CITY OF HARRISONVILLE, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2016

Prepared by: Marcella McCoy
Director of Finance

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City of
Harrisonville
est. 1836

P.O. Box 367, 300 East Pearl Street- Harrisonville, Missouri 64701

April 27, 2017

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrisonville, Missouri, for the fiscal year ended December 31, 2016. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a government-wide and a fund basis.

The City of Harrisonville Finance Department prepares the year-end trial balances and supporting schedules and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP, and that audit resulted in an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the Financial Section of the CAFR.

Following the independent auditors' report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provides an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of Harrisonville and, along with the introductory section, provide context to the report.

Profile of the City of Harrisonville

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the state of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Col. H. W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich local history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center, with Interstate 49 and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville, Missouri, is a fourth-class city organized under Missouri statutes and is governed by a Mayor and eight-member Board of Aldermen, two from each of the four wards. The Mayor and Board appoint a City Administrator to serve as the chief administrative officer of the City, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

Factors affecting financial conditions

Local economy - Overall retail sales have recovered to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains tied to the stable population, economic development continues to focus on the creation and expansion of employment opportunities. Outside investors have continued to show interest in Harrisonville's location and workforce when considering potential business sites. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

Long-term financial planning - The City of Harrisonville prepares a five-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Aldermen's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

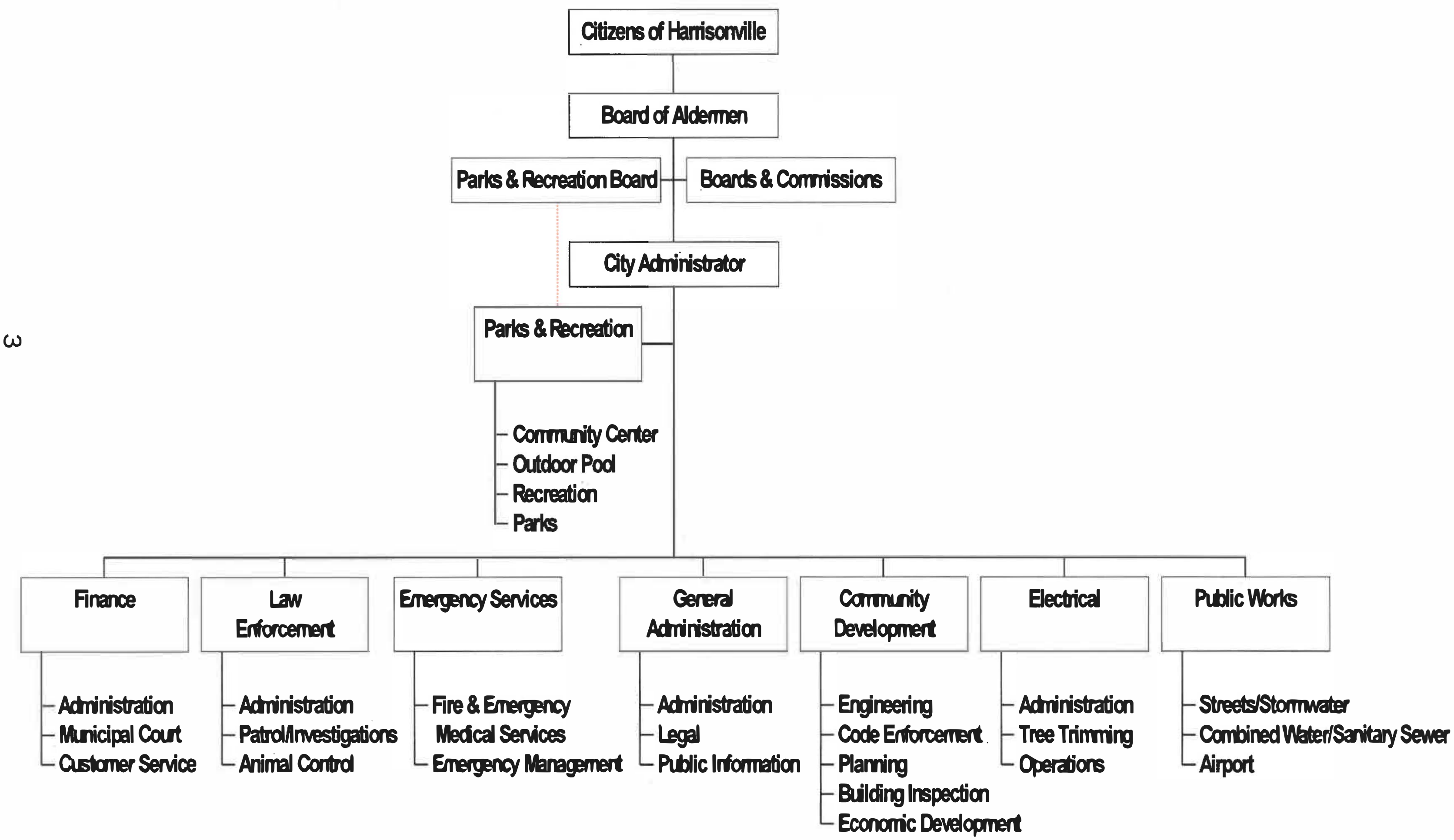
Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains low compared to historical averages, but the security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department, with special recognition to our Accounting Specialist, Debra Goss. The City's independent audit firm of Dana F. Cole & Company, LLP, was instrumental in the preparation of this report and highly professional in their dealings with our staff. I would also like to thank Mayor Hasek, the Board of Aldermen, and Interim City Administrator Mike Tholen for their continued interest in and support of the maintenance of the financial health of our City.

Respectfully submitted,

Marcella McCoy
Director of Finance

City of
Harrisonville
est. 1836



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CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2016

MAYOR AND BOARD OF ALDERMEN

Brian Hasek	Mayor
Brad Bockelman	Alderman Ward I
Judy Bowman	Alderman Ward I
Judy Reece	Alderman Ward II
Marcia Milner	Alderman Ward II
David Dickerson	Alderman Ward III
Clint Long	Alderman Ward III
Josh Stafford	Alderman Ward IV
Matt Turner	Alderman Ward IV

ADMINISTRATOR AND DEPARTMENT HEADS

Michael Tholen	Interim City Administrator
Eric Patterson	Director of Public Works and Water/Sewer Superintendent
	Electric Department Director
Rodney Jacobs	Street Superintendent
Chris Deal	Director of Parks and Recreation
	Director of Community Development
	City Clerk
Marcella McCoy	Director of Finance
John Hofer	Chief of Police
Eric Myler	Interim Fire Chief and Director of Emergency Management
John Fairfield	City Attorney
Kevin Anderson	Municipal Judge
Joseph Cambiano	City Prosecuting Attorney

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

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FINANCIAL SECTION

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DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 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 an opinion 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 of 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 - 15, the budgetary comparison schedules on pages 67 - 70, the schedule of employer's contributions on page 71, and the schedule of employer's share of net pension liability on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisonville, Missouri's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 73 - 82 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information on pages 73 - 82 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections on pages 1 - 4 and 83 - 102 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2017, on our consideration of the City of Harrisonville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Harrisonville, Missouri's internal control over financial reporting and compliance.

Dana F. Cole + Company, LLP

Overland Park, Kansas
April 27, 2017, except for Note 19, as
to which the date is June 21, 2017

The City of Harrisonville, Missouri, has prepared financial statements in accordance with GASB 34 guidelines since 2003. This section of the report is intended to provide a summary of the City's financial condition and outlook, and should be considered along with the transmittal letter and financial statements in any evaluation of the City's financial condition.

Fiscal Year Highlights

The City of Harrisonville, Missouri, continues to be a financially stable community as the economy begins to turn upward. Tax revenues decreased in fiscal year 2016 compared to fiscal year 2015 by about $290,000. The overall net position has increased in both governmental and business-type activities. The City of Harrisonville, Missouri's central location in the county and its status as a full-service city help maintain that stability and allow for many forward-looking investments:

These statements include the Towne Center TIF expenditures, which impact the net position of the City. The anchor tenant opened in spring 2007. One additional padsite has been occupied, and a hotel has been opened on the south end. The two remaining padsites are still open for development. The City budgeted and contributed general funds to help meet the debt service schedule in 2016, but will need additional development to continue to service the debt without impacting other City funds.

The collection of sales tax revenues exceeded previous levels. While the City has been recovering from the downturn, the revenue from existing sales taxes showed little overall growth in recent years. This could be an area of concern if continued over time since the sales tax is the largest single revenue source to the General Fund, and forms the basis of debt service payments for the Community Center. Sales tax revenues mirror national and regional economic trends, which are largely outside the City's control, but are important to both our community and our revenue stream. These trends are closely monitored by City staff for their effect on both present and projected expenditure plans.

The City's business-type activities (utility funds) showed a slight increase in sales and usage as a result of typical weather patterns for the year. Utility customer and load growth is a key indicator of the community's financial health, as the number of residents is tied directly to available revenues and demands for City services. Prior to fiscal year 2012, the City revised its administrative charge schedule, which resulted in lower utility rates and reduced transfers to the General Fund. The City forecasts stable utility rates for the next few years. Water rates were increased in June 2016 as part of the need to finance voter-approved water treatment plant improvements.

The Comprehensive Annual Financial Report

This comprehensive annual financial report consists of six parts:

Introductory section which includes the transmittal letter,
Management's discussion and analysis (this part),
Basic financial statements and accompanying notes,
Required supplementary information,
Other supplementary information, and
Statistical information

The Comprehensive Annual Financial Report (Continued)

In prior years, the principal focus of local governmental financial statements was to summarize fund-type information on a current financial resource basis. This current accounting model presents information in two ways. The government-wide financial statements provide both short- and long-term information about the City's overall financial status. These are prepared on a full accrual basis to present information in a format more familiar to corporate accounting users. Fund financial statements are still included to provide useful information on individual parts of the government.

Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements can be found on pages 16 through 19. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector.

The City is divided into the following activities:

Governmental activities - All of the City's basic services are considered governmental activities, including public safety, public works, general administration, and parks. These activities are supported primarily with general revenue such as sales and property taxes, fines, and permit fees.

Business-type activities - The City's enterprise activities are included here. These operations charge a fee for services that is intended to recover the cost of operations.

Fund Financial Statements

Another major section of the basic financial statements is the fund financial statements, found on pages 20 through 32, along with their explanatory notes on pages 33 through 66. The fund financial statements provide detailed information about each of the City's most significant funds, called "major funds." All other funds are summarized and presented in a single column called "nonmajor."

The City of Harrisonville, Missouri, currently has two kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds. These statements are prepared on a modified accrual basis, meaning they measure current financial resources and uses. Capital assets and other long-lived assets, along with any long-term liabilities, are not presented in the governmental fund statements, but additional information about them is provided at the bottom of the statements, and in the notes.

Proprietary funds - These statements include business-type enterprise funds. The statements for these funds are presented on the accrual basis and include all assets and liabilities, both current and long-term. This is the same basis used on the government-wide financial statements.

Statement of Net Position

The following table summarizes the combined statement of net position as of December 31, 2016, compared with the same information for the fiscal year ending December 31, 2015:

City of Harrisonville, Missouri's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	17,717,645	19,018,583	11,855,494	12,348,414	29,573,139	31,366,997
Capital assets	22,896,321	23,183,383	35,853,483	35,721,340	58,749,804	58,904,723
Deferred outflows of resources	2,962,217	1,395,495	742,950	352,649	3,705,167	1,748,144
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,576,183	43,597,461	48,451,927	48,422,403	92,028,110	92,019,864
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Other liabilities	681,477	785,446	1,827,866	1,984,510	2,509,343	2,769,956
Long-term liabilities	20,659,046	21,798,527	8,560,057	9,465,003	29,219,103	31,263,530
Deferred inflows of resources	476,135	54,653	66,835	31,724	542,970	86,377
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,816,658	22,638,626	10,454,758	11,481,237	32,271,416	34,119,863
NET POSITION						
Net investment in capital assets	18,094,342	17,620,666	27,020,727	25,724,107	45,115,069	43,344,773
Restricted	1,238,641	1,000,182	2,424,296	1,745,814	3,662,937	2,745,996
Unrestricted (deficit)	2,426,542	2,337,987	8,552,146	9,471,245	10,978,688	11,809,232
TOTAL NET POSITION	21,759,525	20,958,835	37,997,169	36,941,166	59,756,694	57,900,001

Statement of Net Position (Continued)

The summary reveals the overall balance in the City between governmental assets and business-type assets. The governmental activities capital assets include the cost of additions, while the long-term obligations and restricted assets in the same column reveal the offsetting debt, final construction obligations, and financing reserves, as well as the debt associated with the Towne Center TIF.

