                 | <u>All Funds</u>   |                   |
|                         | <u>Principal</u>                | <u>Interest</u>   | <u>Principal</u>                | <u>Interest</u> | <u>Principal</u>   | <u>Interest</u>   |
| 2017                    | \$ 150,000                      | \$ 112,453        | \$ 50,000                       | \$ 2,950        | \$ 200,000         | \$ 115,403        |
| 2018                    | 155,000                         | 107,953           | -                               | -               | 155,000            | 107,953           |
| 2019                    | 165,000                         | 103,303           | -                               | -               | 165,000            | 103,303           |
| 2020                    | 180,000                         | 98,353            | -                               | -               | 180,000            | 98,353            |
| 2021                    | 185,000                         | 91,772            | -                               | -               | 185,000            | 91,772            |
| 2022                    | 200,000                         | 85,008            | -                               | -               | 200,000            | 85,008            |
| 2023                    | 205,000                         | 77,695            | -                               | -               | 205,000            | 77,695            |
| 2024                    | 220,000                         | 70,200            | -                               | -               | 220,000            | 70,200            |
| 2025                    | 230,000                         | 62,156            | -                               | -               | 230,000            | 62,156            |
| 2026                    | 245,000                         | 53,747            | -                               | -               | 245,000            | 53,747            |
| 2027                    | 255,000                         | 43,993            | -                               | -               | 255,000            | 43,993            |
| 2028                    | 270,000                         | 33,841            | -                               | -               | 270,000            | 33,841            |
| 2029                    | 280,000                         | 23,091            | -                               | -               | 280,000            | 23,091            |
| 2030                    | 300,000                         | 11,944            | -                               | -               | 300,000            | 11,944            |
| Total                   | <u>\$ 3,040,000</u>             | <u>\$ 975,509</u> | <u>\$ 50,000</u>                | <u>\$ 2,950</u> | <u>\$3,090,000</u> | <u>\$ 978,459</u> |

**NOTE N - BONDS PAYABLE**

Bonds payable at June 30, 2016 consist of:

Governmental activities long-term debt consists of the following:

General obligation bonds:

|   |                     |
|---|---------------------|
| Series 2010 A Tax Exempt General Obligation Bonds due in varying annual installments through March 2019; interest of 2.00% - 3.00%                      | \$ 470,000          |
| Series 2010 B Taxable General Obligation Bonds due in varying annual installments beginning March 2019 through March 2030; interest of 5.625% to 6.125% | <u>2,570,000</u>    |
|   | <u>\$ 3,040,000</u> |

Business-type activities long-term debt consists of the following:

Revenue bonds:

|  |                  |
|--|------------------|
| Series 1996 B Sewerage System Revenue Bonds (State Revolving Fund Program) due in varying annual installments through January 2017; interest of 4.10% to 5.90% |                  |
| Net revenues are pledged over the term of the bonds in an amount equal to the total principal and interest payments  | <u>\$ 50,000</u> |

**CITY OF GREENWOOD, MISSOURI**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE O - CAPITAL LEASES**

On August 13, 2015, the District entered into a lease agreement with a financial institution to finance the cost of purchasing two police cars. The lease is for three years requiring annual payments of \$21,170 through September 2017; interest at 8.835%. Future minimum lease payments on the above lease are as follows:

|      | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|------|------------------|-----------------|------------------|
| 2017 | \$ 17,872        | \$ 3,298        | \$ 21,170        |
| 2018 | <u>19,451</u>    | <u>1,719</u>    | <u>21,170</u>    |
|      | <u>\$ 37,323</u> | <u>\$ 5,017</u> | <u>\$ 42,340</u> |

The assets acquired through capital leases are as follows:

|                                | <u>Governmental<br/>Activities</u> |
|--------------------------------|------------------------------------|
| Equipment                      | \$ 72,595                          |
| Less: Accumulated depreciation | <u>(10,890)</u>                    |
| Total                          | <u>\$ 61,705</u>                   |

**NOTE P - FUND BALANCES**

The following is a summary of the Governmental Fund balances of the City for the year ended June 30, 2016.

