

CITY OF POPLAR BLUFF
POPLAR BLUFF, MISSOURI

FINANCIAL STATEMENTS

DECEMBER 31, 2017

City of Poplar Bluff, Missouri
Table of Contents
December 31, 2017

CONTENTS

Page

Financial Section:

Independent Auditors' Report 1-3

Required Supplementary Information:

Management's Discussion and Analysis 4-10

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 11-12

Statement of Activities 13-14

Fund Financial Statements:

Balance Sheet - Governmental Funds 15

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position 16

Statement of Revenues, Expenditures and Changes
In Fund Balance - Governmental Funds 17

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities 18

Statement of Net Position - Proprietary Funds 19-20

Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds 21-22

Statement of Cash Flows - Proprietary Funds 23-24

Notes to the Basic Financial Statements 25-59

City of Poplar Bluff, Missouri

Table of Contents

December 31, 2017

Required Supplementary Information:	<u>Exhibit</u>	<u>Page</u>
Budgetary Comparison Schedule - General Fund	1	60
Budgetary Comparison Schedule - Hwy. 67 Tax Fund	2	61
Notes to Required Supplementary Information Budgetary Comparison Schedule	3	62
Schedule of Funding Progress - Other Post Employment Benefits	4	63
Schedule of Changes in Net Pension Liability - LAGERS	5	64
Schedule of Contributions - LAGERS	6	65
Notes to Schedule of Contributions - LAGERS	7	66
Schedule of Changes in Net Pension Liability - City of Poplar Bluff Policemen's and Firemen's Pension Plan	8	67
Schedule of Contributions - City of Poplar Bluff Policemen's and Firemen's Pension Plan	9	68
Notes to Schedule of Contributions - City of Poplar Bluff Policemen's and Firemen's Pension Plan	10	69
Other Supplementary Information:	<u>Schedule</u>	
Combining Balance Sheet - Nonmajor Special Revenue Funds	1	70-72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds	2	73-75
Combining Statement of Net Position - Nonmajor Proprietary Funds	3	76
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Proprietary Funds	4	77
Combining Statement of Net Position - Municipal Utilities	5	78
Combining Statement of Revenues, Expenses, and Changes in Net Position - Municipal Utilities	6	79
Operating Data Required by Bond	7	80-82

City of Poplar Bluff, Missouri

Table of Contents

December 31, 2017

Page

Internal Control and Compliance:

Independent Auditors' Report On Internal Control
Over Financial Reporting And On Compliance And
Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With
Government Auditing Standards 83-84

Independent Auditors' Report On Compliance For
Each Major Program And On Internal Control
Over Compliance Required By The Uniform Guidance 85-86

Schedule

Schedule of Expenditures of Federal Awards 8 87-88

Notes to the Schedule of Expenditures of Federal Awards 9 89

Schedule of Findings and Questioned Costs 10 90-92

Schedule of Resolutions of Prior Year Audit Findings 11 93



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INDEPENDENT AUDITORS' REPORT

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri 63901

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplar Bluff, Missouri, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 qualified opinions.

Basis for Qualified Opinions

Management has not provided a current actuarial report of postemployment benefits in accordance with Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", and therefore, has not provided a current net OPEB obligation. Accounting principles generally accepted in the United States of America require that an actuarial valuation be performed biennially and a net OPEB obligation be provided, which would likely increase liabilities and decrease the fund balances. The amount by which this departure would affect the liabilities and fund balances is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Poplar Bluff, Missouri, as of December 31, 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, the Poplar Bluff, Missouri, Public Building Corporation has been included as a component unit of the reporting entity for the year ended December 31, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 60 and 61, the schedule of funding progress on page 63, and the schedules of changes in net pension liability, the schedules of contributions, and the notes to the schedules of contributions on pages 64 through 69 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 Poplar Bluff, Missouri's, basic financial statements. The combining nonmajor fund statements and combining Municipal Utilities statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, the combining Municipal Utilities statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining Municipal Utilities statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The operating data required by bond has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the City of Poplar Bluff, 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 the 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 Poplar Bluff, Missouri's internal control over financial reporting and compliance.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

June 27, 2018

City of Poplar Bluff, Missouri
Management's Discussion and Analysis
(Unaudited)

As management of the City of Poplar Bluff, Missouri, we offer readers this narrative overview and analysis of the financial activities of the City of Poplar Bluff, Missouri (the City) for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the City's financial statements and footnotes, which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$69 million (net position). Of this amount, \$1.3 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City continues to purchase the land required to extend Shelby Road from Highway PP to the south end of Highway 53, and has started preliminary excavation for this project. This extension will take some traffic off of business Highway 67 and open up residential and commercial development along Shelby Road.

Overview of the Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances in a manner similar to a private business.

The *statement of net position* presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements divide the City into the following:

- Governmental activities – All of the City’s basic services are considered to be governmental activities, including general government, police and fire protection, streets, cemetery and motor pool, and culture and recreation. These activities are supported primarily with general City revenue such as sales taxes, gross receipts taxes, property taxes, fines and specific program revenue (i.e. permit fees and grants).
- Business-type activities – All of the City’s enterprise activities are included here. These operations derive revenue from user charges for services that are intended to recover the full costs of operations.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its self-insurance (health) activities. Because these services predominately benefit governmental rather than business-type functions, they have been primarily included within the *governmental activities* in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary, pension and postretirement benefits information. The combining statements for the nonmajor funds and Municipal Utilities are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Net position may serve as a useful indicator of the City’s financial position. As of December 31, 2017, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$69.5 million. This is a decrease of \$3.2 million from the prior year. The largest portion of the City’s net position, \$59.7 million (86%), reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

NET POSITION

The following table reflects the condensed schedule of net position (in thousands) as of December 31, 2017 and 2016:

City of Poplar Bluff Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 26,637	24,010	20,524	20,403	47,161	44,413
Capital assets	29,437	25,424	75,688	76,061	105,125	101,485
Total assets	<u>56,074</u>	<u>49,434</u>	<u>96,212</u>	<u>96,464</u>	<u>152,286</u>	<u>145,898</u>
Deferred outflows of resources	4,506	5,928	1,897	3,580	6,403	9,508
Long-term debt outstanding	31,884	22,836	15,720	17,275	47,604	40,111
Other long-term liabilities	14,224	14,578	6,682	6,693	20,906	21,271
Other liabilities	10,829	9,821	8,065	9,603	18,894	19,424
Total liabilities	<u>56,937</u>	<u>47,235</u>	<u>30,467</u>	<u>33,571</u>	<u>87,404</u>	<u>80,806</u>
Deferred inflows of resources	890	906	871	895	1,761	1,801
Net position:						
Net investment in capital assets	(60)	2,620	59,746	58,992	59,686	61,612
Restricted	6,085	4,910	2,412	2,564	8,497	7,474
Unrestricted	(3,272)	(309)	4,613	4,022	1,341	3,713
Total net position	<u>\$ 2,753</u>	<u>7,221</u>	<u>66,771</u>	<u>65,578</u>	<u>69,524</u>	<u>72,799</u>

The City's total assets increased \$6.4 million during the current fiscal year, while the total liabilities increased \$6.6 million. Governmental activities total assets increased \$6.6 million, which consisted of an increase in both current and other assets and capital assets. Business-type activities total assets decreased \$200 thousand.

The largest portion of the City's net position, \$59.6 million, a decrease of \$1.9 million from the prior year, reflects its investment in capital assets, less any related debt used to acquire those assets. An additional portion of the City's net position, \$8.4 million, an increase of \$1 million from the prior year, represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position, \$1.3 million, represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

Change in Net Position

The following table reflects the revenues and expenses from the City's activities (in thousands) as of December 31, 2017 and 2016:

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 457	614	44,417	45,027	44,874	45,641
Operating grants and contributions	1,264	2,246			1,264	2,246
Capital grants and contributions	4,438	1,200	4	515	4,442	1,715
General revenues:						
Property taxes	1,845	1,746			1,845	1,746
Sales and use taxes	15,379	15,167			15,379	15,167
Other revenues	769	1,319	410	494	1,179	1,813
Total revenues	<u>24,152</u>	<u>22,292</u>	<u>44,831</u>	<u>46,036</u>	<u>68,983</u>	<u>68,328</u>
Expenses:						
General government	5,312	5,488			5,312	5,488
Police and fire protection	9,665	9,031			9,665	9,031
Streets, cemetery and motor pool	2,810	2,903			2,810	2,903
Culture and recreation	1,455	1,477			1,455	1,477
Economic development	6,230				6,230	0
Interest	1,222	1,050			1,222	1,050
Municipal utilities			42,853	41,516	42,853	41,516
Coliseum			1,402	1,767	1,402	1,767
Airport			767	665	767	665
Golf			542	513	542	513
Total expenses	<u>26,694</u>	<u>19,949</u>	<u>45,564</u>	<u>44,461</u>	<u>72,258</u>	<u>64,410</u>
Change in net position before transfers	(2,542)	2,343	(733)	1,575	(3,275)	3,918
Special item						
Transfers	(1,926)	(4,964)	1,926	4,964		
Change in net position	(4,468)	(2,621)	1,193	6,539	(3,275)	3,918
Net position, beginning	7,221	9,842	65,578	59,039	72,799	68,881
Net position, ending	<u>\$ 2,753</u>	<u>7,221</u>	<u>66,771</u>	<u>65,578</u>	<u>69,524</u>	<u>72,799</u>

Governmental Activities

Governmental activities decreased the City’s net position by \$4.4 million. Business-type activities increased the City’s net position by \$1.2 million. For the year ended December 31, 2017, revenues totaled \$68.9 million (governmental and business-type). Revenues from governmental activities total \$24 million, or 35%, revenues from business-type activities total \$44 million, or 65% of the total City revenues. Sales and use tax revenues, the largest governmental category, were \$15 million, or 64% of total governmental activities revenues. Certain revenues are generated that are specific to governmental program activity. These totaled \$6 million.

The following table shows expenses and program revenues of the governmental activities (in thousands) as of December 31, 2017 and 2016:

Net Cost of City of Poplar Bluff’s Governmental Activities

	<u>Total cost of service</u>		<u>Net cost of service</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General government	\$ 5,312	5,488	937	3,675
Police and fire protection	9,665	9,031	8,581	7,179
Streets, cemetery and motor pool	2,810	2,903	2,648	2,856
Culture and recreation	1,455	1,477	916	1,128
Economic development	6,230		6,230	
Interest on long term debt	1,222	1,050	1,222	1,050
	<u>\$ 26,694</u>	<u>19,949</u>	<u>20,534</u>	<u>15,888</u>

Expenses from governmental activities total \$26.6 million. However, net costs of these services were \$20.5 million. The difference represents direct revenues received from charges for services of \$457 thousand, operating grants and contributions of \$1.2 million, and capital grants and contributions of \$4.4 million. Taxes and other revenues of \$2.6 million were collected to cover these net costs.

Business-type Activities

Business-type activities increased the City’s net position by \$1.2 million, due to normal operations.

Financial Analysis of the City’s Funds

As of December 31, 2017, the City’s governmental funds report a combined fund balance of \$21.2 million, and a net increase in combined fund balance of \$3.1 million.

General Fund Budgetary Highlights

Actual revenues were \$200 thousand more than originally budgeted. Actual expenses were \$2 million more than originally budgeted.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$105 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

Major capital events during the year ended December 31, 2017 included the following:

- Additions to the infrastructure for \$3.5 million for the Shelby Road extension.

**City of Poplar Bluff Capital Assets
(amounts expressed in thousands, net of accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 5,602	5,003	4,186	4,185	9,788	9,188
Works of art	126	123			126	123
Buildings and improvements	3,034	2,808	10,153	10,554	13,187	13,362
Furniture, fixtures and equipment	1,860	2,298	342	337	2,202	2,635
Vehicles	1,548	1,476	513	432	2,061	1,908
Infrastructure	17,267	13,716	60,494	60,553	77,761	74,269
Total	\$ <u>29,437</u>	<u>25,424</u>	<u>75,688</u>	<u>76,061</u>	<u>105,125</u>	<u>101,485</u>

For additional information on capital assets, see note 4 in the notes to financial statements.

Debt Administration

As of December 31, 2017, the City had a total of \$51.8 million of outstanding debt.

**City of Poplar Bluff Outstanding Debt
(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue bonds**	\$ 26,742	16,023	7,126	7,829	33,868	23,852
Capital lease obligations	4,290	4,915	8,815	9,240	13,105	14,155
Notes payable	2,272	2,741			2,272	2,741
Other	853	870	1,737	1,941	2,590	2,811
Total	\$ <u>34,157</u>	<u>24,549</u>	<u>17,678</u>	<u>19,010</u>	<u>51,835</u>	<u>43,559</u>

**including Building Corporation bonds.

For additional information on debt administration, see note 6 in the notes to financial statements.

Requests for Information

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to the Director of Finance, City of Poplar Bluff, 101 Oak Street, Poplar Bluff, MO 63901.

City of Poplar Bluff, Missouri
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,027,244	12,620,367	15,647,611
Investments		1,020,478	1,020,478
Taxes receivable, net	3,102,468		3,102,468
Accounts receivable, net	111,336	1,950,845	2,062,181
Grant receivable	1,098,765		1,098,765
Interest receivable		323	323
Other receivables	170,559		170,559
Inventories		1,292,061	1,292,061
Prepaid expenses	80,092	1,205,109	1,285,201
Due from other funds	<u>6,271,446</u>		<u>6,271,446</u>
Total current assets	<u>13,861,910</u>	<u>18,089,183</u>	<u>31,951,093</u>
Restricted assets:			
Cash and cash equivalents	11,594,004	2,411,873	14,005,877
Taxes receivable, net	681,133		681,133
Interest receivable	1,438		1,438
Grant receivable	23,874		23,874
Other receivables	<u>376,630</u>		<u>376,630</u>
Total restricted assets	<u>12,677,079</u>	<u>2,411,873</u>	<u>15,088,952</u>
Noncurrent assets:			
Long-term receivables	97,957		97,957
Patronage capital		23,326	23,326
Capital assets:			
Non-depreciable	5,728,340	4,185,914	9,914,254
Depreciable, net	<u>23,708,809</u>	<u>71,501,861</u>	<u>95,210,670</u>
Total noncurrent assets	<u>29,535,106</u>	<u>75,711,101</u>	<u>105,246,207</u>
Total assets	<u>56,074,095</u>	<u>96,212,157</u>	<u>152,286,252</u>
Deferred Outflows of Resources:			
Pension deferrals	<u>4,505,777</u>	<u>1,897,084</u>	<u>6,402,861</u>
Total deferred outflows of resources	<u>4,505,777</u>	<u>1,897,084</u>	<u>6,402,861</u>
Total assets and deferred outflows of resources	<u>\$ 60,579,872</u>	<u>98,109,241</u>	<u>158,689,113</u>