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2016, compared with the same information for the fiscal year ending December 31, 2015:

City of Harrisonville, Missouri's Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
REVENUES	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	4,473,945	4,369,286	16,846,118	16,830,615	21,320,063	21,199,901
Operating grants and contributions	132,527	293,635			132,527	293,635
Capital grants and contributions	352,785			91,811	352,785	91,811
General revenues						
Taxes	7,461,342	7,751,738			7,461,342	7,751,738
Investment earnings	56,623	41,110	246,329	239,868	302,952	280,978
Transfers				(200,000)		(200,000)
Other miscellaneous revenues	237,769	271,252	60,480	153,871	298,249	425,123
Total revenues	12,714,991	12,727,021	17,152,927	17,116,165	29,867,918	29,843,186
EXPENSES						
General Government	1,717,240	1,583,748			1,717,240	1,583,748
Administration of Justice	2,877,989	2,645,741			2,877,989	2,645,741
Street	1,157,722	1,001,075			1,157,722	1,001,075
Economic Development	502,984	431,396			502,984	431,396
Animal Control	192,369	192,396			192,369	192,396
Airport	339,387	308,994			339,387	308,994
Emergency Services	2,497,603	2,310,217			2,497,603	2,310,217
Park	606,756	550,704			606,756	550,704

Statement of Activities (Continued)

City of Harrisonville, Missouri's Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
EXPENSES (Continued)						
Community Center	1,488,614	1,458,666			1,488,614	1,458,666
Towne Center TIF	7,075	7,654			7,075	7,654
Interest on long-term debt	526,562	559,742			526,562	559,742
Electric			11,249,953	10,969,788	11,249,953	10,969,788
Water/Sewer			4,079,377	3,953,599	4,079,377	3,953,599
Aquatic Center			262,529	247,561	262,529	247,561
Refuse			505,064	494,998	505,064	494,998
Total expenses	11,914,301	11,050,333	16,096,923	15,665,946	28,011,224	26,716,279
CHANGE IN NET POSITION	800,690	1,676,688	1,056,004	1,450,219	1,856,694	3,126,907
NET POSITION, beginning of year	20,958,835	19,282,147	36,941,165	35,490,946	57,900,000	54,773,093
NET POSITION, end of year	21,759,525	20,958,835	37,997,169	36,941,165	59,756,694	57,900,000

This summary shows that approximately 71% of total revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sanitary Sewer Utilities. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues.

Total program expenses for 2016 are $28,011,224 with the majority, $16,096,923, stemming from business-type activities. Governmental activities expenditures increased 7.8% from the previous fiscal year and business-type activities expenditures increased 2.8%. Both due primarily from increased expenses for the pension plan held by LAGERS.

Public safety expenses, at $5,375,592, totaled approximately 45% of the governmental activities, while the electric utility expenses compose the majority of the business-type expenses.

The total net position of the City increased 3.2% in 2016.

Fund Statements

The City of Harrisonville, Missouri, fund statements can be found on pages 20 through 32 of the financial statements. Governmental funds ended the year with an overall increase in fund balance and the business-type funds showed an overall increase in net position.

Budget Variances

There is one area of significant difference between the original adopted budget and the final approved budget for the City's General Fund in fiscal year 2016. It is in capital projects, which reflect the amount of unfinished capital work from 2015, which was re-appropriated into the 2016 budget, as well as several newly authorized construction projects and equipment purchases. All budget amendments are reviewed and approved by the Board of Aldermen.

Capital Assets

City of Harrisonville, Missouri's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	890,750	890,750	1,588,031	1,588,031	2,478,781	2,478,781
Buildings and improvements	23,838,134	23,815,104	18,112,043	18,112,043	41,950,177	41,927,147
Machinery and equipment	7,048,458	6,814,922			7,048,458	6,814,922
Equipment and transmission			40,302,354	37,840,823	40,302,354	37,840,823
Streets	6,959,923	6,638,115			6,959,923	6,638,115
Construction-in-progress	813,041	486,025	2,458,793	3,461,641	3,271,834	3,947,666
	39,550,306	38,644,916	62,461,221	61,002,538	102,011,527	99,647,454
Less accumulated depreciation	16,653,985	15,461,533	26,607,738	25,281,198	43,261,723	40,742,731
Total	22,896,321	23,183,383	35,853,483	35,721,340	58,749,804	58,904,723

Major Capital Asset Events, fiscal year 2016:

There were several improvements and equipment purchases made in 2016, including ongoing projects that are to be completed in the near future. One major improvement that has been in the design phase is the improvement to the water treatment plant. Funding for this improvement was approved by the voters to issue additional bonds utilizing the State Revolving Fund financing program through the Missouri Department of Natural Resources. The following is a short recap of improvements and purchases made in 2016.

Capital Assets (Continued)

Infrastructure improvements included:
- Annual overlay in excess of $214,000 and Independence Bridge completion of $17,600
- Airport improvements in excess of $344,000 utilizing grant funds
- Storm and sidewalk improvements in excess of $90,000
- Electrical distribution improvements totaling nearly $23,500
- Significant improvements to the water treatment plant of $575,000
- Major repair to the digester at the wastewater treatment plant of $805,600
- Miscellaneous water and sewer line improvements in the amount of $81,400

Equipment purchases and improvements included:
- Crack sealer machine, tasers, patrol vehicle, and servers totaling over $227,300
- Backyard digger for electric in the amount of $166,200 and finishing mower for parks in the amount of $20,300
- Ambulance and related equipment totaling over $168,000

Debt Administration

As of December 31, 2016, the City of Harrisonville, Missouri, had total long-term debt outstanding of $28,832,296. Details of the existing debt obligations of the City are discussed in Note 6 to the financial statements. The City continues to have no general obligation debt.

City of Harrisonville, Missouri's Debt Administration
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Tax Increment Revenue Note	9,000	9,000			9,000	9,000
Tax Increment Revenue Bonds	6,585	6,920			6,585	6,920
Revenue Bonds			8,182	9,045	8,182	9,045
Certificates of Participation	4,650	5,350			4,650	5,350
Capital Lease	98	144			98	144
Promissory Notes	127	152	190	221	317	373
Total	20,460	21,566	8,372	9,266	28,832	30,832

Economic Outlook

The City of Harrisonville, Missouri, continues to benefit from a relatively stable economic situation and shows some signs of progress. Overall employment has remained steady and sales tax collections have slightly increased. Some new retail development is still under way, and the City continues

Economic Outlook (Continued)

to be in the minds of potential commercial and industrial customers. The State of Missouri, in conjunction with local funding partners, completed construction of significant improvements to the interchange at I-49 and MO-291, as well as to MO-7 through Harrisonville. More improvements are under way to North MO-291 in partnership with the Missouri Department of Transportation and other local partners. Voters in November 2014 approved $7 million in revenue bonds to fund improvements in the City's water treatment plant and process which will provide better, cleaner water for years to come. The bonds are scheduled to be issued in January 2017 and the contractor has been awarded the project. Construction is scheduled to begin in February 2017 on the improvements to the water treatment plan. These public infrastructure investments should help maintain and strengthen our commercial base. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends in order to forestall any major problems.

Financial Contact

These financial statements are designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Any questions or request for additional information should be directed to the Director of Finance, 300 E. Pearl Street, Harrisonville, Missouri 64701.

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BASIC FINANCIAL STATEMENTS

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CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash (claim on cash)	(137,841)	506,611	368,770	
Investments	4,984,448	5,667,783	10,652,231	
Accounts receivable, net of allowance for doubtful accounts	657,061	2,144,600	2,801,661	
Grants receivable	72,338		72,338	
Taxes receivable	922,106		922,106	196,293
Inventories	113,800	717,359	831,159	
Prepaid expenses	244,962	99,197	344,159	
Restricted cash	1,242,788	377,464	1,620,252	124,860
Restricted investments		2,046,832	2,046,832	
Due from component unit	9,380,547	200,000	9,580,547	
Net pension asset	237,436	95,648	333,084	
Capital assets				
Land	890,750	1,588,031	2,478,781	
Construction-in-progress	813,041	2,458,793	3,271,834	
Other capital assets, net of accumulated depreciation	21,192,530	31,806,659	52,999,189	
TOTAL ASSETS	40,613,966	47,708,977	88,322,943	321,153
DEFERRED OUTFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	2,670,467	742,950	3,413,417	
Unamortized payment to escrow agent on defeasance of long-term debt	291,750		291,750	
Total deferred outflows of resources	2,962,217	742,950	3,705,167	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,576,183	48,451,927	92,028,110	321,153

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES				
Accounts payable	213,837	790,615	1,004,452	15,820
Accrued expenses	289,534	56,621	346,155	
Unearned revenue	151,331	91,911	243,242	
Liabilities payable from restricted assets	26,775		26,775	
Meter deposits		888,719	888,719	
Due to primary government				9,380,547
Due to developers				5,326,059
Noncurrent liabilities				
Due within one year	1,428,046	1,057,344	2,485,390	
Due in more than one year	19,231,000	7,502,713	26,733,713	
TOTAL LIABILITIES	21,340,523	10,387,923	31,728,446	14,722,426
DEFERRED INFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	476,135	66,835	542,970	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,816,658	10,454,758	32,271,416	14,722,426
NET POSITION				
Net investment in capital assets	18,094,342	27,020,727	45,115,069	
Restricted for:				
Capital improvements		152,989	152,989	
Debt service	1,104,403	2,271,307	3,375,710	
Other purposes	138,385		138,385	
Unrestricted (deficit)	2,422,395	8,552,146	10,974,541	(14,401,273)
TOTAL NET POSITION	21,759,525	37,997,169	59,756,694	(14,401,273)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Functions/programs								
Primary government								
Governmental activities								
General Government	1,722,897	1,964,977	132,527		374,607		374,607	
Administration of Justice	2,877,989	222,035			(2,655,954)		(2,655,954)	
Street	1,157,722				(1,157,722)		(1,157,722)	
Economic Development	497,326				(497,326)		(497,326)	
Animal Control	192,369				(192,369)		(192,369)	
Airport	339,387			352,785	13,398		13,398	
Emergency Services	2,497,603	1,351,037			(1,146,566)		(1,146,566)	
Park	606,756	83,414			(523,342)		(523,342)	
Community Center	1,488,614	852,482			(636,132)		(636,132)	
Towne Center Project	7,075				(7,075)		(7,075)	
Interest on long-term debt	526,562				(526,562)		(526,562)	
Total governmental activities	11,914,300	4,473,945	132,527	352,785	(6,955,043)		(6,955,043)	
Business-type activities								
Electric	11,249,953	11,328,726				78,773	78,773	
Water/Sewer	4,079,377	4,864,960				785,583	785,583	
Aquatic Center	262,529	147,697				(114,832)	(114,832)	
Refuse	505,064	504,735				(329)	(329)	
Total business-type activities	16,096,923	16,846,118				749,195	749,195	
Total primary government	28,011,223	21,320,063	132,527	352,785	(6,955,043)	749,195	(6,205,848)	
Market Place Component Unit	598,677							(598,677)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
General revenues								
Taxes								
Property tax					967,740		967,740	
Local sales tax					4,695,188		4,695,188	442,480
Franchise taxes					1,450,532		1,450,532	
Other taxes					347,882		347,882	178,749
Investment earnings					56,623	246,329	302,952	235
Gain on sale of assets					23,704	10,859	34,563	
Reimbursements					97,540		97,540	
Other miscellaneous revenues					116,524	49,621	166,145	
Total general revenues					7,755,733	306,809	8,062,542	621,464
CHANGE IN NET POSITION					800,690	1,056,004	1,856,694	22,787
NET POSITION (DEFICIT), beginning of year					20,958,835	36,941,165	57,900,000	(14,424,060)
NET POSITION (DEFICIT), end of year					21,759,525	37,997,169	59,756,694	(14,401,273)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
ASSETS							
Cash (claim on cash)	237,889	51,235	(4,130)	536	(462,294)	38,923	(137,841)
Investments	4,984,448						4,984,448
Accounts receivable			47,337		609,724		657,061
Grants receivable	72,338						72,338
Taxes receivable	554,922	95,616		176,850	47,808	46,910	922,106
Due from component unit	275,000						275,000
Inventories	70,390				43,410		113,800
Prepaid insurance	152,598		19,558		63,583	9,223	244,962
Restricted cash	138,385			726,963		377,440	1,242,788
TOTAL ASSETS	6,485,970	146,851	62,765	904,349	302,231	472,496	8,374,662
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	132,374		32,797	1,000	31,717	15,949	213,837
Accrued expenses	117,640		22,982		43,365		183,987
Unearned revenue	64,332		58,401		14,046	14,552	151,331
Liabilities payable from restricted assets	26,775						26,775
Total liabilities	341,121		114,180	1,000	89,128	30,501	575,930
FUND BALANCES							
Nonspendable	222,988		19,558		106,993	9,223	358,762
Restricted	111,610			903,349		377,440	1,392,399
Assigned		146,851			106,110	55,332	308,293
Unassigned (deficit)	5,810,251		(70,973)				5,739,278
Total fund balances	6,144,849	146,851	(51,415)	903,349	213,103	441,995	7,798,732
TOTAL LIABILITIES AND FUND BALANCES	6,485,970	146,851	62,765	904,349	302,231	472,496	8,374,662

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance - total governmental funds		7,798,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	39,550,306	
Less accumulated depreciation	(16,653,985)	22,896,321
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Certificates of participation	(4,650,000)	
Tax increment revenue bonds	(6,585,000)	
Tax increment note payable	(9,000,000)	
Promissory notes payable	(126,602)	
Accrued interest payable	(105,548)	
Capital lease payable	(98,744)	(20,565,894)
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements.		
Bond discount	104,329	
Bond premium	(42,857)	
Unamortized payment to escrow agent for defeasance on long-term debt	291,750	353,222
Bond cost, net of amortization		
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(260,171)

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Due from component unit for note payable and accrued interest		9,105,547
The effects of GASB 68 to record the net pension asset (liability) and related deferred outflows and inflows of resources are not reflected in the fund financial statements.		
Net pension asset	237,436	
Deferred outflows of resources to be recognized in future pension expense	2,670,467	
Deferred inflows of resources to be recognized in future pension expense	(476,135)	2,431,768
NET POSITION OF GOVERNMENTAL ACTIVITIES		21,759,525

