

The City of Festus, Missouri

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

For the year ended September 30, 2020



The City of Festus, Missouri
Table of Contents
For the year ended September 30, 2020

	Page
Independent Auditor's Report.....	1
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position.....	4
Statement of Activities.....	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	6
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	8
Reconciliation of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	9
Proprietary Fund Statements:	
Statement of Net Position - Proprietary Funds.....	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	11
Statement of Cash Flows - Proprietary Funds.....	12
Notes to the Financial Statements.....	13
<u>Required Supplementary Information</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund.....	38
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - City Transportation Tax Special Revenue Fund.....	39
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - County Transportation Tax Special Revenue Fund.....	40
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Improvement Special Revenue Fund.....	41
Notes to the Required Supplementary Information - Budgetary Schedules.....	42
Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Fiscal Years.....	43
Schedule of Pension Contributions - Last 10 Fiscal Years.....	44

The City of Festus, Missouri
Table of Contents
For the year ended September 30, 2020

Supplementary Information

Combining Balance Sheet - Non-Major Governmental Funds.....	45
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds.....	46
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Health Special Revenue Fund.....	47
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Special Revenue Fund.....	48
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Park Special Revenue Fund.....	49
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - NID Assessment Special Revenue Fund.....	50
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Law Enforcement Training Special Revenue Fund.....	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Storm Water Special Revenue Fund.....	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tourism Tax Special Revenue Fund.....	53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sales Tax Reimbursement Special Revenue Fund.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Federal Forfeiture Special Revenue Fund.....	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Reserve Capital Project Fund.....	56

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 <i>Government Auditing Standards</i>	57
Schedule of Findings and Responses.....	59
Follow-Up to Prior Audit Findings for an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60

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, 2020, 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 reasonably 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 reasonably 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, 2020, 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, 2020, 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 38-41, and pension related schedules on pages 43-44 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 4, 2021 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.

A handwritten signature in cursive script that reads "Stopp & VanHoy".

Creve Coeur, Missouri
March 4, 2021

The City of Festus, Missouri
Statement of Net Position
September 30, 2020

	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,589,327	\$ 5,537,995	\$ 14,127,322
Investments	6,860,422	1,795,000	8,655,422
Restricted cash and cash equivalents	80,323	1,220,076	1,300,399
Restricted investments	-	778,831	778,831
Receivables, net			
Taxes	4,590,003	-	4,590,003
Special assessments	100,525	44,234	144,759
Service charges	72,138	591,976	664,114
Interest	14,806	13,038	27,844
Grants	5,200	-	5,200
Other	67,335	86,617	153,952
Prepaid items	255,602	45,384	300,986
Inventory	-	215,066	215,066
Investment in joint venture	-	2,717,093	2,717,093
Capital assets:			
Land and construction in progress	1,726,350	244,854	1,971,204
Other capital assets, net	14,253,633	12,099,297	26,352,930
Total Assets	<u>36,615,664</u>	<u>25,389,461</u>	<u>62,005,125</u>
Deferred Outflows of Resources			
Deferred outflows - asset retirement obligation	-	-	-
Deferred outflows - pension related	984,061	181,626	1,165,687
Total Deferred Outflows of Resources	<u>984,061</u>	<u>181,626</u>	<u>1,165,687</u>
Liabilities			
Accounts payable	1,508,681	497,395	2,006,076
Accrued payroll	414,912	66,451	481,363
Accrued payroll liabilities-other	13,443	2,909	16,352
Accrued interest	5,306	14,312	19,618
Deposits payable	-	378,965	378,965
Funds held for others	37,421	-	37,421
Unearned revenue	1,638,863	-	1,638,863
Other liabilities	277,061	11,505	288,566
Noncurrent liabilities:			
Due Within One Year	140,533	747,459	887,992
Due in More Than One Year	2,091,905	1,310,965	3,402,870
Total Liabilities	<u>6,128,125</u>	<u>3,029,961</u>	<u>9,158,086</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	803,542	152,309	955,851
Net Position			
Net investment in capital assets	15,100,299	10,495,662	25,595,961
Restricted:			
Debt service	43,877	780,406	824,283
Enabling legislation	8,018,325	-	8,018,325
Unrestricted	7,505,557	11,112,749	18,618,306
Total Net Position	<u>\$ 30,668,058</u>	<u>\$ 22,388,817</u>	<u>\$ 53,056,875</u>

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Activities
For the year ended September 30, 2020

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	\$ 953,350	\$ -	\$ 31,293	\$ -	\$ (922,057)	\$ -	\$ (922,057)
Court	48,408	84,777	-	-	36,369	-	36,369
Building department	345,868	145,166	-	-	(200,702)	-	(200,702)
Police	3,198,443	271,967	132,868	-	(2,793,608)	-	(2,793,608)
Dispatch	492,715	-	-	-	(492,715)	-	(492,715)
Fire	816,449	12,600	-	-	(803,849)	-	(803,849)
Emergency management	13,531	-	-	-	(13,531)	-	(13,531)
Street	2,903,686	49,947	-	-	(2,853,739)	-	(2,853,739)
Health	153,484	6,746	125	-	(146,613)	-	(146,613)
Library	400,897	33,379	9,553	-	(357,965)	-	(357,965)
Parks	622,214	30,645	1,684	-	(589,885)	-	(589,885)
Non-departmental	1,656,069	872,285	-	100,000	(683,784)	-	(683,784)
Interest and fiscal charges	30,484	-	-	-	(30,484)	-	(30,484)
Total Government Activities	<u>11,635,598</u>	<u>1,507,512</u>	<u>175,523</u>	<u>100,000</u>	<u>(9,852,563)</u>	<u>-</u>	<u>(9,852,563)</u>
Business-type Activities:							
Water and Sewer	<u>4,754,666</u>	<u>5,196,895</u>	<u>-</u>	<u>249,179</u>	<u>-</u>	<u>691,408</u>	<u>691,408</u>
Total Business-type Activities	<u>4,754,666</u>	<u>5,196,895</u>	<u>-</u>	<u>249,179</u>	<u>-</u>	<u>691,408</u>	<u>691,408</u>
Total Primary Government	<u>\$ 16,390,264</u>	<u>\$ 6,704,407</u>	<u>\$ 175,523</u>	<u>\$ 349,179</u>	<u>(9,852,563)</u>	<u>691,408</u>	<u>(9,161,155)</u>
General Revenues							
Taxes:							
					8,867,787	-	8,867,787
					1,298,095	-	1,298,095
					1,466,656	-	1,466,656
					205,898	-	205,898
					240,319	144,066	384,385
					-	-	-
					92,850	-	92,850
					(2,915,478)	2,915,478	-
					<u>9,256,127</u>	<u>3,059,544</u>	<u>12,315,671</u>
Change in Net Position					\$ (596,436)	\$ 3,750,952	\$ 3,154,516
Net Position, October 1					<u>31,264,494</u>	<u>18,637,865</u>	<u>49,902,359</u>
Net Position, September 30					<u>\$ 30,668,058</u>	<u>\$ 22,388,817</u>	<u>\$ 53,056,875</u>

See Notes to the Financial Statements

The City of Festus, Missouri
Balance Sheet - Governmental Funds
September 30, 2020