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

City of Poplar Bluff, Missouri
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 4,113,425	2,636,351	6,749,776
Accrued payroll and benefits	477,085	663,816	1,140,901
Sales tax payable		477,690	477,690
Accrued interest	479,194	79,057	558,251
Other liabilities	452,781		452,781
Due to other funds	2,748,234	2,245,459	4,993,693
Unearned revenue	285,223	3,976	289,199
Current maturities of long-term obligations	<u>2,272,757</u>	<u>1,958,616</u>	<u>4,231,373</u>
Total current liabilities	<u>10,828,699</u>	<u>8,064,965</u>	<u>18,893,664</u>
Noncurrent liabilities:			
Customer meter deposits		435,201	435,201
Due to other funds		1,277,753	1,277,753
Long-term obligations	31,884,145	15,719,750	47,603,895
Net pension liability	11,478,586	3,469,581	14,948,167
Net OPEB obligation	<u>2,745,224</u>	<u>1,499,731</u>	<u>4,244,955</u>
Total noncurrent liabilities	<u>46,107,955</u>	<u>22,402,016</u>	<u>68,509,971</u>
Total liabilities	<u>56,936,654</u>	<u>30,466,981</u>	<u>87,403,635</u>
Deferred Inflows of Resources:			
Pension deferrals	<u>889,763</u>	<u>870,953</u>	<u>1,760,716</u>
Total deferred inflows of resources	<u>889,763</u>	<u>870,953</u>	<u>1,760,716</u>
Net Position:			
Net investment in capital assets	(60,058)	59,746,350	59,686,292
Restricted for:			
Debt service	2,317,205	978,780	3,295,985
Tax increment financing	1,175,078		1,175,078
Other purposes	2,592,812	1,433,093	4,025,905
Unrestricted	<u>(3,271,582)</u>	<u>4,613,084</u>	<u>1,341,502</u>
Total net position	<u>2,753,455</u>	<u>66,771,307</u>	<u>69,524,762</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 60,579,872</u>	<u>98,109,241</u>	<u>158,689,113</u>

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

City of Poplar Bluff, Missouri
Statement of Activities
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Business-type Activities</u>	
<u>Governmental activities:</u>							
General government administration	\$ (5,311,695)	22,842	40,771	4,310,529	(937,553)		(937,553)
Police and fire protection	(9,665,530)	177,078	900,602	7,158	(8,580,692)		(8,580,692)
Streets, cemetery and motor pool	(2,809,938)	41,595		120,000	(2,648,343)		(2,648,343)
Culture and recreation	(1,454,583)	215,337	323,267		(915,979)		(915,979)
Economic development	(6,229,679)				(6,229,679)		(6,229,679)
Interest on long term debt	(1,222,207)				(1,222,207)		(1,222,207)
Total governmental activities	<u>(26,693,632)</u>	<u>456,852</u>	<u>1,264,640</u>	<u>4,437,687</u>	<u>(20,534,453)</u>		<u>(20,534,453)</u>
<u>Business-type activities:</u>							
Municipal Utilities	(42,852,615)	43,321,814				469,199	469,199
Black River Coliseum	(1,402,170)	372,281				(1,029,889)	(1,029,889)
Airport	(766,927)	521,916		3,918		(241,093)	(241,093)
Golf Course	(542,445)	200,880				(341,565)	(341,565)
Total business-type activities	<u>(45,564,157)</u>	<u>44,416,891</u>		<u>3,918</u>		<u>(1,143,348)</u>	<u>(1,143,348)</u>
Total City	<u>\$ (72,257,789)</u>	<u>44,873,743</u>	<u>1,264,640</u>	<u>4,441,605</u>	<u>(20,534,453)</u>	<u>(1,143,348)</u>	<u>(21,677,801)</u>

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

City of Poplar Bluff, Missouri
Statement of Activities
For the Year Ended December 31, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>General revenues:</u>			
Property taxes	\$ 1,845,582		1,845,582
Sales tax	11,916,160		11,916,160
Tourism tax	335,576		335,576
Gasoline tax	458,832		458,832
Cigarette tax	48,049		48,049
Motor vehicle tax	228,374		228,374
Utilities tax	2,391,778		2,391,778
Business and occupation licenses	598,404		598,404
Vehicle licenses	71,804		71,804
Other licenses and permits	171,693		171,693
Investment income	55,660	108,637	164,297
Miscellaneous income	217,579		217,579
Net health insurance fund	(682,576)		(682,576)
Contributions in aid of construction		115,915	115,915
Transfers in - utilities	336,313	185,651	521,964
Transfers	(1,926,113)	1,926,113	
Total general revenues and transfers	16,067,115	2,336,316	18,403,431
Change in net position	(4,467,338)	1,192,968	(3,274,370)
Net position - December 31, 2016	7,220,793	65,578,339	72,799,132
Net position - December 31, 2017	\$ 2,753,455	66,771,307	69,524,762

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

City of Poplar Bluff, Missouri

Balance Sheet

Governmental Funds

December 31, 2017

	Major Fund <u>General</u>	Major Fund <u>Hwy. 67 Tax</u>	Major Fund Special <u>Allocation</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,394,124			1,359,387	2,753,511
Taxes receivable, net	2,525,448			577,020	3,102,468
Grant receivable	1,094,070			4,695	1,098,765
Other receivables	170,223			336	170,559
Due from other funds			179,132	1,627,753	1,806,885
Accounts receivable - other funds	3,274,850			1,495,679	4,770,529
Prepaid insurance	75,747			4,345	80,092
Restricted assets:					
Cash and cash equivalents	1,974,320	2,327,485	6,745,890	546,309	11,594,004
Interest receivable	454	984			1,438
Taxes receivable, net		384,681		296,452	681,133
Other receivables			376,630		376,630
Grant receivable				23,874	23,874
Total assets	<u>\$ 10,509,236</u>	<u>2,713,150</u>	<u>7,301,652</u>	<u>5,935,850</u>	<u>26,459,888</u>
Liabilities:					
Accounts payable	\$ 1,076,936	2,686,022		350,467	4,113,425
Accounts payable - general fund				126,836	126,836
Accrued payroll and benefits	512,048			27,303	539,351
Due to other funds	92,323	27,128		59,681	179,132
Unearned revenue	285,223				285,223
Total liabilities	<u>1,966,530</u>	<u>2,713,150</u>		<u>564,287</u>	<u>5,243,967</u>
Fund Balances:					
Nonspendable	75,747			4,345	80,092
Restricted	1,973,538		7,301,652	539,182	9,814,372
Assigned				4,828,036	4,828,036
Unassigned	6,493,421				6,493,421
Total fund balances	<u>8,542,706</u>		<u>7,301,652</u>	<u>5,371,563</u>	<u>21,215,921</u>
Total liabilities and fund balances	<u>\$ 10,509,236</u>	<u>2,713,150</u>	<u>7,301,652</u>	<u>5,935,850</u>	<u>26,459,888</u>

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

City of Poplar Bluff, Missouri
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2017

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

Total fund balance - total governmental funds		\$ 21,215,921
Long-term receivables applicable to the City's governmental activities are not available in the current period and, accordingly, are not reported as receivables within the governmental fund financial statements.		97,957
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 49,227,789	
Less: accumulated depreciation	<u>(19,790,640)</u>	
		29,437,149
Internal service funds are used by management to charge the costs of self insurance and therefore the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(2,815,946)
Certain long-term liabilities of notes and bonds payable, capital lease obligations, and accrued compensated absences are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.		(34,112,851)
Certain assets and liabilities of net OPEB obligation, net pension liability, deferred outflows/inflows of resources are not financial resources (uses) and, therefore, are not reported in the governmental funds.		(10,589,581)
The Building Corporation is not considered a governmental fund of the City and therefore not included in the governmental funds.		(2,893)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(476,301)</u>
Net position of governmental activities		<u><u>\$ 2,753,455</u></u>

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

City of Poplar Bluff, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	Major Fund <u>General</u>	Major Fund <u>Hwy. 67 Tax</u>	Major Fund <u>Special Allocation</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:					
General property taxes	\$ 1,384,962		211,551	259,712	1,856,225
Sales tax	5,381,266	2,301,401	1,491,739	3,428,962	12,603,368
Licenses and permits	3,270,645				3,270,645
Fines, forfeitures, and violations	191,412			2,277	193,689
Use of property	152,201			53,093	205,294
Other revenues	260,808			12,462	273,270
Special revenues	3,924,693			335,576	4,260,269
Investment income	19,375	14,963	17,302	4,022	55,662
Grant income	1,093,924			591,772	1,685,696
	<u>15,679,286</u>	<u>2,316,364</u>	<u>1,720,592</u>	<u>4,687,876</u>	<u>24,404,118</u>
Expenditures:					
Current					
General government	2,239,128	2,316,364	6,420,531	74,314	11,050,337
Police and fire protection	7,807,896			627,800	8,435,696
Streets, cemetery and motor pool	2,104,012			172,078	2,276,090
Culture and recreation	137,747			980,147	1,117,894
Capital outlay	4,813,011			601,689	5,414,700
Debt service					
Principal	1,093,997		797,364		1,891,361
Interest	224,810		784,877		1,009,687
	<u>18,420,601</u>	<u>2,316,364</u>	<u>8,002,772</u>	<u>2,456,028</u>	<u>31,195,765</u>
(Deficiency) excess of revenues over expenditures	(2,741,315)		(6,282,180)	2,231,848	(6,791,647)
Other Financing Sources (Uses):					
Transfers in	1,752,812			293,591	2,046,403
Transfers in - utilities	319,527			16,786	336,313
Transfers out	(307,395)			(3,769,392)	(4,076,787)
Bond proceeds			11,987,364		11,987,364
Discounts on debt issued			(379,275)		(379,275)
	<u>1,764,944</u>		<u>11,608,089</u>	<u>(3,459,015)</u>	<u>9,914,018</u>
Net change in fund balance	(976,371)		5,325,909	(1,227,167)	3,122,371
Fund balance, December 31, 2016, Restated (Note 15)	<u>9,519,077</u>		<u>1,975,743</u>	<u>6,598,730</u>	<u>18,093,550</u>
Fund balance, December 31, 2017	<u>\$ 8,542,706</u>		<u>7,301,652</u>	<u>5,371,563</u>	<u>21,215,921</u>

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

City of Poplar Bluff, Missouri
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2017

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

Net change in fund balance - total governmental funds	\$ 3,122,371
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.	4,013,584
Some expenses reported in the statement of activities, net OPEB obligations, net pension liabilities, and deferred outflows/inflows do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(1,050,971)
Internal service funds are used by management to charge the costs of self insurance. The net revenue of internal service funds is reported with governmental activities.	(682,576)
The issuance of long-term debt (e.g., bonds, notes) 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.	(9,570,158)
Interest expense on long-term debt is not accrued in governmental funds, but rather is recognized as an expense when due.	(202,367)
Payments on long-term receivables are not accrued in governmental funds, but rather recognized as revenue when paid	(97,958)
The Building Corporation is not considered a governmental fund of the City and therefore the net activity is not included.	<u>737</u>
Change in net position of governmental activities	<u>\$ (4,467,338)</u>

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

City of Poplar Bluff, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2017

	Major Enterprise <u>Fund</u> Municipal <u>Utilities Fund</u>	Major Enterprise <u>Fund</u> Black River <u>Coliseum Fund</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 12,465,341	111,938	43,088	12,620,367	273,733
Investments	1,020,478			1,020,478	
Accounts receivable, net	1,937,704		13,141	1,950,845	111,336
Accrued interest receivable	323			323	
Inventories	1,251,984		40,077	1,292,061	
Prepaid expenses	<u>1,173,561</u>	<u>1,734</u>	<u>29,814</u>	<u>1,205,109</u>	
Total current assets	<u>17,849,391</u>	<u>113,672</u>	<u>126,120</u>	<u>18,089,183</u>	<u>385,069</u>
Restricted Assets:					
Cash and cash equivalents	<u>2,411,873</u>			<u>2,411,873</u>	
Total restricted assets	<u>2,411,873</u>			<u>2,411,873</u>	
Noncurrent Assets:					
Patronage capital	23,326			23,326	
Capital assets:					
Capital assets, net	60,950,494	6,330,171	4,221,196	71,501,861	
Land	<u>1,196,269</u>	<u>1,037,402</u>	<u>1,952,243</u>	<u>4,185,914</u>	
Total noncurrent assets	<u>62,170,089</u>	<u>7,367,573</u>	<u>6,173,439</u>	<u>75,711,101</u>	
Total assets	<u>82,431,353</u>	<u>7,481,245</u>	<u>6,299,559</u>	<u>96,212,157</u>	<u>385,069</u>
Deferred Outflows of Resources:					
Pension deferrals	<u>1,754,784</u>	<u>65,477</u>	<u>76,823</u>	<u>1,897,084</u>	
Total deferred outflows of resources	<u>1,754,784</u>	<u>65,477</u>	<u>76,823</u>	<u>1,897,084</u>	
Total assets and deferred outflows of resources	<u>\$84,186,137</u>	<u>7,546,722</u>	<u>6,376,382</u>	<u>98,109,241</u>	<u>385,069</u>

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

City of Poplar Bluff, Missouri
Statement of Net Position
Proprietary Funds
December 31, 2017

	Major Enterprise <u>Fund</u> Municipal <u>Utilities Fund</u>	Major Enterprise <u>Fund</u> Black River <u>Coliseum</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 2,583,222	15,974	37,155	2,636,351	452,781
Accounts payable - general fund		1,440,716	454,743	1,895,459	1,252,555
Accounts payable - capital improvement fund					1,495,679
Accrued payroll and benefits	626,961	20,955	15,900	663,816	
Sales tax payable	477,690			477,690	
Accrued interest	64,826	14,023	208	79,057	
Current maturities of advance from other funds	350,000			350,000	
Current maturities of long term obligations	857,491	1,085,000	16,125	1,958,616	
Unearned revenue		3,976		3,976	
Total current liabilities	<u>4,960,190</u>	<u>2,580,644</u>	<u>524,131</u>	<u>8,064,965</u>	<u>3,201,015</u>
Noncurrent Liabilities:					
Customer meter deposits	435,201			435,201	
Advance from other funds	1,277,753			1,277,753	
Long term obligations	15,672,453	22,572	24,725	15,719,750	
Net pension liability	3,209,328	119,750	140,503	3,469,581	
Net OPEB obligation	1,296,352	98,706	104,673	1,499,731	
Total noncurrent liabilities	<u>21,891,087</u>	<u>241,028</u>	<u>269,901</u>	<u>22,402,016</u>	
Total liabilities	<u>26,851,277</u>	<u>2,821,672</u>	<u>794,032</u>	<u>30,466,981</u>	<u>3,201,015</u>
Deferred Inflows of Resources:					
Pension deferrals	<u>805,623</u>	<u>30,061</u>	<u>35,269</u>	<u>870,953</u>	
Total deferred inflows of resources	<u>805,623</u>	<u>30,061</u>	<u>35,269</u>	<u>870,953</u>	
Net Position:					
Net investment in capital assets	47,306,463	6,282,573	6,157,314	59,746,350	
Restricted for:					
Debt service	978,780			978,780	
Other	1,433,093			1,433,093	
Unrestricted	<u>6,810,901</u>	<u>(1,587,584)</u>	<u>(610,233)</u>	<u>4,613,084</u>	<u>(2,815,946)</u>
Total net position	<u>56,529,237</u>	<u>4,694,989</u>	<u>5,547,081</u>	<u>66,771,307</u>	<u>(2,815,946)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$84,186,137</u>	<u>7,546,722</u>	<u>6,376,382</u>	<u>98,109,241</u>	<u>385,069</u>