| <u>Classification/Fund</u> | <u>Purpose</u>             |                     |
|----------------------------|----------------------------|---------------------|
| Nonspendable:              |                            |                     |
| General Fund               | Prepaid expenses           | \$ 26,748           |
| Park                       | Prepaid expenses           | 1,755               |
| Street                     | Inventory and prepaids     | <u>9,468</u>        |
| Total Nonspendable         |                            | <u>37,971</u>       |
| Restricted:                |                            |                     |
| Park                       | Operate parks              | 132,055             |
| Street                     | Street improvements        | 1,650,508           |
| Fire and Ambulance         | Fire and ambulance service | 59,388              |
| Hydrant                    | Maintain hydrants          | <u>71,458</u>       |
| Total Restricted           |                            | <u>1,913,409</u>    |
| Unassigned:                |                            |                     |
| General Fund               |                            | <u>523,126</u>      |
| Total Fund Balances        |                            | <u>\$ 2,474,506</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF GREENWOOD, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|   | BUDGET           |                  | ACTUAL            | VARIANCE WITH    |
|---|------------------|------------------|-------------------|------------------|
|   | ORIGINAL         | FINAL            |                   | FINAL BUDGET     |
|   |                  |                  |                   | POSITIVE         |
|   |                  |                  |                   | (NEGATIVE)       |
| <b>REVENUES:</b>                                  |                  |                  |                   |                  |
| Taxes   | \$ 908,329       | \$ 930,835       | \$ 927,298        | \$ (3,537)       |
| Fees and license                                  | 165,402          | 134,257          | 137,558           | 3,301            |
| Fines, tickets and fees                           | 129,033          | 130,848          | 134,721           | 3,873            |
| Interest revenue                                  | 5,500            | 6,180            | 6,182             | 2                |
| Miscellaneous                                     | 23,820           | 7,640            | 3,547             | (4,093)          |
| Total Revenues                                    | <u>1,232,084</u> | <u>1,209,760</u> | <u>1,209,306</u>  | <u>(454)</u>     |
| <b>EXPENDITURES:</b>                              |                  |                  |                   |                  |
| General government                                | 274,339          | 288,260          | 266,075           | 22,185           |
| Public safety                                     | 726,606          | 704,941          | 700,417           | 4,524            |
| Municipal court                                   | 125,263          | 101,663          | 96,196            | 5,467            |
| Capital outlay                                    | 62,183           | 47,998           | 25,355            | 22,643           |
| Debt service:                                     |                  |                  |                   |                  |
| Principal   | -                | -                | 20,790            | (20,790)         |
| Interest and fees                                 | -                | -                | 380               | (380)            |
| Total Expenditures                                | <u>1,188,391</u> | <u>1,142,862</u> | <u>1,109,213</u>  | <u>33,649</u>    |
| Net change in fund balance                        | <u>\$ 43,693</u> | <u>\$ 66,898</u> | 100,093           | <u>\$ 33,195</u> |
| Fund balance, beginning of year - budgetary basis |                  |                  | <u>419,490</u>    |                  |
| Fund balance, end of year - budgetary basis       |                  |                  | 519,583           |                  |
| <b>GAAP adjustments:</b>                          |                  |                  |                   |                  |
| Receivables:                                      |                  |                  |                   |                  |
| Taxes   |                  |                  | 80,975            |                  |
| Other   |                  |                  | 4,462             |                  |
| Accounts payable                                  |                  |                  | (14,192)          |                  |
| Accrued payroll and benefits                      |                  |                  | <u>(40,954)</u>   |                  |
| Fund balances, end of year - GAAP basis           |                  |                  | <u>\$ 549,874</u> |                  |

See accompanying notes to the required supplementary information.