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 3,164,865	\$ 1,098,241	\$ 240,139	\$ 533,107	\$ 1,158,257	\$ 2,394,718	\$ 8,589,327
Investments	2,001,117	2,414,231	-	500,973	1,397,101	547,000	6,860,422
Restricted cash and cash equivalents	36,446	-	-	-	-	43,818	80,264
Restricted investments	-	-	-	-	-	-	-
Receivables, net							
Taxes	1,712,212	252,359	2,135,680	126,180	100,000	262,572	4,589,003
Special assessments	-	-	-	-	-	100,525	100,525
Service charges	72,138	-	-	-	-	-	72,138
Interest	4,005	4,979	-	-	4,400	1,422	14,806
Grants	5,200	-	-	-	-	-	5,200
Court	-	-	-	-	-	-	-
Other	52,386	2,261	-	-	-	12,688	67,335
Prepaid items	177,356	32,420	-	-	-	45,826	255,602
Due from other funds	4,905	-	-	-	-	-	4,905
Total Assets	<u>7,230,630</u>	<u>3,804,491</u>	<u>2,375,819</u>	<u>1,160,260</u>	<u>2,659,758</u>	<u>3,408,569</u>	<u>20,639,527</u>
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 7,230,630</u>	<u>\$ 3,804,491</u>	<u>\$ 2,375,819</u>	<u>\$ 1,160,260</u>	<u>\$ 2,659,758</u>	<u>\$ 3,408,569</u>	<u>\$ 20,639,527</u>
Liabilities							
Accounts payable	\$ 726,533	\$ 33,747	\$ 634,930	\$ -	\$ -	\$ 113,471	\$ 1,508,681
Accrued payroll	196,446	22,627	-	-	-	26,217	245,290
Accrued payroll liabilities - other	10,297	1,525	-	-	-	1,621	13,443
Due to other funds	-	-	-	-	-	4,905	4,905
Funds held for others	37,421	-	-	-	-	-	37,421
Unearned revenue	10,148	17,873	1,500,750	-	-	8,567	1,537,338
Other liabilities	186,298	44,684	-	22,342	-	23,737	277,061
Total Liabilities	<u>1,167,143</u>	<u>120,456</u>	<u>2,135,680</u>	<u>22,342</u>	<u>-</u>	<u>178,518</u>	<u>3,624,139</u>
Deferred Inflows of Resources							
Unavailable resources - property taxes	21,657	-	-	-	-	18,030	39,687
Unavailable resources - sales taxes	-	-	-	-	-	-	-
Unavailable resources - special assessments	-	-	-	-	-	100,525	100,525
Unavailable resources - court bonds	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>21,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,555</u>	<u>140,212</u>
Fund Balance							
Nonspendable:							
Prepaid items	177,356	32,420	-	-	-	45,826	255,602
Restricted:							
Special revenue funds	-	3,651,615	240,139	1,137,918	-	3,065,670	8,095,342
Committed:							
Contingency	2,693,691	-	-	-	-	-	2,693,691
Capital project fund	-	-	-	-	2,659,758	-	2,659,758
Unassigned:							
General fund	3,170,783	-	-	-	-	-	3,170,783
Total Fund Balances	<u>6,041,830</u>	<u>3,684,035</u>	<u>240,139</u>	<u>1,137,918</u>	<u>2,659,758</u>	<u>3,111,496</u>	<u>16,875,176</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,230,630</u>	<u>\$ 3,804,491</u>	<u>\$ 2,375,819</u>	<u>\$ 1,160,260</u>	<u>\$ 2,659,758</u>	<u>\$ 3,408,569</u>	<u>\$ 20,639,527</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, 2020

Total Fund Balances - Governmental Funds	\$ 16,875,176
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	59
Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds:	
Deferred outflows - pension related	984,061
Deferred inflows - pension related	(803,542)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	15,979,983
Receivables not collected in the current period are not available to pay current expenditures, and, therefore, are not reported in the funds	39,687
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	(169,622)
Accrued net pension liability	(1,352,754)
Accrued interest payable	(5,306)
Bonds and notes payable outstanding	(879,684)
Net Position of Governmental Activities	\$ 30,668,058

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, 2020

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 704,261	\$ -	\$ -	\$ -	\$ -	\$ 583,949	\$ 1,288,210
Taxes - other	6,573,922	1,518,961	634,930	759,480	-	961,399	10,448,692
Intergovernmental	-	-	-	-	-	1,542	1,542
Special assessments	-	-	-	-	-	49,947	49,947
Grant revenue	17,096	-	-	-	-	120,020	137,116
Licenses and permits	363,664	-	-	-	-	1,521	365,185
Fines and penalties	90,722	-	-	-	-	28,277	118,999
Investment income	66,097	61,700	1,887	35,846	37,487	37,258	240,275
Lease payments	59,379	-	-	-	-	-	59,379
Other	310,226	8,163	-	-	-	58,049	376,438
Service charges	873,033	-	-	-	-	-	873,033
Total Revenues	<u>9,058,400</u>	<u>1,588,824</u>	<u>636,817</u>	<u>795,326</u>	<u>37,487</u>	<u>1,841,962</u>	<u>13,958,816</u>
Expenditures							
Current:							
Administration	913,255	-	-	-	-	-	913,255
Court	51,255	-	-	-	-	-	51,255
Building department	344,331	-	-	-	-	-	344,331
Police	3,021,141	-	-	-	-	17,437	3,038,578
Dispatch	448,778	-	-	-	-	-	448,778
Fire	789,280	-	-	-	-	-	789,280
Emergency management	8,221	-	-	-	-	-	8,221
Street	-	1,054,625	-	-	-	-	1,054,625
Health	-	-	-	-	-	146,626	146,626
Library	-	-	-	-	-	295,815	295,815
Parks	-	-	-	-	-	460,886	460,886
Non-departmental	1,037,639	-	-	-	-	277,864	1,315,503
Capital outlay	403,321	486,786	634,930	-	-	563,965	2,089,002
Debt service:							
Principal	85,000	-	-	-	-	46,923	131,923
Interest and fiscal charges	23,980	-	-	-	-	7,112	31,092
Total Expenditures	<u>7,126,201</u>	<u>1,541,411</u>	<u>634,930</u>	<u>-</u>	<u>-</u>	<u>1,816,628</u>	<u>11,119,170</u>
Excess (Deficiency) of Revenues over Expenditures	1,932,199	47,413	1,887	795,326	37,487	25,334	2,839,646
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Contributed capital	-	100,000	-	-	-	-	100,000
Insurance claims and refunds	-	144	-	-	-	-	144
Transfers in	-	-	-	-	450,000	417,455	867,455
Transfers out	(483,708)	(4,007)	-	(2,915,478)	-	(379,740)	(3,782,933)
Total Other Financing Sources	<u>(483,708)</u>	<u>96,137</u>	<u>-</u>	<u>(2,915,478)</u>	<u>450,000</u>	<u>37,715</u>	<u>(2,815,334)</u>
Net Change in Fund Balance	\$ 1,448,491	\$ 143,550	\$ 1,887	\$ (2,120,152)	\$ 487,487	\$ 63,049	\$ 24,312
Fund Balance (Deficit), October 1	<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>
Fund Balance (Deficit), September 30	<u>\$ 6,041,830</u>	<u>\$ 3,684,035</u>	<u>\$ 240,139</u>	<u>\$ 1,137,918</u>	<u>\$ 2,659,758</u>	<u>\$ 3,111,496</u>	<u>\$ 16,875,176</u>

