

The City of Festus, Missouri

**Financial Statements, Independent Auditor's Reports
and Supplementary Information**

For the year ended September 30, 2019



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For the year ended September 30, 2019

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Independent Auditor's Report

Honorable Mayor and City Council
City of Festus, Missouri

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 Festus, Missouri, as of and for the year ended September 30, 2019, and the related notes to the financial statements which collectively comprise the City of Festus, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the major funds and aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities, business-type activities, and proprietary fund financial statements.

Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and Proprietary Fund Financial Statements

As more fully described in Note 8, the City has not determined the cost of all asset retirement obligations which is required in accordance with accounting principles generally accepted in the United States of America (GASB 83), to be recorded in the business-type activities and in the proprietary fund financial statements. The effects of that departure on the financial statements are not reasonable determinable.

Also, as more fully described in Note 14, the City has not determined the cost of other post-employment benefit (OPEB) expense and obligation which is required in accordance with accounting principles generally accepted in the United States of America (GASB 75), to be recorded in the governmental activities, business-type activities, and in the proprietary fund financial statements. The effects of that departure on the financial statements are not reasonable determinable.

Qualified Opinion on the Governmental Activities, Business-Type Activities, and Proprietary Fund Financial Statements

In our opinion, except for the effects, if any, of the matters described in the “Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and Proprietary Fund Financial Statements” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and proprietary fund financial statements of the City of Festus, Missouri, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds and the aggregate remaining fund information for the City of Festus, Missouri, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis which has been omitted, budgetary comparison information on pages 39-42, and pension related schedules on pages 44-45 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. Although the management’s discussion and analysis has been omitted, our opinion on the basic financial statements is not affected by this missing information. 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 Festus, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison information, and capital project fund budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020 on our consideration of the City of Festus, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Festus, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
March 20, 2020

The City of Festus, Missouri
Statement of Net Position
September 30, 2019

	Primary Government		Total
	Governmental Activities	Business Type Activities	
Assets			
Cash and cash equivalents	\$ 9,053,136	\$ 5,175,216	\$ 14,228,352
Investments	6,285,913	1,807,479	8,093,392
Restricted cash and cash equivalents	79,560	1,156,478	1,236,038
Restricted investments	-	1,019,129	1,019,129
Receivables, net			
Taxes	4,658,860	-	4,658,860
Special assessments	150,473	53,674	204,147
Service charges	71,345	584,601	655,946
Interest	28,306	19,753	48,059
Grants	15,779	-	15,779
Court	391,437	-	391,437
Other	132,426	28,366	160,792
Prepaid items	228,299	41,555	269,854
Inventory	-	91,792	91,792
Investment in joint venture	-	2,845,120	2,845,120
Capital assets:			
Land and construction in progress	1,656,346	1,167,977	2,824,323
Other capital assets, net	15,153,570	8,802,240	23,955,810
Total Assets	<u>37,905,450</u>	<u>22,793,380</u>	<u>60,698,830</u>
Deferred Outflows of Resources			
Deferred outflows - asset retirement obligation	-	19,512	19,512
Deferred outflows - pension related	612,846	113,999	726,845
Total	<u>612,846</u>	<u>133,511</u>	<u>746,357</u>
Liabilities			
Accounts payable	417,906	503,647	921,553
Accrued payroll	321,568	55,599	377,167
Accrued payroll liabilities-other	50,100	10,331	60,431
Accrued interest	5,914	20,208	26,122
Deposits payable	-	365,675	365,675
Funds held for others	36,637	-	36,637
Unearned revenue	1,961,963	-	1,961,963
Other liabilities	253,907	14,944	268,851
Noncurrent liabilities:			
Due Within One Year	131,924	1,124,235	1,256,159
Due in More Than One Year	3,247,641	2,037,943	5,285,584
Total Liabilities	<u>6,427,560</u>	<u>4,132,582</u>	<u>10,560,142</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	826,242	156,444	982,686
Net Position			
Net investment in capital assets	15,798,310	7,385,545	23,183,855
Restricted:			
Debt service	44,573	1,022,788	1,067,361
Enabling legislation	10,085,254	-	10,085,254
Unrestricted	5,336,357	10,229,532	15,565,889
Total Net Position	<u>\$ 31,264,494</u>	<u>\$ 18,637,865</u>	<u>\$ 49,902,359</u>

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Activities
For the year ended September 30, 2019

Functions/Programs	Expenses	Program Cash Receipts			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Administration	\$ 865,158	\$ -	\$ 5,850	\$ -	\$ (859,308)	\$ -	\$ (859,308)
Court	133,978	257,590	-	-	123,612	-	123,612
Building department	338,648	111,817	-	-	(226,831)	-	(226,831)
Police	2,678,319	156,781	21,776	-	(2,499,762)	-	(2,499,762)
Dispatch	474,898	-	-	-	(474,898)	-	(474,898)
Fire	670,911	12,850	-	-	(658,061)	-	(658,061)
Emergency management	15,698	-	-	-	(15,698)	-	(15,698)
Street	2,521,665	69,268	-	330,831	(2,121,566)	-	(2,121,566)
Health	171,245	20,076	40	-	(151,129)	-	(151,129)
Library	422,911	74,154	17,252	-	(331,505)	-	(331,505)
Parks	696,068	75,647	3,654	-	(616,767)	-	(616,767)
Non-departmental	1,796,518	859,228	15,553	250,075	(671,662)	-	(671,662)
Interest and fiscal charges	34,798	-	-	-	(34,798)	-	(34,798)
Total Government Activities	10,820,815	1,637,411	64,125	580,906	(8,538,373)	-	(8,538,373)
Business-type Activities:							
Water and Sewer	4,525,762	4,983,030	-	241,436	-	698,704	698,704
Total Business-type Activities	4,525,762	4,983,030	-	241,436	-	698,704	698,704
Total Primary Government	\$ 15,346,577	\$ 6,620,441	\$ 64,125	\$ 822,342	(8,538,373)	698,704	(7,839,669)
General Revenues							
Taxes:							
					6,310,190	-	6,310,190
					1,237,390	-	1,237,390
					1,657,438	-	1,657,438
					211,066	-	211,066
					396,904	238,153	635,057
					98,862	-	98,862
					177,982	-	177,982
					(549,279)	549,279	-
					9,540,553	787,432	10,327,985
Change in Net Position							
					\$ 1,002,180	\$ 1,486,136	\$ 2,488,316
Net Position, October 1 (restated)							
					30,262,314	17,151,729	47,414,043
Net Position, September 30							
					\$ 31,264,494	\$ 18,637,865	\$ 49,902,359

See Notes to the Financial Statements

**The City of Festus, Missouri
Balance Sheet - Governmental Funds
September 30, 2019**

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 1,602,809	\$ 1,119,238	\$ -	\$ 2,644,133	\$ 975,313	\$ 2,711,643	\$ 9,053,136
Investments	2,057,479	2,268,352	-	517,986	1,192,096	250,000	6,285,913
Restricted cash and cash equivalents	34,987	-	-	-	-	44,557	79,544
Restricted investments	-	-	-	-	-	-	-
Receivables, net							
Taxes	714,701	257,787	2,081,744	128,893	-	282,520	3,465,645
Special assessments	-	-	-	-	-	150,473	150,473
Service charges	71,345	-	-	-	-	-	71,345
Interest	9,214	9,579	-	4,201	4,862	450	28,306
Grants	7,249	7,110	-	-	-	1,420	15,779
Court	391,437	-	-	-	-	-	391,437
Other	85,126	12,618	-	-	-	34,682	132,426
Prepaid items	167,872	31,350	-	-	-	29,077	228,299
Due from other funds	443,867	-	-	-	-	-	443,867
Total Assets	<u>5,586,086</u>	<u>3,706,034</u>	<u>2,081,744</u>	<u>3,295,213</u>	<u>2,172,271</u>	<u>3,504,822</u>	<u>20,346,170</u>
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 5,586,086</u>	<u>\$ 3,706,034</u>	<u>\$ 2,081,744</u>	<u>\$ 3,295,213</u>	<u>\$ 2,172,271</u>	<u>\$ 3,504,822</u>	<u>\$ 20,346,170</u>
Liabilities							
Accounts payable	\$ 139,803	\$ 65,383	\$ 1,608	\$ -	\$ -	\$ 203,971	\$ 410,765
Accrued payroll	143,547	20,266	-	-	-	23,062	186,875
Accrued payroll liabilities - other	37,897	5,614	-	-	-	6,589	50,100
Due to other funds	-	-	439,009	-	-	4,858	443,867
Funds held for others	36,637	-	-	-	-	-	36,637
Unearned revenue	9,006	-	1,402,875	-	-	8,173	1,420,054
Other liabilities	161,044	45,724	-	22,862	-	24,277	253,907
Total Liabilities	<u>527,934</u>	<u>136,987</u>	<u>1,843,492</u>	<u>22,862</u>	<u>-</u>	<u>270,930</u>	<u>2,802,205</u>
Deferred Inflows of Resources							
Unavailable resources - property taxes	16,251	-	-	-	-	13,551	29,802
Unavailable resources - sales taxes	57,125	28,562	-	14,281	-	21,422	121,390
Unavailable resources - special assessments	-	-	-	-	-	150,472	150,472
Unavailable resources - court bonds	391,437	-	-	-	-	-	391,437
Total Deferred Inflows of Resources	<u>464,813</u>	<u>28,562</u>	<u>-</u>	<u>14,281</u>	<u>-</u>	<u>185,445</u>	<u>693,101</u>
Fund Balance							
Nonspendable:							
Prepaid items	167,872	31,350	-	-	-	29,077	228,299
Restricted:							
Special revenue funds	-	3,509,135	238,252	3,258,070	-	3,019,370	10,024,827
Committed:							
Contingency	2,291,469	-	-	-	-	-	2,291,469
Capital project fund	-	-	-	-	2,172,271	-	2,172,271
Unassigned:							
General fund	2,133,998	-	-	-	-	-	2,133,998
Total Fund Balances	<u>4,593,339</u>	<u>3,540,485</u>	<u>238,252</u>	<u>3,258,070</u>	<u>2,172,271</u>	<u>3,048,447</u>	<u>16,850,864</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,586,086</u>	<u>\$ 3,706,034</u>	<u>\$ 2,081,744</u>	<u>\$ 3,295,213</u>	<u>\$ 2,172,271</u>	<u>\$ 3,504,822</u>	<u>\$ 20,346,170</u>