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

City of Poplar Bluff, Missouri
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Major Enterprise <u>Fund</u> Municipal <u>Utilities Fund</u>	Major Enterprise <u>Fund</u> Black River <u>Coliseum Fund</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Operating Revenues:					
Charges for services	\$		703,445	703,445	4,278,788
Ticket sales		79,799		79,799	
Utility service sales	38,058,946			38,058,946	
Event rentals		99,881		99,881	
Property rentals			18,851	18,851	
Grant income			3,918	3,918	
Admission fees		2,806		2,806	
Concessions		37,399		37,399	
Novelty sales		5,638		5,638	
Advertising sales		2,650		2,650	
Pool and fitness center		138,076		138,076	
Other miscellaneous	5,481,625	6,032	500	5,488,157	
Gain/(loss) on disposal of assets	(218,757)			(218,757)	
Total operating revenues	<u>43,321,814</u>	<u>372,281</u>	<u>726,714</u>	<u>44,420,809</u>	<u>4,278,788</u>
Operating Expenses:					
Personnel services	2,197,372	506,539	418,252	3,122,163	4,961,364
Office supplies	88,342	2,152	54	90,548	
Operating supplies		21,663	88,493	110,156	
Repairs and maintenance	90,503	38,999	68,658	198,160	
Natural gas		41,642	6,362	48,004	
Utilities		184,512	30,079	214,591	
Merchandise for resale			367,321	367,321	
Electric transmission	28,674,496			28,674,496	
Electric distribution	3,564,125			3,564,125	
Water supply, purification & pumping	970,275			970,275	
Water distribution	683,333			683,333	
Sewer accumulation	1,181,384			1,181,384	
Telephone	19,001	3,754	3,306	26,061	
Books/publications and memberships	30,822	415	1,120	32,357	
Travel and training		3,904	3,190	7,094	
Professional fees	208,778	15,213	18,525	242,516	
Advertising	8,076	17,623	1,851	27,550	
Equipment rent			10,935	10,935	
Insurance	450,628	78,984	66,157	595,769	
Concession		10,304		10,304	
Event expenses		110,513		110,513	
Uncollectible accounts	167,165			167,165	
Free municipal services	539,141			539,141	
Small tools and equipment		214	6,388	6,602	
Miscellaneous	148,057	6,643	15,245	169,945	
Depreciation	3,257,342	298,607	198,872	3,754,821	
Total operating expenses	<u>42,278,840</u>	<u>1,341,681</u>	<u>1,304,808</u>	<u>44,925,329</u>	<u>4,961,364</u>
Operating income (loss)	1,042,974	(969,400)	(578,094)	(504,520)	(682,576)

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

City of Poplar Bluff, Missouri
Statement of Revenues, Expenses, and Changes in Fund Net Position - Continued
Proprietary Funds
For the Year Ended December 31, 2017

	Major Enterprise Fund Municipal <u>Utilities Fund</u>	Major Enterprise Fund Black River <u>Coliseum Fund</u>	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Nonoperating Revenues (Expenses):					
Investment income	\$ 107,581	949	107	108,637	
Interest expense	<u>(573,775)</u>	<u>(60,489)</u>	<u>(4,564)</u>	<u>(638,828)</u>	<u> </u>
Total nonoperating revenues (expenses)	<u>(466,194)</u>	<u>(59,540)</u>	<u>(4,457)</u>	<u>(530,191)</u>	<u> </u>
Income (loss) before special items contributions and transfers	576,780	(1,028,940)	(582,551)	(1,034,711)	(682,576)
Contributions and Transfers					
Transfers in		1,457,875	557,272	2,015,147	
Transfers in - utilities		184,512	1,139	185,651	
Transfers out			(89,034)	(89,034)	
Contributions in aid of construction	<u>115,915</u>	<u> </u>	<u> </u>	<u>115,915</u>	<u> </u>
Changes in net position	692,695	613,447	(113,174)	1,192,968	(682,576)
Net position, December 31, 2016	<u>55,836,542</u>	<u>4,081,542</u>	<u>5,660,255</u>	<u>65,578,339</u>	<u>(2,133,370)</u>
Net position, December 31, 2017	<u>\$56,529,237</u>	<u>4,694,989</u>	<u>5,547,081</u>	<u>66,771,307</u>	<u>(2,815,946)</u>

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

City of Poplar Bluff, Missouri
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Major Enterprise <u>Fund</u> Municipal Utilities <u>Fund</u>	Major Enterprise <u>Fund</u> Black River Coliseum <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Golf Course <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Airport <u>Fund</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Cash Flows from Operating Activities:						
Cash received from customers	\$ 38,006,361	326,264	200,880	520,129	39,053,634	4,958,101
Cash received from other sources	5,420,977			126,134	5,547,111	
Cash payments for other expenses	(2,231,912)	(536,535)	(135,550)	(596,877)	(3,500,874)	(4,961,364)
Cash payments to suppliers	(32,251,367)				(32,251,367)	
Cash payments for employee benefits	(4,956,857)	(488,979)	(292,690)	(129,282)	(5,867,808)	
Net cash provided by/(used in) operating activities	<u>3,987,202</u>	<u>(699,250)</u>	<u>(227,360)</u>	<u>(79,896)</u>	<u>2,980,696</u>	<u>(3,263)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers in		1,642,387	460,923	97,488	2,200,798	
Transfers out			(89,034)		(89,034)	
Net cash provided by noncapital financing activities		<u>1,642,387</u>	<u>371,889</u>	<u>97,488</u>	<u>2,111,764</u>	
Cash Flows from Capital and Related Financing Activities:						
Debt service - interest payments	(579,669)	(69,699)	(6,534)		(655,902)	
Debt service - principal payments	(795,700)	(880,000)	(82,500)		(1,758,200)	
Proceeds from long-term debt	630,321				630,321	
Proceeds from sale of capital assets	2,100				2,100	
Acquisition of capital assets	(2,640,473)	(12,678)	(55,495)	(17,592)	(2,726,238)	
Payments of advance	(750,000)				(750,000)	
Proceeds from contribution in aid of construction	115,915				115,915	
Proceeds from customer deposits	435,201				435,201	
Refunds of customer deposits	(411,692)				(411,692)	
Net cash used in capital and related financing activities	<u>(3,993,997)</u>	<u>(962,377)</u>	<u>(144,529)</u>	<u>(17,592)</u>	<u>(5,118,495)</u>	
Cash Flows from Investing Activities:						
Interest received	107,619	949	107		108,675	
Purchase of investments	(13,661)				(13,661)	
Net cash provided by investing activities	<u>93,958</u>	<u>949</u>	<u>107</u>		<u>95,014</u>	
Net increase/(decrease) in cash and cash equivalents	87,163	(18,291)	107		68,979	(3,263)
Cash, beginning of year	<u>14,790,051</u>	<u>130,229</u>	<u>42,981</u>		<u>14,963,261</u>	<u>276,996</u>
Cash, end of year	<u>\$ 14,877,214</u>	<u>111,938</u>	<u>43,088</u>		<u>15,032,240</u>	<u>273,733</u>

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

City of Poplar Bluff, Missouri
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended December 31, 2017

	Major Enterprise <u>Fund</u> Municipal Utilities <u>Fund</u>	Major Enterprise <u>Fund</u> Black River Coliseum <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Golf Course <u>Fund</u>	Nonmajor Enterprise <u>Fund</u> Airport <u>Fund</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Fund</u>
Displayed as:						
Cash and cash equivalents	\$ 12,465,341	111,938	43,088		12,620,367	273,733
Restricted cash and cash equivalents	<u>2,411,873</u>				<u>2,411,873</u>	
	<u>\$ 14,877,214</u>	<u>111,938</u>	<u>43,088</u>		<u>15,032,240</u>	<u>273,733</u>
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities						
Operating income/(loss)	\$ 1,042,974	(969,400)	(337,001)	(241,093)	(504,520)	(682,576)
Adjustments to reconcile operating income to net cash provided by						
Depreciation	3,257,342	298,607	50,065	148,807	3,754,821	
(Gain)/loss on disposal of assets	218,757				218,757	
(Increase)/decrease in:						
Accounts receivable	(113,313)			(1,287)	(114,600)	1,160,719
Grant receivable				121,716	121,716	
Inventory	(35,375)			7,210	(28,165)	
Prepaid expenses	(94,778)	69,361	8,257	(692)	(17,852)	
Patronage capital	84				84	
Deferred outflows - pension deferrals	1,545,952	48,020	53,658	35,468	1,683,098	
Increase/(decrease) in:						
Accounts payable	(476,783)	(111,378)	39,020	(98,538)	(647,679)	(481,406)
Accrued payroll and benefits	64,979	(46)	1,726	(6,676)	59,983	
Accrued compensated absences		(270)	(824)	274	(820)	
Unearned revenue		(4,000)			(4,000)	
Other long term liability	(230,667)				(230,667)	
Net pension liability	(1,199,369)	(31,845)	(41,606)	(39,543)	(1,312,363)	
Deferred inflows - pension deferrals	(19,142)	1,701	(655)	(5,542)	(23,638)	
Sales tax payable	<u>26,541</u>				<u>26,541</u>	
Net cash provided by/(used in) operating activities	<u>\$ 3,987,202</u>	<u>(699,250)</u>	<u>(227,360)</u>	<u>(79,896)</u>	<u>2,980,696</u>	<u>(3,263)</u>
Supplemental disclosures:						
Non-cash capital and related financing						
Water/sewer department assets aquired through advances from other funds	\$ 90,134					
Electric department assets aquired advances from other funds	785,983					

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

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Poplar Bluff, Missouri, conform to accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City of Poplar Bluff, Missouri, (the City) operates under a City Manager/Council form of government. The City's basic financial statements include the accounts of all City operations: General government administration; Police and fire protection; Streets, cemetery and motor pool; and Culture and recreation. Enterprise operations owned by the City include Municipal Utilities, the Black River Coliseum, the Ozark Ridge Golf Course, and Poplar Bluff Municipal Airport.

The City's relationship to other legally separate organizations has been examined to determine if their inclusion in the City's basic financial statements is necessary to fairly present the financial position and activities of the City. The criteria used in this determination included an examination of the nature and significance of the organization's relationship with the City, financial benefit or burden to the City, the ability of the City Council to appoint members of the entity's governing board, and the level of influence the City has over the activities of the organization. Based on these criteria, the following related organization has been excluded from the accompanying financial statements:

Poplar Bluff Regional Library District (District) - The City Council appoints all members to the Library District's board on a staggering-term basis, and a board member cannot be removed except for specific acts (illegal acts, etc.). The District is able to establish and approve its own budget. Therefore, although the City appoints all members of the District's board, the entity is able to act independently without City oversight.

On June 24, 2014 the City entered into a lease agreement with the District. The agreement allows the Library District to use City property exclusively in connection with a public library and related purposes. The lease will be in effect for a period of six months and will automatically renew every six months without further action by either party.

See Note 3 for information on the City's long term receivable from the District.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the City Council, the component unit provides services entirely to the City, or the component unit's total debt outstanding, including leases, is expected to be repaid entirely with the resources of the City. The component unit's fund is blended into those of the City by appropriate fund type to comprise the primary government presentation.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Poplar Bluff, Missouri, Public Building Corporation (Building Corporation) has been included in these financial statements as a blended component unit. This component unit was incorporated exclusively for the benefit of the City. Although the City is not legally responsible for the debt of the Corporation, the Corporation's sole source of revenue is from lease payments received from the City. The Building Corporation has been included in the Black River Coliseum, the Golf Course, and Culture and Recreation.

Joint Venture

The City entered into an intergovernmental cooperation agreement along with two other political subdivisions to establish the Poplar Bluff Regional Transportation Development District (District) for the purpose of funding certain transportation-related improvements. On November 6, 2012, the qualified voters of the District approved the imposition of a sales tax at the rate of one percent (1.0%) for the purpose of paying the costs of these transportation projects. In 2017, the District reimbursed the City \$2,762,234 for the District's portion of the transportation projects. Audited financial statements of the District can be received from the District's Executive Director.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are presented instead as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental and business-type function is self-financing or draws from the general revenues of the City.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Fund

Park Fund

Brief Description

Accounts for revenues received and expenditures paid for recreational services provided by the Park and Recreational Board.

Park/Golf Capital Fund

Accounts for the city-enacted twelve and a half percent of the 1/2 cent capital improvement sales tax revenues and capital expenditures for the local parks and golf course.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Arts & Museum Fund	Accounts for revenues received and expenditures paid for cultural services provided by the Arts & Museum Board.
Crime Reduction Fund	Accounts for revenues collected by municipal court in certain criminal proceedings and transfers these revenues to the police department for narcotics investigation, prevention and intervention.
Police and Fire Pension Fund	Accounts for receipts of property taxes and receipts of 6% of Police and Fire personnel gross salaries. All funds are to be invested for pension benefits.
Housing Infrastructure Grant Fund	Accounts for grant monies received by the City and disbursed on Community Development Grant projects.
Historical Commission Fund	Accounts for revenues collected from donations and/or grants for the purpose of historic preservation projects in the City.
Tourism Tax Trust Fund	Accounts for the four percent tax levied on the gross daily rental receipts due from or paid by transient guests at hotels and motels. The revenues are used by the City for the purpose of promoting convention and tourism in the City of Poplar Bluff.
Law Enforcement Block Grant Fund	Accounts for grant monies received by the City and disbursed on law enforcement equipment.
Capital Improvements Fund	Accounts for 87.5% of the 1/2 cent sales tax approved by the voters in 1998 to be collected for funding of capital improvement projects and capital equipment. The Park/Golf Capital Fund receives 12.5% of this tax.
Highway 67 Tax Fund	Accounts for monies received for the reconstruction of Highway 67.
Police Injury Fund	Accounts for monies received from a gift that were put into an investment for the police injury fund.
Fire Injury Fund	Accounts for monies received from a gift that were put into an investment for the fire injury fund.
Special Allocation Fund	Accounts for the revenues and expenditures related to the tax increment financing districts.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
Municipal Utilities	Accounts for revenues and expenses for services provided for which participants are charged fees for use of electricity, water, and cable.
Black River Coliseum	Accounts for revenues and expenses for services provided by the coliseum and fitness center for which participants are charged fees.
Golf Course	Accounts for revenues and expenses for services provided by the golf course for which participants are charged fees.
Airport	Accounts for the resources used in the operation and maintenance of the airport facilities.

Major and Nonmajor Funds

The funds are classified as major and nonmajor as follows:

Major Funds

General Fund
Highway 67 Tax Fund
Special Allocation Fund

Proprietary Funds:

Municipal Utilities
Black River Coliseum

Nonmajor Funds

Special Revenue Funds:
Park/Golf Capital Fund
Arts & Museum Fund
Crime Reduction Fund
Police and Fire Pension Fund
Housing Infrastructure Fund
Historical Commission Fund
Tourism Tax Trust Fund
Storm Water Fund
Law Enforcement Block Grant Fund
Police Injury Fund
Fire Injury Fund
Park Fund
Capital Improvements Fund

Proprietary Funds:
Golf Course Fund
Airport Fund

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

For the purpose of financial reporting, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Cash resources of certain individual funds are combined to form a pool of cash and investments. Interest income earned as a result of pooling is distributed to the appropriate funds based on the ending monthly balance of cash of each fund.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

When a fund overdraws its share of pooled cash, the overdraft is reported as an interfund payable in that fund and an interfund receivable in the General Fund and the Capital Improvement Fund. At December 31, 2017, \$4,770,529 has been reclassified due to fund overdrafts. Fund overdrafts included: Black River Coliseum Fund - \$1,103,568, Health and Dental Insurance Fund - \$2,748,234, Airport - \$400,921, Golf Course - \$53,822, Park - \$126,836, and Pool/Fitness Fund - \$337,148.