**CITY OF GREENWOOD, MISSOURI**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - PARK FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|   | BUDGET          |                  | ACTUAL            | VARIANCE WITH          |
|---|-----------------|------------------|-------------------|------------------------|
|   | ORIGINAL        | FINAL            |                   | FINAL BUDGET           |
|   |                 |                  |                   | POSITIVE<br>(NEGATIVE) |
| <b>REVENUES:</b>                                  |                 |                  |                   |                        |
| Taxes   | \$ 95,000       | \$ 106,220       | \$ 106,218        | \$ (2)                 |
| Fees and license                                  | 36,500          | 60,255           | 60,685            | 430                    |
| Grants and donations                              | -               | 2,500            | 2,500             | -                      |
| Interest revenue                                  | 50              | 50               | 112               | 62                     |
| Miscellaneous                                     | 6,250           | 13,250           | 15,858            | 2,608                  |
| Total Revenues                                    | <u>137,800</u>  | <u>182,275</u>   | <u>185,373</u>    | <u>3,098</u>           |
| <b>EXPENDITURES:</b>                              |                 |                  |                   |                        |
| General government                                | 2,100           | 2,100            | 2,781             | (681)                  |
| Parks and recreation                              | 133,325         | 137,185          | 122,978           | 14,207                 |
| Capital outlay                                    | <u>-</u>        | <u>4,675</u>     | <u>6,061</u>      | <u>(1,386)</u>         |
| Total Expenditures                                | <u>135,425</u>  | <u>143,960</u>   | <u>131,820</u>    | <u>12,140</u>          |
| Net change in fund balance                        | <u>\$ 2,375</u> | <u>\$ 38,315</u> | 53,553            | <u>\$ 15,238</u>       |
| Fund balance, beginning of year - budgetary basis |                 |                  | <u>84,969</u>     |                        |
| Fund balance, end of year - budgetary basis       |                 |                  | 138,522           |                        |
| <b>GAAP adjustments:</b>                          |                 |                  |                   |                        |
| Receivables:                                      |                 |                  |                   |                        |
| Taxes   |                 |                  | 17,422            |                        |
| Accounts  |                 |                  | 110               |                        |
| Accounts payable                                  |                 |                  | (19,853)          |                        |
| Accrued payroll and benefits                      |                 |                  | <u>(2,391)</u>    |                        |
| Fund balances, end of year - GAAP basis           |                 |                  | <u>\$ 133,810</u> |                        |

See accompanying notes to the required supplementary information.

**CITY OF GREENWOOD, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - STREET FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

|   | BUDGET              |                     | ACTUAL              | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|---------------------|---------------------|---------------------|---|
|   | ORIGINAL            | FINAL               |                     | (NEGATIVE)  |
| <b>REVENUES:</b>                                  |                     |                     |                     |   |
| Taxes   | \$ 628,865          | \$ 643,545          | \$ 643,435          | \$ (110)  |
| Fees and licenses                                 | 13,184              | 13,184              | 13,518              | 334   |
| Interest revenue                                  | 5,400               | 6,565               | 6,670               | 105   |
| Miscellaneous                                     | <u>82,600</u>       | <u>2,950</u>        | <u>2,700</u>        | <u>(250)</u>  |
| Total Revenues                                    | <u>730,049</u>      | <u>666,244</u>      | <u>666,323</u>      | <u>79</u>   |
| <b>EXPENDITURES:</b>                              |                     |                     |                     |   |
| General government                                | 9,727               | 9,727               | 9,993               | (266)   |
| Road and street                                   | 381,892             | 275,927             | 270,914             | 5,013   |
| Capital outlay                                    | 538,000             | 530,575             | 516,488             | 14,087  |
| Debt service:                                     |                     |                     |                     |   |
| Principal   | 150,000             | 150,000             | 150,000             | -   |
| Interest and fees                                 | <u>167,663</u>      | <u>167,663</u>      | <u>145,519</u>      | <u>22,144</u>   |
| Total Expenditures                                | <u>1,247,282</u>    | <u>1,133,892</u>    | <u>1,092,914</u>    | <u>40,978</u>   |
| Net change in fund balance                        | <u>\$ (517,233)</u> | <u>\$ (467,648)</u> | (426,591)           | <u>\$ 41,057</u>  |
| Fund balance, beginning of year - budgetary basis |                     |                     | <u>2,025,908</u>    |   |
| Fund balance, end of year - budgetary basis       |                     |                     | 1,599,317           |   |
| <b>GAAP adjustments:</b>                          |                     |                     |                     |   |
| Receivables:                                      |                     |                     |                     |   |
| Taxes   |                     |                     | 37,093              |   |
| Other   |                     |                     | 24,832              |   |
| Inventory   |                     |                     | 6,085               |   |
| Prepaid expenses                                  |                     |                     | 3,383               |   |
| Accounts payable                                  |                     |                     | (4,446)             |   |
| Accrued payroll and benefits                      |                     |                     | <u>(6,288)</u>      |   |
| Fund balances, end of year - GAAP basis           |                     |                     | <u>\$ 1,659,976</u> |   |

See accompanying notes to the required supplementary information.