See Notes to the Financial Statements

The City of Festus, Missouri
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
For the year ended September 30, 2019

Total Fund Balances - Governmental Funds	\$ 16,850,864
Amounts reported for governmental activities in the statement of net assets are different because:	
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	1,193,231
Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds:	
Deferred outflows - pension related	612,846
Deferred inflows - pension related	(826,242)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	16,809,916
Receivables not collected in the current period are not available to pay current expenditures, and, therefore, are not reported in the funds	144,051
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued compensated balances	(134,693)
Accrued net pension liability	(1,174,743)
Accrued interest payable	(5,914)
Bonds and notes payable outstanding	(2,204,822)
Net Position of Governmental Activities	\$ 31,264,494

See Notes to the Financial Statements

The City of Festus, Missouri
Combined Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2019

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 676,946	\$ -	\$ -	\$ -	\$ -	\$ 561,518	\$ 1,238,464
Taxes - other	4,036,977	1,432,017	678,869	676,669	-	1,028,847	7,853,379
Intergovernmental	-	-	-	-	-	3,152	3,152
Special assessments	-	-	-	-	-	69,268	69,268
Grant revenue	25,794	330,831	-	-	-	34,306	390,931
Licenses and permits	322,883	-	-	-	-	2,367	325,250
Fines and penalties	261,467	-	-	-	-	47,416	308,883
Investment income	97,204	77,270	4,794	80,860	53,263	83,513	396,904
Lease payments	71,567	-	-	-	-	-	71,567
Other	190,644	7	-	-	-	153,099	343,750
Service charges	859,407	-	-	-	-	-	859,407
Total Revenues	6,542,889	1,840,125	683,663	757,529	53,263	1,983,486	11,860,955
Expenditures							
Current:							
Administration	794,732	-	-	-	-	-	794,732
Court	132,874	-	-	-	-	-	132,874
Building department	327,478	-	-	-	-	-	327,478
Police	2,486,942	-	-	-	-	19,013	2,505,955
Dispatch	437,681	-	-	-	-	-	437,681
Fire - administration	201,016	-	-	-	-	-	201,016
Fire - public safety	334,600	-	-	-	-	-	334,600
Emergency management	9,892	-	-	-	-	-	9,892
Street	-	1,039,723	-	-	-	-	1,039,723
Health	-	-	-	-	-	159,920	159,920
Library	-	-	-	-	-	309,185	309,185
Parks	-	-	-	-	-	536,661	536,661
Non-departmental	1,039,582	-	-	-	-	248,653	1,288,235
Capital outlay	677,798	873,959	678,869	-	-	942,720	3,173,346
Debt service:							
Principal	85,000	-	-	-	-	43,313	128,313
Interest and fiscal charges	25,765	-	-	-	-	9,583	35,348
Total Expenditures	6,553,360	1,913,682	678,869	-	-	2,269,048	11,414,959
Excess (Deficiency) of Revenues over Expenditures	(10,471)	(73,557)	4,794	757,529	53,263	(285,562)	445,996
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	132,225	-	-	-	-	-	132,225
Contributed capital	16,275	217,000	-	-	-	16,800	250,075
Insurance claims and refunds	33,193	10,342	-	-	-	5,672	49,207
Transfers in	62,700	-	-	-	-	726,509	789,209
Transfers out	(7,259)	(3,918)	-	(549,279)	(62,700)	(715,332)	(1,338,488)
Total Other Financing Sources	237,134	223,424	-	(549,279)	(62,700)	33,649	(117,772)
Net Change in Fund Balance	\$ 226,663	\$ 149,867	\$ 4,794	\$ 208,250	\$ (9,437)	\$ (251,913)	\$ 328,224
Fund Balance (Deficit), October 1 (restated)	4,366,676	3,390,618	233,458	3,049,820	2,181,708	3,300,360	16,522,640
Fund Balance (Deficit), September 30	\$ 4,593,339	\$ 3,540,485	\$ 238,252	\$ 3,258,070	\$ 2,172,271	\$ 3,048,447	\$ 16,850,864

See Notes to the Financial Statements

The City of Festus, Missouri
Reconciliation of the Combined Statement of Revenue, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended September 30, 2019

Net Change in Fund Balances - Governmental Funds \$ 328,224

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold exceeded the depreciation in the current period.

Capital outlays	2,420,536	
Depreciation expense	<u>(1,949,815)</u>	470,721

Gain/(Loss) on capital assets sold (50,991)

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

Deferred property tax revenue		(1,074)
Deferred sales tax revenue		114,249

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

Repayments:		
Neighborhood Improvement District Bonds	43,313	
Certificates of Participation	<u>85,000</u>	128,313

Payment of interest on Long-Term Debt		550
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Pension obligations		22,973
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences		<u>(10,785)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 1,002,180</u></u>
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The City of Festus, Missouri
Statement of Net Position
Proprietary Funds
September 30, 2019

	Water & Sewer
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,175,216
Investments	1,807,479
Restricted cash and cash equivalents	1,156,478
Restricted investments	1,019,129
Receivables, net	
Special assessments	53,674
Service charges	584,601
Interest	19,753
Grants	-
Other	28,366
Prepaid items	41,555
Inventory	91,792
Total Current Assets	9,978,043
Noncurrent Assets	
Investments in joint venture	2,845,120
Non-depreciable capital assets:	
Land and construction in progress	1,167,977
Depreciable capital assets:	
Other capital assets, net	8,802,240
Total Noncurrent Assets	12,815,337
Total Assets	22,793,380
Deferred Outflows of Resources	
Deferred outflows - asset retirement obligation	19,512
Deferred outflows - pension related	113,999
Total Deferred Outflows of Resources	133,511
Total Assets and Deferred Outflows of Resources	\$ 22,926,891
Liabilities	
Current Liabilities	
Accounts payable	\$ 503,647
Accrued payroll	55,599
Accrued payroll liabilities - other	10,331
Accrued interest	20,208
Revenue bonds and NID bonds payable - current portion	483,076
Notes payable - current portion	241,159
Asset retirement obligation	400,000
Deposits payable	365,675
Due to other funds	-
Other liabilities	14,944
Total Current Liabilities	2,094,639
Long-Term Liabilities	
Revenue bonds and NID bonds payable, net of discounts and premiums	1,212,450
Notes payable	647,987
Net pension liability	177,506
Total Long-Term Liabilities	2,037,943
Total Liabilities	4,132,582
Deferred Inflows of Resources	
Deferred inflows - pension related	156,444
Net Position	
Net investment in capital assets	7,385,545
Restricted for:	
Debt reserve funds	1,022,788
Unrestricted	10,229,532
Total Net Position	18,637,865
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,926,891

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Funds
For the year ended September 30, 2019

	Water & Sewer
Operating Revenues	
Water and sewer collections and fees	\$ 4,975,504
Grant revenues	-
Other revenues	7,526
Total Operating Revenues	4,983,030
Operating Expenses	
Personnel expenses	970,092
Materials and supplies	262,400
Purchased water	1,846,900
Utilities and maintenance	238,234
Depreciation and amortization	574,881
Treatment plant	420,964
Other	59,940
Total Operating Expenses	4,373,411
Operating Income (Loss)	609,619
Non-operating Revenues (Expenses)	
Interest income	238,153
Gain (loss) on disposal of assets	(48,504)
Gain (loss) on joint venture	(2,346)
Interest expense	(101,501)
Total Non-operating Revenues (Expenses)	85,802
Income (Loss) Before Capital Contributions and Transfers	695,421
Capital contributions	241,436
Transfers in (out)	549,279
	790,715
Change in Net Position	\$ 1,486,136
Net Position, October 1 (restated)	17,151,729
Net Position, September 30	\$ 18,637,865

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2019

	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from customers	\$ 4,966,323
Payments to suppliers	(2,512,844)
Payments to employees	(960,772)
Other receipts (payments)	7,526
Net Cash Flows from Operating Activities	1,500,233
Cash Flows from Noncapital Financing Activities:	
Transfer in (out)	549,279
Net Cash from Noncapital Financing Activities	549,279
Cash Flows from Capital and Related Financing Activities:	
Payments of long-term debt	(802,939)
Interest on debt	(109,923)
Acquisition and construction of capital assets	(969,111)
Net Cash Used by Capital and Related Financing Activities	(1,881,973)
Cash Flows from Investing Activities:	
Proceeds from sale/(purchase) of investments	(630,535)
Investment in joint venture	(36,209)
Interest on investments	232,889
Net Cash from Investing Activities	(433,855)
Net Increase in Cash and Cash Equivalents	\$ (266,316)
Cash and Cash Equivalents, October 1	6,598,010
Cash and Cash Equivalents, September 30	\$ 6,331,694
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Profit (Loss)	\$ 609,619
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	574,881
Amortization expense	-
(Increase) decrease in:	
Accounts receivable	(26,153)
Prepaid items	(3,883)
Inventories	21,449
Deferred outflows	38,615
Increase (decrease) in:	
Accounts payable	295,488
Accrued payroll and other liabilities	13,858
Net pension liability	20,557
Asset retirement obligation	-
Deferred inflows - pension related	(44,198)
Net cash provided by (used in) operating activities	\$ 1,500,233
Noncash Capital and Related Financing and/or Investing Activities:	
Contributions of capital assets	\$ 241,436

See Notes to the Financial Statements

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies

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

The Financial Reporting Entity

The City defines its financial reporting entity in accordance with provisions established by the Governmental Accounting Standards Board (GASB). Such standards require inclusion of component units based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on the PCU or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City. The City's financial reporting entity consists of the City (the primary government); the City has determined that there are no other governmental units that should be included in the financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the 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.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

Property taxes, sales taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

City Transportation Tax Fund - The City Transportation Tax Fund is comprised of taxes collected to maintain roads and streets within the city.

County Transportation Tax Fund - The County Transportation Tax Fund is comprised of taxes collected to maintain roads and streets within the city.

Capital Improvement Fund - The Capital Improvement Fund is comprised of taxes collected to acquire and maintain capital assets and other improvements within the city.

Capital Reserve Fund - The Capital Reserve Fund is comprised of monies from the General Fund that have been set aside for future capital projects.

The City reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

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

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash, Cash Equivalents, and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The City evaluates fair value measurements as of the balance sheet date and subsequent to the balance sheet date to determine any material changes in fair market value of investments.