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes							
Property	664,317			144,052		159,371	967,740
Sales	2,809,688	1,012,932		366,031	506,537		4,695,188
Franchise	1,450,532						1,450,532
Other	331,004					16,878	347,882
Licenses, fees, and permits	189,068						189,068
Charges for services	1,775,909		852,482		1,351,037	83,414	4,062,842
Grants	485,312						485,312
Fines and forfeitures	222,035						222,035
Interest	54,969	792	25	150		687	56,623
Proceeds from the sale of assets	21,925				5,143		27,068
Miscellaneous	73,382		6,253		14,751	22,138	116,524
Reimbursements	97,540						97,540
Total revenues	8,175,681	1,013,724	858,760	510,233	1,877,468	282,488	12,718,354
EXPENDITURES							
Current							
General Government	1,593,951						1,593,951
Administration of Justice	2,568,837						2,568,837
Street	837,799						837,799
Economic Development	455,440						455,440
Animal Control	178,943						178,943
Airport	196,537						196,537
Emergency Services					2,307,984		2,307,984
Park						474,849	474,849
Community Center			1,123,877				1,123,877
Towne Center				7,075			7,075

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
EXPENDITURES (Continued)							
Debt service							
Principal	45,262		25,464	335,000		700,000	1,105,726
Interest	7,772		3,221	317,416		138,888	467,297
Capital outlay	751,157				177,340	22,447	950,944
Total expenditures	6,635,698		1,152,562	659,491	2,485,324	1,336,184	12,269,259
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	1,539,983	1,013,724	(293,802)	(149,258)	(607,856)	(1,053,696)	449,095
OTHER FINANCING SOURCES (USES)							
Transfers in			137,735	130,500	684,500	1,081,663	2,034,398
Transfers out	(1,058,400)	(975,998)					(2,034,398)
Total other financing sources (uses)	(1,058,400)	(975,998)	137,735	130,500	684,500	1,081,663	
NET CHANGE IN FUND BALANCES	481,583	37,726	(156,067)	(18,758)	76,644	27,967	449,095
FUND BALANCES, January 1, 2016	5,663,266	109,125	104,652	922,107	136,459	414,028	7,349,637
FUND BALANCES (DEFICIT), December 31, 2016	6,144,849	146,851	(51,415)	903,349	213,103	441,995	7,798,732

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		449,095
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	950,944	
Depreciation	(1,234,642)	(283,698)
Governmental funds report the proceeds from the disposal of assets as revenues. However, in the statement of activities, the revenues are reported less the amount of nondepreciated cost. This is the amount by which the cost exceeded any proceeds.		
Cost	(45,554)	
Accumulated depreciation	42,190	(3,364)
The issuance of long-term debt (e.g., bonds, loans, leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Bond principal payments	335,000	
Promissory note principal payments	25,464	
Certificates of participation principal payments	700,000	
Capital lease principal payments	45,262	
Amortization of premiums and discounts	(59,265)	1,046,461

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		34,670
Governmental funds report payments required for pension costs as expenditures. However, in the statement of activities, these costs are adjusted for the actuarial balances of the net pension asset/liability and deferred outflows and inflows of resources. This is the amount by which the reported pension expense by the pension plan was less than the amounts paid into the plan.		
Plan payments made by the City	437,589	
Pension expense reported by pension plan	(880,063)	(442,474)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		800,690

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina-tions	Total
ASSETS					
Current Assets					
Cash (claim on cash)	665,214	(190,161)	31,558		506,611
Investments	1,566,242	4,101,541			5,667,783
Accounts receivable	1,458,937	617,268	68,395		2,144,600
Due from other funds	102,980			(102,980)	
Inventories	536,242	181,117			717,359
Prepaid insurance	22,811	73,945	2,441		99,197
Total current assets	4,352,426	4,783,710	102,394	(102,980)	9,135,550
Noncurrent Assets					
Restricted cash	77,569	146,906	152,989		377,464
Restricted investments	624,000	1,422,832			2,046,832
Due from fiduciary fund	200,000				200,000
Net pension asset	33,278	62,370			95,648
Capital assets					
Land	99,716	1,488,315			1,588,031
Construction-in-progress	386,188	2,072,605			2,458,793
Other capital assets, net of accumulated depreciation	6,516,815	24,690,632	599,212		31,806,659
Total noncurrent assets	7,937,566	29,883,660	752,201		38,573,427
TOTAL ASSETS	12,289,992	34,667,370	854,595	(102,980)	47,708,977
DEFERRED OUTFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	298,272	444,678			742,950
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	12,588,264	35,112,048	854,595	(102,980)	48,451,927

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina- tions	Total
LIABILITIES					
Current Liabilities					
Due to other funds			102,980	(102,980)	
Accounts payable	696,311	92,195	2,109		790,615
Accrued expenses	25,231	31,390			56,621
Deferred revenue	91,911				91,911
Meter deposits	888,719				888,719
Current portion of long-term obligations	213,765	843,579			1,057,344
Total current liabilities	1,915,937	967,164	105,089	(102,980)	2,885,210
Noncurrent liabilities					
Noncurrent portion of long-term obligations	732,636	6,770,077			7,502,713
TOTAL LIABILITIES	2,648,573	7,737,241	105,089	(102,980)	10,387,923
DEFERRED INFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	26,832	40,003			66,835
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,675,405	7,777,244	105,089	(102,980)	10,454,758
NET POSITION					
Net investment in capital assets	5,706,469	20,715,046	599,212		27,020,727
Restricted for:					
Debt service	701,569	1,569,738			2,271,307
Capital improvements			152,989		152,989
Unrestricted (deficit)	3,504,821	5,050,020	(2,695)		8,552,146
TOTAL NET POSITION	9,912,859	27,334,804	749,506		37,997,169

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	11,328,726	4,864,960	652,432	16,846,118
EXPENSES				
Production		1,238,541		1,238,541
Distribution	8,176,252	666,993		8,843,245
Administration	2,719,205	961,176	679,933	4,360,314
Depreciation	305,175	933,705	87,660	1,326,540
Total expenses	11,200,632	3,800,415	767,593	15,768,640
INCOME (LOSS) FROM OPERATIONS	128,094	1,064,545	(115,161)	1,077,478
NONOPERATING INCOME (EXPENSE)				
Gain on sale of assets	1,886	8,973		10,859
Other income	7,661	41,960		49,621
Interest income	37,758	208,044	527	246,329
Interest expense	(49,321)	(278,962)		(328,283)
Total nonoperating income (expense)	(2,016)	(19,985)	527	(21,474)
CHANGE IN NET POSITION	126,078	1,044,560	(114,634)	1,056,004
TOTAL NET POSITION, beginning of year	9,786,781	26,290,244	864,140	36,941,165
TOTAL NET POSITION, end of year	9,912,859	27,334,804	749,506	37,997,169

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	11,259,249	4,822,901	649,419	16,731,569
Cash payments to suppliers	(10,204,800)	(2,220,445)	(606,601)	(13,031,846)
Cash payments to employees	(615,700)	(830,274)	(73,061)	(1,519,035)
Net cash provided by (used in) operating activities	438,749	1,772,182	(30,243)	2,180,688
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from other funds	(28,025)		28,025	
Net cash provided by (used in) noncapital financing activities	(28,025)		28,025	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(197,588)	(1,259,898)	(1,197)	(1,458,683)
Other income	7,661	41,960		49,621
Proceeds from the sale of assets	1,886	8,973		10,859
Payments of long-term debt	(200,000)	(693,976)		(893,976)
Interest paid on bonds	(48,086)	(290,516)		(338,602)
Net cash used in capital and related financing activities	(436,127)	(2,193,457)	(1,197)	(2,630,781)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment activity	619,682	38,711	151,717	810,110
Interest on investments	37,758	208,044	527	246,329
Net cash provided by investing activities	657,440	246,755	152,244	1,056,439
NET INCREASE (DECREASE) IN CASH	632,037	(174,520)	148,829	606,346

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH, January 1, 2016	110,746	131,265	35,718	277,729
CASH (CLAIM ON CASH), December 31, 2016	742,783	(43,255)	184,547	884,075
ALLOCATION OF CASH				
Unrestricted	665,214	(190,161)	31,558	506,611
Restricted	77,569	146,906	152,989	377,464
	742,783	(43,255)	184,547	884,075
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Income (loss) from operations	128,094	1,064,545	(115,161)	1,077,478
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:				
Depreciation	305,175	933,705	87,660	1,326,540
(Increase) Decrease in assets:				
Accounts receivable	(116,276)	(42,059)	(3,013)	(161,348)
Inventories	(18,575)	6,267		(12,308)
Prepaid expenses	541	(35,259)	(114)	(34,832)
Net pension asset and related deferred outflows and inflows of resources	57,824	84,632		142,456
Increase (Decrease) in liabilities:				
Accounts payable	38,721	(245,018)	385	(205,912)
Accrued expenses	(535)	3,004		2,469
Compensated absences	(3,019)	2,365		(654)
Unearned revenue	(10,307)			(10,307)
Meter deposits payable	57,106			57,106
Total adjustments	310,655	707,637	84,918	1,103,210
Net cash provided by (used in) operating activities	438,749	1,772,182	(30,243)	2,180,688

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	Hospital Interchange TDD	Highways 71/291 TDD	Total
ASSETS			
Cash (claim on cash) and cash equivalents	3,268	(172,074)	(168,806)
Taxes receivable		93,768	93,768
TOTAL ASSETS (DEFICIT)	3,268	(78,306)	(75,038)
LIABILITIES			
Deposits held for Hospital Interchange TDD	3,268		3,268
Due to City of Harrisonville		200,000	200,000
Accounts payable		27,682	27,682
TOTAL LIABILITIES	3,268	227,682	230,950
NET POSITION (DEFICIT)		(305,988)	(305,988)

The notes to the financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harrisonville, Missouri, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Harrisonville, Missouri, is a fourth-class city in which citizens elect the Mayor at large and eight council members by wards. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service, and special financing relationships. Component units are reported in the City's financial statements as follows:

<u>Discretely Presented Component Unit</u>

A discretely presented component unit is a separate legal entity that meets the component unit criteria. This criteria includes the ability to impose its will on or significantly influence the organization or if a financial benefit or burden relationship exists.

The Market Place TIF District Fund accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Units

In addition to the criteria noted above, a blended component unit's governing body is the same or substantially the same as the City's Board of Aldermen, or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation.

The Towne Center TIF Fund accounts for proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City except the fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The government reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sales Tax Fund - The Sales Tax Fund is used to accumulate revenues from a special sales tax for capital improvements.

Community Center Fund - This fund is responsible for the operations of the City's Community Center. The fund is financed by charges for services.

Towne Center TIF Fund - This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Emergency Services Fund - This fund is responsible for the operations of the City's emergency services. The fund is financed by taxes and emergency service revenues.

The government reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operations and capital outlay to maintain this service.

Water and Sewer Fund - The Water and Sewer Fund accounts for the billing and collection of charges for water and sanitary sewer services to the residents of the City and a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following nonmajor funds:

Governmental Funds

Park Fund - The Park Fund is primarily used for the maintenance of the City's parks. The fund is financed by property and license fees.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, the principal and interest for the 2012 Certificates of Participation which were issued for the use in the advance refunding of the 2003 Certificates of Participation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Funds

Aquatic Center Fund - The Aquatic Center Fund is used to account for the operations of the Aquatic Center.

Refuse Fund - The Refuse Fund is used to account for the provision of refuse collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Fiduciary Funds

This fund accounts for the City's fiduciary responsibility to track receipts and disbursements associated with the Highway 71/291 Partners in Progress TDD and the Hospital Interchange TDD.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales taxes, franchise taxes, licenses, and interest associated with the current period are all 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 cash is received by the City.

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 the fund's principal ongoing operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (Continued)

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

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

D. BUDGETS

Budgets for the City are prepared and adopted on the cash basis of accounting for all governmental and proprietary funds. The City Administrator may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the governing council. The Board of Aldermen approved amendments to the budget during the year. The actual results of operations are presented in comparison to the budgets on the combined statement of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types. All governmental funds have a legally adopted annual budget. Appropriations lapse at year-end but may be reappropriated in the following year.

E. CASH AND INVESTMENTS

For the purpose of the statement of cash flows, the City considers all highly liquid investments (including restricted assets except for those held by trustees) with a maturity of three months or less when purchased to be cash equivalents, along with demand deposits and certificates of deposit. As of December 31, 2016, the City had no cash equivalents.

The City's investment policies are structured to conform to Missouri Statute 30.270. The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L associations, and repurchase agreements. Investments are reported at fair value.

F. RESTRICTED CASH AND INVESTMENTS

Certain cash and investment accounts are restricted for construction projects, debt service, and compliance with bond covenants. Assets are also restricted in the proprietary funds for refunding customer meter deposits.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations for both governmental and proprietary funds.

H. PREPAIDS AND INVENTORIES

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Inventories, consisting of materials and supplies, are valued at lower of cost or market. Cost is determined using first-in, first-out (FIFO) basis.

I. CAPITAL ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements.

Capital assets, including infrastructure, are defined as assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. Capital assets are stated at cost or at estimated fair value at time of donation.

Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

General infrastructure assets acquired prior to January 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Depreciation of buildings, equipment, and vehicles is computed using the straight-line method over the following estimated useful lives:

Buildings and processing facilities	15 - 50 years
Machinery and equipment	5 - 25 years
Street infrastructure	7 - 50 years
Transmission lines and mains	30 - 50 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements and are included as a part of long-term liabilities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The amount of accrued vacation benefits included in the government-wide financial statements, related to governmental activities, for the year ended December 31, 2016, is $260,171. Business-type activity funds reported accrued vacation benefits for the year ended December 31, 2016, of $113,486.