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, 2020

Net Change in Fund Balances - Governmental Funds \$ 24,312

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	1,317,810	
Depreciation expense	<u>(2,068,087)</u>	(750,277)

Gain (loss) on capital assets sold (79,656)

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		9,885
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	46,923	
Certificates of Participation	<u>85,000</u>	131,923

Payment of interest on Long-Term Debt		652
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Pension obligations		215,904
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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>(34,930)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (596,436)</u></u>
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The City of Festus, Missouri
Statement of Net Position
Proprietary Funds
September 30, 2020

	Water & Sewer
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,537,995
Investments	1,795,000
Restricted cash and cash equivalents	1,220,076
Restricted investments	778,831
Receivables, net	
Special assessments	44,234
Service charges	591,976
Interest	13,038
Grants	-
Other	86,617
Prepaid items	45,384
Inventory	215,066
Total Current Assets	10,328,217
Noncurrent Assets	
Investments in joint venture	2,717,093
Non-depreciable capital assets:	
Land and construction in progress	244,854
Depreciable capital assets:	
Other capital assets, net	12,099,297
Total Noncurrent Assets	15,061,244
Total Assets	25,389,461
Deferred Outflows of Resources	
Deferred outflows - asset retirement obligation	-
Deferred outflows - pension related	181,626
Total Deferred Outflows of Resources	181,626
Total Assets and Deferred Outflows of Resources	\$ 25,571,087
Liabilities	
Current Liabilities	
Accounts payable	\$ 497,395
Accrued payroll	66,451
Accrued payroll liabilities - other	2,909
Accrued interest	14,312
Revenue bonds and NID bonds payable - current portion	499,467
Notes payable - current portion	247,992
Asset retirement obligation	-
Deposits payable	378,965
Due to other funds	-
Other liabilities	11,505
Total Current Liabilities	1,718,996
Long-Term Liabilities	
Revenue bonds and NID bonds payable, net of discounts and premiums	701,035
Notes payable	399,995
Net pension liability	209,935
Total Long-Term Liabilities	1,310,965
Total Liabilities	3,029,961
Deferred Inflows of Resources	
Deferred inflows - pension related	152,309
Net Position	
Net investment in capital assets	10,495,662
Restricted for:	
Debt reserve funds	780,406
Unrestricted	11,112,749
Total Net Position	22,388,817
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 25,571,087

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, 2020

	Water & Sewer
Operating Revenues	
Water and sewer collections and fees	\$ 5,183,948
Grant revenues	-
Other revenues	12,947
Total Operating Revenues	5,196,895
Operating Expenses	
Personnel expenses	1,039,141
Materials and supplies	130,340
Purchased water	1,821,838
Utilities and maintenance	221,632
Depreciation and amortization	652,071
Treatment plant	457,650
Other	105,579
Total Operating Expenses	4,428,251
Operating Income (Loss)	768,644
Non-operating Revenues (Expenses)	
Interest income	144,066
Gain (loss) on disposal of assets	(260,671)
Gain (loss) on joint venture	(1,096)
Interest expense	(64,648)
Total Non-operating Revenues (Expenses)	(182,349)
Income (Loss) Before Capital Contributions and Transfers	586,295
Capital contributions	249,179
Transfers in (out)	2,915,478
	3,164,657
Change in Net Position	\$ 3,750,952
Net Position, October 1	18,637,865
Net Position, September 30	\$ 22,388,817

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2020

	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from customers	\$ 5,141,052
Payments to suppliers	(3,254,319)
Payments to employees	(1,075,044)
Other receipts (payments)	12,947
Net Cash Flows from Operating Activities	824,636
Cash Flows from Noncapital Financing Activities:	
Transfer in (out)	2,915,478
Net Cash from Noncapital Financing Activities	2,915,478
Cash Flows from Capital and Related Financing Activities:	
Payments of long-term debt	(724,237)
Interest on debt	(82,492)
Acquisition and construction of capital assets	(2,867,897)
Net Cash Used by Capital and Related Financing Activities	(3,674,626)
Cash Flows from Investing Activities:	
Proceeds from sale/(purchase) of investments	252,778
Investment in joint venture	(42,670)
Interest on investments	150,781
Net Cash from Investing Activities	360,889
Net Increase in Cash and Cash Equivalents	\$ 426,377
Cash and Cash Equivalents, October 1	6,331,694
Cash and Cash Equivalents, September 30	\$ 6,758,071
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Profit (Loss)	\$ 768,644
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	652,071
(Increase) decrease in:	
Accounts receivable	(56,186)
Prepaid items	(3,829)
Inventories	(123,274)
Deferred outflows	(48,115)
Increase (decrease) in:	
Accounts payable	(6,252)
Accrued payroll and other liabilities	13,283
Net pension liability	32,429
Asset retirement obligation	(400,000)
Deferred inflows - pension related	(4,135)
Net cash provided by (used in) operating activities	\$ 824,636
Noncash Capital and Related Financing and/or Investing Activities:	
Contributions of capital assets	\$ 249,179

See Notes to the Financial Statements

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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, 2020

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, 2020

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:

	<u>9/30/20</u>
Governmental Activities - General Fund	\$ 42,066
Business-type Activities - Water and Sewer Enterprise Fund	42,745
	<u>\$ 84,811</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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, 2020

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	\$ 133,130	\$ 133,130
Business-Type Activities	18,339	18,339
	<u>\$ 151,469</u>	<u>\$ 151,469</u>

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 measurable 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, 2020

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, 2020.

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, 2020

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, 2020

Note 2 - Cash and Investments

Deposits and investments held by at the City at September 30, 2020 consisted of the following:

<u>Type</u>	<u>Maturities</u>	<u>Cost</u>
Unrestricted Deposits:		
Petty cash	n/a	\$ 3,347
Demand deposits	n/a	14,123,975
Total Unrestricted Deposits		<u>14,127,322</u>
Restricted Deposits:		
Demand deposits	n/a	1,254,947
Total Restricted Deposits		<u>1,254,947</u>
Total Unrestricted and Restricted Deposits		<u><u>\$ 15,382,269</u></u>
Unrestricted Investments:		
Certificate(s) of deposit	10/24/20	\$ 1,386,000
Certificate of deposit	11/08/20	266,231
Certificate of deposit	01/16/21	253,117
Certificate of deposit	01/17/21	2,000,000
Certificate of deposit	02/18/21	500,000
Certificate of deposit	05/25/21	2,000,000
Certificate of deposit	08/11/21	1,000,000
Certificate of deposit	09/09/21	1,000,000
Government sponsored enterprise (GSE) bond	12/11/20	250,074
Total Unrestricted Investments		<u>8,655,422</u>
Restricted Investments:		
Money market funds	n/a	45,452
Guaranteed investment contract	06/30/23	5,420
Guaranteed investment contract	06/30/23	129,987
Guaranteed investment contract	06/30/23	60,000
Guaranteed investment contract	06/30/23	5,424
Guaranteed investment contract	06/30/23	60,000
Guaranteed investment contract	06/30/23	518,000
Total Restricted Investments		<u>824,283</u>
Total Unrestricted and Restricted Investments		<u><u>\$ 9,479,705</u></u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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, 2020, 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
Midwest Regional Bank	Certificates of deposit	\$ 5,386,000	56.82%
Bank of Bloomsdale	Certificates of deposit	2,500,000	26.37%
Natixis Funding Corporation	Guaranteed investment contracts	778,831	8.22%
Ozarks Federal Savings & Loan	Certificates of deposit	519,348	5.48%