Allowance for Uncollectable Accounts

Allowance for uncollectable accounts is as follows:

	9/30/19
Governmental Activities - General Fund	\$ 40,870
Business-type Activities - Water and Sewer Enterprise Fund	39,076
	<u>\$ 79,946</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Due To/From Other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "advances to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered "available spendable resources" and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Inventory and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the Water and Sewer Enterprise Fund revenue bonds and the Neighborhood Improvement District bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as various assets with an initial cost of more than \$5,000-\$50,000 and an estimated useful life in excess of one year, depending on the class of assets being acquired. Such assets are recorded at historical cost or, estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, infrastructure assets constructed, purchased, or donated effective October 1, 2003 are reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Asset</u>	<u>Years</u>
Buildings and other improvements	15-30
Office equipment	3-10
Automotive equipment	4-6
Machinery and equipment	5-7
Infrastructure	10-50

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

Vacation

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire accumulated vacation leave is accrued when incurred in the government-wide financial statements. For governmental funds, the expenditure for vacation leave is recorded in the fund when the employees who have accumulated vacation leave are paid. Therefore, the current portion of the liability is not reported in the governmental funds. A schedule of the accrual for vacation leave follows:

	Total	Amounts Due Within One Year
Governmental Activities	\$ 98,115	\$ 98,115
Business-Type Activities	15,099	15,099
	\$ 113,214	\$ 113,214

Sick Leave

Sick leave is accumulated by eligible employees at a rate of 1 day for every two full months of service and is available for use after six months of being a regular full-time employee. Unused accumulated sick leave is not eligible to be paid to the employee when separation of employment occurs and consequently is accounted for in the period the sick leave is taken and no liability is recorded.

Compensatory Time

A non-exempt employee, except for police or firefighters, who works more than 40 hours during a work week can receive a comparable amount of compensatory time off during the same work week after approval by the department supervisor. If the supervisor determines that the comp time cannot be taken during the same work week, the supervisor shall grant the accrual of comp time at the rate of one and one-half times or grant pay at the rate of one and one-half times the employee's regular hourly rate. An employee may accrue up to a maximum of 100 hours of banked comp time. Employees will be allowed to use compensatory time within a reasonable period, unless the use of compensatory time would, in the opinion of the supervisor, unduly disrupt City operations. State laws pertaining to police personnel are applicable.

Unearned Revenue

Unearned revenue is composed of protested utility taxes, road sales taxes, insurance proceeds, and other items which are measureable but not available and, therefore, not recognized as revenue in the accompanying governmental fund financial statements.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. Long-term debt liabilities (including compensated absences and pension liabilities) are typically liquidated by the General Fund, NID Assessment Fund, Sales Tax Reimbursement Fund, and Water and Sewer Fund.

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

Fund Equity

The government-wide and proprietary financial statements are classified in the following categories:

Net investment in capital assets - represents capital assets, net of accumulated depreciation, less the outstanding balance of any notes, leases or other borrowings that are attributable to the acquisition, construction, or improvements of the assets. Net investment in capital assets excludes unspent bond and loan proceeds.

Restricted - represents net position that is legally restricted or identified for specific purposes by outside parties or by law through constitutional provisions or enabling legislation

Unrestricted - represents net position that is the residual net position available for future operations or distribution

The governmental fund equities, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, are classified in the following categories:

Nonspendable - represents fund balances that cannot be spent because they are either a) not in spendable form (i.e. inventory and prepaid items) or b) legally or contractually required to be maintained intact

Restricted - represents fund balances that can be used only for specific purposes due to a) constitutional provisions or enabling legislation or b) externally imposed constraints such as creditors, grantors, laws, or other governments

Committed - represents fund balances that can be used only for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. The City currently has a policy which requires commitment of General Fund balance equal to thirty-nine percent of General fund operating expenditures incurred.

Assigned - represents fund balances that are any amounts for which it is the City's intent that the funds be used for specific purposes but there are no legal or binding restrictions or commitments (i.e. assignments made by the City's management). The City did not have any assigned resources at September 30, 2019.

Unassigned - represents fund balances that are residual amounts for the government's General Fund and includes all spendable amounts not contained in the other classifications

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Property Taxes

The City's property tax calendar is as follows:

- Property is assessed by the County on January 1 each year.
- The tax levy ordinance is adopted and filed with the County Clerk on or before September 1.
- Property taxes are due to be collected on or before December 31.
- Property taxes attach as an enforceable lien on property as of January 1.

Grant Revenue

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

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

Pensions

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

Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

Transfers - Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

Use of Estimates

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

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 2 - Cash and Investments

Deposits and investments held by at the City at September 30, 2019 consisted of the following:

<u>Type</u>	<u>Maturities</u>	<u>Cost</u>
Unrestricted Deposits:		
Petty cash	n/a	\$ 3,547
Demand deposits	n/a	14,224,805
Total Unrestricted Deposits		<u>14,228,352</u>
Restricted Deposits:		
Demand deposits	n/a	1,187,806
Total Restricted Deposits		<u>1,187,806</u>
Total Unrestricted and Restricted Deposits		<u><u>\$ 15,416,158</u></u>
Unrestricted Investments:		
Certificate of deposit	11/22/19	\$ 2,071,944
U.S. Treasury bills	01/16/20	2,474,975
Certificate of deposit	02/10/20	549,129
Certificate of deposit	07/28/20	1,000,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Certificate of deposit	09/08/20	99,000
Government sponsored enterprise (GSE) bond	09/21/20	500,000
Certificate of deposit	11/08/20	258,242
Government sponsored enterprise (GSE) bond	12/11/20	249,102
Total Unrestricted Investments		<u>8,093,392</u>
Restricted Investments:		
Money market funds	n/a	48,232
Guaranteed investment contract	06/30/23	7,341
Guaranteed investment contract	06/30/23	206,646
Guaranteed investment contract	06/30/23	57,500
Guaranteed investment contract	06/30/23	6,392
Guaranteed investment contract	06/30/23	58,750
Guaranteed investment contract	06/30/23	682,500
Total Restricted Investments		<u>1,067,361</u>
Total Unrestricted and Restricted Investments		<u><u>\$ 9,160,753</u></u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 2 - Cash and Investments (continued)

Interest Rate Risk - The City's investment policy minimizes the risk that the market value of securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities. Investments in banker's acceptance and commercial paper shall mature and become payable not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase. The City's established investment policy has limited the City's investment portfolio to a weighted-average maturity that does not exceed three years.

Credit Risk - State law permits Cities to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies that mature or become payable in one year or less from the date of issue.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law requires depository financial institutions to pledge as collateral for public funds on deposit, governmental unit securities, which, when combined with Federal Deposit Insurance Corporation ("FDIC") insurance, are at least equal to the amount on deposit at all times. As of September 30, 2019, all of the deposits and investments of the City were fully insured or collateralized by securities held in the City's name. The City does not believe it is exposed to any substantial custodial credit risk on uncollateralized deposits or investments.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer. The following investments represent more than 5%, individually, of total investments:

Issuer	Investment Type	Reported Amount	Percent of Portfolio
Simmons Bank	Certificates of deposit	\$ 2,071,944	22.62%
Midwest Regional Bank	Certificates of deposit	1,990,000	21.72%
Enterprise Bank and Trust	Certificates of deposit	549,129	5.99%
Federal Farm Credit Bank	Gov. sponsored enterprise bond	500,000	5.46%
Natixis Funding Corporation	Guaranteed investment contracts	1,019,129	11.12%

Fair Value Measurements - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 48,232	\$ 48,232	\$ -	\$ -
U.S. Treasury bills	2,474,975	2,474,975	-	-
Government sponsored enterprise bonds	749,102	-	749,102	-
	<u>\$ 3,272,309</u>	<u>\$ 2,523,207</u>	<u>\$ 749,102</u>	<u>\$ -</u>

All other investments are reported using a cost-based measure in accordance with the requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance 9/30/18	Additions	Reductions	Balance 9/30/19
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 1,546,759	\$ 16,800	\$ (33,363)	\$ 1,530,196
Construction in process	222,677	655,212	(751,739)	126,150
Total Non-depreciable capital assets	<u>\$ 1,769,436</u>	<u>\$ 672,012</u>	<u>\$ (785,102)</u>	<u>\$ 1,656,346</u>
Depreciable capital assets:				
Buildings and other improvements	\$ 7,151,762	\$ 198,523	\$ -	\$ 7,350,285
Office equipment	442,694	165,454	(96,232)	511,916
Automotive equipment	2,949,050	185,996	(52,788)	3,082,258
Machinery and equipment	3,408,941	79,765	(55,359)	3,433,347
Infrastructure	16,592,539	1,059,116	(18,820)	17,632,835
Land improvements	2,474,185	818,075	(110,192)	3,182,068
Total Depreciable capital assets	<u>33,019,171</u>	<u>2,506,929</u>	<u>(333,391)</u>	<u>35,192,709</u>
Less: Accumulated depreciation				
Buildings and other improvements	3,588,058	202,868	-	3,790,926
Office equipment	345,035	54,157	(89,451)	309,741
Automotive equipment	1,951,180	185,279	(43,966)	2,092,493
Machinery and equipment	2,754,379	143,498	(55,358)	2,842,519
Infrastructure	8,642,070	1,249,784	(10,130)	9,881,724
Land improvements	1,117,699	114,229	(110,192)	1,121,736
Total Accumulated depreciation	<u>18,398,421</u>	<u>1,949,815</u>	<u>(309,097)</u>	<u>20,039,139</u>
Depreciable capital assets, net	<u>\$ 14,620,750</u>	<u>\$ 557,114</u>	<u>\$ (24,294)</u>	<u>\$ 15,153,570</u>
<u>Business-type Activities</u>				
Non-depreciable capital assets:				
Land	\$ 194,059	\$ -	\$ -	\$ 194,059
Construction in process	243,306	730,612	-	973,918
Total Non-depreciable capital assets	<u>\$ 437,365</u>	<u>\$ 730,612</u>	<u>\$ -</u>	<u>\$ 1,167,977</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 3 - Capital Assets (continued)

Business-type Activities (continued)