K. LONG-TERM OBLIGATIONS AND BOND DISCOUNTS/PREMIUMS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

L. NET POSITION

Government-Wide Statements

Net position is displayed in three components:

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. NET POSITION (Continued)

Fund Statements (Continued)

The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either by external groups such as creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Administrator through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund and any deficit balance in any other fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the Unites 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 expenses during the reporting period. Actual results could differ from those estimates. The more significant estimates in the financial statements are allowance for bad debts, depreciation, and accrued liabilities.

N. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The City reports increases and decreases in net assets that relate to future periods as deferred outflows and inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The City has several calculations related to its pension plan that qualify for reporting in these categories in addition to the amounts included in the current year's financial statements that are the result of prior year refunded debt for the original issues' discounts and/or premiums which are being amortized over the remaining life of the original debt as a part of interest expense.

O. REVENUES

Billings for utility services are rendered on a monthly basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

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

P. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (Continued)

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expense to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Interfund balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

NOTE 2. CASH AND INVESTMENTS

Cash

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

As of December 31, 2016, all of the City's deposits with financial institutions were fully insured or collateralized.

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments

The City's investments at December 31, 2016, are summarized below:

Investment	Unrestricted	Restricted
Investments held by trustee (Bond Reserves)		
Money market funds		496,942
Certificates of deposit	8,346,645	871,000
Federal Farm Credit Bank (AAA)	614,317	500,000
Federal Home Loan Bank (AAA)	518,703	
Federal Home Loan Mortgage Corporation (AAA)	620,919	178,890
Freddie Mac	299,568	
Federal National Mortgage Association (AAA)	252,079	
	10,652,231	2,046,832
Maturities		
Less than six months	1,828,724	496,942
Six months to one year	1,073,477	675,890
Over one year	7,750,030	874,000
	10,652,231	2,046,832

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than two years without prior approval of the Board of Aldermen.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities.

NOTE 2. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued)

Investments will be limited to the instruments listed below, unless approved by the Board of Aldermen.

Investment Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities	
Instruments of Government-Sponsored Corporations	100%
Certificates of Deposit	
Commercial Banks	50%
Savings and Loan Associations	50%

NOTE 3. GRANTS/ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

	Grants/ Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
Governmental Activities				
General	72,338	554,922		627,260
Emergency Services	3,419,724	47,808	(2,810,000)	657,532
Community Center	94,410		(47,073)	47,337
Park		46,910		46,910
Towne Center TIF		176,850		176,850
Sales tax		95,616		95,616
Total governmental activities	3,586,472	922,106	(2,857,073)	1,651,505
Business-Type Activities				
Electric	1,750,471		(291,534)	1,458,937
Water/Sewer	774,526		(157,258)	617,268
Refuse	92,791		(24,396)	68,395
Total business-type activities	2,617,788		(473,188)	2,144,600

NOTE 4. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2016, was as follows:

Real estate	96,807,843
Personal property	23,807,868
	120,615,711

The tax levy per $100 of assessed valuation of tangible property for the calendar year 2016 was as follows:

General operating	0.5672
Park	0.1283
	0.6955

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Governmental Activities				
Capital assets, not being depreciated				
Land	890,750			890,750
Construction-in-progress	486,025	344,614	(17,598)	813,041
Total capital assets, not being depreciated	1,376,775	344,614	(17,598)	1,703,791
Capital assets, being depreciated				
Buildings and improvements	23,815,104	23,030		23,838,134
Streets	6,638,115	321,808		6,959,923
Machinery and equipment	6,814,922	279,090	(45,554)	7,048,458
Total capital assets, being depreciated	37,268,141	623,928	(45,554)	37,846,515

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Governmental Activities (Continued)				
Less accumulated depreciation for:				
Buildings and improvements	(7,997,798)	(677,955)		(8,675,753)
Streets	(1,927,088)	(241,729)		(2,168,817)
Machinery and equipment	(5,536,647)	(314,958)	42,190	(5,809,415)
Total accumulated depreciation	(15,461,533)	(1,234,642)	42,190	(16,653,985)
Total capital assets being depreciated, net	21,806,608	(610,714)	(3,364)	21,192,530
Governmental activities capital assets, net	23,183,383	(266,100)	(20,962)	22,896,321
Business-Type Activities - Electric Fund				
Capital assets, not being depreciated				
Land	99,716			99,716
Construction-in-progress	993,174	11,896	(618,882)	386,188
Total capital assets, not being depreciated	1,092,890	11,896	(618,882)	485,904
Capital assets, being depreciated				
Buildings and improvements	4,436,930			4,436,930
Equipment and transmission lines	9,046,206	804,573		9,850,779
Total capital assets, being depreciated	13,483,136	804,573		14,287,709
Less accumulated depreciation for:				
Buildings and improvements	(2,240,407)	(91,387)		(2,331,794)
Equipment and transmission lines	(5,225,313)	(213,788)		(5,439,101)
Total accumulated depreciation	(7,465,720)	(305,175)		(7,770,895)
Total capital assets being depreciated, net	6,017,416	499,398		6,516,814
Business-type activities - Electric Fund capital assets, net	7,110,306	511,294	(618,882)	7,002,718

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Business-Type Activities - Water/ Sewer Fund				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	2,468,467	292,576	(688,440)	2,072,603
Total capital assets, not being depreciated	3,956,782	292,576	(688,440)	3,560,918
Capital assets, being depreciated				
Buildings and improvements	11,667,319			11,667,319
Equipment and transmission lines	28,734,068	1,655,767		30,389,835
Total capital assets, being depreciated	40,401,387	1,655,767		42,057,154
Less accumulated depreciation for:				
Buildings and improvements	(8,034,328)	(267,110)		(8,301,438)
Equipment and transmission lines	(8,398,482)	(666,595)		(9,065,077)
Total accumulated depreciation	(16,432,810)	(933,705)		(17,366,515)
Total capital assets being depreciated, net	23,968,577	722,062		24,690,639
Business-type activities - Water/Sewer Fund capital assets, net	27,925,359	1,014,638	(688,440)	28,251,557
Business-Type Activities - Aquatic Fund				
Capital assets, being depreciated				
Buildings and improvements	2,007,794			2,007,794
Equipment	60,549	1,197		61,746
Total capital assets, being depreciated	2,068,343	1,197		2,069,540
Less accumulated depreciation for:				
Buildings and improvements	(1,354,197)	(83,981)		(1,438,178)
Equipment	(28,471)	(3,679)		(32,150)
Total accumulated depreciation	(1,382,668)	(87,660)		(1,470,328)
Business-type activities - Aquatic Center capital assets, net	685,675	(86,463)		599,212

NOTE 5. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended December 31, 2016:

	Governmental Activities	Business-Type Activities
General Government	85,717	
Administration of Justice	108,892	
Street	290,342	
Economic Development	14,170	
Animal Control	3,936	
Airport	136,928	
Emergency Services	152,400	
Park	107,928	
Community Center	334,329	
Electric		305,175
Water and Sewer		933,705
Aquatic Center		87,660
	1,234,642	1,326,540

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2016, consisted of the following:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due in One Year
Capital lease obligations	144,006		(45,262)	98,744	47,949
Tax Increment Revenue Bonds	6,920,000		(335,000)	6,585,000	340,000
Tax Increment Revenue Note	9,000,000			9,000,000	
Promissory Notes	152,066		(25,464)	126,602	26,171
Refinanced Certificates of Participation (COP)	5,350,000		(700,000)	4,650,000	720,000
Compensated absences	294,841	260,171	(294,841)	260,171	294,841
COP premium	51,427		(8,570)	42,857	8,570
Less: note discount	(113,814)		9,485	(104,329)	(9,485)
Total governmental debt	21,798,526	260,171	(1,399,652)	20,659,045	1,428,046

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

General	175,313
Park	25,768
Community Center	20,339
EMS	38,751
	260,171

Capital Lease Obligations

The City has entered into a capital lease agreement for the purchase of airport hangars. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under the capital lease described above amounted to $596,729 as of December 31, 2016.

Future minimum lease payments under capital leases, together with the present value of net minimum lease payments, consist of the following:

Year Ending December 31,	
2017	53,034
2018	53,034
Total minimum lease payments	106,068
Less amount representing interest	7,324
Present value of future minimum lease payments	98,744

Tax Increment Revenue Bonds

On June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment Financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for the bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Bonds (Continued)

annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The Bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.0%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are:

Years Ending December 31,	Principal	Interest
2017	340,000	301,063
2018	365,000	286,188
2019	390,000	269,763
2020	425,000	252,213
2021	450,000	252,213
2022-2026	2,685,000	944,965
2027-2028	1,930,000	266,170
	6,585,000	2,572,575

Tax Increment Revenue Notes

On December 18, 2009, the City issued $9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and The Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of this Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Notes (Continued)

balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Annual interest payments applicable to the full balance of the TIF notes are $585,000. The principal due for the year ended December 31, 2016, or thereafter is $9,000,000.

Certificates of Participation

On May 1, 2012, Refunding Certificates of Participation were issued to advance refund the 2003 issued Certificates of Participation disclosed above in the amount of $7,830,000 at rates ranging from 2.000% to 2.750%. These Refunding Certificates of Participation mature on December 1, 2022, with semiannual interest payments.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2017	720,000	117,263
2018	745,000	95,662
2019	760,000	79,831
2020	785,000	62,731
2021	810,000	44,088
2022	830,000	22,825
	4,650,000	422,400

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received $171,931 to assist with upcoming costs for these expenses in the Community Center. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

On February 20, 2015, the City entered into a promissory note payable with Community Bank of Raymore for the purchase of items for the community center. The note bears interest at 4% and requires monthly payments principal and interest until maturity on February 20, 2018.

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments are as follows:

Years Ending December 31,	Principal	Interest
2017	26,171	2,514
2018	19,501	1,891
2019	17,399	1,358
2020	17,749	1,005
2021	9,008	645
2022-2026	36,774	277
	126,602	7,690

Business-Type Activities

Changes in the debt for the year ended December 31, 2016, consisted of the following:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	1,995,000		(225,000)	1,770,000	235,000
2003 Waterworks and Sewerage Revenue Bonds	1,845,000		(165,000)	1,680,000	175,000
2005 Waterworks and Sewerage Revenue Bonds	950,000		(85,000)	865,000	85,000
2007 Electric System Refunding Revenue Bonds	1,115,000		(200,000)	915,000	215,000
2010 Waterworks and Sewerage Revenue Bonds	3,140,400		(188,700)	2,951,700	192,500
Promissory Note	220,526		(30,276)	190,250	31,039
Compensated absences	114,140	113,486	(114,140)	113,486	113,486
	9,380,066	113,486	(1,008,116)	8,485,436	1,047,025
Add: Bond premium	91,110		(11,554)	79,556	11,554
Less: Bond discount	(6,173)		1,235	(4,938)	(1,235)
Total business-type activities	9,465,003	113,486	(1,018,435)	8,560,054	1,057,344

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

Electric	36,338
Water/Sewer	77,148
	113,486

Revenue Bonds

On October 23, 2002, the City issued $4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). Of the bonds, $3,660,000 was issued for the purpose of extending and improving the City's combined waterworks and sewerage system and $710,000 was issued to refund a prior issue of bonds of the City.

The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% to 5.0%.

On April 1, 2003, the City issued $3,295,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on January 1 through the maturity date of January 1, 2024. The interest rate on this issue ranges from 2.0% to 5.25%.

On May 19, 2005, the City issued $1,710,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2025. The interest rate on this issue ranges from 3.0% to 5.0%.

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

On September 1, 2007, the City issued $2,730,000 in Electric System Refunding Revenue Bonds for the purpose of providing funds to refund outstanding Series 1999 Electric System Revenue Bonds. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2020. The interest rate on this issue ranges from 4.0% to 4.5%.

In March 2010, the City issued the Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of $4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011, and maturing on July 1, 2030. As of December 31, 2016, the City has drawn down $3,288,541 on this bond.

Aggregate annual principal and interest payments applicable to the revenue bonds are:

Years Ending December 31,	Principal	Interest
2017	902,500	298,430
2018	936,300	259,904
2019	955,200	221,065
2020	1,009,400	178,277
2021	778,500	135,705
2022-2026	2,756,700	251,852
2027-2030	843,100	25,376
	8,181,700	1,370,609

As of December 31, 2016, the sinking funds and the reserve funds were adequately funded and the City was in compliance with its rate covenants for all bonds.

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received $380,000 to assist with upcoming costs for these expenses in the Water/Sewer facilities. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments applicable to the promissory note are:

Years Ending December 31,	Principal	Interest
2017	31,039	4,563
2018	31,820	3,782
2019	32,620	2,982
2020	33,440	2,162
2021	17,034	1,321
2022-2026	44,297	458
	190,250	15,268

NOTE 7. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2016, were as follows:

	Transfers Out:			
	General	Sales Tax	Electric	Total
Transfers in:				
Community Center		137,735		137,735
Town Center TIF	130,500			130,500
Emergency Services	684,500			684,500
Fiduciary fund			200,000	200,000
Nonmajor governmental funds	243,400	838,263		1,081,663
Total	1,058,400	975,998	200,000	2,234,398

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. INTERFUND BALANCES

	Due to: Electric
Due from:	
Fiduciary fund	200,000
Nonmajor proprietary funds	102,980
Total	302,980

The balance of amounts due to the Electric Fund are the result of an advance to the fiduciary fund in excess of the amount considered as a transfer.