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	\$ 45,452	\$ 45,452	\$ -	\$ -
Government sponsored enterprise bonds	250,074	-	250,074	-
	<u>\$ 295,526</u>	<u>\$ 45,452</u>	<u>\$ 250,074</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, 2020

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 9/30/19	Additions	Reductions	Balance 9/30/20
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 1,530,196	\$ -	\$ (34,352)	\$ 1,495,844
Construction in process	126,150	104,356	-	230,506
Total Non-depreciable capital assets	<u>\$ 1,656,346</u>	<u>\$ 104,356</u>	<u>\$ (34,352)</u>	<u>\$ 1,726,350</u>
Depreciable capital assets:				
Buildings and other improvements	\$ 7,350,285	\$ -	\$ (58,703)	\$ 7,291,582
Office equipment	511,916	-	(10,026)	501,890
Automotive equipment	3,082,258	269,337	-	3,351,595
Machinery and equipment	3,433,347	263,392	(42,651)	3,654,088
Infrastructure	17,632,835	519,112	(636,909)	17,515,038
Land improvements	3,182,068	161,613	-	3,343,681
Total Depreciable capital assets	<u>35,192,709</u>	<u>1,213,454</u>	<u>(748,289)</u>	<u>35,657,874</u>
Less: Accumulated depreciation				
Buildings and other improvements	3,790,926	202,316	(23,326)	3,969,916
Office equipment	309,741	59,220	(10,026)	358,935
Automotive equipment	2,092,493	210,173	-	2,302,666
Machinery and equipment	2,842,519	148,038	(42,651)	2,947,906
Infrastructure	9,881,724	1,302,007	(626,982)	10,556,749
Land improvements	1,121,736	146,333	-	1,268,069
Total Accumulated depreciation	<u>20,039,139</u>	<u>2,068,087</u>	<u>(702,985)</u>	<u>21,404,241</u>
Depreciable capital assets, net	<u>\$ 15,153,570</u>	<u>\$ (854,633)</u>	<u>\$ (45,304)</u>	<u>\$ 14,253,633</u>
<u>Business-type Activities</u>				
Non-depreciable capital assets:				
Land	\$ 194,059	\$ -	\$ -	\$ 194,059
Construction in process	973,918	2,684,100	(3,607,223)	50,795
Total Non-depreciable capital assets	<u>\$ 1,167,977</u>	<u>\$ 2,684,100</u>	<u>\$ (3,607,223)</u>	<u>\$ 244,854</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

Note 3 - Capital Assets (continued)

Business-type Activities (continued)

Depreciable capital assets:				
Systems and improvements	\$ 12,422,687	\$ 2,489,204	\$ (1,381,786)	\$ 13,530,105
Buildings and other improvements	233,043	29,031	-	262,074
Automotive equipment	271,794	55,988	-	327,782
Machinery and equipment	2,590,347	1,444,507	(9,432)	4,025,422
Furniture and fixtures	5,944	-	(5,944)	-
Computer equipment	39,702	17,632	(8,995)	48,339
Total Depreciable capital assets	<u>15,563,517</u>	<u>4,036,362</u>	<u>(1,406,157)</u>	<u>18,193,722</u>
Less: Accumulated depreciation				
Systems and improvements	4,584,374	313,776	(1,124,954)	3,773,196
Buildings and other improvements	155,359	7,076	-	162,435
Automotive equipment	179,058	19,092	-	198,150
Machinery and equipment	1,800,461	136,834	(9,429)	1,927,866
Furniture and fixtures	5,944	-	(5,944)	-
Computer equipment	36,081	5,692	(8,995)	32,778
Total Accumulated depreciation	<u>6,761,277</u>	<u>482,470</u>	<u>(1,149,322)</u>	<u>6,094,425</u>
Depreciable capital assets, net	<u>\$ 8,802,240</u>	<u>\$ 3,553,892</u>	<u>\$ (256,835)</u>	<u>\$ 12,099,297</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2020 as follows:

	<u>Amount</u>
Governmental Activities:	
Administration	\$ 28,523
Building department	5,757
Police	138,544
Dispatch	47,126
Fire	77,502
Street	1,464,600
Emergency Management	5,310
Non-Departmental	74,941
Health	5,107
Library	89,340
Parks	131,337
Total Depreciation Expense - Governmental Activities	<u>\$ 2,068,087</u>
Business-type Activities:	
Water and Sewer	\$ 482,470
Total Depreciation Expense - Business-type Activities	<u>\$ 482,470</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

Note 4 - Long-Term Debt

Long-term liability activity for the year ended September 30, 2020 was as follows:

	Balance 9/30/19	Additions	Reductions	Balance 9/30/20	Amounts Due Within One Year
Governmental Activities:					
NID Bonds	\$ 151,607	\$ -	\$ (46,923)	\$ 104,684	\$ 50,533
Certificates of Participation	860,000	-	(85,000)	775,000	90,000
Net pension liability (Note 5)	1,174,743	178,011	-	1,352,754	-
Notes payable	1,193,215	-	(1,193,215)	-	-
Total Governmental Activities:	\$ 3,379,565	\$ 178,011	\$ (1,325,138)	\$ 2,232,438	\$ 140,533
Business-type Activities:					
Revenue Bonds	\$ 1,595,000	\$ -	\$ (465,000)	\$ 1,130,000	\$ 480,000
Add: Premium	42,652	-	(12,165)	30,487	-
NID Bonds	58,402	-	(18,078)	40,324	19,467
Less: Discount	(528)	-	219	(309)	-
Net pension liability (Note 5)	177,506	32,429	-	209,935	-
Asset retirement oblig. (Note 8)	400,000	-	(400,000)	-	-
Note payable	889,146	-	(241,159)	647,987	247,992
Total Business-type Activities:	\$ 3,162,178	\$ 32,429	\$ (1,136,183)	\$ 2,058,424	\$ 747,459

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 and the Water and Sewer 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%. \$ 104,684

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%. 40,324

Total: \$ 145,008

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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
2021	\$ 50,533	\$ 4,407	\$ 54,940	\$ 19,467	\$ 1,698	\$ 21,165
2022	54,151	1,502	55,653	20,857	579	21,436
	<u>\$ 104,684</u>	<u>\$ 5,909</u>	<u>\$ 110,593</u>	<u>\$ 40,324</u>	<u>\$ 2,277</u>	<u>\$ 42,601</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% \$ 775,000

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
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	100,000	11,625	111,625
2026-2028	310,000	15,275	325,275
	<u>\$ 775,000</u>	<u>\$ 100,465</u>	<u>\$ 875,465</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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. The agreement period expired February 29, 2020.

\$ -

Revenue Bonds Payable

The City issued various 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:

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

\$ 740,000

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

390,000

Total: \$ 1,130,000

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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	\$ 129,987
State Revolving Fund (SRF) - 2002B, no interest	<u>518,000</u>
Total:	<u><u>\$ 647,987</u></u>

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
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
	<u>\$ 1,130,000</u>	<u>\$ 101,750</u>	<u>\$ 1,231,750</u>	<u>\$ 647,987</u>	<u>\$ -</u>	<u>\$ 647,987</u>

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, 2020

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.