Depreciable capital assets:				
Systems and improvements	\$ 12,055,951	\$ 430,714	\$ (63,978)	\$ 12,422,687
Buildings and other improvements	233,043	-	-	233,043
Automotive equipment	234,700	37,094	-	271,794
Machinery and equipment	2,578,220	12,127	-	2,590,347
Furniture and fixtures	5,944	-	-	5,944
Computer equipment	39,702	-	-	39,702
Total Depreciable capital assets	<u>15,147,560</u>	<u>479,935</u>	<u>(63,978)</u>	<u>15,563,517</u>
Less: Accumulated depreciation				
Systems and improvements	4,316,925	282,925	(15,476)	4,584,374
Buildings and other improvements	149,252	6,107	-	155,359
Automotive equipment	165,565	13,493	-	179,058
Machinery and equipment	1,701,318	99,143	-	1,800,461
Furniture and fixtures	5,944	-	-	5,944
Computer equipment	33,511	2,570	-	36,081
Total Accumulated depreciation	<u>6,372,515</u>	<u>404,238</u>	<u>(15,476)</u>	<u>6,761,277</u>
Depreciable capital assets, net	<u>\$ 8,775,045</u>	<u>\$ 75,697</u>	<u>\$ (48,502)</u>	<u>\$ 8,802,240</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2019 as follows:

	<u>Amount</u>
Governmental Activities:	
Administration	\$ 26,053
Court	710
Building department	4,634
Police	129,224
Dispatch	38,163
Fire	74,104
Street	1,382,343
Emergency Management	5,806
Non-Departmental	74,941
Health	5,107
Library	91,147
Parks	117,583
Total Depreciation Expense - Governmental Activities	<u>\$ 1,949,815</u>
Business-type Activities:	
Water and Sewer	\$ 404,238
Total Depreciation Expense - Business-type Activities	<u>\$ 404,238</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 4 - Long-Term Debt

Long-term liability activity for the year ended September 30, 2019 was as follows:

	Balance 9/30/18	Additions	Reductions	Balance 9/30/19	Amounts Due Within One Year
Governmental Activities:					
NID Bonds	\$ 194,920	\$ -	\$ (43,313)	\$ 151,607	\$ 46,924
Certificates of Participation	945,000	-	(85,000)	860,000	85,000
Net pension liability (Note 5)	1,070,667	104,076	-	1,174,743	-
Notes payable	1,284,303	-	(91,088)	1,193,215	-
Total Governmental Activities:	\$ 3,494,890	\$ 104,076	\$ (219,401)	\$ 3,379,565	\$ 131,924
Business-type Activities:					
Revenue Bonds	\$ 2,135,000	\$ -	\$ (540,000)	\$ 1,595,000	\$ 465,000
Add: Premium	54,817	-	(12,165)	42,652	-
Less: Discount	(10,219)	-	10,219	-	-
NID Bonds	75,088	-	(16,686)	58,402	18,076
Less: Discount	(747)	-	219	(528)	-
Net pension liability (Note 5)	156,949	20,557	-	177,506	-
Asset retirement oblig. (Note 8)	400,000	-	-	400,000	400,000
Note payable	1,135,399	-	(246,253)	889,146	241,159
Total Business-type Activities:	\$ 3,946,287	\$ 20,557	\$ (804,666)	\$ 3,162,178	\$ 1,124,235

Neighborhood Improvement District Bonds

The total amount of the Neighborhood Improvement District Bonds Series 2002 issued was \$875,000. This amount is split between the governmental activities and the business-type activities. The City has attached liens to the properties benefitting from improvements to allow property owners to pay their pro rata share of the improvement costs on installments. Installments are collected annually and remitted by the County. The property liens will be removed when the assessments are paid in full. Balances of the Neighborhood Improvement District Bonds are paid from the NID Assessment Fund.

Governmental Activities:

\$631,654 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3.00% to 5.55%. \$ 151,607

Business-type Activities:

\$243,346 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3.00% to 5.55%. 58,402

Total: \$ 210,009

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 4 - Long-Term Debt (continued)

Neighborhood Improvement District Bonds (continued)

Annual debt service requirements to maturity for the Neighborhood Improvement District Limited General Obligation Bonds are as follows:

For the years ending September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 46,924	\$ 7,111	\$ 54,035	\$ 18,076	\$ 2,740	\$ 20,816
2021	50,533	4,407	54,940	19,467	1,698	21,165
2022	54,150	1,502	55,652	20,859	579	21,438
	<u>\$ 151,607</u>	<u>\$ 13,020</u>	<u>\$ 164,627</u>	<u>\$ 58,402</u>	<u>\$ 5,017</u>	<u>\$ 63,419</u>

Certificates of Participation

The total amount of the Certificates of Participation Series 2012 issued was \$1,440,000. These Certificates were issued for the purpose of prepaying the Series 2008 Lease-Purchase Agreement. Original proceeds were used to pay the costs of acquiring, constructing, and installing the facilities and related improvements, fixtures, equipment, and furnishings for the Festus Public Library. This amount is located in the governmental activities. Balances of the Certificates of Participation are paid from the General Fund.

Governmental Activities:

\$1,440,000 Certificates of Participation, Series 2012, due in annual installments through January 1, 2028, interest payable at 3.0% to 4.0% \$ 860,000

Annual debt service requirements to maturity for the Certificates of Participation Series 2012 are as follows:

For the years ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 85,000	\$ 23,980	\$ 108,980
2021	90,000	21,965	111,965
2022	90,000	19,715	109,715
2023	90,000	17,285	107,285
2024	95,000	14,600	109,600
2025-2028	410,000	26,900	436,900
	<u>\$ 860,000</u>	<u>\$ 124,445</u>	<u>\$ 984,445</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 4 - Long-Term Debt (continued)

Tax Increment Financing Debt

Governmental Activities:

The City entered into agreement on June 25, 2003 with Home Depot for the redevelopment of the Gannon Plaza Area in the City limits to include a Home Depot store. Whereas, the City has agreed to reimburse Home Depot a portion of site preparation costs and City improvements for up to a maximum aggregate amount of \$1,800,000 plus interest until the company either receives the total amount of the final project costs or fifteen (15) years from the full execution of this agreement. A portion of the amount to be reimbursed will be comprised of sales tax reimbursement and a portion will be comprised of tax abatement. The City shall deposit 50% of the 1% sales tax generated within the redeveloped area, less the base taxable sales, into the special allocation fund to be released on an annual basis. Balances of the Tax Increment Financing Debt are paid from the Sales Tax Reimbursement Fund.

\$ 1,193,215

Revenue Bonds Payable

The City issued three series of bonds for the purpose of acquiring, constructing, reconstructing, extending, and improving the combined waterworks and sewerage system of the City. These amounts are located in the business-type activities. Balances of the Revenue Bonds are paid from the Water and Sewer Fund.

Business-type Activities:

\$3,960,000 Revenue Bonds, Series 2003, due in annual installments through July 2019, interest payable at 3.036%. These bonds were paid in full as of September 30, 2019.

\$ -

\$3,575,000 Revenue Bonds, Series 2002B, due in annual installments through July 2023, interest payable at 2.050% to 5.500%.

975,000

\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 2022, interest payable at 3.000% to 5.375%.

620,000

Total: \$ 1,595,000

The \$4,450,000 Series 2003 Revenue Bonds are in the name of the City. The Jefferson County Water Authority (the "Authority"), a joint venture, is using \$490,000 debt proceeds for construction costs and intends to pay the future debt service payments. Therefore, \$490,000 of the debt has been recorded on the books of the Authority.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 4 - Long-Term Debt (continued)

Notes Payable

In conjunction with SRF - 2001C and 2002B notes, a reserve account has been established with a non-interest loan funded with federal capitalization grants and matching funds from the State of Missouri.

When fully funded, this loan (reserve account) will be funded in an amount equal to 33.33% for the Series 2001C and 70% for the Series 2002B of the outstanding principal amount of such bonds. The reserve account is held in trust. As the principal amount of such bonds is repaid, the amount held in the reserve account will be reduced such that the reserve account will equal 33.33% and 70%, respectively, of the remaining principal balance of such bonds. Balances of the notes payable are paid from the Water and Sewer Fund.

Business-type Activities:

State Revolving Fund (SRF) - 2001C, no interest	\$	206,646
State Revolving Fund (SRF) - 2002B, no interest		682,500
Total:	\$	889,146

Annual debt service requirements to maturity for the Revenue Bonds Series 2003, Series 2002B, Series 2001C, and Notes Payable are as follows:

For the years ending September 30,	Revenue Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 465,000	\$ 79,750	\$ 544,750	\$ 241,159	-	\$ 241,159
2021	480,000	56,500	536,500	247,992	-	247,992
2022	395,000	32,500	427,500	221,495	-	221,495
2023	255,000	12,750	267,750	178,500	-	178,500
	\$ 1,595,000	\$ 181,500	\$ 1,776,500	\$ 889,146	\$ -	\$ 889,146

Note 5 - Employee Retirement Plans

General Information about the Defined Benefit Pension Plan

Plan description - The City of Festus's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City of Festus 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.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 5 - Employee Retirement Plans (continued)

General Information about the Defined Benefit Pension Plan (continued)

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

	2019 Valuation
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 June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	57
Active employees	93
	219

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 17.2% (General), 15.8% (Police) and 29.9% (Fire) of annual covered payroll.

Net Pension Liability - The employer's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

Actuarial Assumptions - The total pension liability in the February 28, 2019 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% - 7.15% including wage inflation
Investment Rate of Return	7.25%, net of investment and administrative expenses

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.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 5 - Employee Retirement Plans (continued)

General Information about the Defined Benefit Pension Plan (continued)

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period based 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, 2019 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>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.51%

Discount rate - The discount rates used to measure the total pension liability are 7.25% (General), 7.25% (Police), and 5.84% (Fire). The projection of cash flows used to determine the discount rates 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. The single discount rate reflects (1) a 7.25% long-term expected rate of return on pension plan investments and (2) a 3.13% municipal bond rate based on an index of 20-year general obligation bonds with an average AA rate as of the measurement date.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 5 - Employee Retirement Plans (continued)

Changes in Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2018	\$ 21,112,688	\$ 19,885,072	\$ 1,227,616
Changes for the year:			
Service cost	430,166	-	430,166
Interest	1,507,242	-	1,507,242
Changes in benefit terms	-	-	-
Difference between expected and actual experience	133,294	-	133,294
Contributions - employer	-	601,498	(601,498)
Contributions - employee	-	-	-
Net investment income	-	1,308,280	(1,308,280)
Benefit payments, including refunds	(875,860)	(875,860)	-
Administrative expense	-	(23,910)	23,910
Other changes	22,179	82,380	(60,201)
Net changes	1,217,021	1,092,388	124,633
Balances at 6/30/2019	\$ 22,329,709	\$ 20,977,460	\$ 1,352,249

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% (General), 7.25% (Police) and 5.84% (Fire), as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower or one percentage point higher than the current rates.

