

City of Festus, Missouri

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

For the year ended September 30, 2021



The City of Festus, Missouri
Table of Contents
For the year ended September 30, 2021

	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.....	37
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - City Transportation Tax Special Revenue Fund.....	38
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - County Transportation Tax Special Revenue Fund.....	39
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Improvement Special Revenue Fund.....	40
Notes to the Required Supplementary Information - Budgetary Schedules.....	41
Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Fiscal Years.....	42
Schedule of Pension Contributions - Last 10 Fiscal Years.....	43

The City of Festus, Missouri
Table of Contents
For the year ended September 30, 2021

Supplementary Information

Combining Balance Sheet - Non-Major Governmental Funds.....	44
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds.....	45
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Health Special Revenue Fund.....	46
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Special Revenue Fund.....	47
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Park Special Revenue Fund.....	48
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - NID Assessment Special Revenue Fund.....	49
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Law Enforcement Training Special Revenue Fund.....	50
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Storm Water Special Revenue Fund.....	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Tourism Tax Special Revenue Fund.....	52
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Federal Forfeiture Special Revenue Fund.....	53
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Reserve Capital Project Fund.....	54

Other Supplementary Information

Independent Auditor's 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>	55
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.....	57
Schedule of Expenditures of Federal Awards.....	59
Notes to the Schedule of Expenditures of Federal Awards.....	60
Schedule of Findings and Questioned Costs.....	61
Summary Schedule of Prior Year Findings and Questioned Costs.....	63

Independent Auditor's Report

Honorable Mayor and City Council
 City of Festus, Missouri

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Festus, Missouri, as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise City of Festus, Missouri's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
City Transportation Tax Fund	Unmodified
County Transportation Tax Fund	Unmodified
Capital Improvement Fund	Unmodified
Capital Reserve Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Water and Sewer Fund	Qualified

Unmodified Opinion on the Major Governmental 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 governmental funds and the aggregate remaining fund information for City of Festus, Missouri, as of September 30, 2021, 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.

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 matter described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities, and the proprietary fund financial statements, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the proprietary fund financial statements of City of Festus, Missouri, as of September 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities

for the Audit of the Financial Statements section of our report. We are required to be independent of City of Festus, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the proprietary fund financial statements. The effects of that departure on the financial statements are not reasonably determinable.

Responsibilities of Management for the Financial Statements

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Festus, Missouri's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Festus, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Festus, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 37-40, and pension related schedules on pages 42-43 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 opinions on the basic financial statements are 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.

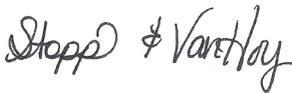
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Festus, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison information, capital project fund budgetary comparison information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, capital project fund budgetary comparison information, and the schedule of expenditures of federal awards 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 18, 2022 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City of Festus, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
March 18, 2022

The City of Festus, Missouri
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 14,511,202	\$ 5,872,490	\$ 20,383,692
Investments	4,901,000	1,495,000	6,396,000
Restricted cash and cash equivalents	82,683	1,382,558	1,465,241
Restricted investments	-	-	-
Receivables, net			
Taxes	5,230,234	-	5,230,234
Special assessments	50,777	34,829	85,606
Service charges	71,015	614,602	685,617
Interest	5,036	6,161	11,197
Grants	33,416	-	33,416
Other	80,735	9,177	89,912
Prepaid items	425,315	44,035	469,350
Inventory	-	245,305	245,305
Investment in joint venture	-	2,994,010	2,994,010
Net pension asset	2,348,326	384,525	2,732,851
Capital assets:			
Land and construction in progress	2,051,245	194,059	2,245,304
Other capital assets, net	15,674,695	12,834,078	28,508,773
Total Assets	<u>45,465,679</u>	<u>26,110,829</u>	<u>71,576,508</u>
Deferred Outflows of Resources			
Deferred outflows - asset retirement obligation	-	-	-
Deferred outflows - pension related	510,927	105,632	616,559
Total Deferred Outflows of Resources	<u>510,927</u>	<u>105,632</u>	<u>616,559</u>
Liabilities			
Accounts payable	1,286,643	175,427	1,462,070
Accrued payroll	419,967	65,485	485,452
Accrued payroll liabilities-other	63,326	10,808	74,134
Accrued interest	4,620	8,221	12,841
Deposits payable	-	399,491	399,491
Funds held for others	39,518	-	39,518
Unearned revenue	1,694,351	-	1,694,351
Other liabilities	297,954	14,235	312,189
Noncurrent liabilities:			
Due Within One Year	144,152	415,857	560,009
Due in More Than One Year	595,000	273,230	868,230
Total Liabilities	<u>4,545,531</u>	<u>1,362,754</u>	<u>5,908,285</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	3,224,281	541,123	3,765,404
Net Position			
Net investment in capital assets	16,986,788	12,339,050	29,325,838
Restricted:			
Debt service	45,165	102,436	147,601
Enabling legislation	9,143,267	-	9,143,267
Unrestricted	12,031,574	11,871,098	23,902,672
Total Net Position	<u>\$ 38,206,794</u>	<u>\$ 24,312,584</u>	<u>\$ 62,519,378</u>