NOTE 9. PENSION PLAN

Plan Description

The City of Harrisonville, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 299 cities, 60 counties, and 323 other public entities during the plan year ended June 30, 2016.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

For the City's year ending December 31, 2016, the net pension asset is based on an actuarial valuation performed as of February 29, 2016, and a measurement date of June 30, 2016.

Benefits Provided

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced

NOTE 9. PENSION PLAN (Continued)

Benefits Provided (Continued)

allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

Actuarial Assumptions

The pension liability for the June 30, 2016, measurement date was determined using the following actuarial assumptions applied to the measurement:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 13 to 21 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increases	3.25% to 6.55% (7.15% for fire) including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality	The health retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other information	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The municipal bond rate is 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The resulting single discount rate is 7.25% for the General, Police, and Fire Divisions.

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

NOTE 9. PENSION PLAN (Continued)

Discount Rate (Continued)

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2016, calculated using the discount rate of 7.25%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00% Decrease (6.25%)	Current Rate (7.25%)	1.00% Increase (8.25%)
General Division	(663,353)	1,615,389	3,527,099
Police Division	(306,930)	356,957	909,087
Fire Division	197,894	504,448	749,965
Total	(772,389)	2,476,794	5,186,151

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2015. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

NOTE 10. 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 City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment options is made by the participants.

NOTE 11. MAJOR SUPPLIERS

During the year ended December 31, 2016, the City relied upon one vendor for the generation and transmission of all electricity purchased for resale totaling $8,176,252.

NOTE 12. RISK MANAGEMENT

In its normal course of business, the City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three years.

NOTE 13. SELF-INSURANCE

The City is a member of the MPR (Midwest Public Risk), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR 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. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in the workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury, and U.S. governmental agency obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year, and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment.

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

NOTE 14. PROMISSORY NOTE RECEIVABLE

On March 18, 2011, the City received a promissory note from Harrisonville Housing Associates, L.P. Clarkton, Missouri, in the amount of $750,490 with zero percent interest. The note calls for repayment of principal annually in an amount equal to 50% of cash flow allowed by the Missouri Housing Development Commission and the United States Department of Agriculture, Rural Housing Service (Rural Development) "the agency." Such payment is due thirty days after the date that the audit of the Harrisonville Housing Associates, L.P., is approved by the agency. In any event, all remaining indebtedness is due and payable on March 18, 2062. The note is secured by a Deed of Trust.

Since the timing of the repayment cannot be readily determined, the balance of the note receivable is offset with a contra-asset account of the same amount. The first repayment of $4,147 was received in 2016 and the remaining balance on the note at December 31, 2016, was $746,343.

Funding for the loan was made available with a CDBG grant which is available for re-use from collections of principal for other eligible CDBG activity.

NOTE 15. TAX ABATEMENTS

The City has two programs through which tax abatements are provided:

Harrisonville Towne Center Tax Increment Financing Plan (TIF)

On December 22, 2005, the City of Harrisonville, Missouri, and D.J. Christie, Inc., the developer, implemented the Redevelopment Agreement (Plan). The Plan is authorized by Missouri Revised Statutes and the City's Economic Development Act and provides for the construction of one redevelopment project in Harrisonville, Missouri, which anticipates the construction of approximately 157,900 gross square feet of improvements to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area, together with the installation, repair, construction, reconstruction, and relocation of certain streets and utilities. The Plan relies on the abatement of fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the economic activities within the Redevelopment Area, while tax increment financing remains in effect, excluding licenses, fees, or special assessments, other than payments in lieu of taxes, until the designation is terminated (Economic Activity Taxes). In addition, the Plan relies on revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF obligations and pay other reimbursable project costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of the tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated, which shall not be later than 23 years after the project to be development is approved by an Ordinance of the Board of Aldermen (Payment in Lieu of Taxes).

NOTE 15. TAX ABATEMENTS (Continued)

Harrisonville Towne Center Tax Increment Financing Plan (TIF) (Continued)

On June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.00%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are further disclosed in Note 6.

Harrisonville Market Place Tax Increment Financing Plan (TIF)

On April 16, 2007, the City of Harrisonville, Missouri, and Simmons Investments, Inc., the developer, implemented the Redevelopment Agreement (Plan). The Plan is authorized by Missouri Revised Statutes and the City's Economic Development Act and provides for the construction of one redevelopment project in Harrisonville, Missouri, which anticipates the construction of approximately 243,895 gross square feet of improvements, the majority of which, to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area designated as "Redevelopment Project Area", together with the installation, repair, construction, reconstruction, and relocation of certain streets and utilities. The Plan relies on the abatement of fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the economic activities within the Redevelopment Area, while tax increment financing remains in effect, excluding licenses, fees, or special assessments, other than payments in lieu of taxes, until the designation is terminated (Economic Activity Taxes). In addition, the Plan relies on revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF obligations and pay other reimbursable project costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of the tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated, which shall not be later than 23 years after the project to be development is approved by an Ordinance of the Board of Aldermen (Payment in Lieu of Taxes).

NOTE 15. TAX ABATEMENTS (Continued)

Harrisonville Market Place Tax Increment Financing Plan (TIF) (Continued)

By Ordinance No. 3073, adopted by the Board of Aldermen on February 2, 2009, the City approved the amendment to the Redevelopment Plan and authorized the City to enter into the First Amended and Restated Redevelopment Agreement with Harrisonville MP, LLC, for the implementation of the Redevelopment Project.

On December 18, 2009, the City issued $9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and the Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of the Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Aggregate annual principal and interest payments applicable to the TIF Bonds are further disclosed in Note 6.

For the ended December 31, 2016, the City abated taxes as follows:

Tax Abatement Program	Amount Abated
Towne Center TIF	
Economic activity taxes	366,031
Payment in lieu of taxes	144,052
Market Place TIF	
Economic activity taxes	442,480
Payment in lieu of taxes	178,749

NOTE 16. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 3.02.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations as follows:

Fines and costs for traffic violations	126,550
Annual general operating revenue	7,690,370
Fines and costs for traffic violations as a percentage of annual general operating revenue	1.6%

NOTE 17. COMMITMENTS

On March 15, 2015, the City entered into an agreement with The Highways 71/291 Partners in Progress Transportation Development District (a fiduciary fund), to coordinate efforts for the design, construction, and operation of District projects. The agreement established a funding plan in which the City will provide funding to the District in the amount of $1,500,000 through the anticipated year of 2017.

On October 3, 2016, the City approved a contract for improvements to the water treatment plant for approximately $8,200,000. A majority of the funding for these improvements will come from federal grants and loans.

NOTE 18. LITIGATION AND CONTINGENCIES

As of April 27, 2017, the City had unsettled claims which are at various stages, and at this time, outcomes cannot be predicted. The City is vigorously defending each unsettled claim.

In addition, the Missouri State Auditor's office is conducting certain procedures related to the City regarding internal controls and compliance with applicable laws and regulations of the City. As of April 27, 2017, a final report has not been made available from either agency. There is no clear estimate for the costs involved to the City as a result of the procedures conducted.

NOTE 19. LONG-TERM CONTRACTS

On March 21, 2005, the City of Harrisonville, Missouri (the "City") entered into the Amended and Restated Missouri Public Energy Pool #1 Agreement (the "MoPEP Agreement") among the Missouri Joint Municipal Electric Utility Commission ("MJMEUC") and various cities within the State of Missouri who have also signed the MoPEP Agreement. Each of the cities who have signed the MoPEP Agreement are collectively referred to as "MoPEP Members".

NOTE 19. LONG-TERM CONTRACTS (Continued)

Under the MoPEP Agreement, each MoPEP Member, including the City, has agreed to purchase from MJMEUC all of the MoPEP Member's requirements for electric capacity, energy, transmission, and other necessary electric services from MJMEUC. MoPEP Members may also dedicate any member-owned electric capacity to MJMEUC for the benefit of MoPEP.

MJMEUC is required under the MoPEP Agreement to provide electric capacity, energy, transmission, and other necessary electric services needed by MoPEP Members to fulfill their full requirements to service the MoPEP Members' retail customers. To meet the power and energy requirements of the City and the other MoPEP Members, MJMEUC presently obtains power and energy through: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts, and interruptible contracts; (ii) MJMEUC-owned generation; (iii) MoPEP Member capacity; and (iv) spot market purchases. Neither the City nor any other MoPEP Member has an ownership interest in any of MJMEUC's assets.

Each MoPEP Member (including the City) is liable under the MoPEP Agreement for its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement.

MoPEP operations are governed by a committee ("Pool Committee") consisting of one representative from each MoPEP Member and is currently comprised of 3 - 5 members as of December 31, 2016.

The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP Members. These rates include recovery of all of MJMEUC's costs (the "Direct Costs") incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP Members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make under contracts and/or financial commitments and obligations entered into by MJMEUC necessary to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP Member. Direct Costs also include amounts required to fund capital and/or operating reserves and debt service coverages MJMEUC is required to maintain pursuant to contract to serve MoPEP Members as established from time to time by the Pool Committee.

The MoPEP Agreement requires that rates charged to each MoPEP Member be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months. Charges based on such rates are assessed and billed monthly. The City's payment obligations under the MoPEP Agreement are limited to the obligation to make payments from revenues of the City's electric utility system and available electric utility system revenues. All payments made by the City pursuant to the MoPEP Agreement are considered operation and maintenance expenses of the electric utility system. MoPEP Members are required under the MoPEP Agreement to at all times establish, maintain and collect rates, fees, and charges for electric service sufficient to meet the MoPEP Member's obligations under the MoPEP Agreement.

NOTE 19. LONG-TERM CONTRACTS (Continued)

In the event a MoPEP Member cancels the MoPEP Agreement, the member remains responsible for its allocated share of MJMEUC's Direct Costs associated with all resource obligations entered into by MJMEUC for MoPEP prior to the notice of cancellation. MJMEUC would utilize or sell the MoPEP Member's allocated share of output in exchange for providing the MoPEP Member a credit or offset equal to the fair market value of the output up to the amount of the MoPEP Member's payment obligation under the MoPEP Agreement. As a result, the MoPEP Member would have a financial obligation after cancellation in the event that the fair market value of the output is less than the MoPEP Member's allocated share of MJMEUC's Direct Costs with respect to the resource obligations at the time of cancellation. Since the amount of the cancelling MoPEP Member's obligation would depend on MJMEUC's Direct Costs after cancellation and the fair market value of the output at such times in the future, the amount of the obligation is not reasonably determinable. Currently, the City has no plans or intentions to cancel the MoPEP Agreement.

MJMEUC's audited financial statements are available on its website at www.mpua.org

NOTE 20. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 27, 2017, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	4,967,509	5,035,634	5,455,213	419,579
Licenses, fees, and permits	115,200	115,200	189,068	73,868
Charges for services	1,719,170	1,699,170	1,775,909	76,739
Grants	234,760	160,000	491,142	331,142
Fines and forfeitures	290,000	290,000	222,035	(67,965)
Interest	30,000	30,000	54,969	24,969
Proceeds from the sale of assets	15,100	15,100	21,925	6,825
Reimbursements		74,760	97,540	22,780
Miscellaneous	114,050	121,650	73,382	(48,268)
TOTAL REVENUES	7,485,789	7,541,514	8,381,183	839,669
EXPENDITURES				
General Government				
Mayor and Board	258,670	313,998	191,751	122,247
Finance	1,041,964	1,145,702	958,801	186,901
Administration	551,167	592,705	494,471	98,234
Property management	157,055	161,065	118,488	42,577
Total General Government	2,008,856	2,213,470	1,763,511	449,959
Administration of Justice				
Administration and dispatch	527,305	586,330	521,085	65,245
Patrol	2,392,352	2,454,801	1,921,230	533,571
Total Administration of Justice	2,919,657	3,041,131	2,442,315	598,816
Street	880,821	893,368	832,933	60,435
Economic Development	513,996	604,769	455,866	148,903
Airport	252,726	254,190	246,812	7,378
Capital outlay	425,167	1,113,966	950,944	163,022
TOTAL EXPENDITURES	7,001,223	8,120,894	6,692,381	1,428,513

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	484,566	(579,380)	1,688,802	2,268,182
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,127,900)	(1,127,900)	(1,058,400)	69,500
NET CHANGE IN FUND BALANCES	(643,334)	(1,707,280)	630,402	2,337,682
FUND BALANCE, beginning of year - budget basis			5,005,319	
FUND BALANCE, end of year - budget basis			5,635,721	
Accrual adjustments			509,127	
FUND BALANCE, end of year - fund basis			6,144,848	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016