	1% Decrease	Current Rate	1% Increase
Total Pension Liability	\$ 25,733,245	\$ 22,329,709	\$ 19,551,619
Plan Fiduciary Net Position	(20,977,460)	(20,977,460)	(20,977,460)
Net Pension Liability	\$ 4,755,785	\$ 1,352,249	\$ (1,425,841)

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

For the year ended September 30, 2019, the City of Festus recognized pension expense of \$594,311. The City of Festus reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 370,629	\$ (356,332)
Differences in assumptions	209,144	(106,382)
Excess (deficit) investment returns	-	(519,972)
Contributions subsequent to the measurement date*	147,072	-
	\$ 726,845	\$ (982,686)

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 5 - Employee Retirement Plans (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

*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 ended September 30, 2019.

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

<u>Year ended September 30,</u>	<u>Amount</u>
2020	\$ 164,545
2021	(254,529)
2022	(192,028)
2023	24,677
2024	1,028
Thereafter	466
	<u>\$ (255,841)</u>

Payable to the Pension Plan

At September 30, 2019, the City of Festus reported a payable of \$48,576 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2019.

General Information about the Defined Contribution Pension Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City makes no contribution to the Plan. Nationwide Retirement Solutions administers the City's Deferred Compensation Plan. The City does not have significant administrative involvement in the Plan. With the adoption of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City's Deferred Compensation Plan is not included in the general purpose financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

Note 6 - Due From and Due To Other Funds

Balances in the General Fund of \$443,867, County Transportation Tax Fund of (\$439,009), and NID Assessment Fund of (\$4,858) have been eliminated upon consolidation in the government-wide financial statements. The City typically loans resources between funds for the purpose of cash flow. Balances are expected to be repaid as cash becomes available.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 7 - Interfund Transfers

Individual fund transfers for the year ended September 30, 2019 are as follows:

	Fund	Transfers In	Transfers Out	Net Transfers
Governmental Activities:	General Fund	\$ 62,700	\$ (7,259)	\$ 55,441
	City Transportation Tax Fund	-	(3,918)	(3,918)
	Capital Improvement Fund	-	(549,279)	(549,279)
	Capital Reserve Fund	-	(62,700)	(62,700)
	Library Fund	7,259	-	7,259
	Park Fund	715,332	-	715,332
	NID Assessment Fund	3,918	-	3,918
	Storm Water Tax Fund	-	(710,332)	(710,332)
	Tourism Tax	-	(5,000)	(5,000)
	Total Governmental Activities	789,209	(1,338,488)	(549,279)
Business-Type Activities:	Water and Sewer Fund	549,279	-	549,279
	Total Business-Type Activities	549,279	-	549,279
	Total Transfers	\$ 1,338,488	\$ (1,338,488)	\$ -

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

Note 8 - Asset Retirement Obligation

The City has recognized an asset retirement obligation for the retirement and remediation activities at the West City Park sewage treatment facility.

Asset retirement obligations are recorded in the period in which they are incurred and reasonably estimable, including those obligations for which the timing method of settlement are conditional on a future event that may or may not be within control of the City. Retirement of assets may involve efforts such as removal of leasehold improvements, contractually required demolition, and other related activities, depending on the nature and location of the assets. In identifying asset retirement obligations, the City considers identification of legally enforceable obligations, changes in existing law, estimates of potential settlement dates, and the calculation of an appropriate discount rate to be used in calculating the fair value of the obligations. For those assets where a range of potential settlement dates may be reasonably estimated, obligations are recorded. The City routinely reviews and reassesses its estimates to determine if an adjustment to the value of the asset retirement obligation is required.

The aggregate carrying amount of the asset retirement obligation recognized by the City was \$400,000 at September 30, 2019. The City anticipates the retirement and remediation activities of the West City Park sewage treatment facility will be conducted in the fiscal year ending September 30, 2020.

The City also maintains and operates a sewage treatment facility as a joint venture with the City of Crystal City (see Note 13). The City cannot reasonably estimate the fair value of its portion of the liability for the retirement and remediation activities of the Festus-Crystal City sewage treatment facility, and accordingly, has not recorded an asset retirement obligation for this matter.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 9 - Concentration

The City entered into a water rate agreement to purchase all water from the Jefferson County Water Authority.

Note 10 - Insurance

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a state-wide governmental self-insurance pool which provides property, liability, and worker's compensation coverage to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2020. MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis.

These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid \$320,485 in insurance premiums to MIRMA during the year ended September 30, 2019. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Note 11 - Claims and Contingencies

Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. At this time, a reasonable estimate as to the amount or range of potential loss and/or gain cannot be provided.

Federal and State Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 12 - Leases in the Statements of Lessors

The City's General Fund derives a portion of its revenues from noncancelable operating leases from tenants who rent a City owned building and ground leases used for cell phone towers. Leased property consists of \$121,007 of land and \$161,645 in buildings and improvements, net of depreciation.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 12 - Leases in the Statements of Lessors (continued)

Future minimum rentals to be received under these leases as of September 30, 2019, are as follows:

Years ending September 30,	Building Rent	Ground Leases	Total
2020	\$ 45,096	\$ 26,325	\$ 71,421
2021	40,596	27,168	67,764
2022	40,596	27,770	68,366
2023	40,596	28,306	68,902
2024	6,332	29,913	36,245
2025-2029	-	158,443	158,443
2030-2034	-	180,013	180,013
2035-2038	-	105,458	105,458
	<u>\$ 173,216</u>	<u>\$ 583,396</u>	<u>\$ 756,612</u>

Note 13 - Joint Ventures

Festus-Crystal City Sewage Treatment Commission

The City of Festus and the City of Crystal City, Missouri participate in the Festus-Crystal City Sewage Treatment Commission (the Commission) which was formed for the purpose of operating and maintaining a sewage treatment facility for the two cities. Both City Councils appoint two members to the Commission. The City of Festus is committed to pay monthly to the Commission an amount equal to 67% of the previous month's costs of operation and maintenance of the shared facility and repairs. Capital expenditures are shared 50/50 by the cities. The City of Crystal City is committed to pay the remaining 33% of described costs. The City accounts for its participation in this joint venture under the equity method of accounting to reflect its ownership of the Commission.

The City's interest in the joint venture at September 30, 2019 is \$2,845,120. The change in value of the joint venture resulted in a loss of \$172,989 for the year ended September 30, 2019. For the year ended September 30, 2019, the City's cost for sewage treatment services provided by the Commission was \$384,434, which includes the City's share of operating expenses. Separate financial statements are prepared for the Festus-Crystal City Sewage Treatment Commission and may be obtained by contacting the administrative offices of the Commission.

The following paragraph is unaudited:

The Commission maintains its accounts on the cash basis. Total assets and equity of the Commission at September 30, 2019 were both \$40,000. Commission management stated that no long-term liabilities were outstanding at September 30, 2019. For the year ended September 30, 2019, total receipts and disbursements were \$681,379 and \$721,420 respectively, resulting in a net change in the Commission's equity of (\$40,041).

Jefferson County Water Authority

The City of Festus entered into a joint venture with the City of Herculaneum to form the Jefferson County Water Authority (JCWA) in January 2000 to provide water to the residents of both cities. It has been determined that the JCWA is a joint venture with no equity interest, as defined under GASB Statement No. 14.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 13 - Joint Ventures (continued)

Jefferson County Water Authority (continued)

The JCWA is governed by an eight member board which is appointed by the City of Festus and the City of Herculaneum. Each City appoints four members to the JCWA board. The JCWA is designed to be self-sufficient.

The Authority currently makes a portion of debt service payments for the City of Festus Water Works and Sewage Revenue Refunding Bond Series 2003. Separate financial statements are prepared for the Jefferson County Water Authority and may be obtained by contacting the City of Festus at (636) 937-4694 or by writing to 711 Main Street, Festus, MO, 63028.

Festus-Crystal City Levee Commission

The City of Crystal City and the City of Festus, Missouri participate in the Festus-Crystal City Levee Commission (the Commission) which was formed for the purpose of constructing and providing for the maintenance of the Twin City levee. The Commission is governed by an eight member board with both City Councils appointing four members to the Commission. It has been determined that the Commission is a joint venture with no equity interest, as defined under GASB Statement No. 14.

The City of Crystal City and the City of Festus are committed to pay monthly the previous month's costs of operation and maintenance of the levee. The only assets of the Commission at September, 30, 2019 were the Twin City levee and land. Currently no separate financial statements for the Commission are available.

Note 14 - Other Post Employment Benefits

In addition to the pension benefits described in Note 5, the City allows employees who retire from the City to participate in the City's health, dental and vision insurance plans. Upon meeting the retirement requirements of LAGERS, the employees can elect to participate in the City's plans. The City pays for employee premiums for five years or until they reach age 65, but employees must pay for 100% of their spouse or dependents coverage for each plan they elect to participate. Future retirees will not be allowed to cover their spouse or dependents beyond the COBRA allowed time period. The difference between the amount the retiree is required to pay and the actual cost to the City is considered to be a post employment benefit. The City has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan. During the year ended September 30, 2019, 8 retirees participated in the City's insurance plans and the City paid premiums totaling \$55,851. COBRA premiums paid (not by City) totaled \$14,437.

Note 15 - Subsequent Events

The City has evaluated events subsequent to September 30, 2019 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through March 20, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events have occurred that require recognition or additional disclosure in the financial statements.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 16 - Missouri Legislation

House Bill 103 amending Section 302.341.2 RSMo became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. The City was not required to and did not account for the fines and court costs for traffic violations separately from the total fines and court costs prior to August 28, 2013. During the fiscal year ended September 30, 2019, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$252,861. "Annual general operating revenue of the city" is not defined in the amended statute and may or may not include various sources of the City's revenues. However, the City's general revenue fund tax revenue alone totaled \$4,713,923. Using general fund tax revenue and total fines and court costs as the "annual general operating revenue," the City's total fines and court costs revenues are only 5.09% of this total "annual general operating revenue," which is substantially below the 30.00% threshold requirement of the amended statute. This clearly demonstrates at a minimum that the City in no way exceeded the percentage requirement regardless of how "annual general operating revenue" is calculated.

Note 17 - Tax Abatement Disclosures

GASB Statement No. 77, *Tax Abatement Disclosure* seeks to assist users of the financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

In addition to the tax abatement agreement noted in Note 4, the City has entered into an economic development agreement with a local business where the City will refund economic activity taxes equal to 50% of the additional economic activity taxes resulting from business improvement and investment activities performed by the local business up to \$400,000. The City incurred \$5,523 in economic activity tax rebates for the year ended September 30, 2019. The terms of the economic agreement will expire in the fiscal year ending September 30, 2034.