	2020 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	60
Active employees	95
	227

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 18.0% (General), 15.1% (Police) and 30.9% (Fire) of annual covered payroll.

Net Pension Liability - The employer’s net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020.

Actuarial Assumptions - The total pension liability in the February 29, 2020 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, 2020

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 29, 2020 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/Leverage	-25.00%	-0.29%

Discount rate - The discount rates used to measure the total pension liability are 7.25% (General), 7.25% (Police), and 7.25% (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 2.45% 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, 2020

Note 5 - Employee Retirement Plans (continued)

Changes in Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2019	\$ 22,329,709	\$ 20,977,460	\$ 1,352,249
Changes for the year:			
Service cost	462,857	-	462,857
Interest	1,591,047	-	1,591,047
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(566,237)	-	(566,237)
Contributions - employer	-	713,737	(713,737)
Contributions - employee	-	-	-
Net investment income	-	282,085	(282,085)
Benefit payments, including refunds	(945,151)	(945,151)	-
Administrative expense	-	(28,101)	28,101
Other changes	(101,755)	207,751	(309,506)
Net changes	440,761	230,321	210,440
Balances at 6/30/2020	\$ 22,770,470	\$ 21,207,781	\$ 1,562,689

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 7.25% (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	\$ 26,187,740	\$ 22,770,470	\$ 19,977,245
Plan Fiduciary Net Position	(21,207,781)	(21,207,781)	(21,207,781)
Net Pension Liability	\$ 4,979,959	\$ 1,562,689	\$ (1,230,536)

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

For the year ended September 30, 2020, the City of Festus recognized pension expense of \$486,286. 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	\$ 388,298	\$ (804,720)
Differences in assumptions	59,808	(151,131)
Excess (deficit) investment returns	542,723	-
Contributions subsequent to the measurement date*	174,858	-
	\$ 1,165,687	\$ (955,851)

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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, 2020.

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

Year ended September 30,	Amount
2021	\$ 33,910
2022	(78,447)
2023	138,258
2024	175,936
2025	(59,821)
Thereafter	-
	\$ 209,836

Payable to the Pension Plan

At September 30, 2020, the City of Festus reported a payable of \$0 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2020.

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 \$4,905 and NID Assessment Fund of (\$4,905) 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, 2020

Note 7 - Interfund Transfers

Individual fund transfers for the year ended September 30, 2020 are as follows:

	Fund	Transfers In	Transfers Out	Net Transfers
Governmental Activities:	General Fund	\$ -	\$ (483,708)	\$ (483,708)
	City Transportation Tax Fund	-	(4,007)	(4,007)
	Capital Improvement Fund	-	(2,915,478)	(2,915,478)
	Capital Reserve Fund	450,000	-	450,000
	Library Fund	33,708	-	33,708
	Park Fund	379,740	-	379,740
	NID Assessment Fund	4,007	-	4,007
	Storm Water Tax Fund	-	(379,740)	(379,740)
	Total Governmental Activities	867,455	(3,782,933)	(2,915,478)
Business-Type Activities:	Water and Sewer Fund	2,915,478	-	2,915,478
	Total Business-Type Activities	2,915,478	-	2,915,478
	Total Transfers	\$ 3,782,933	\$ (3,782,933)	\$ -

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 completed the retirement and remediation activities for the West City Park sewage treatment facility by September 30, 2020, resulting in a remaining liability of \$0.

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, 2020

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, 2021. 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 \$380,619 in insurance premiums to MIRMA during the year ended September 30, 2020. 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.

Other Contingencies

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the City expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be estimated at this time.

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 \$149,964 in buildings and improvements, net of depreciation.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

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

Future minimum rentals to be received under these leases as of September 30, 2020, are as follows:

Years ending September 30,	Building Rent	Ground Leases	Total
2021	\$ 40,596	\$ 26,283	\$ 66,879
2022	40,596	26,283	66,879
2023	40,596	26,819	67,415
2024	6,332	28,425	34,757
2025	-	28,755	28,755
2026-2030	-	149,811	149,811
2031-2035	-	164,826	164,826
2036-2040	-	125,662	125,662
2041-2045	-	55,150	55,150
	<u>\$ 128,120</u>	<u>\$ 632,014</u>	<u>\$ 760,134</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, 2020 is \$2,697,093. The change in value of the joint venture resulted in a loss of \$170,697 for the year ended September 30, 2020. For the year ended September 30, 2020, the City's cost for sewage treatment services provided by the Commission was \$448,321, 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, 2020 were both \$40,000. Commission management stated that no long-term liabilities were outstanding at September 30, 2020. For the year ended September 30, 2020, total receipts and disbursements were \$779,150 and \$779,150 respectively, resulting in a net change in the Commission's equity of \$0.

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, 2020

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.

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, 2020 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, 2020, 8 retirees participated in the City's insurance plans and the City paid premiums totaling \$52,802. COBRA premiums paid (not by City) totaled \$0.

Note 15 - Subsequent Events

The City has evaluated events subsequent to September 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through March 4, 2021, 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, 2020

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, 2020, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$82,700. "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 \$7,278,183. 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 1.12% 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 \$4,019 in economic activity tax rebates for the year ended September 30, 2020. The terms of the economic agreement will expire in the fiscal year ending September 30, 2034.

Note 18 - Adoption of New Accounting Pronouncements

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, 2022.

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, 2021.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2020

Note 18 - Adoption of New Accounting Pronouncements (continued)

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, 2021.

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, 2023.

Note 19 - Commitments

At September 30, 2020, the City had commitments for the following projects:

Street and transportation projects	\$ 870,296
Water and sewer system improvements	<u>210,081</u>
	<u><u>\$ 1,080,377</u></u>

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

City Transportation Tax Fund	\$ 870,296
Water and Sewer Fund	<u>210,081</u>
	<u><u>\$ 1,080,377</u></u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over
	Original	Final		(Under)
Revenues				
Property taxes	\$ 677,243	\$ 677,243	\$ 704,261	\$ 27,018
Taxes - other	6,088,400	6,088,400	6,573,922	485,522
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	33,400	33,400	17,096	(16,304)
Licenses and permits	315,850	361,850	363,664	1,814
Fines and penalties	231,300	89,300	90,722	1,422
Investment income	77,000	77,000	66,097	(10,903)
Lease payments	72,879	72,879	59,379	(13,500)
Other	312,910	283,910	310,226	26,316
Service charges	893,400	894,150	873,033	(21,117)
Total Revenues	8,702,382	8,578,132	9,058,400	480,268
Expenditures				
Current:				
Administration	920,854	934,161	913,255	(20,906)
Court	59,496	59,496	51,255	(8,241)
Building department	370,661	361,218	344,331	(16,887)
Police	3,194,412	3,197,412	3,021,141	(176,271)
Dispatch	497,304	497,304	448,778	(48,526)
Fire - public safety	889,595	898,330	789,280	(109,050)
Emergency management	13,000	13,000	8,221	(4,779)
Street	-	-	-	-
Non-departmental	1,099,786	1,102,286	1,037,639	(64,647)
Capital outlay	468,890	419,490	403,321	(16,169)
Debt service:				
Principal	85,000	85,000	85,000	-
Interest and fiscal charges	23,980	23,980	23,980	-
Total Expenditures	7,622,978	7,591,677	7,126,201	(465,476)
Excess (Deficiency) of Revenues over Expenditures	1,079,404	986,455	1,932,199	945,744
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	2,000	2,000	-	(2,000)
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(493,599)	(641,899)	(483,708)	158,191
Total Other Financing Sources (Uses)	(491,599)	(639,899)	(483,708)	156,191
Net Change in Fund Balance	\$ 587,805	\$ 346,556	\$ 1,448,491	\$ 1,101,935
Fund Balance, October 1			4,593,339	
Fund Balance, September 30			\$ 6,041,830	