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Activities
For the year ended September 30, 2021

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	\$ 1,358,111	\$ -	\$ 1,931,276	\$ -	\$ 573,165	\$ -	\$ 573,165
Building department	284,610	177,552	-	-	(107,058)	-	(107,058)
Police	3,459,946	342,327	128,902	182,526	(2,806,191)	-	(2,806,191)
Dispatch	508,906	-	-	-	(508,906)	-	(508,906)
Fire	927,544	12,700	-	-	(914,844)	-	(914,844)
Emergency management	18,619	-	-	-	(18,619)	-	(18,619)
Street	2,560,305	49,748	-	631,700	(1,878,857)	-	(1,878,857)
Health	148,893	6,551	-	-	(142,342)	-	(142,342)
Library	434,765	29,249	9,877	107,236	(288,403)	-	(288,403)
Parks	638,700	71,654	1,045	-	(566,001)	-	(566,001)
Non-departmental	1,537,179	923,722	-	604,777	(8,680)	-	(8,680)
Interest and fiscal charges	25,686	-	-	-	(25,686)	-	(25,686)
Total Government Activities	11,903,264	1,613,503	2,071,100	1,526,239	(6,692,422)	-	(6,692,422)
Business-type Activities:							
Water and Sewer	4,697,078	5,546,051	-	858,498	-	1,707,471	1,707,471
Total Business-type Activities	4,697,078	5,546,051	-	858,498	-	1,707,471	1,707,471
Total Primary Government	\$ 16,600,342	\$ 7,159,554	\$ 2,071,100	\$ 2,384,737	(6,692,422)	1,707,471	(4,984,951)
General Revenues							
Taxes:							
					10,667,933	-	10,667,933
					1,312,227	-	1,312,227
					1,683,886	-	1,683,886
					225,755	-	225,755
					128,954	81,296	210,250
					-	-	-
					148,510	-	148,510
					(135,000)	135,000	-
					14,032,265	216,296	14,248,561
					\$ 7,339,843	\$ 1,923,767	\$ 9,263,610
					30,866,951	22,388,817	53,255,768
					\$ 38,206,794	\$ 24,312,584	\$ 62,519,378

See Notes to the Financial Statements

The City of Festus, Missouri
Balance Sheet - Governmental Funds
September 30, 2021

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 6,551,687	\$ 1,387,754	\$ -	\$ 1,208,886	\$ 1,998,098	\$ 3,364,777	\$ 14,511,202
Investments	1,448,000	1,958,000	-	500,000	698,000	297,000	4,901,000
Restricted cash and cash equivalents	37,518	-	-	-	-	45,165	82,683
Restricted investments	-	-	-	-	-	-	-
Receivables, net							
Taxes	2,073,859	310,854	2,276,191	155,427	100,000	315,403	5,231,734
Special assessments	-	-	-	-	-	50,777	50,777
Service charges	71,015	-	-	-	-	-	71,015
Interest	1,651	1,700	-	253	1,023	409	5,036
Grants	5,825	27,003	-	-	-	588	33,416
Court	-	-	-	-	-	-	-
Other	60,408	750	-	-	-	19,577	80,735
Prepaid items	357,531	30,644	-	-	-	37,140	425,315
Due from other funds	296,568	-	-	-	-	-	296,568
Total Assets	<u>10,904,062</u>	<u>3,716,705</u>	<u>2,276,191</u>	<u>1,864,566</u>	<u>2,797,121</u>	<u>4,130,836</u>	<u>25,689,481</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,904,062</u>	<u>\$ 3,716,705</u>	<u>\$ 2,276,191</u>	<u>\$ 1,864,566</u>	<u>\$ 2,797,121</u>	<u>\$ 4,130,836</u>	<u>\$ 25,689,481</u>
Liabilities							
Accounts payable	\$ 770,570	\$ 249,482	\$ 130,501	\$ -	\$ -	\$ 136,090	\$ 1,286,643
Accrued payroll	207,631	28,206	-	-	-	30,645	266,482
Accrued payroll liabilities - other	49,082	7,234	-	-	-	7,010	63,326
Due to other funds	-	-	290,410	-	-	6,158	296,568
Funds held for others	39,518	-	-	-	-	-	39,518
Unearned revenue	11,697	-	1,614,129	-	-	19,248	1,645,074
Other liabilities	201,659	47,720	-	23,860	-	24,715	297,954
Total Liabilities	<u>1,280,157</u>	<u>332,642</u>	<u>2,035,040</u>	<u>23,860</u>	<u>-</u>	<u>223,866</u>	<u>3,895,565</u>
Deferred Inflows of Resources							
Unavailable resources - property taxes	15,678	-	-	-	-	13,055	28,733
Unavailable resources - special assessments	-	-	-	-	-	50,777	50,777
Total Deferred Inflows of Resources	<u>15,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,832</u>	<u>79,510</u>
Fund Balance							
Nonspendable:							
Prepaid items	357,531	30,644	-	-	-	37,140	425,315
Restricted:							
Special revenue funds	-	3,353,419	241,151	1,840,706	-	3,805,998	9,241,274
Committed:							
Contingency	2,752,702	-	-	-	-	-	2,752,702
Capital project fund	-	-	-	-	2,797,121	-	2,797,121
Unassigned:							
General fund	6,497,994	-	-	-	-	-	6,497,994
Total Fund Balances	<u>9,608,227</u>	<u>3,384,063</u>	<u>241,151</u>	<u>1,840,706</u>	<u>2,797,121</u>	<u>3,843,138</u>	<u>21,714,406</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,904,062</u>	<u>\$ 3,716,705</u>	<u>\$ 2,276,191</u>	<u>\$ 1,864,566</u>	<u>\$ 2,797,121</u>	<u>\$ 4,130,836</u>	<u>\$ 25,689,481</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, 2021