Investments

The Revised Missouri Statutes allow funds belonging to the City to be invested. Investments are limited to interest bearing demand accounts, time deposits, and certificates of deposit. All investments are carried at cost. The only investment held during the year was a certificate of deposit.

Inventory

Inventory of the enterprise funds consists of fuel and the electric, water and sanitary sewer utility materials and is valued at average cost.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,500 or more and an estimated useful life in excess of one year. Such assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1996.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Electric plant	10-33 years
Water/Sewer plant	20-99 years
Structures and improvements	10-50 years
Furniture, fixtures, and equipment	3-20 years
Transportation and work equipment	5-10 years
Infrastructure	15-50 years

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to the monies held in the Building Corporation for the final bond payment, monies held in escrow accounts for bond payments, and unspent capital lease proceeds.

Long-Term Debt

All long-term debt arising from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Presently, the City's long-term debt consists primarily of bonds payable by the Building Corporation, bonds payable by Municipal Utilities, as well as tax increment revenue bonds.

Long-term debt arising from cash transactions for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

All vested or accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of anticipated or actual employee resignations and retirements.

Fund Equity

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

Unrestricted - all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

There are five classifications of fund balance in the governmental fund financial statements. These classifications are based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the City governmental funds.

Non-spendable fund balances - include amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Restricted fund balances - include amounts that are restricted to specific purposes either by a) constraints placed on the use of the resources by external resource providers such as creditors, grantors, contributors, or laws or regulation of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances - include amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution.

Assigned fund balances - includes amounts for which it is the City's intent that the funds be used for specific purposes but there exists no legal or binding restrictions or commitments. Assignments are made by City management.

Unassigned fund balances - is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned balances represent the amount available for budgeting future operations.

It is the City's policy to first use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

The fund balance classifications for the governmental fund at December 31, 2017 are:

	General <u>Fund</u>	Hwy. 67 <u>Fund</u>	Special Allocation <u>Fund</u>	Non-Major <u>Funds</u>	Total Govt. <u>Funds</u>
Nonspendable:					
Prepays	\$ 75,747			4,345	80,092
Restricted:					
Crime reduction fund				87,447	87,447
Storm water fund				114,605	114,605
Promoting convention and tourism				337,130	337,130
Tax increment financing			7,301,652		7,301,652
Police injury fund	1,029,735				1,029,735
Fire injury fund	943,803				943,803
Total	<u>\$ 1,973,538</u>		<u>7,301,652</u>	<u>539,182</u>	<u>9,814,372</u>
Assigned:					
Park fund	\$			1,140,063	1,140,063
Capital projects				151,518	151,518
Capital improvements fund				3,536,455	3,536,455
Total	<u>\$</u>			<u>4,828,036</u>	<u>4,828,036</u>
Unassigned:					
General fund	<u>\$ 6,493,421</u>				<u>6,493,421</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

E. Revenues, Expenditures and Expenses

Property Tax

Property tax revenue is recognized independent of receivable recognition in the fiscal year for which the taxes have been levied (budgeted). Property tax revenue becomes available with the fiscal year of the levy. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as unearned revenue within the governmental fund financial statements.

The City's property tax is levied each November 1 on the assessed valuation of property located within the City as of the preceding January 1, the lien date. Taxes are due in full on December 31 and become delinquent on January 1. The delinquent penalty for 2017 was 2% in January and increases each month by 2% thereafter.

The assessed valuation of the tangible taxable property for the calendar year 2017 for purposes of local taxation was \$249,766,717. The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2017 was:

General Fund	\$ 0.5172
Police & Fire Pension Fund	<u>0.0976</u>
	<u>\$ 0.6148</u>

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government administration	Licenses and permits; salary reimbursements; operating grants include U.S. Department of Justice, Department of Transportation, Department of Interior, and Department of Commerce; capital grants include Federal Emergency Management Agency.
Police and fire protection	Fines and violations; court fees; operating grants include U.S. Department of Justice and Homeland Security.
Streets, cemetery and motor pool	Grave opening/closing fees and lot sales; street paving charges.
Culture and recreation	Rental income, recreation fees, concession sales and specific donations.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis and are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by character: current (further classified by activity); capital outlay; debt service

Proprietary Fund - by operating and non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental fund types within the fund financial statements.

Capital Contributions

Capital contributions represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement.

F. 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.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

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/expenses 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.

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

1. Internal 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, which are reported as Transfers-Internal Activities.

The effect of interfund services between funds are not eliminated in the Statement of Activities.

3. Primary government and component unit activity and balances - resource flows between the primary government (the City and Building Corporation) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

H. Budgetary Requirements

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to December 4, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to December 31, the budget is legally enacted through passage of an ordinance.
- (4) Subsequent to its formal approval of the budget, the City Council has the authority to make necessary adjustments to the budget by formal vote of the Council. Adjustments made during the year are reflected in the final budget information included in the required supplementary information.

2. DEPOSITS AND INVESTMENTS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Custodial credit risk - Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$30,218,822 at December 31, 2017, the was fully insured by depository insurance or secured with collateral held by the City's agents in its name.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal investment policy that limits investment maturities as a mean of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk and concentration of credit risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City's investment policy states it minimizes credit risk by pre-qualifying the financial institutions, intermediaries, and advisors with which they will do business. The City's investment policy also states it minimizes concentration of credit risk by diversifying the portfolio so potential losses on individual securities will be minimized.

Summary of carrying values - The carrying values of deposits and investments shown above are included in the statement of net position as follows:

Carrying value	
Deposits	\$ 29,653,488
Investments	<u>1,020,478</u>
	<u><u>\$ 30,673,966</u></u>

Included in the following statement of net position captions:

Cash and cash equivalents	\$ 15,647,611
Investments	1,020,478
Restricted:	
Cash and cash equivalents	<u>14,005,877</u>
	<u><u>\$ 30,673,966</u></u>

3. LONG-TERM RECEIVABLES

The City entered into an agreement with the Poplar Bluff Municipal Library District on June 20, 2014 to reimburse the City for monies provided by the City which supplemented Library operations for the tax years 2008-2012. The Library will make five payments, over five years, to the City beginning December 1, 2014.

The balance owed to the City at December 31, 2017 was \$97,957.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,003,304	599,119		5,602,423
Works of art	122,592	3,325		125,917
Total capital assets, not being depreciated	<u>5,125,896</u>	<u>602,444</u>		<u>5,728,340</u>
Capital assets, being depreciated:				
Buildings and improvements	9,059,097	448,281	2,000	9,505,378
Furniture, fixtures and equipment	6,597,553	148,296	141,630	6,604,219
Vehicles	5,066,245	395,904	483,675	4,978,474
Infrastructure	18,522,734	3,888,644		22,411,378
Total capital assets being depreciated	<u>39,245,629</u>	<u>4,881,125</u>	<u>627,305</u>	<u>43,499,449</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,251,034)	(222,532)	(2,000)	(6,471,566)
Furniture, fixtures and equipment	(4,299,068)	(584,233)	(138,810)	(4,744,491)
Vehicles	(3,590,704)	(323,283)	(483,675)	(3,430,312)
Infrastructure	(4,807,154)	(337,117)		(5,144,271)
Total accumulated depreciation	<u>(18,947,960)</u>	<u>(1,467,165)</u>	<u>(624,485)</u>	<u>(19,790,640)</u>
Total capital assets being depreciated, net	<u>20,297,669</u>	<u>3,413,960</u>	<u>2,820</u>	<u>23,708,809</u>
Governmental activities capital assets, net	<u>\$ 25,423,565</u>	<u>4,016,404</u>	<u>2,820</u>	<u>29,437,149</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land				
Other business-type	\$ 2,989,645			2,989,645
Electric	827,215	28		827,243
Water-sewer	368,456	570		369,026
Total capital assets, not being depreciated	<u>4,185,316</u>	<u>598</u>		<u>4,185,914</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2017</u>
Capital assets, being depreciated:				
Electric plant	60,664,305	2,524,149	1,007,857	62,180,597
Water-sewer plant	50,217,074	757,290	21,613	50,952,751
Building and improvements				
Other business-type	14,738,272			14,738,272
Electric	3,660,788	40,765		3,701,553
Water-sewer	555,466			555,466
Furnitures, fixtures, and equipment				
Other business-type	1,433,783	95,342	1,323	1,527,802
Electric	581,781		2,100	579,681
Water-sewer	92,215			92,215
Transportation and work equipment				
Other business-type	138,883	4,900	21,263	122,520
Water-sewer	1,808,949	193,788	22,637	1,980,100
Infrastructure - Other business-type	<u>5,445,837</u>		<u>378</u>	<u>5,445,459</u>
Total capital assets, being depreciated	<u>139,337,353</u>	<u>3,616,234</u>	<u>1,077,171</u>	<u>141,876,416</u>
Less accumulated depreciation for:				
Electric plant	(32,061,900)	(1,936,131)	(789,100)	(33,208,931)
Water-sewer plant	(20,941,855)	(1,058,271)	(21,612)	(21,978,514)
Building and improvements				
Other business-type	(6,602,018)	(313,846)		(6,915,864)
Electric	(1,420,439)	(119,059)		(1,539,498)
Water-sewer	(377,986)	(8,864)		(386,850)
Furnitures, fixtures, and equipment				
Other business-type	(1,287,859)	(61,728)	(1,323)	(1,348,264)
Electric	(394,488)	(25,794)		(420,282)
Water-sewer	(88,136)	(1,539)		(89,675)
Transportation and work equipment				
Other business-type	(132,836)	(9,613)	(21,263)	(121,186)
Water-sewer	(1,383,073)	(107,684)	(22,638)	(1,468,119)
Infrastructure - Other business-type	<u>(2,770,981)</u>	<u>(126,391)</u>		<u>(2,897,372)</u>
Total accumulated depreciation	<u>(67,461,571)</u>	<u>(3,768,920)</u>	<u>(855,936)</u>	<u>(70,374,555)</u>
Total capital assets, being depreciated, net	<u>71,875,782</u>	<u>(152,686)</u>	<u>221,235</u>	<u>71,501,861</u>
Business-type activities capital assets, net	<u>\$ 76,061,098</u>	<u>(152,088)</u>	<u>221,235</u>	<u>75,687,775</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

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

Governmental activities:	
General government administration	\$ 392,506
Police and fire protection	290,208
Streets, cemetery, and motor pool	497,212
Culture and recreation	<u>202,670</u>
Total depreciation expense - governmental-type activities	<u><u>\$ 1,382,596</u></u>
Business-type activities:	
Municipal Utilities	\$ 3,257,342
Black River Coliseum	298,606
Golf Course	50,065
Airport	<u>148,808</u>
Total depreciation expense - business-type activities	<u><u>\$ 3,754,821</u></u>

The difference between the depreciation expense and the additions to accumulated depreciation is due to the transfer of fully depreciated assets between activities.

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at December 31, 2017, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General Fund	\$ 3,274,850	92,323
Highway 67 Fund		27,128
Special Allocation Fund	179,132	
Nonmajor Governmental Funds -		
Special Revenue Funds	3,123,432	186,517
Enterprise Funds:		
Major Funds:		
Municipal Utilities		1,627,753
Black River Coliseum		1,440,716
Nonmajor Funds:		
Airport		400,921
Golf Course		53,822
Internal Services Funds		<u>2,748,234</u>
Total	<u><u>\$ 6,577,414</u></u>	<u><u>6,577,414</u></u>

Fund overdraws of pooled cash account for \$4,770,529, of interfund payables and receivables in the General Fund and Capital Improvement Fund. Detail by fund for these payables is included on page 31.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Interfund transfers consisted of the following amounts:

	Transfers From:				Crime Reduction Fund
	General Fund	Capital Improvements Fund	Park/Golf Capital Fund	Park Fund	
<u>Transfers to:</u>					
Major Governmental					
General Fund	\$	1,688,418			64,394
Nonmajor Governmental Funds			249,472		
Major Enterprise Funds:					
Coliseum	229,279	12,677			
Nonmajor Enterprise Funds	78,116	18,233	144,529	227,360	
Blended Component Unit		<u>1,009,056</u>		<u>89,034</u>	
Total	<u>\$ 307,395</u>	<u>2,728,384</u>	<u>394,001</u>	<u>316,394</u>	<u>64,394</u>

	Transfers From:			Total
	Golf Fund	Municipal Utilities Fund	Tourism Tax Trust Fund	
<u>Transfers to:</u>				
Major Governmental				
General Fund	\$	319,527		2,072,339
Nonmajor Governmental Funds		16,786		266,258
Major Enterprise Funds:				
Coliseum		184,512	266,219	692,687
Nonmajor Enterprise Funds		1,139		469,377
Blended Component Unit	<u>89,034</u>			<u>1,187,124</u>
Total	<u>\$ 89,034</u>	<u>521,964</u>	<u>266,219</u>	<u>4,687,785</u>

Transfers are used to (1) move revenues from the fund that budgets or ordinance requires to collect them to the fund that budgets or ordinance requires to expend them, (2) move the bond payments from the funds that make the payment to the funds that maintain the debt, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) transfer of capital assets between governmental and business type activities.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

6. LONG-TERM OBLIGATIONS

Changes in long-term obligations

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2017</u>	<u>Current Portion</u>
Governmental activities:					
Building corporation revenue bonds, Series 2009 -					
Library	\$ 262,750		55,000	207,750	207,750
Park	98,625		82,500	16,125	16,125
Tax increment refunding revenue bonds,					
Series 2015A	16,220,000		480,000	15,740,000	600,000
Series 2015B		317,364	317,364		
Series 2017		11,670,000		11,670,000	335,000
Discount	(558,021)	(379,275)	(45,334)	(891,962)	
Total bonds payable	<u>16,023,354</u>	<u>11,608,089</u>	<u>889,530</u>	<u>26,741,913</u>	<u>1,158,875</u>
Missouri Transportation Finance Corp.					
Oak Grove Road	2,697,471		425,730	2,271,741	443,398
Fire department - storm sirens	43,576		43,576		
Total notes payable	<u>2,741,047</u>		<u>469,306</u>	<u>2,271,741</u>	<u>443,398</u>
Southern Bank - various equipment					
Southern Bank - street sweeper	4,000,000		500,000	3,500,000	500,000
Clayton Holdings - fire trucks	203,625		39,128	164,497	39,911
Total capital lease obligation	<u>711,095</u>		<u>85,563</u>	<u>625,532</u>	<u>86,522</u>
Total capital lease obligation	<u>4,914,720</u>		<u>624,691</u>	<u>4,290,029</u>	<u>626,433</u>
Accrued compensated absences	869,769		16,550	853,219	44,051
Total governmental activities	<u>\$ 24,548,890</u>	<u>11,608,089</u>	<u>2,000,077</u>	<u>34,156,902</u>	<u>2,272,757</u>
Business-type activities:					
Combined waterworks and sewerage system revenue bonds,					
Series 2008 - Direct Loan	\$ 4,255,000		290,000	3,965,000	295,000
Series 2012 - Direct Loan	1,110,000		58,000	1,052,000	59,000
Series 2016 - Direct Loan	400,679	630,321	22,700	1,008,300	46,000
Building corporation revenue bonds, Series 2009 -					
Black River Coliseum	1,965,000		880,000	1,085,000	1,085,000
Golf course	98,625		82,500	16,125	16,125
Total bonds payable	<u>7,829,304</u>	<u>630,321</u>	<u>1,333,200</u>	<u>7,126,425</u>	<u>1,501,125</u>
Capital lease obligation					
Electric department - plant addition	9,240,000		425,000	8,815,000	445,000
Settlement agreement	1,237,788		230,667	1,007,121	
Accrued compensated absences	702,981	26,839		729,820	12,491
Total business-type activities	<u>\$ 19,010,073</u>	<u>657,160</u>	<u>1,988,867</u>	<u>17,678,366</u>	<u>1,958,616</u>