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,325,000	1,325,000	1,518,961	193,961
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	664,792	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	55,000	55,000	61,700	6,700
Lease payments	-	-	-	-
Other	-	8,161	8,163	2
Service charges	-	-	-	-
Total Revenues	<u>2,044,792</u>	<u>1,388,161</u>	<u>1,588,824</u>	<u>200,663</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire - public safety	-	-	-	-
Emergency management	-	-	-	-
Street	1,373,391	1,436,238	1,054,625	(381,613)
Non-departmental	-	-	-	-
Capital outlay	1,386,757	401,504	486,786	85,282
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,760,148</u>	<u>1,837,742</u>	<u>1,541,411</u>	<u>(296,331)</u>
Excess (Deficiency) of Revenues over Expenditures	(715,356)	(449,581)	47,413	496,994
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	12,000	-	-	-
Contributed capital	-	100,000	100,000	-
Insurance claims and refunds	5,000	5,000	144	(4,856)
Transfers in	-	-	-	-
Transfers out	(4,010)	(4,010)	(4,007)	3
Total Other Financing Sources (Uses)	<u>12,990</u>	<u>100,990</u>	<u>96,137</u>	<u>(4,853)</u>
Net Change in Fund Balance	<u>\$ (702,366)</u>	<u>\$ (348,591)</u>	\$ 143,550	<u>\$ 492,141</u>
Fund Balance, October 1			<u>3,540,485</u>	
Fund Balance, September 30			<u>\$ 3,684,035</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	725,000	725,000	634,930	(90,070)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	4,000	4,000	1,887	(2,113)
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>729,000</u>	<u>729,000</u>	<u>636,817</u>	<u>(92,183)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire - public safety	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	660,916	660,916	634,930	(25,986)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>660,916</u>	<u>660,916</u>	<u>634,930</u>	<u>(25,986)</u>
Excess (Deficiency) of Revenues over Expenditures	68,084	68,084	1,887	(66,197)
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>\$ 68,084</u>	<u>\$ 68,084</u>	<u>\$ 1,887</u>	<u>\$ (66,197)</u>
Fund Balance, October 1			<u>238,252</u>	
Fund Balance, September 30			<u><u>\$ 240,139</u></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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	671,000	671,000	759,480	88,480
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	60,000	60,000	35,846	(24,154)
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>731,000</u>	<u>731,000</u>	<u>795,326</u>	<u>64,326</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
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	731,000	731,000	795,326	64,326
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(3,370,191)	(3,370,191)	(2,915,478)	454,713
Total Other Financing Sources (Uses)	<u>(3,370,191)</u>	<u>(3,370,191)</u>	<u>(2,915,478)</u>	<u>454,713</u>
Net Change in Fund Balance	<u>\$ (2,639,191)</u>	<u>\$ (2,639,191)</u>	\$ (2,120,152)	<u>\$ 519,039</u>
Fund Balance, October 1			<u>3,258,070</u>	
Fund Balance, September 30			<u>\$ 1,137,918</u>	

City of Festus, Missouri
Notes to the Required Supplementary Information - Budgetary Schedules
For the year ended September 30, 2020

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>	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	\$ 462,857	\$ 430,166	\$ 421,241	\$ 427,801	\$ 391,392	\$ 386,909
Interest on the Total Pension Liability	1,591,047	1,507,242	1,458,841	1,345,331	1,230,668	1,205,031
Benefit Changes	-	-	-	-	-	-
Difference between expected and actual experience	(566,237)	133,294	(391,561)	544,511	(64,181)	(570,584)
Assumption Changes	(101,755)	22,179	(14,526)	(153,257)	678,302	53,188
Benefit Payments	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-
Net Change in Total Pension Liability	440,761	1,217,021	720,852	1,453,869	1,612,577	369,352
Total Pension Liability beginning	22,329,709	21,112,688	20,391,836	18,937,967	17,325,390	16,956,038
Total Pension Liability ending	22,770,470	22,329,709	21,112,688	20,391,836	18,937,967	17,325,390
Plan Fiduciary Net Position						
Contributions-employer	713,737	601,498	565,286	618,046	590,399	553,848
Contributions-employee	-	-	-	-	-	-
Pension Plan Net Investment income	282,085	1,308,280	2,215,523	1,957,825	(33,114)	320,327
Benefit Payments	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-
Pension Plan Administrative expense	(28,101)	(23,910)	(16,220)	(15,761)	(15,647)	(16,124)
Other	207,751	82,380	(350,864)	235,650	44,955	47,974
Net Change in Plan Fiduciary Net Position	230,321	1,092,388	1,660,582	2,085,243	(37,011)	200,833
Plan Fiduciary Net Position beginning	20,977,460	19,885,072	18,224,490	16,139,247	16,176,258	15,975,425
Plan Fiduciary Net Position ending	\$ 21,207,781	\$ 20,977,460	\$ 19,885,072	\$ 18,224,490	\$ 16,139,247	\$ 16,176,258
Employer Net Pension Liability	\$ 1,562,689	\$ 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	93.14%	93.94%	94.19%	89.37%	85.22%	93.37%
Covered Employee Payroll	\$ 4,105,982	\$ 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	38.06%	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>2020</u>	<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>
Actuarially determined pension contribution	\$ 748,762	\$ 646,061	\$ 562,651	\$ 704,466	\$ 724,858	\$ 550,122	\$ 569,638	\$ 516,359	\$ 474,811	\$ 508,440
Contributions in relation to the actuarially determined contributions	<u>741,672</u>	<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>
Contribution deficiency (excess)	<u>\$ 7,090</u>	<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>
Covered Employee Payroll	\$ 4,264,834	\$ 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
Contributions as a percentage of covered employee payroll	17.39%	16.52%	15.69%	15.62%	16.63%	15.92%	16.21%	12.08%	11.04%	10.07%

Notes to Schedule:

Valuation date: February 29, 2020 - 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 29, 2020 to June 30, 2020 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 10 to 23 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, 2020