Note 18 - Adoption of New Accounting Pronouncements

During the fiscal year ended September 30, 2019, the City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* in order to enhance the comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain ARO's, including obligations that may not have been previously reported. The Statement is also intended to enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

GASB Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ended September 30, 2021.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 18 - Adoption of New Accounting Pronouncements (continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will improve the information disclosed in notes to the government financial statements related to debt, including direct borrowings and direct placements. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement will be effective for the year ended September 30, 2020.

GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement will be effective for the year ended September 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. This statement will be effective for the year ended September 30, 2022.

Note 19 - Commitments

At September 30, 2019, the City had commitments for the following projects:

Street and transportation projects	\$ 281,063
Water and sewer system improvements	<u>3,250,255</u>
	<u><u>\$ 3,531,318</u></u>

These commitments will be met with resources from the following funds:

City Transportation Tax Fund	\$ 281,063
Water and Sewer Fund	<u>3,250,255</u>
	<u><u>\$ 3,531,318</u></u>

Note 20 - Prior Period Adjustments

In order to correct a previous misstatement in revenue and due to the adoption of GASB Statement No. 83, the previously stated net position and fund balances have been restated. These corrections will have no material effect on operations of the City.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2019

Note 20 - Prior Period Adjustments (continued)

	Governmental Activities	Business-type Activities	Total
Net position, as previously stated on September 30, 2018	\$ 30,184,694	\$ 17,512,705	\$ 47,697,399
Prior Period Adjustment #1	77,620	-	77,620
Prior Period Adjustment #2	-	(360,976)	(360,976)
Net position, as restated on September 30, 2018	\$ 30,262,314	\$ 17,151,729	\$ 47,414,043
	General Fund	Water and Sewer Fund	
Fund balance, as previously stated on September 30, 2018	\$ 4,289,056	\$ 17,512,705	
Prior Period Adjustment #1	77,620	-	
Prior Period Adjustment #2	-	(360,976)	
Net position, as restated on September 30, 2018	\$ 4,366,676	\$ 17,151,729	

Required Supplementary Information

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over
				(Under)
Property taxes	\$ 658,460	\$ 658,460	\$ 676,946	\$ 18,486
Taxes - other	4,195,650	4,195,650	4,036,977	(158,673)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	39,150	39,150	25,794	(13,356)
Licenses and permits	287,000	287,000	322,883	35,883
Fines and penalties	257,300	257,300	261,467	4,167
Investment income	57,000	57,000	97,204	40,204
Lease payments	71,567	71,567	71,567	-
Other	159,500	168,595	190,644	22,049
Service charges	855,520	855,520	859,407	3,887
Total Revenues	<u>6,581,147</u>	<u>6,590,242</u>	<u>6,542,889</u>	<u>(47,353)</u>
Expenditures				
Current:				
Administration	875,108	910,841	794,732	(116,109)
Court	136,723	140,760	132,874	(7,886)
Building department	342,173	345,690	327,478	(18,212)
Police	2,670,534	2,711,359	2,486,942	(224,417)
Dispatch	643,870	514,039	437,681	(76,358)
Fire - administration	256,153	268,150	201,016	(67,134)
Fire - public safety	408,087	352,045	334,600	(17,445)
Emergency management	13,000	13,000	9,892	(3,108)
Street	-	-	-	-
Non-departmental	1,070,579	1,088,628	1,039,582	(49,046)
Capital outlay	570,837	695,158	677,798	(17,360)
Debt service:				
Principal	85,000	85,000	85,000	-
Interest and fiscal charges	25,765	25,765	25,765	-
Total Expenditures	<u>7,097,829</u>	<u>7,150,435</u>	<u>6,553,360</u>	<u>(597,075)</u>
Excess (Deficiency) of Revenues over Expenditures	(516,682)	(560,193)	(10,471)	549,722
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	146,000	140,225	132,225	(8,000)
Contributed capital	-	16,276	16,275	(1)
Insurance claims and refunds	500	17,038	33,193	16,155
Transfers in	79,597	62,700	62,700	-
Transfers out	(83,089)	(66,192)	(7,259)	58,933
Total Other Financing Sources (Uses)	<u>143,008</u>	<u>170,047</u>	<u>237,134</u>	<u>67,087</u>
Net Change in Fund Balance	<u>\$ (373,674)</u>	<u>\$ (390,146)</u>	\$ 226,663	<u>\$ 616,809</u>
Fund Balance, October 1 (restated)			<u>4,366,676</u>	
Fund Balance, September 30			<u>\$ 4,593,339</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
City Transportation Tax Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,467,850	1,467,850	1,432,017	(35,833)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	1,043,151	378,359	330,831	(47,528)
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	42,000	42,000	77,270	35,270
Lease payments	-	-	-	-
Other	27,000	27,000	7	(26,993)
Service charges	-	-	-	-
Total Revenues	<u>2,580,001</u>	<u>1,915,209</u>	<u>1,840,125</u>	<u>(75,084)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire - administration	-	-	-	-
Fire - public safety	-	-	-	-
Emergency management	-	-	-	-
Street	1,313,305	1,323,524	1,039,723	(283,801)
Non-departmental	-	-	-	-
Capital outlay	1,744,994	875,977	873,959	(2,018)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,058,299</u>	<u>2,199,501</u>	<u>1,913,682</u>	<u>(285,819)</u>
Excess (Deficiency) of Revenues over Expenditures	(478,298)	(284,292)	(73,557)	210,735
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	217,000	217,000
Insurance claims and refunds	-	-	10,342	10,342
Transfers in	-	-	-	-
Transfers out	(3,926)	(3,926)	(3,918)	8
Total Other Financing Sources (Uses)	<u>(3,926)</u>	<u>(3,926)</u>	<u>223,424</u>	<u>227,350</u>
Net Change in Fund Balance	<u>\$ (482,224)</u>	<u>\$ (288,218)</u>	\$ 149,867	<u>\$ 438,085</u>
Fund Balance, October 1			<u>3,390,618</u>	
Fund Balance, September 30			<u>\$ 3,540,485</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
County Transportation Tax Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	687,500	687,500	678,869	(8,631)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	3,450	3,450	4,794	1,344
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>690,950</u>	<u>690,950</u>	<u>683,663</u>	<u>(7,287)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire - administration	-	-	-	-
Fire - public safety	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	675,000	687,500	678,869	(8,631)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>675,000</u>	<u>687,500</u>	<u>678,869</u>	<u>(8,631)</u>
Excess (Deficiency) of Revenues over Expenditures	15,950	3,450	4,794	1,344
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 15,950</u>	<u>\$ 3,450</u>	\$ 4,794	<u>\$ 1,344</u>
Fund Balance, October 1			<u>233,458</u>	
Fund Balance, September 30			<u>\$ 238,252</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Improvement Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	696,000	696,000	676,669	(19,331)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	45,000	45,000	80,860	35,860
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>741,000</u>	<u>741,000</u>	<u>757,529</u>	<u>16,529</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire - administration	-	-	-	-
Fire - public safety	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>741,000</u>	<u>741,000</u>	<u>757,529</u>	<u>16,529</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(2,549,279)	(549,279)	(549,279)	-
Total Other Financing Sources (Uses)	<u>(2,549,279)</u>	<u>(549,279)</u>	<u>(549,279)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,808,279)</u>	<u>\$ 191,721</u>	<u>\$ 208,250</u>	<u>\$ 16,529</u>
Fund Balance, October 1			<u>3,049,820</u>	
Fund Balance, September 30			<u>\$ 3,258,070</u>	

City of Festus, Missouri
Notes to the Required Supplementary Information - Budgetary Schedules
For the year ended September 30, 2019

Note 1 - Explanation of Budgetary Process

Budgets are adopted on an accrual basis. An annual appropriated budget is adopted for the governmental funds except proceeds from notes payable and related expenses. All annual appropriations lapse at fiscal year-end.

In August, all departments submit requests for appropriation to the City's budget committee so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. During September, the budget is presented to the City Council for review. Prior to October 1, the budget is enacted by the City Council through passage of an ordinance. Expenditures may not legally exceed budgeted appropriations at the activity level. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original budget ordinance. The City Administrator is authorized to transfer appropriations between budget line items within departments. The City Council must approve transfers between funds and departments.

City of Festus, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Fiscal Years
Missouri Local Government Employees Retirement System (LAGERS)

<i>Fiscal year ending June 30,</i>	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 430,166	\$ 421,241	\$ 427,801	\$ 391,392	\$ 386,909
Interest on the Total Pension Liability	1,507,242	1,458,841	1,345,331	1,230,668	1,205,031
Benefit Changes	-	-	-	-	-
Difference between expected and actual experience	133,294	(391,561)	544,511	(64,181)	(570,584)
Assumption Changes	22,179	(14,526)	(153,257)	678,302	53,188
Benefit Payments	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-
Net Change in Total Pension Liability	1,217,021	720,852	1,453,869	1,612,577	369,352
Total Pension Liability beginning	21,112,688	20,391,836	18,937,967	17,325,390	16,956,038
Total Pension Liability ending	\$ 22,329,709	\$ 21,112,688	\$ 20,391,836	\$ 18,937,967	\$ 17,325,390
Plan Fiduciary Net Position					
Contributions-employer	\$ 601,498	\$ 565,286	\$ 618,046	\$ 590,399	\$ 553,848
Contributions-employee	-	-	-	-	-
Pension Plan Net Investment income	1,308,280	2,215,523	1,957,825	(33,114)	320,327
Benefit Payments	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-
Pension Plan Administrative expense	(23,910)	(16,220)	(15,761)	(15,647)	(16,124)
Other	82,380	(350,864)	235,650	44,955	47,974
Net Change in Plan Fiduciary Net Position	1,092,388	1,660,582	2,085,243	(37,011)	200,833
Plan Fiduciary Net Position beginning	19,885,072	18,224,490	16,139,247	16,176,258	15,975,425
Plan Fiduciary Net Position ending	\$ 20,977,460	\$ 19,885,072	\$ 18,224,490	\$ 16,139,247	\$ 16,176,258
Employer Net Pension Liability	\$ 1,352,249	\$ 1,227,616	\$ 2,167,346	\$ 2,798,720	\$ 1,149,132
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.94%	94.19%	89.37%	85.22%	93.37%
Covered Employee Payroll	\$ 3,757,517	\$ 3,571,795	\$ 3,604,777	\$ 3,632,243	\$ 3,350,035
Employer's Net Pension Liability as a percentage of covered employee payroll	35.99%	34.37%	60.12%	77.05%	34.30%