**CITY OF GREENWOOD, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - FIRE AND AMBULANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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|   | <u>BUDGET</u>   |                    | <u>ACTUAL</u>    | <u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u> |
|---|-----------------|--------------------|------------------|---|
|   | <u>ORIGINAL</u> | <u>FINAL</u>       |                  |   |
| <b>REVENUES:</b>                                  |                 |                    |                  |   |
| Taxes   | \$ 420,000      | \$ 414,935         | \$ 411,510       | \$ (3,425)  |
| Interest revenue                                  | <u>4,500</u>    | <u>4,500</u>       | <u>3,721</u>     | <u>(779)</u>  |
| Total Revenues                                    | <u>424,500</u>  | <u>419,435</u>     | <u>415,231</u>   | <u>(4,204)</u>  |
| <b>EXPENDITURES:</b>                              |                 |                    |                  |   |
| Fire and ambulance                                | <u>421,720</u>  | <u>430,041</u>     | <u>430,010</u>   | <u>31</u>   |
| Total Expenditures                                | <u>421,720</u>  | <u>430,041</u>     | <u>430,010</u>   | <u>31</u>   |
| Net change in fund balance                        | <u>\$ 2,780</u> | <u>\$ (10,606)</u> | (14,779)         | <u>\$ (4,173)</u>   |
| Fund balance, beginning of year - budgetary basis |                 |                    | <u>70,981</u>    |   |
| Fund balance, end of year - budgetary basis       |                 |                    | 56,202           |   |
| <b>GAAP adjustments:</b>                          |                 |                    |                  |   |
| Receivables:                                      |                 |                    |                  |   |
| Taxes   |                 |                    | <u>3,186</u>     |   |
| Fund balances, end of year - GAAP basis           |                 |                    | <u>\$ 59,388</u> |   |

See accompanying notes to the required supplementary information.

**CITY OF GREENWOOD, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - HYDRANT FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

|   | BUDGET          |                  | ACTUAL           | VARIANCE WITH<br>FINAL BUDGET<br>POSITIVE<br>(NEGATIVE) |
|---|-----------------|------------------|------------------|---|
|   | ORIGINAL        | FINAL            |                  |   |
| REVENUES:   |                 |                  |                  |   |
| Taxes   | \$ 12,870       | \$ 13,270        | \$ 13,140        | \$ (130)  |
| Interest revenue                                  | <u>125</u>      | <u>125</u>       | <u>141</u>       | <u>16</u>   |
| Total Revenues                                    | <u>12,995</u>   | <u>13,395</u>    | <u>13,281</u>    | <u>(114)</u>  |
| EXPENDITURES:                                     |                 |                  |                  |   |
| General government                                | 453             | 453              | 432              | 21  |
| Road and street                                   | <u>3,000</u>    | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| Total Expenditures                                | <u>3,453</u>    | <u>453</u>       | <u>432</u>       | <u>21</u>   |
| Net change in fund balance                        | <u>\$ 9,542</u> | <u>\$ 12,942</u> | 12,849           | <u>\$ (93)</u>  |
| Fund balance, beginning of year - budgetary basis |                 |                  | <u>58,508</u>    |   |
| Fund balance, end of year - budgetary basis       |                 |                  | 71,357           |   |
| GAAP adjustments:                                 |                 |                  |                  |   |
| Receivables:                                      |                 |                  |                  |   |
| Taxes   |                 |                  | <u>101</u>       |   |
| Fund balances, end of year - GAAP basis           |                 |                  | <u>\$ 71,458</u> |   |

See accompanying notes to the required supplementary information.

**CITY OF GREENWOOD, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2016**

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**Budgets and Budgetary Accounting**

The City prepares a budget for all funds. The reported budgetary data represents the final approved budget, after amendments, as adopted by the Board of Aldermen. The City's policy is to prepare the annual operating budgets on the cash basis of accounting.

The Board of Aldermen follows the following procedures in establishing the budgetary data reflected in the government-wide financial statements:

1. Prior to June 1, an individual designated by the Board of Aldermen submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and transfers and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget for all funds is legally enacted through passage of an ordinance.
4. All expenditures are approved by the Board of Aldermen. Budget variances are reviewed periodically and the budget is amended as necessary.

## **INTERNAL CONTROL AND COMPLIANCE**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Aldermen  
City of Greenwood, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of City of Greenwood, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Westbrook & Co., P.C.

Richmond, Missouri  
October 11, 2016