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	\$ 536,438	\$ 147,040	\$ 377,754	\$ -	\$ 8,690	\$ 798,022	\$ 408,041	\$ -	\$ 118,733	\$ 2,394,718
Investments	-	-	-	-	-	448,000	99,000	-	-	547,000
Restricted cash and cash equivalents	-	-	-	43,818	-	-	-	-	-	43,818
Restricted investments	-	-	-	-	-	-	-	-	-	-
Receivables, net										
Taxes	7,719	10,632	72,722	-	-	137,351	34,148	-	-	262,572
Special assessments	-	-	-	100,525	-	-	-	-	-	100,525
Interest	-	-	-	-	-	1,062	360	-	-	1,422
Grants	-	-	-	-	-	-	-	-	-	-
Other	11,383	-	-	1,305	-	-	-	-	-	12,688
Prepaid items	4,497	11,141	23,998	-	-	2,518	3,672	-	-	45,826
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total Assets	560,037	168,813	474,474	145,648	8,690	1,386,953	545,221	-	118,733	3,408,569
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 560,037	\$ 168,813	\$ 474,474	\$ 145,648	\$ 8,690	\$ 1,386,953	\$ 545,221	\$ -	\$ 118,733	\$ 3,408,569
Liabilities										
Accounts payable	\$ 2,562	\$ 3,151	\$ 40,183	\$ -	\$ -	\$ 65,026	\$ 2,549	\$ -	\$ -	\$ 113,471
Accrued payroll	4,830	9,859	9,470	-	-	1,946	112	-	-	26,217
Accrued payroll liabilities - other	1,174	63	297	-	-	85	2	-	-	1,621
Due to other funds	-	-	-	4,905	-	-	-	-	-	4,905
Unearned revenue	-	5,173	394	-	-	3,000	-	-	-	8,567
Other liabilities	-	-	1,395	-	-	22,342	-	-	-	23,737
Total Liabilities	8,566	18,246	51,739	4,905	-	92,399	2,663	-	-	178,518
Deferred Inflows of Resources										
Unavailable resources - property taxes	4,802	6,614	6,614	-	-	-	-	-	-	18,030
Unavailable resources - sales taxes	-	-	-	-	-	-	-	-	-	-
Unavailable resources - special assessments	-	-	-	100,525	-	-	-	-	-	100,525
Total Deferred Inflows of Resources	4,802	6,614	6,614	100,525	-	-	-	-	-	118,555
Fund Balance										
Nonspendable:										
Prepaid items	4,497	11,141	23,998	-	-	2,518	3,672	-	-	45,826
Restricted:										
Special revenue funds	542,172	132,812	392,123	40,218	8,690	1,292,036	538,886	-	118,733	3,065,670
Unassigned										
General fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	546,669	143,953	416,121	40,218	8,690	1,294,554	542,558	-	118,733	3,111,496
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 560,037	\$ 168,813	\$ 474,474	\$ 145,648	\$ 8,690	\$ 1,386,953	\$ 545,221	\$ -	\$ 118,733	\$ 3,408,569