	Sales Tax Fund				Community Center Fund				Emergency Services Fund			
	Budget Original	Budget Final	Actual	Variance Positive (Negative)	Budget Original	Budget Final	Actual	Variance Positive (Negative)	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES												
Taxes	975,000	975,000	1,007,862	32,862					473,500	473,500	518,021	44,521
Charges for services					969,640	938,490	886,805	(51,685)	1,372,380	1,372,380	1,383,370	10,990
Interest	1,000	1,000	792	(208)	1,500	1,500	25	(1,475)				
Miscellaneous					11,715	11,715	6,253	(5,462)	48,450	48,450	19,894	(28,556)
TOTAL REVENUES	976,000	976,000	1,008,654	32,654	982,855	951,705	893,083	(58,622)	1,894,330	1,894,330	1,921,285	26,955
EXPENDITURES												
Community Center					1,183,019	1,152,419	1,136,217	16,202				
Emergency Services									2,365,496	2,395,001	2,304,756	90,245
Capital outlay									212,025	185,365	177,340	8,025
TOTAL EXPENDITURES					1,183,019	1,152,419	1,136,217	16,202	2,577,521	2,580,366	2,482,096	98,270
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	976,000	976,000	1,008,654	32,654	(200,164)	(200,714)	(243,134)	(42,420)	(683,191)	(686,036)	(560,811)	125,225
OTHER FINANCING SOURCES (USES)												
Transfers in					137,735	137,735	137,735		684,500	684,500	684,500	
Transfers out	(976,000)	(976,000)	(975,998)	2								
Total other financing sources (uses)	(976,000)	(976,000)	(975,998)	2	137,735	137,735	137,735		684,500	684,500	684,500	
NET CHANGE IN FUND BALANCES			32,656	32,656	(62,429)	(62,979)	(105,399)	(42,420)	1,309	(1,536)	123,689	125,225
FUND BALANCE (DEFICIT), beginning of year - budget basis			18,579				101,269				(585,983)	
FUND BALANCE (DEFICIT), end of year - budget basis			51,235				(4,130)				(462,294)	
Accrual adjustments			95,616				(47,285)				675,397	
FUND BALANCE (DEFICIT), end of year - fund basis			146,851				(51,415)				213,103	

NOTE 1. BUDGETARY INFORMATION

An annual budget prepared under the cash basis of accounting is adopted in December prior to the beginning of each fiscal year for all revenues and expenditures of the General Fund of the City. The primary basis of budgetary control is at the department level. Departments may not legally exceed their total appropriation without the Board of Aldermen approval. A review of the current year's budget is made by the departments in December of each year and interdepartmental transfers are made with Board of Aldermen approval. Any remaining unencumbered appropriations lapse at fiscal year-end unless reappropriated by the Board of Aldermen. Any increase in appropriations during the fiscal year must be approved by the Board of Aldermen.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/d)
6/30/07	459,484	441,384	18,100	4,581,311	9.63%
6/30/08	458,455	452,094	6,361	4,700,856	9.62%
6/30/09	519,204	517,246	1,958	5,032,095	10.28%
6/30/10	727,308	595,284	132,024	5,186,404	11.48%
6/30/11	757,093	673,908	83,185	5,373,244	12.54%
6/30/12	775,215	691,373	83,842	5,236,634	13.20%
6/30/13	738,479	721,852	16,627	5,327,580	13.55%
6/30/14	737,736	737,736		5,581,355	13.22%
6/30/15	622,293	622,293		5,469,323	11.38%
6/30/16	572,275	560,285	11,990	5,416,108	10.34%

*Option to provide RSI for ten years at transition or to provide RSI prospectively.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2016

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total Proportionate Share of Net Pension Liability (a+b) (1)	Employer's Covered Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)
June 30, 2015	(0.402004)%	(2,476,794)		(2,476,794)	5,469,323	(0.4529) %	(471.83)%
June 30, 2016	(0.402398)%	(333,084)		(333,084)	5,416,108	(0.0615) %	(7,613.83)%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2016, the Measurement Date.

OTHER SUPPLEMENTARY INFORMATION

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CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
ASSETS			
Cash	38,923		38,923
Taxes receivable	46,910		46,910
Prepaid insurance	9,223		9,223
Restricted cash	56,442	320,998	377,440
TOTAL ASSETS	151,498	320,998	472,496
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Unearned revenue	14,552		14,552
Accounts payable	15,949		15,949
Total liabilities	30,501		30,501
FUND BALANCES			
Nonspendable	9,223		9,223
Restricted	56,442	320,998	377,440
Assigned	55,332		55,332
Total fund balances	120,997	320,998	441,995
TOTAL LIABILITIES AND FUND BALANCES	151,498	320,998	472,496

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	159,371		159,371
Other	16,878		16,878
Charges for services	83,414		83,414
Interest	93	594	687
Miscellaneous	17,501	4,637	22,138
Total revenues	277,257	5,231	282,488
EXPENDITURES			
Park	474,849		474,849
Capital outlay	22,447		22,447
Debt service			
Principal		700,000	700,000
Interest		138,888	138,888
Total expenditures	497,296	838,888	1,336,184
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(220,039)	(833,657)	(1,053,696)
OTHER FINANCING SOURCES			
Transfers in	243,400	838,263	1,081,663
NET CHANGE IN FUND BALANCES	23,361	4,606	27,967
FUND BALANCES, January 1, 2016	97,636	316,392	414,028
FUND BALANCES, December 31, 2016	120,997	320,998	441,995

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash		31,558	31,558
Accounts receivable		68,395	68,395
Prepaid insurance	2,441		2,441
Total current assets	2,441	99,953	102,394
Noncurrent Assets			
Restricted cash	152,989		152,989
Capital assets, net of accumulated depreciation	599,212		599,212
Total noncurrent assets	752,201		752,201
TOTAL ASSETS	754,642	99,953	854,595
LIABILITIES			
Current Liabilities			
Due to other funds	102,980		102,980
Accounts payable	2,109		2,109
TOTAL LIABILITIES	105,089		105,089
NET POSITION			
Net investment in capital assets	599,212		599,212
Restricted for:			
Capital improvements	152,989		152,989
Unrestricted (deficit)	(102,648)	99,953	(2,695)
TOTAL NET POSITION	649,553	99,953	749,506

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	147,697	504,735	652,432
EXPENSES			
Administration	174,869	505,064	679,933
Depreciation	87,660		87,660
Total expenses	262,529	505,064	767,593
LOSS FROM OPERATIONS	(114,832)	(329)	(115,161)
NONOPERATING REVENUES			
Interest income	458	69	527
CHANGE IN NET POSITION	(114,374)	(260)	(114,634)
TOTAL NET POSITION, beginning of year	763,927	100,213	864,140
TOTAL NET POSITION, end of year	649,553	99,953	749,506

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	147,697	501,722	649,419
Cash payments to suppliers	(101,537)	(505,064)	(606,601)
Cash payments to employees	(73,061)		(73,061)
Net cash used in operating activities	(26,901)	(3,342)	(30,243)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from other funds	28,025		28,025
Net cash provided by noncapital financing activities	28,025		28,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,197)		(1,197)
Net cash used in capital and related financing activities	(1,197)		(1,197)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	458	69	527
Net investment activity	151,717		151,717
Net cash provided by investing activities	152,175	69	152,244
NET INCREASE (DECREASE) IN CASH	152,102	(3,273)	148,829
CASH, January 1, 2016	887	34,831	35,718
CASH, December 31, 2016	152,989	31,558	184,547

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
ALLOCATION OF CASH			
Unrestricted		31,558	31,558
Restricted	152,989		152,989
	152,989	31,558	184,547

	Aquatic Center Fund	Refuse Fund	Total
Reconciliation of Loss From Operations to Net Cash Used in Operating Activities			
Loss from operations	(114,832)	(329)	(115,161)
Adjustments to reconcile loss from operations to net cash used in operating activities:			
Depreciation and amortization	87,660		87,660
(Increase) Decrease in:			
Accounts receivable		(3,013)	(3,013)
Prepaid expenses	(114)		(114)
Increase (Decrease) in:			
Accounts payable	385		385
Total adjustments	87,931	(3,013)	84,918
Net cash used in operating activities	(26,901)	(3,342)	(30,243)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Park Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	172,400	172,400	229,867	57,467
Charges for services	69,950	72,775	81,946	9,171
Interest	200	200	93	(107)
Miscellaneous	16,515	13,750	17,501	3,751
Total revenues	259,065	259,125	329,407	70,282
EXPENDITURES				
Park	479,123	480,140	472,676	7,464
Capital outlay	73,400	72,840	22,447	50,393
Total expenditures	552,523	552,980	495,123	57,857
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(293,458)	(293,855)	(165,716)	128,139
OTHER FINANCING SOURCES				
Transfers in	243,400	243,400	243,400	
NET CHANGE IN FUND BALANCES	(50,058)	(50,455)	77,684	128,139
FUND BALANCE, beginning of year - budget basis			17,681	
FUND BALANCE, end of year - budget basis			95,365	
Accrual adjustments			25,632	
FUND BALANCE, end of year - fund basis			120,997	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Budget Original	Budget Final	Actual	Variance Positive (Negative)
REVENUES				
Interest	3,000	3,000	594	(2,406)
Miscellaneous			4,637	4,637
Total revenues	3,000	3,000	5,231	2,231
EXPENDITURES				
Debt Service				
Principal	700,000	700,000	700,000	
Interest	141,015	141,015	138,888	2,127
Total expenditures	841,015	841,015	838,888	2,127
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(838,015)	(838,015)	(833,657)	104
OTHER FINANCING SOURCES				
Transfers in	838,265	838,265	838,263	(2)
NET CHANGE IN FUND BALANCES	250	250	4,606	102
FUND BALANCE, beginning of year			316,392	
FUND BALANCE, end of year - fund basis			320,998	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Electric Fund				Water/Sewer Fund				Aquatic Center Fund			
	Budget Original	Budget Final	Actual	Actual Over (Under) Budget	Budget Original	Budget Final	Actual	Actual Over (Under) Budget	Budget Original	Budget Final	Actual	Actual Over (Under) Budget
REVENUES												
Charges for services	12,658,080	12,658,080	11,259,249	(1,398,831)	4,914,450	4,889,450	4,822,901	(66,549)	134,670	147,705	147,697	(8)
EXPENSES												
Production					1,629,386	1,697,331	1,524,109	173,222				
Distribution	9,200,000	9,200,000	8,147,705	1,052,295	642,105	762,577	620,996	141,581				
Administration	2,695,900	2,699,080	2,672,795	26,285	927,034	944,034	905,614	38,420	158,860	176,285	174,598	1,687
Capital outlay	753,200	921,216	197,588	723,628	8,090,000	10,013,276	1,259,898	8,753,378	1,300		1,197	(1,197)
Total expenses	12,649,100	12,820,296	11,018,088	1,802,208	11,288,525	13,417,218	4,310,617	9,106,601	160,160	176,285	175,795	490
INCOME (LOSS) FROM OPERATIONS	8,980	(162,216)	241,161	403,377	(6,374,075)	(8,527,768)	512,284	9,040,052	(25,490)	(28,580)	(28,098)	482
OTHER INCOME (EXPENSE)												
Transfers out												
Interest income	44,000	44,000	37,758	(6,242)	60,000	60,000	208,044	148,044	1,100	1,100	457	(643)
Other income	73,200	73,200	9,550	(63,650)	8,637,880	8,637,880	50,933	(8,586,947)				
Payments of long-term debt	(200,000)	(200,000)	(200,000)		(695,000)	(695,000)	(693,976)	1,024				
Interest expense	(49,227)	(49,227)	(48,086)	1,141	(520,000)	(520,000)	(290,516)	229,484				
Total other income (expense)	(132,027)	(132,027)	(200,778)	(68,751)	7,482,880	7,482,880	(725,515)	(8,208,395)	1,100	1,100	457	(643)
REVENUES OVER (UNDER) EXPENSES	(123,047)	(294,243)	40,383	334,626	1,108,805	(1,044,888)	(213,231)	831,657	(24,390)	(27,480)	(27,641)	(161)
NET POSITION, January 1, 2016, budget basis			3,195,622				5,694,349				77,650	
NET POSITION, December 31, 2016, budget basis			3,236,005				5,481,118				50,009	
Accrual adjustments			6,676,854				21,853,686				599,544	
NET POSITION, December 31, 2016, fund basis			9,912,859				27,334,804				649,553	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Refuse Fund				Total			
	Budget Original	Budget Final	Actual	Actual Over (Under) Budget	Budget Original	Budget Final	Actual	Actual Over (Under) Budget
REVENUES								
Charges for services	507,960	503,630	501,722	(1,908)	18,215,160	18,198,865	16,731,569	(1,467,296)
EXPENSES								
Production					1,629,386	1,697,331	1,524,109	173,222
Distribution					9,842,105	9,962,577	8,768,701	1,193,876
Administration	501,925	503,730	505,064	(1,334)	4,283,719	4,323,129	4,258,071	65,058
Capital outlay					8,844,500	10,934,492	1,458,683	9,475,809
Total expenses	501,925	503,730	505,064	(1,334)	24,599,710	26,917,529	16,009,564	10,907,965
INCOME (LOSS) FROM OPERATIONS	6,035	(100)	(3,342)	(3,242)	(6,384,550)	(8,718,664)	722,005	9,440,669
OTHER INCOME (EXPENSE)								
Transfers in								
Interest income	100	100	69	(31)	105,200	105,200	246,328	141,128
Other income					8,711,080	8,711,080	60,483	(8,650,597)
Payments of long-term debt					(895,000)	(895,000)	(893,976)	1,024
Interest expense					(569,227)	(569,227)	(338,602)	230,625
Total other income (expense)	100	100	69	(31)	7,352,053	7,352,053	(925,767)	(8,277,820)
REVENUES OVER (UNDER) EXPENSES	6,135		(3,273)	(3,273)	967,503	(1,366,611)	(203,762)	1,162,849
NET POSITION, January 1, 2016, budget basis			34,831				9,002,452	
NET POSITION, December 31, 2016, budget basis			31,558				8,798,690	
Accrual adjustments			68,395				29,198,479	
NET POSITION, December 31, 2016, fund basis			99,953				37,997,169	

STATISTICAL SECTION
(Unaudited)

This part of the City of Harrisonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in 2011; schedules that include governmental fund balance classifications for years prior to 2011 are presented in pre-GASB 54 format.