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

City of Festus, Missouri
Schedule of Pension Contributions - Last 10 Fiscal Years
Missouri Local Government Employees Retirement System (LAGERS)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined pension contribution	\$ 646,061	\$ 562,651	\$ 704,466	\$ 724,858	\$ 550,122	\$ 569,638	\$ 516,359	\$ 474,811	\$ 508,440	\$ 349,836
Contributions in relation to the actuarially determined contributions	<u>621,727</u>	<u>562,651</u>	<u>579,193</u>	<u>618,221</u>	<u>541,750</u>	<u>567,605</u>	<u>429,143</u>	<u>407,993</u>	<u>396,349</u>	<u>349,768</u>
Contribution deficiency (excess)	<u>\$ 24,334</u>	<u>\$ -</u>	<u>\$ 125,273</u>	<u>\$ 106,637</u>	<u>\$ 8,372</u>	<u>\$ 2,033</u>	<u>\$ 87,216</u>	<u>\$ 66,818</u>	<u>\$ 112,091</u>	<u>\$ 68</u>
Covered Employee Payroll	\$ 3,764,429	\$ 3,585,488	\$ 3,708,915	\$ 3,717,345	\$ 3,403,902	\$ 3,501,276	\$ 3,552,041	\$ 3,694,863	\$ 3,934,236	\$ 3,860,538
Contributions as a percentage of covered employee payroll	16.52%	15.69%	15.62%	16.63%	15.92%	16.21%	12.08%	11.04%	10.07%	9.06%

Notes to Schedule:

Valuation date: February 28, 2019 - Actuarially determined contribution rates are calculated as of February 28, prior to the end of the fiscal year in which contributions are reported.

Notes: The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 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	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 11 to 24 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% - 7.15% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	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.
Other Information	None

Supplementary Information

The City of Festus, Missouri
Combining Balance Sheet - Non-Major Governmental Funds
September 30, 2019

Special Revenue Funds										
Assets	Health	Library	Park	NID Assessment	Law Enforcement Training	Storm Water Tax	Tourism Tax	Sales Tax Reimb.	Federal Forfeiture	Totals
Cash and cash equivalents	\$ 501,269	\$ 175,502	\$ 561,743	\$ -	\$ 7,074	\$ 802,287	\$ 544,957	\$ 97,791	\$ 21,020	\$ 2,711,643
Investments	-	-	-	-	-	250,000	-	-	-	250,000
Restricted cash and cash equivalents	-	-	-	44,557	-	-	-	-	-	44,557
Restricted investments	-	-	-	-	-	-	-	-	-	-
Receivables, net										
Taxes	3,891	5,355	69,802	-	-	140,324	41,459	21,689	-	282,520
Special assessments	-	-	-	150,473	-	-	-	-	-	150,473
Interest	-	-	-	-	-	450	-	-	-	450
Grants	-	-	-	-	1,420	-	-	-	-	1,420
Other	32,797	527	1,160	-	-	198	-	-	-	34,682
Prepaid items	3,656	9,951	12,028	-	1,075	2,367	-	-	-	29,077
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total Assets	541,613	191,335	644,733	195,030	9,569	1,195,626	586,416	119,480	21,020	3,504,822
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 541,613	\$ 191,335	\$ 644,733	\$ 195,030	\$ 9,569	\$ 1,195,626	\$ 586,416	\$ 119,480	\$ 21,020	\$ 3,504,822
Liabilities										
Accounts payable	\$ 7,438	\$ 9,173	\$ 102,577	\$ -	\$ -	\$ 62,968	\$ 21,815	\$ -	\$ -	\$ 203,971
Accrued payroll	4,025	7,879	8,908	-	-	1,547	703	-	-	23,062
Accrued payroll liabilities - other	2,127	1,594	2,333	-	-	504	31	-	-	6,589
Due to other funds	-	-	-	4,858	-	-	-	-	-	4,858
Unearned revenue	-	5,173	-	-	-	3,000	-	-	-	8,173
Other liabilities	-	-	1,415	-	-	22,862	-	-	-	24,277
Total Liabilities	13,590	23,819	115,233	4,858	-	90,881	22,549	-	-	270,930
Deferred Inflows of Resources										
Unavailable resources - property taxes	3,611	4,970	4,970	-	-	-	-	-	-	13,551
Unavailable resources - sales taxes	-	-	7,141	-	-	14,281	-	-	-	21,422
Unavailable resources - special assessments	-	-	-	150,472	-	-	-	-	-	150,472
Total Deferred Inflows of Resources	3,611	4,970	12,111	150,472	-	14,281	-	-	-	185,445
Fund Balance										
Nonspendable:										
Prepaid items	3,656	9,951	12,028	-	1,075	2,367	-	-	-	29,077
Restricted:										
Special revenue funds	520,756	152,595	505,361	39,700	8,494	1,088,097	563,867	119,480	21,020	3,019,370
Unassigned										
General fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	524,412	162,546	517,389	39,700	9,569	1,090,464	563,867	119,480	21,020	3,048,447
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 541,613	\$ 191,335	\$ 644,733	\$ 195,030	\$ 9,569	\$ 1,195,626	\$ 586,416	\$ 119,480	\$ 21,020	\$ 3,504,822

The City of Festus, Missouri
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2019

Special Revenue Funds										
	Health	Library	Park	NID Assessment	Law Enforcement Training	Storm Water Tax	Tourism Tax	Sales Tax Reimb.	Federal Forfeiture	Totals
Revenues										
Property taxes	\$ 149,606	\$ 205,956	\$ 205,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 561,518
Taxes - other	-	-	-	-	-	676,670	222,516	129,661	-	1,028,847
Intergovernmental	-	-	-	-	3,152	-	-	-	-	3,152
Special assessments	-	-	-	69,268	-	-	-	-	-	69,268
Grant revenue	-	10,821	-	-	1,420	-	-	-	22,065	34,306
Licenses and permits	2,367	-	-	-	-	-	-	-	-	2,367
Fines and penalties	3,468	34,853	2,139	5,656	-	-	1,300	-	-	47,416
Investment income	13,594	6,188	12,482	1,008	240	33,728	13,677	2,192	404	83,513
Lease payments	-	-	-	-	-	-	-	-	-	-
Other	15,999	47,996	80,486	-	-	-	8,618	-	-	153,099
Total Revenues	185,034	305,814	301,063	75,932	4,812	710,398	246,111	131,853	22,469	1,983,486
Expenditures										
Current:										
Police	-	-	-	-	8,871	-	-	-	10,142	19,013
Health	159,920	-	-	-	-	-	-	-	-	159,920
Library	-	309,185	-	-	-	-	-	-	-	309,185
Parks	-	-	536,661	-	-	-	-	-	-	536,661
Non-departmental	-	-	-	709	-	119,492	10,038	118,414	-	248,653
Capital outlay	6,880	34,192	475,149	-	-	142,197	284,302	-	-	942,720
Debt service:										
Principal	-	-	-	43,313	-	-	-	-	-	43,313
Interest and fiscal charges	-	-	-	9,583	-	-	-	-	-	9,583
Total Expenditures	166,800	343,377	1,011,810	53,605	8,871	261,689	294,340	118,414	10,142	2,269,048
Excess (Deficiency) of Revenues over Expenditures	18,234	(37,563)	(710,747)	22,327	(4,059)	448,709	(48,229)	13,439	12,327	(285,562)
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Contributed capital	-	-	16,800	-	-	-	-	-	-	16,800
Insurance claims and refunds	-	-	5,672	-	-	-	-	-	-	5,672
Transfers in	-	7,259	715,332	3,918	-	-	-	-	-	726,509
Transfers out	-	-	-	-	-	(710,332)	(5,000)	-	-	(715,332)
Total Other Financing Sources (Uses)	-	7,259	737,804	3,918	-	(710,332)	(5,000)	-	-	33,649
Net Change in Fund Balance	\$ 18,234	\$ (30,304)	\$ 27,057	\$ 26,245	\$ (4,059)	\$ (261,623)	\$ (53,229)	\$ 13,439	\$ 12,327	\$ (251,913)
Fund Balance (Deficit), October 1	506,178	192,850	490,332	13,455	13,628	1,352,087	617,096	106,041	8,693	3,300,360
Fund Balance (Deficit), September 30	\$ 524,412	\$ 162,546	\$ 517,389	\$ 39,700	\$ 9,569	\$ 1,090,464	\$ 563,867	\$ 119,480	\$ 21,020	\$ 3,048,447