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Debt Service Requirements to Maturity

The annual requirements to amortize all long-term debt as of December 31, 2017, including interest payments of \$19,463,638 are as follows:

Year Ending December 31	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Debt Service Requirements to Maturity</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,228,706	1,619,280	1,946,125	757,940	4,174,831	2,377,220
2019	2,224,999	1,390,849	866,800	676,070	3,091,799	2,066,919
2020	2,350,802	1,313,586	909,400	638,331	3,260,202	1,951,917
2021	2,442,732	1,232,979	940,200	593,987	3,382,932	1,826,966
2022	2,365,283	1,148,004	973,000	550,370	3,338,283	1,698,374
2023-2027	9,503,123	4,544,163	5,414,200	2,040,204	14,917,323	6,584,367
2028-2032	11,995,000	2,185,003	4,159,000	731,206	16,154,000	2,916,209
2033-2037	1,085,000	27,125	732,700	14,541	1,817,700	41,666
	<u>\$ 34,195,645</u>	<u>13,460,989</u>	<u>15,941,425</u>	<u>6,002,649</u>	<u>50,137,070</u>	<u>19,463,638</u>

Bonds Payable

Revenue Bonds - Series 2009

The Poplar Bluff, Missouri, Public Building Corporation issued revenue bonds (Series 1998 bonds) in the amount of \$16,075,000 dated June 1, 1998. The bond proceeds were used to construct a project which consisted of a community center, an expansion of the city library, a four field baseball/softball complex, an additional nine holes to the public golf course, and to add a swimming pool to be attached to the community center; to refund the Series 1996 Bonds; fund the Bond Reserve Fund and pay costs related to the Series 1998 Bonds and the refunding of the Series 1996 Bonds. The community center, the library and the City Hall will secure payment of the Series 1998 Bonds. In 2009, this bond was refinanced with a revenue bond (Series 2009) in the amount of \$8,830,000 dated September 1, 2009. The bonds are due in varying annual principal installments ranging from \$780,000 to \$1,325,000 through September 1, 2018, with a variable interest rate from 2.5% to 4.0%. The bonds payable and the cost of construction (including capitalized interest) of these projects are included in the following funds of the City:

	<u>Construction Cost</u>	<u>Bonds Payable</u>
Government-wide: (as a blended component unit)		
Culture and recreation	\$ 2,520,587	223,875
Major Enterprise Fund	12,393,011	1,085,000
Nonmajor Enterprise Fund	1,386,172	16,125

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Waterworks and Sewerage System Revenue Bonds - Series 2008

On October 30, 2008, the City of Poplar Bluff, Missouri issued \$6,195,000 of Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program). The bonds bear interest at 4.0% to 5.75%. Principal maturities began on January 1, 2010, and continue until 2029. Proceeds from the issuance of these bonds were used for the purpose of extending and improving the waterworks portion of the City's combined waterworks and sewerage system. The bonds are secured by a pledge of net revenues.

Waterworks and Sewerage System Revenue Bonds - Series 2012

On July 1, 2012, the City approved the issuance of the Series 2012 Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program). The issuance amount of these bonds totaled \$1,273,742. The bonds bear interest at 1.34% and are due in semiannual installments beginning January 1, 2013. Principal maturities began January 1, 2014 and continue until 2033. Proceeds from the issuance of these bonds were used for the purpose of extending and improving the waterworks portion of the City's combined waterworks and sewerage system. The bonds are secured by a pledge of net revenues.

Waterworks and Sewerage System Revenue Bonds - Series 2016

On August 22, 2016, the City approved the issuance of the Series 2016 Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program). The issuance amount of these bonds totaled \$1,031,000. The bonds bear interest at 0.92% and are due in semiannual installments beginning January 1, 2017. Principal maturities began July 1, 2017 and continue until 2036. Proceeds from the issuance of these bonds were used for the purpose of extending and improving the City's combined waterworks and sewerage system. The bonds are secured by a pledge of net revenues.

Tax Increment Refunding Revenue Bonds, Series 2015A

On August 3, 2015, the City issued \$16,900,000 of Tax Increment Refunding Revenue Bonds which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and incremental increases in economic activity taxes from projected areas. The bonds bear interest at 4.00% to 5.125%. Principal maturities begin on March 1, 2016 and continue until 2032. Proceeds from the issuance of these bonds were issued to refinance the Tax Increment Revenue Note.

Tax Increment Refunding Revenue Bonds, Series 2015B

On April 26, 2017, the City issued \$317,364 of Tax Increment Refunding Revenue Bonds which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and incremental increases in economic activity taxes from projected areas. The bonds bear interest at 8.00%. The bonds were refinanced with the Tax Increment Refunding Revenue Bonds, Series 2017.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Tax Increment Refunding Revenue Bonds, Series 2017

On July 12, 2017, the City issued \$11,670,000 of Tax Increment Refunding Revenue Bonds which are special limited obligations of the City, payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property and incremental increases in economic activity taxes from projected areas. The bonds bear interest at 3.25% to 5.00%. Principal maturities will begin on May 1, 2018 and continue until 2033.

Capital Lease

The Electric department has entered into a lease agreement with the Missouri Association of Municipal Utilities for the construction of a generating plant, payable in variable monthly payments including interest at 4.84% maturing May 13, 2033. The total cost and accumulated depreciation of this generating plant was \$15,053,820 and \$7,276,013, respectively, at December 31, 2017.

The City has entered into a lease agreement with the Southern Bank for the purchase of various equipment, payable in annual payments including semi-annual interest at 2.46% maturing February 14, 2024. The total cost of the equipment and accumulated depreciation was \$4,107,783 and \$1,161,451, respectively, at December 31, 2017.

The City has entered into a lease agreement with Clayton Holdings for the purchase of two fire trucks, payable in annual payments including semi-annual interest at 2.24% maturing February 15, 2024. The total cost of the fire trucks was \$887,416 and there was accumulated depreciation on \$133,112 at December 31, 2017.

The City has entered into a lease agreement with Southern Bank for the purchase of a street sweeper, payable in annual payments including annual interest at 2.00% maturing March 4, 2021. The total cost of the street sweeper was \$203,625 and there was accumulated depreciation of \$37,331 at December 31, 2017.

Notes Payable

On March 1, 2012, the City entered into a note and a cost-share agreement with the Missouri Transportation Finance Corporation (MTFC) and the Missouri Highways and Transportation Commission (MHTC) for improvements on the Interchange at Route 67 and Oak Grove Road and the Intersection at Business Route 67 and Oak Grove Road. The note bears interest at 4.15% and the City shall repay the direct loan to MTFC on an annual basis beginning March 1, 2013 and continue through 2022.

On October 12, 2012, the City entered into a note payable to First Missouri State Bank for the purchase of storm sirens. The note bears interest at 3.45% due in annual installments which will begin on October 13, 2013 and continue through 2017.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Settlement Agreement

In December 2015, the City entered into a post reconciliation and settlement agreement with the purchasers of the City's Cable Department. In accordance with the agreement, the City agreed to refund a portion of the purchase price received for the sale of the Cable Department under the Asset Purchase Agreement entered into by the City dated March 31, 2014. Each month the City will provide to the purchaser credits equal to the amount that would otherwise be due on the purchaser's monthly water and electric bills and the amount the purchaser has collected in surcharges for City franchise fees.

Prior-Year Defeasance of Debt

In the prior year, the City defeased certain revenue bonds by placing a portion of the proceeds of the sale of the Cable Department in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2017, \$2,000,000 of the bonds outstanding were considered defeased.

7. CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the City. In the opinion of the City attorney, the potential loss on all claims will not have a material effect on the financial position of the City.

Grants

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2017.

Commitments

On June 6, 2016, the City entered into a sale contract to purchase property that will house the Municipal Utilities' offices. The City will be required to pay \$800,000 on the closing date of the sale, which is set to occur no later than May 22, 2018.

8. DEFINED BENEFIT PENSION PLANS

a) Summary of Significant Accounting Principles

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

General Information about the Pension Plan

Plan description. The City of Poplar Bluff's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Poplar Bluff participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

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

	<u>2017 Valuation</u>
Benefit Multiplier:	2.00%
Final Average Salary:	5 Years
Member Contributions:	0%

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

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	215
Inactive employees entitled to but not yet receiving benefits	66
Active Employees	234
	515

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 16.9% (General), 19.2% (Police) and 21.9% (Fire) of annual covered payroll.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Net pension liability. The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial assumptions. The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expense

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

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

The actuarial assumptions used in the February 28, 2017 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Discount Rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2016	\$ 65,111,625	53,955,790	11,155,835
Changes for the year:			
Service Cost	1,281,614		1,281,614
Interest	4,663,283		4,663,283
Difference between expected and actual experience	(396,739)		(396,739)
Change in assumptions	(59,329)		(59,329)
Contributions - employer		2,027,900	(2,027,900)
Net investment income		6,404,098	(6,404,098)
Benefit payments, including refunds	(2,767,761)	(2,767,761)	
Administrative expense		(40,789)	40,789
Other changes		132,777	(132,777)
Net changes	2,721,068	5,756,225	(3,035,157)
Balances at December 31, 2017	\$ 67,832,693	59,712,015	8,120,678

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 77,690,153	67,832,693	59,695,230
Plan Fiduciary Net Position	59,712,015	59,712,015	59,712,015
Net Pension Liability	\$ 17,978,138	8,120,678	(16,785)

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

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

For the year ended December 31, 2017, the employer recognized pension expense of \$2,778,248. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences in experience	\$ 147,975	(1,713,588)
Differences in assumptions	1,734,066	(47,128)
Excess (deficit) investment returns	1,518,164	
Contributions subsequent to the measurement date*	<u>1,029,738</u>	
Total	<u>\$ 4,429,943</u>	<u>(1,760,716)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2018.

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

Year ended:	
2018	\$ 814,059
2019	814,062
2020	436,508
2021	(455,961)
2022	25,010
Thereafter	5,811

Payable to the Pension Plan

At December 31, 2017, the City reported a payable of \$130,714 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

b) Summary of Significant Accounting Principles

Pensions Investments are valued as of the measurement date. Investments in separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities and are valued at fair market value. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense for City of Poplar Bluff, the information about the fiduciary net position of the City of Poplar Bluff Policemen's and Firemen's Pension Plan and additions to/deductions from City of Poplar Bluff Policemen's and Firemen's Pension Plan's fiduciary net position have been determined on the same basis.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

General Information about the Pension Plan

Plan Description The City of Poplar Bluff contributes to a single-employer defined benefit pension plan, City of Poplar Bluff Policemen's and Firemen's Pension Plan (the Plan). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Poplar Bluff Policemen's and Firemen's Pension Plan was created and is governed by City Ordinance Section 30-115. The plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

City of Poplar Bluff Policemen's and Firemen's
Pension Plan
Principal Financial Group
711 High Street
Des Moines, Iowa 50392-0001
(515) 248-2947

Benefits provided. The Plan provides retirement, death and disability benefits. All benefits vest after 5 years of credited service. Employees who retire on or after age 55 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees can retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 50 and receive a reduced allowance. There have been no changes in plan provisions since the measurement date.

	<u>2017 Valuation</u>
Benefit Multiplier:	2.00%
Final Average Salary:	5 Years
Member Contributions:	6.00%

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	6
Active Employees	64
	150

Contributions. The employer contributes to the Plan based on an actuarially determined amount recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. In accordance with City Ordinance Section 30-115, plan members are required to contribute 6.00% of salary up to a maximum of \$1,650 per month. After reaching the maximum, plan members are required to contribute 1.00%.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Net pension liability. The employer's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016.

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0% increase per year
Salary Increase	3.0% increase each year until retirement
Investment rate of return	5.0%

Mortality rates were based on the IRS Prescribed Mortality - Generational Annuitant, male and female.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of recent experience analysis and anticipated future experience.

The long-term expected rate of return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2014. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible sources. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity-Large Cap	23.52%	6.50%
US Equity-Mid Cap	3.40%	6.50%
Non-US Equity	3.28%	6.50%
TIPS	16.43%	2.85%
Core Bond	53.37%	3.60%

Discount Rate. The discount rate used to measure the total pension liability is 5.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at December 31, 2016	\$ 17,231,013	11,772,036	5,458,977
Changes for the year:			
Service Cost	322,344		322,344
Interest	941,155		941,155
Difference between expected and actual experience	159,836		159,836
Changes in assumptions	1,162,730		1,162,730
Contributions - employer		301,740	(301,740)
Contributions - employee		189,797	(189,797)
Net investment income		759,927	(759,927)
Benefit payments, including refunds	(831,708)	(831,708)	
Administrative expense		(26,865)	26,865
Other changes		(7,046)	7,046
Net changes	<u>1,754,357</u>	<u>385,845</u>	<u>1,368,512</u>
Balances at December 31, 2017	<u>\$ 18,985,370</u>	<u>12,157,881</u>	<u>6,827,489</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 5.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate.

	1% Decrease 4.00%	Current Single Discount Rate Assumption 5.00%	1% Increase 6.00%
	\$ 9,388,393	6,827,489	4,707,988

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

For the year ended December 31, 2017 the employer recognized pension expense of \$898,319. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 149,095	
Differences in assumptions	1,214,319	
Excess (deficit) investment returns	356,280	
Contributions subsequent to the measurement date*	253,224	
Total	<u>\$ 1,972,918</u>	

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2018.

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

Year ended:	
2018	\$ 431,230
2019	431,231
2020	425,087
2021	213,516
2022	218,630
Thereafter	

Payable to the Pension Plan

At December 31, 2017, the City reported a payable of \$217,117 for the outstanding amount of contributions to the Plan for the year ended December 31, 2017.

9. ACCUMULATED PROVISION FOR POSTRETIREMENT BENEFITS

Description

Effective January 1, 2008, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$4,244,955 and \$0 in governmental and business-type activities, respectively, resulting from the adoption.

The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan. The City of Poplar Bluff provided certain postretirement benefits for retired employees. The City will pay 100% of the employee's health insurance for employees who retire from age 55 to 65. The City will provide this benefit until the retiree reaches age 65 and becomes eligible for Medicare or upon the death of the employee. The City provides 66 2/3% of the employee's family medical coverage after retirement.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

2017

Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Net OPEB obligation - beginning of year	<u>4,244,955</u>
Net OPEB obligation - end of year	<u>\$ 4,244,955</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 and the preceding year were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual <u>OPEB Cost contributed</u>	Net OPEB Obligation - End <u>of Year</u>
12/31/14	\$1,346,500	51.64%	\$3,737,857
12/31/15	\$1,014,410	52.50%	\$4,219,667
12/31/16	\$1,034,699	97.56%	\$4,244,955

Funding Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$9,038,100, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,038,100. The covered payroll (annual payroll of active employees covered by the plan) was \$11,657,111, and the ratio of UAAL to the covered payroll was 77.5%.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the City and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Because the City Funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.0% discount rate, which approximates the expected rate of return on non-pension investments held by the City. The UAAL is being amortized as a level dollar amount over thirty years on an open basis.