Information presented in this section is required by GASB 44 to include current year plus nine years of previous data. In some cases, the City has not presented nine years of previous data as it is not readily available or has not been tracked by the City in the past.

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CITY OF HARRISONVILLE, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	10,352,096	10,653,678	11,264,304	12,728,792	13,911,126	14,660,071	16,629,597	17,372,336	17,620,666	18,094,342
Restricted	2,914,819	2,959,767	2,180,313	2,184,248	2,662,683	1,186,071	1,007,888	1,062,950	1,000,182	1,242,788
Unrestricted (deficit)	1,268,017	1,823,309	1,557,045	859,829	(818,266)	344,053	(1,427,705)	(1,829,279)	2,337,987	2,422,395
Total governmental activities net position	14,534,932	15,436,754	15,001,662	15,772,869	15,755,543	16,190,195	16,209,780	16,606,007	16,606,007	21,759,525
Business-type activities										
Net investment in capital assets	15,296,549	15,656,284	17,241,269	21,441,550	22,603,002	22,757,615	24,103,550	25,037,013	25,377,303	27,020,727
Restricted	1,947,727	2,131,131	2,044,493	2,054,861	2,557,484	2,194,593	2,170,113	1,957,857	1,745,814	2,424,296
Unrestricted	4,757,742	5,467,973	5,513,489	4,316,580	5,600,624	7,506,505	7,455,912	7,691,175	9,818,049	8,552,146
Total business-type activities net position	22,002,018	23,255,388	24,799,251	27,812,991	30,761,110	32,458,713	33,729,575	34,686,045	36,941,166	37,997,169
Primary government										
Net investment in capital assets	25,648,645	26,309,962	28,505,573	34,170,342	36,514,128	37,417,686	40,733,147	42,409,349	42,409,349	45,115,069
Restricted	4,862,546	5,090,898	4,224,806	4,239,109	5,220,167	3,380,664	3,178,001	3,020,807	3,020,807	3,667,084
Unrestricted	6,025,759	7,291,282	7,070,534	5,176,409	4,782,358	7,850,558	6,028,207	5,861,896	5,861,896	10,974,541
Total primary government net position	36,536,950	38,692,142	39,800,913	43,585,860	46,516,653	48,648,908	49,939,355	51,292,052	51,292,052	59,756,694

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities										
General Government	1,710,746	1,774,334	1,794,612	1,787,553	1,974,816	1,795,064	1,905,925	2,002,426	1,583,748	1,722,897
Administration of Justice	2,461,933	2,816,808	2,592,948	2,643,954	2,663,787	2,688,722	2,662,905	2,902,002	2,645,741	2,877,989
Fire and Emergency	575,410	588,701	367,525							
Street	1,104,687	1,157,618	1,258,830	1,398,582	1,217,982	871,419	997,572	1,134,034	1,001,075	1,157,722
Economic Development	177,994	201,947	155,637	179,210	191,704	225,041	293,097	312,060	431,396	497,326
Animal Control	151,092	156,545	143,313	143,878	162,758	167,154	176,656	179,525	192,396	192,369
Airport	325,579	391,387	347,264	331,203	321,968	319,622	359,292	300,459	308,994	339,387
Ambulance	950,069	945,798	2,017,191	2,237,316	2,489,922	2,472,147	2,273,547	2,346,331	2,310,217	2,497,603
Park	452,080	466,886	470,549	530,106	529,697	590,728	578,777	611,935	550,704	606,756
Community Center	1,289,607	1,277,944	1,413,738	1,367,488	1,450,404	1,506,078	1,650,035	1,617,794	1,458,666	1,488,614
Towne Center Project	1,074,469	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654	7,075
CDBG pass-through expenses					753,740	6,500				
Interest on long-term debt	1,169,186	919,217	902,258	873,168	860,401	772,777	615,807	581,180	559,742	526,562
Total governmental activities expenses	11,442,852	10,702,863	11,479,788	11,511,184	12,627,366	11,428,018	11,526,659	11,995,872	11,050,333	11,914,300
Business-type activities										
Electric	11,320,839	11,171,665	10,820,766	11,029,794	10,637,961	11,247,956	11,427,822	11,861,775	10,969,788	11,249,953
Water and Sewer	3,908,279	4,245,705	4,031,290	4,214,590	3,652,972	3,703,248	3,693,731	4,102,397	3,953,599	4,079,377
Aquatic Center	204,045	233,572	252,734	229,978	289,610	276,719	260,514	255,901	247,561	262,529
Refuse	388,345	367,444	416,592	452,778	466,719	473,660	468,685	483,766	494,997	505,064
Total business-type activities expenses	15,821,508	16,018,386	15,521,382	15,927,140	15,047,262	15,701,583	15,850,752	16,703,839	15,665,945	16,096,923
Total primary government expenses	27,264,360	26,721,249	27,001,170	27,438,324	27,674,628	27,129,601	27,377,411	28,699,711	26,716,278	28,011,223
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General Government	1,922,835	2,269,442	1,943,791	2,024,687	1,985,007	1,936,801	1,915,453	1,874,146	1,859,509	1,964,977
Administration of Justice	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768	222,035
Ambulance	874,553	981,217	1,104,773	1,362,127	1,423,372	1,399,295	1,280,799	1,210,496	1,332,256	1,351,037
Park	28,503	25,313	23,276	22,609	24,015	28,807	60,448	60,478	68,955	83,414
Community Center	807,219	750,617	784,011	870,262	850,019	926,252	953,512	949,769	880,798	852,482
Operating grants and contributions	632,643	184,774	36,610	218,541	939,601	144,163	187,359	258,367	293,635	132,527
Capital grants and contributions				320,525	508,546					352,785
Total governmental activities program revenues	4,518,862	4,459,943	4,128,419	5,044,968	5,969,852	4,686,456	4,691,019	4,635,452	4,662,921	4,959,257
Business-type activities										
Charges for services										
Electric	12,185,598	11,712,338	11,355,377	11,529,975	11,200,157	11,688,342	12,020,203	12,272,400	11,451,836	11,328,726
Water and Sewer	4,503,439	4,651,353	4,866,050	4,588,165	4,458,249	4,581,605	4,313,059	4,351,387	4,747,235	4,864,960

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROGRAM REVENUES (Continued)										
Business-type activities (Continued)										
Charges for services (Continued)										
Aquatic Center	135,088	133,344	125,189	125,450	166,394	137,666	109,665	111,505	131,291	147,697
Refuse	398,383	399,814	424,579	451,427	469,763	462,386	465,954	490,664	500,253	504,735
Operating grants and contributions								10,000		
Capital grants and contributions				2,017,313	982,687	280,500			91,811	
Total business-type activities program revenues	16,897,162	16,754,585	16,667,908	18,252,596	17,888,791	17,150,499	16,908,881	17,235,956	16,922,426	16,846,118
Total primary government program revenues	21,357,105	20,883,004	21,712,876	24,222,448	22,575,247	21,836,955	21,599,900	21,871,408	21,585,347	21,805,375
NET (EXPENSE) REVENUE										
Governmental activities	(6,242,920)	(6,242,920)	(7,351,369)	(6,657,514)	(6,741,562)	(6,741,562)	(6,835,640)	(7,360,420)	(6,387,412)	(6,955,043)
Business-type activities	878,776	878,463	1,249,813	3,205,334	2,187,208	1,448,916	1,058,129	532,117	1,256,481	749,195
Total primary government net expense	(5,364,144)	(5,364,457)	(6,101,556)	(3,452,180)	(4,554,354)	(5,292,646)	(5,777,511)	(6,828,303)	(5,130,931)	(6,205,848)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	867,421	906,279	864,193	896,169	816,771	915,825	965,993	957,930	971,143	967,740
Sales taxes	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932	4,695,188
Franchise taxes	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532
Other taxes	161,988	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644	347,882
Unrestricted investment earnings	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110	56,623
Miscellaneous	260,722	196,470	458,050	351,344	320,148	294,193	169,275	307,504	271,252	237,768
Transfers					(490,485)	(32,595)	(33,265)	(23,095)		
Total governmental activities	6,948,958	7,144,742	6,702,125	7,237,423	6,640,188	7,176,214	7,314,039	7,756,647	8,064,100	7,755,733
Business-type activities										
Unrestricted investment earnings	456,808	374,907	294,050	228,550	227,646	216,092	149,424	246,333	239,868	246,329
Miscellaneous							130,771	154,925	153,871	60,480
Transfers					490,485	32,595	33,265	23,095	(200,000)	
Total business-type activities	456,808	374,907	294,050	228,550	718,131	248,687	313,460	424,353	193,739	306,809
Total primary government	7,405,766	7,519,649	6,996,175	7,465,973	7,358,319	7,424,901	7,627,499	8,181,000	8,257,839	8,062,542
CHANGE IN NET POSITION										
Governmental activities	706,038	901,822	(649,244)	579,909	(101,374)	434,652	478,399	396,227	1,676,688	800,690
Business-type activities	1,335,584	1,253,370	1,543,863	3,433,884	2,905,339	1,697,603	1,371,589	956,470	1,450,220	1,056,004
Total primary government	2,041,622	2,155,192	894,619	4,013,793	2,803,965	2,132,255	1,849,988	1,352,697	3,126,908	1,856,694

CITY OF HARRISONVILLE, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND										
Nonspendable					137,711	148,835	170,485	184,885	211,284	222,988
Restricted					113,630	114,065	114,159	114,855	115,021	111,610
Unassigned					5,930,458	6,304,295	5,384,287	4,784,005	5,336,961	5,810,251
Reserved	120,742	134,148	122,118	101,466						
Unreserved	7,585,851	8,203,393	8,179,575	7,202,484						
Total General Fund	7,706,593	8,337,541	8,301,693	7,303,950	6,181,799	6,567,195	5,668,931	5,083,745	5,663,266	6,144,849
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable					112,270	101,248	114,063	113,131	129,281	135,774
Restricted					2,549,053	1,073,822	851,553	944,488	1,313,363	1,280,789
Assigned					1,064,581	907,262	772,069	659,243	243,727	308,293
Unassigned (deficit)					(183,323)	(318,367)	(470,882)	(410,099)		(70,973)
Reserved	1,150,442	1,020,234	1,081,070	1,107,459						
Unreserved, reported in:										
Special revenue funds	3,380,010	3,532,205	2,350,584	2,523,616						
Total all other governmental funds	4,530,452	4,552,439	3,431,654	3,631,075	3,542,581	1,763,965	1,266,803	1,306,763	1,686,371	1,653,883

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes										
Property	848,607	911,262	874,222	923,255	891,842	915,825	965,993	957,930	971,143	967,740
Sales	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932	4,695,188
Franchise	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532
Other	156,076	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644	347,882
Licenses, fees, and permits	225,187	411,668	140,049	193,055	162,417	161,692	129,094	124,911	148,648	189,068
Fines and forfeitures	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768	222,035
Charges for services	3,407,923	3,614,921	3,715,802	4,086,630	4,119,996	4,129,463	4,081,118	3,969,978	3,992,870	4,062,842
Grants	632,643	184,774	36,610	539,066	1,362,928	229,382	187,359	258,367	293,635	485,312
Investment earnings	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110	56,623
Miscellaneous	260,722	196,470	458,050	351,583	336,855	294,193	169,275	307,504	271,252	241,132
Total revenues	11,443,094	11,609,668	10,840,573	12,309,716	13,107,084	11,980,484	12,038,323	12,415,194	12,727,021	12,718,354
EXPENDITURES										
General Government	1,615,486	1,675,957	1,705,939	1,686,829	1,875,373	1,667,057	1,787,238	1,857,424	1,578,196	1,593,951
Administration of Justice	2,374,198	2,720,316	2,481,177	2,529,476	2,554,360	2,581,042	2,571,510	2,824,957	2,545,685	2,568,837
Fire and Emergency	494,272	514,913	305,195							
Street	860,268	888,273	986,420	1,139,023	962,085	635,787	770,736	900,050	759,010	837,799
Economic Development	161,770	186,738	140,428	164,220	176,936	210,273	275,794	296,174	431,365	455,440
Animal Control	145,331	149,789	136,557	137,122	156,002	160,398	171,273	177,458	194,045	178,943
Airport	222,207	275,850	232,654	219,903	180,079	171,867	210,681	162,129	177,497	196,537
Ambulance	865,527	859,740	1,914,395	2,087,034	2,324,734	2,389,722	2,163,113	2,229,575	2,224,086	2,307,984
Park	378,458	396,746	395,146	462,220	462,593	488,375	463,459	505,454	463,685	474,849
Community Center	994,485	979,138	1,112,725	1,066,878	1,151,513	1,197,703	1,322,084	1,284,251	1,122,009	1,123,877
Towne Center Project	1,248,099	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654	7,075
CDBG pass-through expenses					753,740	6,500				
Capital outlay	1,254,285	849,141	1,142,304	1,938,203	1,837,010	1,020,483	2,152,920	1,163,730	733,847	950,944
Debt service										
Principal	7,410,000	575,000	780,000	825,000	733,926	815,940	942,088	1,006,082	1,030,336	1,105,726
Interest and fiscal fees	1,165,574	879,454	862,495	833,404	820,637	699,696	556,542	521,915	500,477	467,297
Total expenditures	19,189,960	10,956,733	12,211,358	13,108,038	13,999,175	12,057,609	13,400,484	12,937,325	11,767,892	12,269,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,746,866)	652,935	(1,370,785)	(798,322)	(892,091)	(77,125)	(1,362,161)	(522,131)	959,129	449,095

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OTHER FINANCING SOURCES (USES)										
Proceeds of long-term debt	8,435,895				171,931					
Payments to escrow agent						(1,283,500)				
Transfers in	1,307,535	1,343,412	1,425,335	3,779,288	2,680,436	2,578,093	2,228,146	3,018,833	2,851,276	2,034,398
Transfers out	(1,307,535)	(1,343,412)	(1,425,335)	(3,779,288)	(3,170,921)	(2,610,688)	(2,261,411)	(3,041,928)	(2,851,276)	(2,034,398)
Total other financing sources (uses)	8,435,895				(318,554)	(1,316,095)	(33,265)	(23,095)		
NET CHANGES IN FUND BALANCES	9,088,830	(1,370,785)	(798,322)	(892,091)	(395,679)	(1,393,220)	(1,395,426)	(545,226)	959,129	449,095
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	14.4%	14.8%	14.8%	12.8%	13.7%	13.7%	13.3%	13.0%	13.9%	13.9%

CITY OF HARRISONVILLE, MISSOURI
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	91,927,554	23,243,342	115,170,896	0.77
2008	93,646,146	21,440,771	115,086,917	0.78
2009	93,250,444	25,538,774	118,789,218	0.66
2010	94,022,248	25,241,452	119,263,700	0.66
2011	94,424,728	23,546,390	117,971,118	0.67
2012	95,845,535	22,091,806	117,937,341	0.68
2013	94,552,735	22,682,321	117,235,056	0.69
2014	94,992,339	25,948,277	120,940,616	0.69
2015	96,409,365	25,097,110	121,506,475	0.69
2016	96,807,843	23,807,868	120,615,711	0.69

Source: Cass County Assessor's Office

Note: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the market value. Those percentages are 32 for commercial, 19 for residential, and 12 for agriculture.