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Health Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 145,430	\$ 145,430	\$ 149,606	\$ 4,176
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	1,000	1,000	2,367	1,367
Fines and penalties	1,950	1,950	3,468	1,518
Investment income	9,000	9,000	13,594	4,594
Lease payments	-	-	-	-
Other	7,000	18,529	15,999	(2,530)
Total Revenues	<u>164,380</u>	<u>175,909</u>	<u>185,034</u>	<u>9,125</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	160,139	173,035	159,920	(13,115)
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	8,000	8,000	6,880	(1,120)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>168,139</u>	<u>181,035</u>	<u>166,800</u>	<u>(14,235)</u>
Excess (Deficiency) of Revenues over Expenditures	(3,759)	(5,126)	18,234	23,360
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,759)</u>	<u>\$ (5,126)</u>	\$ 18,234	<u>\$ 23,360</u>
Fund Balance, October 1			<u>506,178</u>	
Fund Balance, September 30			<u>\$ 524,412</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 200,405	\$ 200,405	\$ 205,956	\$ 5,551
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	11,200	11,200	10,821	(379)
Licenses and permits	-	-	-	-
Fines and penalties	35,850	35,850	34,853	(997)
Investment income	4,200	4,200	6,188	1,988
Lease payments	-	-	-	-
Other	45,000	45,000	47,996	2,996
Total Revenues	<u>296,655</u>	<u>296,655</u>	<u>305,814</u>	<u>9,159</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	318,247	325,665	309,185	(16,480)
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	44,600	37,600	34,192	(3,408)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>362,847</u>	<u>363,265</u>	<u>343,377</u>	<u>(19,888)</u>
Excess (Deficiency) of Revenues over Expenditures	(66,192)	(66,610)	(37,563)	29,047
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	66,192	66,192	7,259	(58,933)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>66,192</u>	<u>66,192</u>	<u>7,259</u>	<u>(58,933)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (418)</u>	\$ (30,304)	<u>\$ (29,886)</u>
Fund Balance, October 1			<u>192,850</u>	
Fund Balance, September 30			<u>\$ 162,546</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Park Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 200,405	\$ 200,405	\$ 205,956	\$ 5,551
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	20,000	20,000	-	(20,000)
Licenses and permits	-	-	-	-
Fines and penalties	1,850	1,850	2,139	289
Investment income	8,400	8,400	12,482	4,082
Lease payments	-	-	-	-
Other	68,451	71,585	80,486	8,901
Total Revenues	<u>299,106</u>	<u>302,240</u>	<u>301,063</u>	<u>(1,177)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	573,499	586,029	536,661	(49,368)
Non-departmental	-	-	-	-
Capital outlay	482,000	574,748	475,149	(99,599)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,055,499</u>	<u>1,160,777</u>	<u>1,011,810</u>	<u>(148,967)</u>
Excess (Deficiency) of Revenues over Expenditures	(756,393)	(858,537)	(710,747)	147,790
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	16,800	16,800	-
Insurance claims and refunds	-	5,672	5,672	-
Transfers in	648,000	724,998	715,332	(9,666)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>648,000</u>	<u>747,470</u>	<u>737,804</u>	<u>(9,666)</u>
Net Change in Fund Balance	<u>\$ (108,393)</u>	<u>\$ (111,067)</u>	\$ 27,057	<u>\$ 138,124</u>
Fund Balance, October 1			<u>490,332</u>	
Fund Balance, September 30			<u>\$ 517,389</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
NID Assessment Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	49,938	69,082	69,268	186
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	5,656	5,656
Investment income	-	-	1,008	1,008
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>49,938</u>	<u>69,082</u>	<u>75,932</u>	<u>6,850</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	1,000	1,000	709	(291)
Capital outlay	-	-	-	-
Debt service:				
Principal	43,314	43,314	43,313	(1)
Interest and fiscal charges	9,584	9,584	9,583	(1)
Total Expenditures	<u>53,898</u>	<u>53,898</u>	<u>53,605</u>	<u>(293)</u>
Excess (Deficiency) of Revenues over Expenditures	(3,960)	15,184	22,327	7,143
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	3,926	3,926	3,918	(8)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,926</u>	<u>3,926</u>	<u>3,918</u>	<u>(8)</u>
Net Change in Fund Balance	<u>\$ (34)</u>	<u>\$ 19,110</u>	<u>\$ 26,245</u>	<u>\$ 7,135</u>
Fund Balance, October 1			<u>13,455</u>	
Fund Balance, September 30			<u>\$ 39,700</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Law Enforcement Training Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	2,250	2,250	3,152	902
Special assessments	-	-	-	-
Grant revenue	-	-	1,420	1,420
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	150	150	240	90
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>4,812</u>	<u>2,412</u>
Expenditures				
Current:				
Police	9,000	9,950	8,871	(1,079)
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>9,000</u>	<u>9,950</u>	<u>8,871</u>	<u>(1,079)</u>
Excess (Deficiency) of Revenues over Expenditures	(6,600)	(7,550)	(4,059)	3,491
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (6,600)</u>	<u>\$ (7,550)</u>	<u>\$ (4,059)</u>	<u>\$ 3,491</u>
Fund Balance, October 1			<u>13,628</u>	
Fund Balance, September 30			<u><u>\$ 9,569</u></u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Storm Water Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	696,000	696,000	676,670	(19,330)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	20,000	20,000	33,728	13,728
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>716,000</u>	<u>716,000</u>	<u>710,398</u>	<u>(5,602)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	151,844	176,741	119,492	(57,249)
Capital outlay	345,000	195,000	142,197	(52,803)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>496,844</u>	<u>371,741</u>	<u>261,689</u>	<u>(110,052)</u>
Excess (Deficiency) of Revenues over Expenditures	219,156	344,259	448,709	104,450
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(648,000)	(719,998)	(710,332)	9,666
Total Other Financing Sources (Uses)	<u>(648,000)</u>	<u>(719,998)</u>	<u>(710,332)</u>	<u>9,666</u>
Net Change in Fund Balance	<u>\$ (428,844)</u>	<u>\$ (375,739)</u>	\$ (261,623)	<u>\$ 114,116</u>
Fund Balance, October 1			<u>1,352,087</u>	
Fund Balance, September 30			<u>\$ 1,090,464</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Tourism Tax Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	264,000	264,000	222,516	(41,484)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	1,300	1,300
Investment income	9,600	9,600	13,677	4,077
Lease payments	-	-	-	-
Other	10,400	10,400	8,618	(1,782)
Total Revenues	<u>284,000</u>	<u>284,000</u>	<u>246,111</u>	<u>(37,889)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	21,350	21,350	10,038	(11,312)
Capital outlay	385,055	374,755	284,302	(90,453)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>406,405</u>	<u>396,105</u>	<u>294,340</u>	<u>(101,765)</u>
Excess (Deficiency) of Revenues over Expenditures	(122,405)	(112,105)	(48,229)	63,876
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (122,405)</u>	<u>\$ (117,105)</u>	<u>\$ (53,229)</u>	<u>\$ 63,876</u>
Fund Balance, October 1			<u>617,096</u>	
Fund Balance, September 30			<u>\$ 563,867</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Sales Tax Reimbursement Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	128,000	139,405	129,661	(9,744)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	-	2,185	2,192	7
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>128,000</u>	<u>141,590</u>	<u>131,853</u>	<u>(9,737)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	128,000	118,414	118,414	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>128,000</u>	<u>118,414</u>	<u>118,414</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	-	23,176	13,439	(9,737)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 23,176</u>	<u>\$ 13,439</u>	<u>\$ (9,737)</u>
Fund Balance, October 1			<u>106,041</u>	
Fund Balance, September 30			<u>\$ 119,480</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Federal Forfeiture Special Revenue Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	22,065	22,065	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	-	-	404	404
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>22,065</u>	<u>22,469</u>	<u>404</u>
Expenditures				
Current:				
Police	8,515	10,143	10,142	(1)
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>8,515</u>	<u>10,143</u>	<u>10,142</u>	<u>(1)</u>
Excess (Deficiency) of Revenues over Expenditures	(8,515)	11,922	12,327	405
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (8,515)</u>	<u>\$ 11,922</u>	<u>\$ 12,327</u>	<u>\$ 405</u>
Fund Balance, October 1			<u>8,693</u>	
Fund Balance, September 30			<u>\$ 21,020</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Reserve Capital Project Fund
For the year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	28,000	28,000	53,263	25,263
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>53,263</u>	<u>25,263</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire - administration	-	-	-	-
Fire - public safety	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>28,000</u>	<u>28,000</u>	<u>53,263</u>	<u>25,263</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(62,700)	(62,700)	(62,700)	-
Total Other Financing Sources (Uses)	<u>(62,700)</u>	<u>(62,700)</u>	<u>(62,700)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (34,700)</u>	<u>\$ (34,700)</u>	<u>\$ (9,437)</u>	<u>\$ 25,263</u>
Fund Balance, October 1			<u>2,181,708</u>	
Fund Balance, September 30			<u>\$ 2,172,271</u>	

Other Information

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*

Independent Auditor's Report

Honorable Mayor and City Council
City of Festus, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Festus, Missouri as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Festus, Missouri's basic financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Festus, 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 Festus, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Festus, 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Festus, 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 or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002.

City of Festus, Missouri's Response to Findings

City of Festus, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Festus, Missouri'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.



Creve Coeur, Missouri
March 20, 2020

The City of Festus, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2019

Financial Statement Findings

2019-001 **Condition:** An actuarial valuation has not been obtained for other post employment benefits.

Criteria: Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* is effective for periods beginning after June 15, 2017.

Cause: The City of Festus has not obtained an actuarial valuation of its other post employment benefits (OPEB).

Effect: Liabilities could be understated due to not recording OPEB liability in the financial statements.

Recommendation: We recommend the City of Festus obtain an actuarial valuation of its other post employment benefits to be in compliance with GASB 75.

Management's Response: Due to budgetary restraints, management has again determined that the value of the actuarial valuation of the other post employment benefits did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will issue a RFP for actuarial services if it is deemed to be of value to the City and its citizens. The contact person is Stephanie Cunningham, Finance Director.

2019-002 **Condition:** An estimated liability has not been calculated for the asset retirement obligation for the City's investment in the joint venture for the Festus-Crystal City sewage treatment facility.

Criteria: Governmental Accounting Standards Board Statement No. 83, *"Certain Asset Retirement Obligations"* is effective for periods beginning after June 15, 2018.

Cause: The City of Festus has not calculated an estimated liability for the asset retirement obligation for the City's investment in the joint venture for the Festus-Crystal City sewage treatment facility.

Effect: The City's investment in the joint venture could be overstated due to not recording the City's portion of the related asset retirement obligation in the City's financial statements.

Recommendation: We recommend the City of Festus prepare an estimate of liabilities that the City will incur for its portion of the retirement and remediation activities related to the post-closure care of the Festus-Crystal City sewage treatment facility.

Management's Response: Due to budgetary restraints, management has determined that the determination of the estimated liability of retirement and remediation costs related to the post-closure care of the Festus-Crystal City sewage treatment facility did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will consult with the necessary vendors and/or contractors to determine the estimated liability if it is deemed to be of value to the City and its citizens. The contact person is Stephanie Cunningham, Finance Director.

The City of Festus, Missouri
Follow-Up on Prior Audit Findings For An Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the City of Festus, Missouri, on the applicable findings in the prior audit report issued for the year end September 30, 2018.

Prior Year Financial Statement Findings

2018-001 **Condition:** An actuarial valuation has not been obtained for other post employment benefits.

Criteria: Governmental Accounting Standards Board Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," is effective for periods beginning after June 15, 2017.

Cause: The City of Festus has not obtained an actuarial valuation of its other post employment benefits (OPEB).

Effect: Liabilities could be understated due to not recording OPEB liability in the financial statements.

Recommendation: We recommend the City of Festus obtain an actuarial valuation of its other post employment benefits to be in compliance with GASB 75.

Management's Response: Due to budgetary restraints, management has again determined that the value of the actuarial valuation of the other post employment benefits did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will issue a RFP for actuarial services if it is deemed to be of value to the City and its citizens. The contact person is Patricia Parsons, Finance Director.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2019-001.