In accordance with GASB Statement No. 45, an actuarial valuation was required to be performed biennially. The last actuarial valuation was performed for the year ended December 31, 2015. The City elected not to have a valuation performed for the year ended December 31, 2017. As a result, there was no net OPEB obligation reported for the current year. The current year obligation carried forward from the prior year.

10. RESTRICTED ASSETS

Municipal Utilities issued Series 2008 bonds during the year ended December 31, 2008, in the amount of \$6,195,000 for extending and improving the waterworks system. Municipal Utilities has \$915,159 restricted cash in the escrow accounts for this bond.

Municipal Utilities issued Series 2012 bonds during the year ended December 31, 2012, in the amount of \$1,324,000 for extending and improving the combined waterworks and sewerage system. Municipal Utilities has \$36,068 restricted cash in the escrow accounts for this bond.

Municipal Utilities issued Series 2016 bonds during the year ended December 31, 2016, in the maximum principal amount of \$1,031,000 for extending and improving the combined waterworks and sewerage system. Municipal Utilities has \$27,553 restricted cash in the escrow accounts for this bond.

Municipal Utilities is under a cash collateral agreement with Midcontinent Independent System Operator, Inc. (MISO) to secure Municipal Utilities' performance related to the purchase and/or sale of electric capacity, energy, ancillary services, and related products or services. Municipal Utilities has \$240,036 restricted cash in the MISO account for this agreement.

The City issued Series 2015A bonds during the year ended December 31, 2015, in the amount of \$16,900,000 for the refinancing of the Tax Increment Revenue Note. The City has \$1,834,253 restricted cash in the escrow accounts for this bond.

The City issued Series 2017 bonds during the year ended December 31, 2017, in the amount of \$11,670,000. The City has \$4,911,637 restricted cash in the escrow accounts for this bond.

Municipal Utilities entered into a settlement agreement with the purchasers of the City's Cable Department in December 2015 to refund a portion of the purchase price received for the sale of the Cable Department. Municipal Utilities has \$1,193,057 restricted cash in the Cable Department's cash account for this agreement.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

11. NEGATIVE FUND BALANCE/NET POSITION

The Pool/Fitness Fund and the Health Insurance Fund have negative net positions at December 31, 2017. An operating transfer from the General Fund will be required to increase the fund balance to a positive balance.

12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has effectively managed risk through its insurance coverage and various educational and prevention programs. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

13. INDUSTRIAL REVENUE BONDS

From time to time, the City has issued industrial revenue bonds to provide capital financing for specific third parties that are not part of the City's financial reporting entity. At the same time, the City entered into lease agreements with the purchasers which contains provisions allowing the lessee to purchase the leased property for a nominal amount at the end of the lease term, or at earlier dates upon payment of amounts sufficient to redeem the entire related bond issued by the City, which are then outstanding. Capital outlay is earmarked to have been purchased with these bonds to keep from having to pay property taxes on the items purchased. Instead of paying property taxes on this property, Payments in Lieu of Taxes are paid to the City for a twenty year period. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. The City is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

As of December 31, 2017, there were four series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2017, could not be determined; however, their original issue amounts were not to exceed \$24 million.

14. TAX ABATEMENT

The City two programs through which tax abatements are provided:

Enhanced Enterprise Zone Program. This program is authorized by Revised Statutes of Missouri Sections 135.950 to 135.970 and City Ordinance No. 7258 to enter into property tax abatement agreements for the purpose of attracting or retaining businesses. The amount of abatement is achieved through a reduction of assessed valuation.

City of Poplar Bluff, Missouri
Notes to the Basic Financial Statements
December 31, 2017

Industrial Development Program. This program is authorized by the Revised Statutes of Missouri Sections 100.010 through 100.200 to purchase, construct, extend, equip, and improve certain projects and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease such projects to private persons or corporations for industrial development purposes. The private persons/corporations make a commitment to maintain manufacturing operations and in turn receive the incentive of property tax relief. The amount of the abatements are achieved through a reduction of assessed valuation.

For the year ended December 31, 2017, the City abated taxes as follows:

<u>Tax Abatement Program</u>	<u>Amount Abated</u>
Enhancement Enterprise Zone Program	\$ 251,011
Industrial Development Program	\$ 28,253

The City is not subject to any tax abatement agreements entered into by other governmental entities.

15. RESTATEMENT

For the year ended December 31, 2017, the Special Allocation Fund is considered a major governmental fund. The fund balance was included with the non major governmental funds in previous years. The non major governmental funds' beginning fund balance has been restated to exclude the Special Allocation Fund.

The changes to the beginning net positions are as follows:

	Non Major Governmental <u>Funds</u>	Major Fund Special Allocation <u>Fund</u>	<u>Total</u>
Fund balance, December 31, 2016, originally reported	\$ 8,574,473		8,574,473
Special Allocation Fund balance, December 31, 2016	<u>(1,975,743)</u>	<u>1,975,743</u>	
Fund balance, December 31, 2016, restated	<u>\$ 6,598,730</u>	<u>1,975,743</u>	<u>8,574,473</u>

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2017

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual <u>Amounts</u>	Variance Final Budget Over <u>(Under)</u>
Revenues:				
General property taxes	\$ 1,365,000	1,367,000	1,384,962	17,962
Sales tax	5,678,000	5,548,000	5,381,266	(166,734)
Licenses and permits	3,406,320	3,411,320	3,270,645	(140,675)
Fines, forfeitures, and violations	270,400	217,400	191,412	(25,988)
Use of property	62,050	62,050	152,201	90,151
Other revenues	222,895	257,228	260,808	3,580
Special revenues	981,165	3,365,101	3,924,693	559,592
Investment income	20,100	20,100	19,375	(725)
Grant income	213,814	1,223,307	1,093,924	(129,383)
Total revenues	<u>12,219,744</u>	<u>15,471,506</u>	<u>15,679,286</u>	<u>207,780</u>
Expenditures:				
Current				
General government administration	1,806,917	2,560,678	2,239,128	(321,550)
Police and fire protection	7,421,592	7,392,881	7,807,896	415,015
Streets, cemetery and motor pool	2,039,592	2,039,592	2,104,012	64,420
Culture and recreation	86,956	86,956	137,747	50,791
Capital outlay	1,829,230	4,327,971	4,813,011	485,040
Debt service				
Principal			1,093,997	1,093,997
Interest			224,810	224,810
Total expenditures	<u>13,184,287</u>	<u>16,408,078</u>	<u>18,420,601</u>	<u>2,012,523</u>
(Deficiency) excess of revenues over expenditures	(964,543)	(936,572)	(2,741,315)	(1,804,743)
Other Financing Sources (Uses):				
Transfers in			1,752,812	1,752,812
Transfer in-utilities			319,527	319,527
Transfers out	(307,395)	(502,395)	(307,395)	195,000
Total other funding sources (uses)	<u>(307,395)</u>	<u>(502,395)</u>	<u>1,764,944</u>	<u>2,267,339</u>
Net change in fund balance	<u>\$ (1,271,938)</u>	<u>(1,438,967)</u>	(976,371)	<u>462,596</u>
Fund balance, December 31, 2016			<u>9,519,077</u>	
Fund balance, December 31, 2017			<u>8,542,706</u>	

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 Hwy. 67 Tax Fund
 For the Year Ended December 31, 2017

	Budgeted Amounts <u>Original</u>	Budgeted Amounts <u>Final</u>	Actual <u>Amounts</u>	Variance with Final Budget - Over <u>(Under)</u>
Revenues:				
Sales tax	\$ 2,438,794	2,438,794	2,301,401	(137,393)
Investment income	<u>15,200</u>	<u>15,200</u>	<u>14,963</u>	<u>(237)</u>
Total Revenues	<u>2,453,994</u>	<u>2,453,994</u>	<u>2,316,364</u>	<u>(137,630)</u>
Expenditures:				
Current				
General government administration	<u>2,453,994</u>	<u>2,453,994</u>	<u>2,316,364</u>	<u>(137,630)</u>
Total Expenditures	<u>2,453,994</u>	<u>2,453,994</u>	<u>2,316,364</u>	<u>(137,630)</u>
Excess (Deficiency) of				
Other Financing Sources (Uses):				
Transfers in				
Transfers out	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	<u>\$</u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance, December 31, 2016			<u> </u>	
Fund Balance, December 31, 2017			<u> </u>	

City of Poplar Bluff, Missouri
Notes to Required Supplementary Information
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

Budgetary Accounting

The City prepares its budget for all Funds on the modified accrual basis of accounting. This basis is consistent with the basis of accounting used in presenting the Funds in the basic financial statements. All unexpended appropriations lapse at year-end.

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Schedule of Funding Progress
 For the Year Ended December 31, 2017

Other Post Employment Benefits

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Projected-unit Credit Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
12/31/11	-	15,256,700	15,256,700	0%	11,483,300	132.9%
12/31/13	-	15,773,500	15,773,500	0%	11,700,900	134.8%
12/31/15	-	9,038,100	9,038,100	0%	11,657,111	77.5%
12/31/17	-	-	-	0%	-	0.0%

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Schedule of Changes in Net Pension Liability
 LAGERS
 For the Year Ended December 31, 2017

<i>Fiscal year ending December 31,</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 1,281,614	1,290,406	1,357,952
Interest on the total pension liability	4,663,283	4,305,991	4,231,445
Difference between expected and actual experience	(396,739)	(594,738)	(1,921,521)
Assumption changes	(59,329)	2,748,912	
Benefit payments	<u>(2,767,761)</u>	<u>(2,747,946)</u>	<u>(2,469,874)</u>
Net change in total pension liability	2,721,068	5,002,625	1,198,002
Total pension liability, beginning	<u>65,111,625</u>	<u>60,109,000</u>	<u>58,910,998</u>
Total pension liability, ending	<u>67,832,693</u>	<u>65,111,625</u>	<u>60,109,000</u>
Plan Fiduciary Net Position			
Contributions-employer	2,027,900	1,974,943	2,096,005
Pension plan net investment income	6,404,098	(66,177)	1,125,169
Benefit payments	(2,767,761)	(2,747,946)	(2,469,874)
Pension plan administrative expense	(40,789)	(41,043)	(44,829)
Other	<u>132,777</u>	<u>(263,569)</u>	<u>299,197</u>
Net change in plan fiduciary net position	5,756,225	(1,143,792)	1,005,668
Plan fiduciary net position, beginning	<u>53,955,790</u>	<u>55,099,582</u>	<u>54,093,914</u>
Plan fiduciary net position, ending	<u>59,712,015</u>	<u>53,955,790</u>	<u>55,099,582</u>
Employer net pension liability	<u>\$ 8,120,678</u>	<u>11,155,835</u>	<u>5,009,418</u>
Plan fiduciary net position as a percentage of the total pension liability	88.03%	82.87%	91.67%
Covered employee payroll	\$ 11,191,244	11,043,578	11,397,861
Employer's net pension liability as a percentage of covered employee payroll	72.56%	101.02%	43.95%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Schedule of Contributions
 LAGERS
 For the Year Ended December 31, 2017

<i>Fiscal year ending December 31,</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 2,145,926	1,931,038	2,094,812	2,145,027	1,644,018
Contributions in relation to the actuarially determined contribution	<u>2,051,503</u>	<u>1,931,038</u>	<u>2,094,812</u>	<u>2,145,027</u>	<u>1,570,121</u>
Contribution deficiency (excess)	<u>\$ 94,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,897</u>
 Covered employee payroll	 \$11,396,692	 11,367,195	 11,338,625	 11,506,535	 11,892,721
 Contributions as a percentage of covered employee payroll	 18.00%	 16.99%	 18.48%	 18.64%	 13.20%
<i>Fiscal year ending December 31,</i>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 1,613,782	1,473,956	1,488,030	1,030,343	890,154
Contributions in relation to the actuarially determined contribution	<u>1,423,514</u>	<u>1,269,219</u>	<u>1,132,330</u>	<u>1,030,343</u>	<u>890,154</u>
Contribution deficiency (excess)	<u>\$ 190,268</u>	<u>204,737</u>	<u>355,700</u>	<u>-</u>	<u>-</u>
 Covered employee payroll	 \$11,655,588	 11,310,794	 11,113,802	 11,236,411	 10,247,952
 Contributions as a percentage of covered employee payroll	 12.21%	 11.22%	 10.19%	 9.17%	 8.69%

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Notes to Schedule of Contributions
 LAGERS
 December 31, 2017

Valuation Date:	February 28, 2017
Notes:	The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Mutliple bases from 13 to 21 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increases	3.25% to 6.55% 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.
Mortality	<p>The healthy retire mortality tables, for post-retirement motality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disable 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.</p> <p>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.</p>
Other Information:	None

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Schedule of Changes in Net Pension Liability
 City of Poplar Bluff Policemen's and Firemen's Pension Plan
 For the Year Ended December 31, 2017

<i>Fiscal year ending December 31,</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service cost	\$ 322,344	325,476	308,503
Interest on the total pension liability	941,155	916,725	904,823
Difference between expected and actual experience	159,836	13,934	12,903
Assumption changes	1,162,730		477,493
Benefit payments	<u>(831,708)</u>	<u>(790,402)</u>	<u>(771,054)</u>
Net change in total pension liability	1,754,357	465,733	932,668
Total pension liability, beginning	<u>17,231,013</u>	<u>16,765,280</u>	<u>15,832,612</u>
Total pension liability, ending	<u>18,985,370</u>	<u>17,231,013</u>	<u>16,765,280</u>
Plan Fiduciary Net Position			
Contributions-employer	301,740	273,373	200,120
Contributions-employee	189,797	181,985	236,540
Pension plan net investment income	759,927	(70,777)	647,641
Benefit payments	(831,708)	(790,402)	(771,054)
Pension plan administrative expense	(26,865)	(19,955)	(19,995)
Other	<u>(7,046)</u>	<u></u>	<u>(10,270)</u>
Net change in plan fiduciary net position	385,845	(425,776)	282,982
Plan fiduciary net position, beginning	<u>11,772,036</u>	<u>12,197,812</u>	<u>11,914,830</u>
Plan fiduciary net position, ending	<u>12,157,881</u>	<u>11,772,036</u>	<u>12,197,812</u>
Employer net pension liability	<u>\$ 6,827,489</u>	<u>5,458,977</u>	<u>4,567,468</u>
Plan fiduciary net position as a percentage of the total pension liability	64.04%	68.32%	72.76%
Covered employee payroll	\$ 4,059,566	4,046,610	3,914,805
Employer's net pension liability as a percentage of covered employee payroll	168.18%	134.90%	116.67%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Schedule of Contributions
 City of Poplar Bluff Policemen's and Firemen's Pension Plan
 For the Year Ended December 31, 2017

<i>Fiscal year ending December 31,</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 579,058	543,721	507,503
Contributions in relation to the actuarially determined contribution	<u>301,740</u>	<u>273,373</u>	<u>236,540</u>
Contribution deficiency (excess)	<u>\$ 277,318</u>	<u>270,348</u>	<u>270,963</u>
 Covered employee payroll	 \$ 4,059,566	 4,046,610	 3,914,805
 Contributions as a percentage of covered employee payroll	 7.43%	 6.76%	 6.04%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Poplar Bluff, Missouri
 Required Supplementary Information (Unaudited)
 Notes to Schedule of Contributions
 City of Poplar Bluff Policemen's and Firemen's Pension Plan
 December 31, 2017