Tax rates are per $100 of assessed value.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	City Direct Rates				Overlapping Rates			
Fiscal Year Ended December 31,	General Fund	Ambulance Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	Total Direct and Overlapping
2007	0.5278	0.1195	0.1195	0.7668	0.03	6.04	6.07	6.84
2008	0.5358	0.1213	0.1213	0.7784	0.03	6.19	6.22	7.00
2009	0.5422		0.1227	0.6649	0.03	6.19	6.22	6.88
2010	0.5422		0.1227	0.6649	0.03	6.20	6.23	6.89
2011	0.5501		0.1245	0.6746	0.03	6.20	6.23	6.90
2012	0.5585		0.1264	0.6849	0.03	6.18	6.21	6.90
2013	0.5658		0.1280	0.6938	0.03	6.18	6.21	6.91
2014	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2015	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2016	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91

Source: Cass County Collector

Note: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2016 Taxable Assessed Value	2016 Rank	2016 Percentages of Total Assessed Valuation	2007 Taxable Assessed Value	2007 Rank	2007 Percentages of Total Assessed Valuation
Church & Dwight	7,172,120	1	5.95	4,824,870	1	4.19
Wal-Mart	3,167,500	2	2.63	3,097,868	2	2.69
HFMD Properties, LLC	2,420,110	3	2.01			
Harrisonville MP II, LLC	2,219,230	4	1.84			
Sutherlands Lumber Co.	1,461,150	5	1.21	820,820	7	0.71
Mill-Walk Mall	1,431,000	6	1.19	1,447,670	3	1.26
Harrisonville Crossings Properties	930,630	7	0.77	986,850	5	0.86
RLP Development Company	656,470	8	0.54			
Steven Flanery	648,300	9	0.54	564,940	10	0.49
Max Properties	647,300	10	0.54			
Eaglepicher Pharmaceutical				1,070,640	4	0.93
AHG, Inc.				880,010	6	0.76
Universal Forest Products				812,605	8	0.71
Crown Properties, LC				575,830	9	0.50
TOTALS	20,753,810		17.70	15,082,103		13.10

Data provided by the Cass County Collector

CITY OF HARRISONVILLE, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2007	883,130	728,365	82.48	154,765	883,130	100.00		
2008	895,837	858,631	95.85	37,206	895,837	100.00		
2009	789,830	763,896	96.72	25,934	789,830	100.00		
2010	792,984	721,512	90.99	71,472	792,984	100.00		
2011	795,833	746,929	93.85	47,436	794,365	99.82	1,468	0.18
2012	807,753	732,284	90.66	74,038	806,322	99.82	1,431	0.18
2013	813,377	728,785	89.60	83,468	812,253	99.86	1,124	0.14
2014	841,142	792,712	94.24	46,785	839,497	99.80	1,645	0.20
2015	845,078	826,840	97.84	9,138	835,978	98.92	9,100	1.08
2016	838,882	774,804	92.36		774,804	92.36	64,078	7.64

NOTES: Amounts relating to railroad and utility property taxes are not included above.

Taxes paid under protest are held by the respective County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent tax collections.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING
SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Rate	Cass County	State	Total
2007	1.500	1.250	4.225	6.975
2008	1.500	1.250	4.225	6.975
2009	1.875	1.250	4.225	7.350
2010	1.875	1.250	4.225	7.350
2011	1.875	1.250	4.225	7.350
2012	1.875	1.750	4.225	7.850
2013	1.875	1.750	4.225	7.850
2014	1.875	1.750	4.225	7.850
2015	1.875	1.750	4.225	7.850
2016	1.875	1.750	4.225	7.850

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL RETAIL SALES	199,144	200,585	198,251	192,046	201,671	204,736	203,559	213,512	217,311	223,335

Note: This report does not break out taxable sales by retail category as some detail information is considered confidential by state law.

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities: Certificates of Participation	Governmental Activities: Revenue Bonds	Governmental Activities: Promissory Notes	Governmental Activities: Capital Lease Payable	Business-Type Activities: Revenue Bonds	Business-Type Activities: Promissory Note	Total Primary Government	Percentage of Personal Income	Per Capita
2007	10,810,000	8,630,000		425,794	11,175,000		31,040,794	0.15	2,985
2008	10,235,000	8,630,000		397,257	10,290,000		29,552,257	0.15	2,842
2009	9,635,000	17,450,000		367,027	9,580,000		37,032,027	0.18	3,561
2010	9,010,000	17,250,000		335,002	9,059,375		35,654,377	0.18	3,428
2011	8,530,000	17,030,000	171,931	301,076	11,718,541	380,000	38,131,548	0.17	3,806
2012	7,295,000	16,785,000	171,931	265,136	11,556,672	380,000	36,453,739	0.16	3,634
2013	6,665,000	16,520,000	162,916	227,063	10,711,700	278,869	34,565,548	0.15	3,443
2014	6,015,000	16,220,000	147,165	186,732	9,885,400	250,060	32,704,357	0.14	3,257
2015	5,350,000	15,920,000	152,066	144,006	9,045,400	220,526	30,831,998	0.13	3,071
2016	4,650,000	15,585,000	126,602	98,744	8,181,700	190,250	28,832,296	0.12	2,854

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2016

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Assessed valuation	120,615,711		120,615,711
Constitutional debt limit	12,061,571	12,061,571	24,123,142
Less general obligation bonds payable	- 0 -	- 0 -	- 0 -
	12,061,571	12,061,571	24,123,142
Cash and securities available for retirement	- 0 -	- 0 -	- 0 -
	12,061,571	12,061,571	24,123,142

(1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.

(2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary storm systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
DECEMBER 31, 2016

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	29,777,862	65%	19,355,610
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds		0%	
Total direct and estimated overlapping debt	29,777,862		19,355,610

(1) On the basis of assessed valuation.

NOTE: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Lease purchase agreements are not included in this schedule but have been included in the past. This change accounts for the significant difference among this year and previous years' schedules.

CITY OF HARRISONVILLE, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2007	10,400	205,920,000	19,800	2,500	4.30%
2008	10,400	201,040,000	19,331	2,504	6.10%
2009	10,400	201,040,000	19,331	2,580	10.00%
2010	10,400	201,040,000	19,331	2,580	10.00%
2011	10,019	218,915,150	21,850	2,580	7.90%
2012	10,030	230,630,000	23,063	2,585	6.40%
2013	10,040	235,000,000	23,400	2,590	6.40%
2014	10,040	240,000,000	23,750	2,500	6.40%
2015	10,040	232,000,000	23,103	2,459	5.70%
2016	10,104	232,000,000	21,717	2,425	4.70%

Data Sources:

1 Bureau of Census and City estimates
2 KCADC and City estimates
3 School District

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL EMPLOYERS
THIS FISCAL YEAR AND EIGHT YEARS AGO

	2016			2008	
Employer	Employees	Rank	% of Total Employment	Employees	Rank
Wal-Mart Distribution Center	630	1	22.52%	775	1
Cass Medical Center	394	2	14.09%	330	4
Cass R-IX Schools	382	3	13.66%	367	3
Wal-Mart	298	4	10.65%	390	2
Cass County Government	276	5	9.87%	285	5
Church & Dwight Co., Inc.	230	6	8.22%	208	8
City of Harrisonville	198	7	7.08%	225	6
Casco Area Workshop	194	8	6.94%	220	7
Crown Care Center	105	9	3.75%	101	9
Family Center	90	10	3.22%	98	10
Total Employment	2,797			2,999	

Source: Harrisonville Area Chamber of Commerce and Economic Development

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF PROPERTY VALUE, CONSTRUCTION PERMITS ISSUED,
AND TOTAL DOLLARS ON DEPOSIT AT YEAR-END
WITH LOCAL BANKS AND SAVINGS AND LOANS
LAST TEN YEARS

	Construction Permits and Value (1) and (2)				Total Year-End Deposits	Total Property
	Residential		Commercial		at Local Banks	Value
Year	Number	Value	Number	Value	(Thousands)	(3)
December 2007	861	6,049,296	154	14,936,040	339,313	115,170,896
December 2008	319	3,054,774	93	59,978,221	277,759	115,086,917
December 2009	245	1,672,246	68	1,180,815	295,081	118,789,218
December 2010	276	1,283,561	95	18,650,228	317,327	119,263,700
December 2011	318	1,403,626	98	3,392,188	329,770	117,971,118
December 2012	240	2,103,410	76	3,685,500	341,344	117,937,341
December 2013	176	1,331,781	73	5,293,503	379,785	117,235,056
December 2014	176	1,973,875	66	2,416,903	326,918	120,940,616
December 2015	180	2,202,655	59	8,042,346	348,202	121,506,475
December 2016	241	6,672,912	83	10,622,390	340,592	120,615,711

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Patrol units	23	23	23	23	20	20	20	21	21	21
Police stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	660	670	678	678	678	678	678	678	678	678
Streets										
Miles	69	69	69	69	69	69	69	69	69	69
Streetlights	900	900	900	900	900	900	900	900	900	900
Miles of storm sewers	9	9	9	9	9	9	9	9	9	9
Parks										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	250	250	250	250	250	250	250	250	250	250
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	7	7	7	7	7	7	7	7	7	7
Sewer										
Sanitary sewer (miles)	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Plant capacity (mgl)	1.3	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	4,094	4,102	4,084	4,071	4,037	4,062	4,061	4,073	4,083	4,106
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water										
Miles of water mains	56	56	56	56	56	56	56	56	56	56
Service connections	3,984	3,992	3,978	3,966	3,923	3,937	3,950	3,944	3,955	4,188
Daily average consumption in gallons	1,300,000	1,300,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000

Source: City Department Heads

CITY OF HARRISONVILLE, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Management	5	5	5	5	4	4	3	3	3	3
Finance	7	8	7	6	7	6	7	6	6	7
Codes	4	4	4	4	4	2	2			
Community Development	2	1	2	2	2	3	3	4	5	5
Police										
Officers	20	20	21	23	25	23	23	24	23	20
Civilians	6	5	6	6	6	6	5	6	6	8
Animal Control	2	1	2	2	2	1	2	2	2	2
Court	1	1	1	1	1	1	1	1	1	2
Fire/EMS										
Firefighters/Director*	5	5	1	1	1	1			1	1
Director/Firefighters/ EMTs*	2	3	19	17	15	19	21	19	18	17
Clerk	1	1	1	1	1	1	1	1	1	1
Public Works										
Engineering	1	1	1	1	1	1	1	1	1	
Streets	8	8	8	7	7	8	8	8	8	8
Electric	9	9	9	8	8	7	8	10	11	8
Water	13	13	13	13	12	12	12	12	12	12
Wastewater	5	5	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Community Center/Parks	9	11	11	11	10	8	10	11	11	11
Total	101	102	116	113	111	108	112	113	114	110

* For 2014, the Firefighter category has been combined with Paramedics, and Codes category has been combined with Community Development.

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, 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 City of Harrisonville, Missouri, which comprise the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2016, and have issued our report thereon dated April 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrisonville, Missouri'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 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 over financial reporting 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harrisonville, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

City of Harrisonville, Missouri's Response to Findings

The City of Harrisonville, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Harrisonville, Missouri's response, and accordingly, we express no opinion on it.

Purpose of this Report

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

Dana F. Cole + Company, LLP

Overland Park, Kansas
April 27, 2017

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

2016-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. The auditors drafted the financial statements and related note disclosures from a trial balance and other documentation provided by City personnel.

Cause

City personnel do not obtain the expertise necessary to draft the year-end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management.

Views of Responsible Officials and Corrective Action Plan

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytic procedures among other procedures necessary to complete the Management's Discussion and Analysis.

CITY OF HARRISONVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

2015-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2016-001.