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, 2020

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	\$ 155,489	\$ 214,230	\$ 214,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,949
Taxes - other	-	-	-	-	-	759,480	174,628	27,291	-	961,399
Intergovernmental	-	-	-	-	1,542	-	-	-	-	1,542
Special assessments	-	-	-	49,947	-	-	-	-	-	49,947
Grant revenue	-	7,718	-	-	1,001	-	-	-	111,301	120,020
Licenses and permits	1,521	-	-	-	-	-	-	-	-	1,521
Fines and penalties	4,770	19,445	2,266	568	-	-	1,228	-	-	28,277
Investment income	6,056	2,330	5,813	496	78	15,456	6,109	571	349	37,258
Lease payments	-	-	-	-	-	-	-	-	-	-
Other	4,917	18,383	32,842	-	-	-	1,907	-	-	58,049
Total Revenues	<u>172,753</u>	<u>262,106</u>	<u>255,151</u>	<u>51,011</u>	<u>2,621</u>	<u>774,936</u>	<u>183,872</u>	<u>27,862</u>	<u>111,650</u>	<u>1,841,962</u>
Expenditures										
Current:										
Police	-	-	-	-	3,500	-	-	-	13,937	17,437
Health	146,626	-	-	-	-	-	-	-	-	146,626
Library	-	295,815	-	-	-	-	-	-	-	295,815
Parks	-	-	460,886	-	-	-	-	-	-	460,886
Non-departmental	-	-	-	465	-	122,911	7,146	147,342	-	277,864
Capital outlay	3,870	18,592	275,273	-	-	68,195	198,035	-	-	563,965
Debt service:										
Principal	-	-	-	46,923	-	-	-	-	-	46,923
Interest and fiscal charges	-	-	-	7,112	-	-	-	-	-	7,112
Total Expenditures	<u>150,496</u>	<u>314,407</u>	<u>736,159</u>	<u>54,500</u>	<u>3,500</u>	<u>191,106</u>	<u>205,181</u>	<u>147,342</u>	<u>13,937</u>	<u>1,816,628</u>
Excess (Deficiency) of Revenues over Expenditures	22,257	(52,301)	(481,008)	(3,489)	(879)	583,830	(21,309)	(119,480)	97,713	25,334
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-	-	-	-	-
Insurance claims and refunds	-	-	-	-	-	-	-	-	-	-
Transfers in	-	33,708	379,740	4,007	-	-	-	-	-	417,455
Transfers out	-	-	-	-	-	(379,740)	-	-	-	(379,740)
Total Other Financing Sources (Uses)	<u>-</u>	<u>33,708</u>	<u>379,740</u>	<u>4,007</u>	<u>-</u>	<u>(379,740)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,715</u>
Net Change in Fund Balance	\$ 22,257	\$ (18,593)	\$ (101,268)	\$ 518	\$ (879)	\$ 204,090	\$ (21,309)	\$ (119,480)	\$ 97,713	\$ 63,049
Fund Balance (Deficit), October 1	<u>524,412</u>	<u>162,546</u>	<u>517,389</u>	<u>39,700</u>	<u>9,569</u>	<u>1,090,464</u>	<u>563,867</u>	<u>119,480</u>	<u>21,020</u>	<u>3,048,447</u>
Fund Balance (Deficit), September 30	<u>\$ 546,669</u>	<u>\$ 143,953</u>	<u>\$ 416,121</u>	<u>\$ 40,218</u>	<u>\$ 8,690</u>	<u>\$ 1,294,554</u>	<u>\$ 542,558</u>	<u>\$ -</u>	<u>\$ 118,733</u>	<u>\$ 3,111,496</u>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues				
Property taxes	\$ 149,683	\$ 149,683	\$ 155,489	\$ 5,806
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	1,300	1,300	1,521	221
Fines and penalties	2,700	2,700	4,770	2,070
Investment income	11,400	11,400	6,056	(5,344)
Lease payments	-	-	-	-
Other	20,000	6,500	4,917	(1,583)
Total Revenues	<u>185,083</u>	<u>171,583</u>	<u>172,753</u>	<u>1,170</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	186,489	183,344	146,626	(36,718)
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	3,800	3,870	3,870	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>190,289</u>	<u>187,214</u>	<u>150,496</u>	<u>(36,718)</u>
Excess (Deficiency) of Revenues over Expenditures	(5,206)	(15,631)	22,257	37,888
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>\$ (5,206)</u>	<u>\$ (15,631)</u>	\$ 22,257	<u>\$ 37,888</u>
Fund Balance, October 1			<u>524,412</u>	
Fund Balance, September 30			<u>\$ 546,669</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 206,087	\$ 206,087	\$ 214,230	\$ 8,143
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	13,100	6,600	7,718	1,118
Licenses and permits	-	-	-	-
Fines and penalties	34,900	18,900	19,445	545
Investment income	4,800	4,800	2,330	(2,470)
Lease payments	-	-	-	-
Other	44,500	19,700	18,383	(1,317)
Total Revenues	<u>303,387</u>	<u>256,087</u>	<u>262,106</u>	<u>6,019</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	346,986	332,887	295,815	(37,072)
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	26,600	18,949	18,592	(357)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>373,586</u>	<u>351,836</u>	<u>314,407</u>	<u>(37,429)</u>
Excess (Deficiency) of Revenues over Expenditures	(70,199)	(95,749)	(52,301)	43,448
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	43,599	63,599	33,708	(29,891)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>43,599</u>	<u>63,599</u>	<u>33,708</u>	<u>(29,891)</u>
Net Change in Fund Balance	<u>\$ (26,600)</u>	<u>\$ (32,150)</u>	\$ (18,593)	<u>\$ 13,557</u>
Fund Balance, October 1			<u>162,546</u>	
Fund Balance, September 30			<u>\$ 143,953</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 206,087	\$ 206,087	\$ 214,230	\$ 8,143
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	1,900	1,900	2,266	366
Investment income	10,200	10,200	5,813	(4,387)
Lease payments	-	-	-	-
Other	78,101	42,101	32,842	(9,259)
Total Revenues	<u>296,288</u>	<u>260,288</u>	<u>255,151</u>	<u>(5,137)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	651,708	526,669	460,886	(65,783)
Non-departmental	-	-	-	-
Capital outlay	194,200	288,499	275,273	(13,226)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>845,908</u>	<u>815,168</u>	<u>736,159</u>	<u>(79,009)</u>
Excess (Deficiency) of Revenues over Expenditures	(549,620)	(554,880)	(481,008)	73,872
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	549,700	658,000	379,740	(278,260)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>549,700</u>	<u>658,000</u>	<u>379,740</u>	<u>(278,260)</u>
Net Change in Fund Balance	<u>\$ 80</u>	<u>\$ 103,120</u>	\$ (101,268)	<u>\$ (204,388)</u>
Fund Balance, October 1			<u>517,389</u>	
Fund Balance, September 30			<u>\$ 416,121</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	50,025	50,025	49,947	(78)
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	568	568
Investment income	-	-	496	496
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>50,025</u>	<u>50,025</u>	<u>51,011</u>	<u>986</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	1,000	1,000	465	(535)
Capital outlay	-	-	-	-
Debt service:				
Principal	46,923	46,923	46,923	-
Interest and fiscal charges	7,112	7,112	7,112	-
Total Expenditures	<u>55,035</u>	<u>55,035</u>	<u>54,500</u>	<u>(535)</u>
Excess (Deficiency) of Revenues over Expenditures	(5,010)	(5,010)	(3,489)	1,521
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	4,010	4,010	4,007	(3)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,010</u>	<u>4,010</u>	<u>4,007</u>	<u>(3)</u>
Net Change in Fund Balance	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	\$ 518	<u>\$ 1,518</u>
Fund Balance, October 1			<u>39,700</u>	
Fund Balance, September 30			<u>\$ 40,218</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	3,000	3,000	1,542	(1,458)
Special assessments	-	-	-	-
Grant revenue	-	-	1,001	1,001
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	100	100	78	(22)
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>3,100</u>	<u>3,100</u>	<u>2,621</u>	<u>(479)</u>
Expenditures				
Current:				
Police	3,500	3,500	3,500	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	(400)	(400)	(879)	(479)
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>\$ (400)</u>	<u>\$ (400)</u>	\$ (879)	<u>\$ (479)</u>
Fund Balance, October 1			<u>9,569</u>	
Fund Balance, September 30			<u>\$ 8,690</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	671,000	671,000	759,480	88,480
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	29,000	29,000	15,456	(13,544)
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>774,936</u>	<u>74,936</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	171,743	173,743	122,911	(50,832)
Capital outlay	307,900	102,900	68,195	(34,705)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>479,643</u>	<u>276,643</u>	<u>191,106</u>	<u>(85,537)</u>
Excess (Deficiency) of Revenues over Expenditures	220,357	423,357	583,830	160,473
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(529,700)	(529,700)	(379,740)	149,960
Total Other Financing Sources (Uses)	<u>(529,700)</u>	<u>(529,700)</u>	<u>(379,740)</u>	<u>149,960</u>
Net Change in Fund Balance	<u>\$ (309,343)</u>	<u>\$ (106,343)</u>	\$ 204,090	<u>\$ 310,433</u>
Fund Balance, October 1			<u>1,090,464</u>	
Fund Balance, September 30			<u>\$ 1,294,554</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	220,200	175,000	174,628	(372)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	1,228	1,228
Investment income	10,800	10,800	6,109	(4,691)
Lease payments	-	-	-	-
Other	7,000	1,900	1,907	7
Total Revenues	<u>238,000</u>	<u>187,700</u>	<u>183,872</u>	<u>(3,828)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	20,987	9,166	7,146	(2,020)
Capital outlay	365,055	215,505	198,035	(17,470)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>386,042</u>	<u>224,671</u>	<u>205,181</u>	<u>(19,490)</u>
Excess (Deficiency) of Revenues over Expenditures	(148,042)	(36,971)	(21,309)	15,662
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(20,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (168,042)</u>	<u>\$ (36,971)</u>	<u>\$ (21,309)</u>	<u>\$ 15,662</u>
Fund Balance, October 1			<u>563,867</u>	
Fund Balance, September 30			<u>\$ 542,558</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	35,500	35,500	27,291	(8,209)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	600	600	571	(29)
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>36,100</u>	<u>36,100</u>	<u>27,862</u>	<u>(8,238)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	165,317	165,317	147,342	(17,975)
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>165,317</u>	<u>165,317</u>	<u>147,342</u>	<u>(17,975)</u>
Excess (Deficiency) of Revenues over Expenditures	(129,217)	(129,217)	(119,480)	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>\$ (129,217)</u>	<u>\$ (129,217)</u>	<u>\$ (119,480)</u>	<u>\$ 9,737</u>
Fund Balance, October 1			<u>119,480</u>	
Fund Balance, September 30			<u>\$ -</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	111,301	111,301	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	150	150	349	199
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>150</u>	<u>111,451</u>	<u>111,650</u>	<u>199</u>
Expenditures				
Current:				
Police	20,765	20,765	13,937	(6,828)
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>20,765</u>	<u>20,765</u>	<u>13,937</u>	<u>(6,828)</u>
Excess (Deficiency) of Revenues over Expenditures	(20,615)	90,686	97,713	7,027
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>\$ (20,615)</u>	<u>\$ 90,686</u>	<u>\$ 97,713</u>	<u>\$ 7,027</u>
Fund Balance, October 1			<u>21,020</u>	
Fund Balance, September 30			<u>\$ 118,733</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, 2020

	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	45,000	45,000	37,487	(7,513)
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>37,487</u>	<u>(7,513)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Court	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
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	45,000	45,000	37,487	(7,513)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	450,000	450,000	450,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 495,000</u>	<u>\$ 495,000</u>	\$ 487,487	<u>\$ (7,513)</u>
Fund Balance, October 1			<u>2,172,271</u>	
Fund Balance, September 30			<u>\$ 2,659,758</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, 2020, 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 4, 2021.

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 2020-001 and 2020-002.

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.

A handwritten signature in black ink, appearing to read "Stopp & VanHoy". The signature is written in a cursive, flowing style.

Creve Coeur, Missouri
March 4, 2021

The City of Festus, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2020

Financial Statement Findings

2020-001 **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.

2020-001 **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, 2019.

Prior Year 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.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2020-001.

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.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2020-001.