Valuation Date:	December 31, 2016
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age cost method
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	15 years
Asset Valuation Method	Market value of assets, as of the measurement date
Inflation	2.00% increase per year
Salary Increases	3.00% increase each year until retirement
Investment Rate of Return	5.00%, net of investment and administrative expenses
Retirement Age	Active and inactive participants are assumed to retire at normal retirement age, or current age if later.
Mortality	IRS Prescribed Mortality - Generational Annuitant, male and female, with no further assumed improvements for mortality.
Disability	1987 Commissioner's Group Disability Table, six month elimination period, male and female.
Other Information:	No benefit changes during the year

City of Poplar Bluff, Missouri
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Park/Golf Capital <u>Fund</u>	Park <u>Fund</u>	Crime Reduction <u>Fund</u>
Assets:			
Cash and cash equivalents	\$ 111,223	1,131,720	
Taxes receivable, net	48,085	192,340	
Grant receivable		4,695	
Other receivable			
Due from other funds			
Prepaid insurance		4,345	
Restricted assets:			
Cash and cash equivalents			87,447
Tax receivable, net			
Other receivables			
Grant receivable			
Total assets	<u>\$ 159,308</u>	<u>1,333,100</u>	<u>87,447</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	\$ 2,025	20,989	
Accounts payable - general fund		126,836	
Due to other funds	5,765	13,564	
Accrued payroll and benefits		27,303	
Total liabilities	<u>7,790</u>	<u>188,692</u>	
Fund Balance:			
Nonspendable		4,345	
Restricted			87,447
Assigned	151,518	1,140,063	
Unassigned			
Total fund balance	<u>151,518</u>	<u>1,144,408</u>	<u>87,447</u>
Total liabilities and fund balance	<u>\$ 159,308</u>	<u>1,333,100</u>	<u>87,447</u>

City of Poplar Bluff, Missouri
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Tourism Tax <u>Fund</u>	Police & Fire Pension <u>Fund</u>	Capital Improvement <u>Fund</u>
Assets:			
Cash and cash equivalents	\$		116,444
Taxes receivable, net			336,595
Grant receivable			
Other receivable			336
Due from other funds			1,627,753
Accounts receivable - other funds			1,495,679
Prepaid insurance			
Restricted assets:			
Cash and cash equivalents	262,043	54,852	
Tax receivable, net	75,087	221,365	
Other receivables			
Grant receivable			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 337,130</u>	<u>276,217</u>	<u>3,576,807</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	\$	276,217	
Accounts payable - general fund			
Due to other funds			40,352
Accrued payroll and benefits			
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
Fund Balance:			
Nonspendable			
Restricted	337,130		
Assigned			3,536,455
Unassigned			
	<hr/>	<hr/>	<hr/>
Total fund balance	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 337,130</u>	<u>276,217</u>	<u>3,576,807</u>

City of Poplar Bluff, Missouri
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Storm Water <u>Fund</u>	Task Force <u>Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$		1,359,387
Taxes receivable, net			577,020
Grant receivable			4,695
Other receivables			336
Due from other funds			1,627,753
Accounts receivable - other funds			1,495,679
Prepaid insurance			4,345
Restricted assets:			
Cash and cash equivalents	117,709	24,258	546,309
Tax receivable, net			296,452
Grant receivable		23,874	23,874
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 117,709</u>	<u>48,132</u>	<u>5,935,850</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	\$ 3,104	48,132	350,467
Accounts payable - general fund			126,836
Due to other funds			59,681
Accrued payroll and benefits			27,303
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,104</u>	<u>48,132</u>	<u>564,287</u>
Fund Balance:			
Nonspendable			4,345
Restricted	114,605		539,182
Assigned			4,828,036
Unassigned			<hr/>
	<hr/>	<hr/>	<hr/>
Total fund balance	<u>114,605</u>	<hr/>	<u>5,371,563</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 117,709</u>	<u>48,132</u>	<u>5,935,850</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Park/Golf Capital <u>Fund</u>	Park <u>Fund</u>	Crime Reduction <u>Fund</u>
Revenues:			
General property taxes	\$		
Sales tax	284,776	1,150,758	
Fines, forfeitures, and violations			
Use of property		53,093	
Other revenues		12,462	
Special revenues			
Investment income	84	2,318	127
Grant income		313,502	
Total revenues	<u>284,860</u>	<u>1,532,133</u>	<u>127</u>
Expenditures:			
Current			
General government administration			
Police and fire protection			22,029
Streets, cemetery and motor pool			
Culture and recreation	23,711	937,670	
Capital outlay		598,585	
Debt service			
Principal			
Interest			
Total expenditures	<u>23,711</u>	<u>1,536,255</u>	<u>22,029</u>
Excess (deficiency) of revenues over expenditures	261,149	(4,122)	(21,902)
Other Financing Sources (Uses):			
Transfers in		249,472	
Transfer in-utilities		16,786	
Transfers out	<u>(394,001)</u>	<u>(316,394)</u>	<u>(64,394)</u>
Total other financing sources (uses)	<u>(394,001)</u>	<u>(50,136)</u>	<u>(64,394)</u>
Net change in fund balance	(132,852)	(54,258)	(86,296)
Fund balance, December 31, 2016	<u>284,370</u>	<u>1,198,666</u>	<u>173,743</u>
Fund balance, December 31, 2017	<u>\$ 151,518</u>	<u>1,144,408</u>	<u>87,447</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Tourism Tax <u>Fund</u>	Police & Fire Pension <u>Fund</u>	Capital Improvement <u>Fund</u>
Revenues:			
General property taxes	\$	259,712	
Sales tax			1,993,428
Fines, forfeitures, and violations			
Use of property			
Other revenues			
Special revenues	335,576		
Investment income	373		1,027
Grant income			
Total revenues	<u>335,949</u>	<u>259,712</u>	<u>1,994,455</u>
Expenditures:			
Current			
General government administration	26,611		47,703
Police and fire protection		259,712	67,789
Streets, cemetery and motor pool			172,078
Culture and recreation			18,766
Capital outlay			
Debt service			
Principal			
Interest			
Total expenditures	<u>26,611</u>	<u>259,712</u>	<u>306,336</u>
Excess (deficiency) of revenues over expenditures	309,338		1,688,119
Other Financing Sources (Uses):			
Transfers in			44,119
Transfer in-utilities			
Transfers out	<u>(266,219)</u>		<u>(2,728,384)</u>
Total other financing sources (uses)	<u>(266,219)</u>		<u>(2,684,265)</u>
Net change in fund balance	43,119		(96,146)
Fund balance, December 31, 2016	<u>294,011</u>		<u>4,532,601</u>
Fund balance, December 31, 2017	<u>\$ 337,130</u>		<u>3,536,455</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Storm Water <u>Fund</u>	Task Force <u>Fund</u>	<u>Total</u>
Revenues:			
General property taxes	\$		259,712
Sales tax			3,428,962
Fines, forfeitures, and violations	2,277		2,277
Use of property			53,093
Other revenues			12,462
Special revenues			335,576
Investment income	93		4,022
Grant income		278,270	591,772
Total revenues	<u>2,370</u>	<u>278,270</u>	<u>4,687,876</u>
Expenditures:			
Current			
General government administration			74,314
Police and fire protection		278,270	627,800
Streets, cemetery and motor pool			172,078
Culture and recreation			980,147
Capital outlay	3,104		601,689
Debt service			
Principal			
Interest			
Total expenditures	<u>3,104</u>	<u>278,270</u>	<u>2,456,028</u>
Excess (deficiency) of revenues over expenditures	(734)		2,231,848
Other Financing Sources (Uses):			
Transfers in			293,591
Transfer in-utilities			16,786
Transfers out			<u>(3,769,392)</u>
Total other financing sources (uses)			<u>(3,459,015)</u>
Net change in fund balance	(734)		(1,227,167)
Fund balance, December 31, 2016, Restated (Note 15)	<u>115,339</u>		<u>6,598,730</u>
Fund balance, December 31, 2017	<u>\$ 114,605</u>		<u>5,371,563</u>

City of Poplar Bluff, Missouri
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2017

	Golf Course Fund	Airport Fund	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 43,088		43,088
Accounts receivable, net		13,141	13,141
Inventories		40,077	40,077
Prepaid expenses	702	29,112	29,814
Total current assets	<u>43,790</u>	<u>82,330</u>	<u>126,120</u>
Noncurrent Assets:			
Capital assets:			
Capital assets, net	1,503,952	2,717,244	4,221,196
Land	800,000	1,152,243	1,952,243
Total noncurrent assets	<u>2,303,952</u>	<u>3,869,487</u>	<u>6,173,439</u>
Total assets	<u>2,347,742</u>	<u>3,951,817</u>	<u>6,299,559</u>
Deferred Outflows of Resources:			
Pension deferrals	<u>60,950</u>	<u>15,873</u>	<u>76,823</u>
Total deferred outflows of resources	<u>60,950</u>	<u>15,873</u>	<u>76,823</u>
Liabilities:			
Current Liabilities:			
Accounts payable	3,945	33,210	37,155
Accounts payable - general fund	53,822	400,921	454,743
Accrued payroll and benefits	11,870	4,030	15,900
Accrued interest	208		208
Current maturities of long term debt	<u>16,125</u>		<u>16,125</u>
Total current liabilities	<u>85,970</u>	<u>438,161</u>	<u>524,131</u>
Noncurrent Liabilities:			
Long-term debt	19,982	4,743	24,725
Net pension liability	111,472	29,031	140,503
Net OPEB obligation	<u>61,257</u>	<u>43,416</u>	<u>104,673</u>
Total noncurrent liabilities	<u>192,711</u>	<u>77,190</u>	<u>269,901</u>
Total liabilities	<u>278,681</u>	<u>515,351</u>	<u>794,032</u>
Deferred Inflows of Resources:			
Pension deferrals	<u>27,982</u>	<u>7,287</u>	<u>35,269</u>
Total deferred inflows of resources	<u>27,982</u>	<u>7,287</u>	<u>35,269</u>
Net Position:			
Net investment in capital assets	2,287,827	3,869,487	6,157,314
Unrestricted	<u>(185,798)</u>	<u>(424,435)</u>	<u>(610,233)</u>
Total net position	<u>\$ 2,102,029</u>	<u>3,445,052</u>	<u>5,547,081</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues,
Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2017

	Golf Course <u>Fund</u>	Airport <u>Fund</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 200,880	502,565	703,445
Property rental		18,851	18,851
Grant income		3,918	3,918
Miscellaneous		500	500
	<u>200,880</u>	<u>525,834</u>	<u>726,714</u>
Total operating revenues			
Operating Expenses:			
Personnel services	304,989	113,263	418,252
Office supplies	54		54
Operating supplies	80,527	7,966	88,493
Repairs and maintenance	54,802	13,856	68,658
Natural gas	1,862	4,500	6,362
Utilities	14,112	15,967	30,079
Merchandise for resale		367,321	367,321
Telephone	1,471	1,835	3,306
Books/publications and memberships	930	190	1,120
Travel and training	1,924	1,266	3,190
Professional fees	9,085	9,440	18,525
Advertising		1,851	1,851
Equipment rent	135	10,800	10,935
Insurance	12,196	53,961	66,157
Small tools and equipment	5,729	659	6,388
Miscellaneous		15,245	15,245
Depreciation	50,065	148,807	198,872
	<u>537,881</u>	<u>766,927</u>	<u>1,304,808</u>
Total operating expenses			
Income (loss) from operations	<u>(337,001)</u>	<u>(241,093)</u>	<u>(578,094)</u>
Nonoperating Revenues (Expenses):			
Investment income	107		107
Interest expense	<u>(4,564)</u>		<u>(4,564)</u>
Total nonoperating revenues (expenses)	<u>(4,457)</u>		<u>(4,457)</u>
Income (loss) before contributions and transfers	(341,458)	(241,093)	(582,551)
Contributions and Transfers:			
Transfers in	460,923	96,349	557,272
Transfers in - utilities		1,139	1,139
Transfers out	<u>(89,034)</u>		<u>(89,034)</u>
Changes in net position	30,431	(143,605)	(113,174)
Net position, December 31, 2016	<u>2,071,598</u>	<u>3,588,657</u>	<u>5,660,255</u>
Net position, December 31, 2017	<u>\$ 2,102,029</u>	<u>3,445,052</u>	<u>5,547,081</u>

City of Poplar Bluff, Missouri
Combining Statement of Net Position - Municipal Utilities
December 31, 2017

	<u>Electric Department</u>	<u>Water/Sewer Department</u>	<u>Cable Department</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 9,937,400	2,527,941		12,465,341
Investments	1,020,478			1,020,478
Accounts receivable, net of allowance for doubtful accounts	1,711,834	225,870		1,937,704
Accrued interest receivable	323			323
Inventories	970,999	280,985		1,251,984
Prepaid expenses	1,013,642	159,919		1,173,561
Total current assets	<u>14,654,676</u>	<u>3,194,715</u>		<u>17,849,391</u>
Restricted assets:				
Cash and cash equivalents	240,036	978,780	1,193,057	2,411,873
Total restricted assets	<u>240,036</u>	<u>978,780</u>	<u>1,193,057</u>	<u>2,411,873</u>
Noncurrent assets:				
Patronage capital	23,326			23,326
Capital assets, net of accumulated depreciation	31,293,120	29,657,374		60,950,494
Land	827,243	369,026		1,196,269
Total noncurrent assets	<u>32,143,689</u>	<u>30,026,400</u>		<u>62,170,089</u>
Total assets	<u>47,038,401</u>	<u>34,199,895</u>	<u>1,193,057</u>	<u>82,431,353</u>
Deferred Outflows of Resources:				
Pension deferrals	1,082,117	672,667		1,754,784
Liabilities:				
Current liabilities:				
Accounts payable	2,461,125	122,097		2,583,222
Accrued payroll and benefits	401,752	225,209		626,961
Sales tax payable	452,369	25,321		477,690
Accrued interest payable	18,618	46,208		64,826
Current maturities of advances from other funds	300,000	50,000		350,000
Current maturities of long-term obligations	457,491	400,000		857,491
Total current liabilities	<u>4,091,355</u>	<u>868,835</u>		<u>4,960,190</u>
Noncurrent liabilities:				
Customer meter deposits	361,445	73,756		435,201
Advance from other funds	485,983	791,770		1,277,753
Long-term obligations	8,806,777	5,858,555	1,007,121	15,672,453
Net OPEB obligation	774,489	521,863		1,296,352
Net pension liability	1,979,086	1,230,242		3,209,328
Total noncurrent liabilities	<u>12,407,780</u>	<u>8,476,186</u>	<u>1,007,121</u>	<u>21,891,087</u>
Total liabilities	<u>16,499,135</u>	<u>9,345,021</u>	<u>1,007,121</u>	<u>26,851,277</u>
Deferred Inflows of Resources:				
Pension deferrals	496,801	308,822		805,623
Net Position:				
Net investment in capital assets	23,305,363	24,001,100		47,306,463
Restricted for:				
Debt service		978,780		978,780
Other	240,036		1,193,057	1,433,093
Unrestricted	7,579,183	238,839	(1,007,121)	6,810,901
Total net position	<u>\$ 31,124,582</u>	<u>25,218,719</u>	<u>185,936</u>	<u>56,529,237</u>

City of Poplar Bluff, Missouri
Combining Statement of Revenues, Expenses, and Changes in Net Position
Municipal Utilities
Year Ended December 31, 2017

	<u>Electric Department</u>	<u>Water/Sewer Department</u>	<u>Cable Department</u>	<u>Total</u>
Operating revenues:				
Utility services sales	\$ 32,783,386	5,275,560		38,058,946
Other miscellaneous	5,369,838	111,787		5,481,625
Gain/(loss) on disposal of assets	<u>(218,757)</u>			<u>(218,757)</u>
Total operating revenues	<u>37,934,467</u>	<u>5,387,347</u>		<u>43,321,814</u>
Operating expenses:				
Personnel services	1,129,200	1,068,172		2,197,372
Office supplies	86,249	2,093		88,342
Shared office expense	(226,683)	226,683		
Repairs and maintenance	85,293	5,210		90,503
Electric transmission	28,674,496			28,674,496
Electric distribution	3,564,125			3,564,125
Water supply, purification and pumping		970,275		970,275
Water distribution		683,333		683,333
Sewer accumulation		1,181,384		1,181,384
Telephone	14,802	4,199		19,001
Books/publications and memberships	30,822			30,822
Professional fees	113,760	94,718	300	208,778
Advertising	7,096	980		8,076
Insurance	294,740	155,888		450,628
Uncollectible accounts	150,356	16,809		167,165
Free municipal services	510,313	28,828		539,141
Miscellaneous	105,577	42,480		148,057
Depreciation	<u>2,080,984</u>	<u>1,176,358</u>		<u>3,257,342</u>
Total operating expenses	<u>36,621,130</u>	<u>5,657,410</u>	<u>300</u>	<u>42,278,840</u>
Income (loss) from operations	<u>1,313,337</u>	<u>(270,063)</u>	<u>(300)</u>	<u>1,042,974</u>
Nonoperating revenues (expenses):				
Interest income	75,176	23,602	8,803	107,581
Interest expense	(455,351)	(118,424)		(573,775)
Amortization				
Total nonoperating revenues (expenses)	<u>(380,175)</u>	<u>(94,822)</u>	<u>8,803</u>	<u>(466,194)</u>
Gain (loss) before contributions and transfers	933,162	(364,885)	8,503	576,780
Contributions and Transfers				
Transfers in				
Transfers out				
Contributions in aid of construction	<u>22,010</u>	<u>93,905</u>		<u>115,915</u>
Change in net position	955,172	(270,980)	8,503	692,695
Net position, December 31, 2016	<u>30,169,410</u>	<u>25,489,699</u>	<u>177,433</u>	<u>55,836,542</u>
Net position, December 31, 2017	<u>\$ 31,124,582</u>	<u>25,218,719</u>	<u>185,936</u>	<u>56,529,237</u>

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2017

ECONOMIC INFORMATION CONCERNING THE CITY-Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City over a six-year period. These numbers reflect permits issued either for new construction or for major renovation.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential						
No. of permits	153	139	134	118	118	127
Estimated cost	\$1,702,683	\$1,399,312	\$1,149,526	\$1,160,473	\$883,294	\$1,323,807
Commercial						
No. of permits	62	75	76	69	69	90
Estimated cost	\$117,989,406	\$5,929,427	\$16,690,769	\$36,292,972	\$21,983,833	\$35,850,077

FINANCIAL INFORMATION CONCERNING THE CITY-Retail Sales Taxes

A one percent sales tax approved by the voters of the City on December 15, 1970, is levied on receipts from the sale at retail of all tangible property or taxable services, if such property and services are subject to the sales tax imposed by the State of Missouri. Upon termination of the Federal Revenue Sharing funds in 1986, a new source of revenue for capital improvement projects and needs became increasingly urgent leading ultimately to the election and citizen approval of the one-half cent Capital Improvement Sales Tax on April 4, 1989, to be collected for a period of ten years. Voter approval on August 8, 1995, eliminated the sunset provision of the one-half cent Capital Improvement Sales Tax, thus providing continuing support for capital improvement needs of the City. The voters of the City approved a one-half cent sales tax for Economic Development in April 2005. A one-quarter cent Park Department Sales Tax was approved by voters of the City in November 1999.

The following table shows the retail sales tax collections for the city for the last five fiscal years:

<u>Year</u>	<u>General</u>	<u>Library</u>	<u>Capital Improvement</u>	<u>Economic Development</u>	<u>Park Dept.</u>	<u>Totals</u>
2013	\$ 4,457,900		2,148,171	2,147,882	1,073,911	9,827,864
2014	4,840,679		2,329,372	2,328,054	1,164,669	10,662,774
2015	5,001,473		2,420,901	2,420,774	1,210,419	11,053,567
2016	5,035,716		2,445,448	2,445,371	1,222,700	11,149,235
2017	5,063,510		2,462,599	2,462,409	1,231,262	11,219,780

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2017

Major Sales Tax Payers

The ten largest sales tax payers for the year ended December 31, 2017, are as follows:

<u>Company</u>	<u>Business</u>	<u>Percentage of Sales Tax</u>
1. Walmart	Retail & Grocery	21.33%
2. Menard Inc.	Retail	6.42
3. Kroger	Grocery	5.19
4. Walmart Neighborhood Market	Grocery	4.82
5. The Home Depot	Retail	4.35
6. Aldi	Grocery	2.36
7. Gamblin Lumber Co.	Lumber	2.20
8. Harps Food Stores	Grocery	1.96
9. K-Mart	Retail	1.73
10. Hefner Furniture	Retail	1.62

Property valuations- Current Assessed Valuation

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment of January 1, 2017 (the last completed assessment):

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$ 80,054,090	19%	\$ 421,337,316
Commercial	112,375,570	32	351,173,656
Agriculture	127,900	12	1,065,833
Sub-total	<u>192,557,560</u>		<u>773,576,805</u>
Personal Property	<u>54,252,070</u>	33 1/3%	<u>162,756,210</u>
Total	<u>\$ 246,809,630</u>		<u>\$ 936,333,015</u>

City of Poplar Bluff, Missouri
 Operating Data Required by Bond (Unaudited)
 For the Year Ended December 31, 2017

Tax Rates

Tax Collection Record:

The following table sets forth tax collection information for the City for the last five fiscal years.

Year Ended	Total Levy	Taxes Levied	Current and Delinquent Taxes Collected	
			Amounts	%
2017	\$0.61	\$1,498,555	\$1,622,034	108%
2016	0.61	1,504,978	1,550,691	103%
2015	0.61	1,429,445	1,756,964	123%
2014	0.63	1,420,595	1,412,929	99%
2013	0.63	1,403,415	1,416,685	101%

Major Property Taxpayers

The following table sets forth the ten largest real property taxpayers in the City based upon local assessed valuation as of January 1, 2017.

<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>Description of Business</u>	<u>% of Total Local Assessed Valuation</u>
1. MPT of Poplar Bluff	\$ 4,166,840	Health Care	2.16%
2. P.B. Regional Medical Center	3,807,900	Health Care	1.98%
3. Southern Bank	3,556,760	Banking	1.85%
4. Nortek Global Hvac LLC	3,214,710	Contractor	1.67%
5. Menard Inc.	3,147,990	Retail	1.63%
6. Walmart	2,527,040	Retail	1.31%
7. The Home Depot	2,015,730	Retail	1.05%
8. Eight Points Shopping Center	1,953,140	Retail	1.01%
9. Eight Points Shopping Center	1,773,340	Retail	0.92%
10. P.B. Hotel Management	<u>1,573,840</u>	Hotel	<u>0.82%</u>
Total	<u>\$ 27,737,290</u>		<u>14.40%</u>



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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*

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri 63901

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Poplar Bluff, Missouri, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise City of Poplar Bluff, Missouri's, basic financial statements, and have issued our report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Poplar Bluff, 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 of Poplar Bluff, Missouri's, internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Poplar Bluff, Missouri'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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Poplar Bluff, Missouri's, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standard* and are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements 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.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

June 27, 2018



KRAFT, MILES & TATUM, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The City Council
City of Poplar Bluff
Poplar Bluff, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Poplar Bluff, Missouri's, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Poplar Bluff, Missouri's major federal programs for the year ended December 31, 2017. The City of Poplar Bluff, Missouri's, major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Poplar Bluff, Missouri's, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Poplar Bluff, Missouri's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Poplar Bluff, Missouri's, compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Poplar Bluff, Missouri, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the City of Poplar Bluff, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Poplar Bluff, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Poplar Bluff, Missouri's, internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kraft, Miles & Tatum, LLC

Certified Public Accountants

June 27, 2018

City of Poplar Bluff, Missouri
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2017

Federal Grantor Pass-Through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Agency or Pass-Through <u>Number</u>	Federal Disbursements/ <u>Expenditures</u>	Amount Provided to <u>Subrecipients</u>
U.S. Department of Justice				
Pass through: Missouri Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAG-021	\$ 132,182	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-019	<u>146,088</u>	\$ 278,270
Pass through: St. Charles County Police Department				
Missing Children's Assistance Program	16.543	2014-MC-FX-K043		6,490
Direct Program				
Equitable Sharing Program	16.922	MO0120200	<u>3,843</u>	
Total U.S. Department of Justice			<u>288,603</u>	<u>278,270</u>
U.S. Department of Homeland Security				
Pass through: Missouri State Emergency Management Agency				
Disaster Grants - Public Assistance	97.036	FEMA-4317-DR-MO	<u>82,647</u>	
Total U.S. Department of Homeland Security			<u>82,647</u>	
U.S. Department of Health and Human Services				
Pass through: Southeast Missouri Behavioral Health				
Substance Abuse & Mental Health Services Projects	93.243	SDA420P1208	<u>2,646</u>	
Total U.S. Department of Health and Human Services			<u>2,646</u>	
U.S. Department of Housing and Urban Development (HUD)				
Pass through: Missouri Dept. of Economic Development				
Community Development Block Grants	14.228	2012-DT-13	56,432	
Community Development Block Grants	14.228	2013-DS-07	<u>493,853</u>	<u>550,285</u>
Total U.S. Department of Housing and Urban Development (HUD)			<u>550,285</u>	

The accompanying notes are an integral part of this schedule

City of Poplar Bluff, Missouri
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2017

Federal Grantor Pass-Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Disbursements/ Expenditures</u>	<u>Amount Provided to Subrecipients</u>
U.S. Department of Transportation				
Pass through: Missouri Department of Transportation				
Airport Improvement Program	20.106	15-075A-1		3,919
Highway Planning and Construction Cluster				
Highway Planning and Construction (Federal-Aid Hwy Program)	20.205	TAP-5100(010)	290,280	
Highway Planning and Construction (Federal-Aid Hwy Program)	20.205	TAP-5100(011)	<u>23,222</u>	<u>313,502</u>
Total Highway Planning and Construction Cluster				<u>313,502</u>
Pass through: University of Central Missouri				
Highway Safety Cluster				
State and Community Highway Safety	20.600	17-OP-05-012		639
National Priority Safety Programs	20.616	17-M5HVE-03-022		<u>1,640</u>
Total Highway Safety Cluster				<u>2,279</u>
Total U.S. Department of Transportation				<u>319,700</u>
Environmental Protection Agency				
Pass through: Missouri Dept of Natural Resources				
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW-291204-03		<u>282,860</u>
Total Drinking Water State Revolving Fund Cluster				<u>282,860</u>
Total Environmental Protection Agency				<u>282,860</u>
Other				
Direct Program				
High Intensity Drug Trafficking Areas Program	95.001	D-17-SL-0031	13,012	
High Intensity Drug Trafficking Areas Program	95.001	D-18-SL-0099	<u>3,793</u>	<u>16,805</u>
Total Other				<u>16,805</u>
Total Federal Financial Assistance			<u>\$ 1,543,546</u>	<u>\$ 278,270</u>

The accompanying notes are an integral part of this schedule

City of Poplar Bluff, MissouriNotes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 20171. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Poplar Bluff, Missouri, under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Poplar Bluff, Missouri, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Poplar Bluff, Missouri.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Pass-through entity identifying numbers are presented where available.

3. INDIRECT COST RATE

The City did not elect to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

City of Poplar Bluff, Missouri
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2017

Part I - Summary of Auditors' Results

An qualified opinion was issued on the financial statements of the City of Poplar Bluff, Missouri, for the year ended December 31, 2017.

No material weaknesses in internal control over financial reporting of the City of Poplar Bluff, Missouri, were disclosed.

The audit disclosed two instances of noncompliance which are material to the financial statements of the City of Poplar Bluff, Missouri. (See Part II, 2017-001 and 2017-002).

No material weaknesses in internal control over major programs of the City of Poplar Bluff, Missouri, were disclosed.

An unmodified opinion was issued on compliance for major programs.

The audit did not disclose any audit findings which are required to be reported in accordance with 2 CFR 200.516(a).

The major program and CFDA number tested during the year ended December 31, 2017 was:

Highway Planning and Construction (Federal-Aid Highway Program)	20.205
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The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The City of Poplar Bluff, Missouri, was determined to be a low-risk auditee.

Part II - Findings Related to the Financial Statements

2017-001 Noncompliance - Annual Budget Preparation

Criteria: According to RSMo 67.010, each political subdivision of the state shall prepare an annual budget. The annual budget should contain a budget message describing important features of the budget and major changes from the preceding year; estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two next preceding, itemized by year, fund, and source; proposed expenditures for each department, office, commission, and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity, and object; the amount required for the payment of interest, amortization, and redemption charges on the debt of the political subdivision; and a general budget summary.

City of Poplar Bluff, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Condition: The City did not prepare an annual budget for a major special revenue fund for the year ended December 31, 2017.

Context: The revenues and expenditures of this special revenue fund for the year ended December 31, 2017 were \$13,707,956 and \$8,382,047 respectively.

Cause: Management failed to properly review their fund activity in order to prepare an annual budget for the major special revenue fund.

Effect: The budget serves as a planning tool, outlining the priorities of the City's annual revenues and expenditures. Without a prepared budget, there is no assurance that the City's resources for this fund are being utilized as planned.

Recommendation: The City should prepare and adopt an annual budget for each fund in accordance with the requirements of the state statute.

Views of Responsible Officials: The City is reviewing its budgeting procedures and will develop a system to monitor ongoing compliance with state statutes.

2017-002 Noncompliance - City Code of Ordinance

Criteria: According to Section 135.150, Capital Improvement Tax, of the City's Government Code, the tax authorized under the provision of this Section shall be deposited in a special trust fund and shall be used solely for capital improvements so long as the tax shall remain in effect.

Condition: The City's capital improvement tax revenues are being deposited into a pooled accounts payable account, which is shared by all other funds.

Context: As of December 31, 2017, the Capital Improvement Fund is reporting a \$1,495,679 receivable from another fund.

Cause: Management failed to properly segregate capital improvement tax revenue from general operating revenues, and appears to be using this money for other purposes.

Effect: The City's Government Code serves as a governing tool to ensure proper collection and use of tax revenues.

Recommendation: The City should deposit all capital improvement tax revenues into a separate bank account according to City Ordinances.

City of Poplar Bluff, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Views of Responsible Officials: The City is currently reviewing its process for collecting and depositing tax revenue according to City Ordinance.

Part III - Findings Related to Federal Awards

There were no findings for federal awards for the year ended December 31, 2017.

City of Poplar Bluff, Missouri
Schedule of Resolution of Prior Year Audit Findings
For the Year Ended December 31, 2017

No unresolved findings or questioned costs remain from the previous year.