Total Fund Balances - Governmental Funds	\$ 21,714,406
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	-
Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds:	
Deferred outflows - pension related	510,927
Deferred inflows - pension related	(3,224,281)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	17,725,940
Receivables not collected in the current period are not available to pay current expenditures, and, therefore, are not reported in the funds	28,733
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	(153,485)
Accrued net pension asset	2,348,326
Accrued interest payable	(4,620)
Bonds and notes payable outstanding	(739,152)
Net Position of Governmental Activities	\$ 38,206,794

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, 2021

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 723,382	\$ -	\$ -	\$ -	\$ -	\$ 599,799	\$ 1,323,181
Taxes - other	8,051,392	1,736,046	662,062	825,833	-	1,076,486	12,351,819
Intergovernmental	-	-	-	-	-	1,512	1,512
Special assessments	-	-	-	-	-	49,748	49,748
Grant revenue	1,948,174	631,700	-	-	-	110,876	2,690,750
Licenses and permits	416,007	-	-	-	-	1,256	417,263
Fines and penalties	82,256	-	-	-	-	31,923	114,179
Investment income	44,773	30,989	1,012	11,955	20,998	19,288	129,015
Lease payments	54,879	-	-	-	-	-	54,879
Other	282,700	16,256	-	-	-	96,487	395,443
Service charges	924,431	-	-	-	-	-	924,431
Total Revenues	<u>12,527,994</u>	<u>2,414,991</u>	<u>663,074</u>	<u>837,788</u>	<u>20,998</u>	<u>1,987,375</u>	<u>18,452,220</u>
Expenditures							
Current:							
Administration	851,506	-	-	-	-	-	851,506
Building department	321,971	-	-	-	-	-	321,971
Police	3,206,649	-	-	-	-	18,971	3,225,620
Dispatch	494,953	-	-	-	-	-	494,953
Fire	953,450	-	-	-	-	-	953,450
Emergency management	13,762	-	-	-	-	-	13,762
Street	-	1,193,290	-	-	-	-	1,193,290
Health	-	-	-	-	-	165,315	165,315
Library	-	-	-	-	-	338,712	338,712
Parks	-	-	-	-	-	560,557	560,557
Non-departmental	1,103,954	-	-	-	-	136,568	1,240,522
Capital outlay	1,800,511	2,176,843	662,062	-	-	299,124	4,938,540
Debt service:							
Principal	90,000	-	-	-	-	50,532	140,532
Interest and fiscal charges	21,965	-	-	-	-	4,407	26,372
Total Expenditures	<u>8,858,721</u>	<u>3,370,133</u>	<u>662,062</u>	<u>-</u>	<u>-</u>	<u>1,574,186</u>	<u>14,465,102</u>
Excess (Deficiency) of Revenues over Expenditures	3,669,273	(955,142)	1,012	837,788	20,998	413,189	3,987,118
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	12,310	37,900	-	-	-	-	50,210
Contributed capital	182,526	596,189	-	-	-	115,824	894,539
Insurance claims and refunds	9,887	32,349	-	-	-	127	42,363
Transfers in	-	-	-	-	600,000	772,249	1,372,249
Transfers out	(307,599)	(11,268)	-	(135,000)	(483,635)	(569,747)	(1,507,249)
Total Other Financing Sources	<u>(102,876)</u>	<u>655,170</u>	<u>-</u>	<u>(135,000)</u>	<u>116,365</u>	<u>318,453</u>	<u>852,112</u>
Net Change in Fund Balance	\$ 3,566,397	\$ (299,972)	\$ 1,012	\$ 702,788	\$ 137,363	\$ 731,642	\$ 4,839,230
Fund Balance (Deficit), October 1	<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>
Fund Balance (Deficit), September 30	<u>\$ 9,608,227</u>	<u>\$ 3,384,063</u>	<u>\$ 241,151</u>	<u>\$ 1,840,706</u>	<u>\$ 2,797,121</u>	<u>\$ 3,843,138</u>	<u>\$ 21,714,406</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, 2021

Net Change in Fund Balances - Governmental Funds \$ 4,839,230

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	3,692,735	
Depreciation expense	<u>(2,073,681)</u>	
		1,619,054

Gain (loss) on capital assets sold (71,990)

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		(10,954)
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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	50,532	
Certificates of Participation	<u>90,000</u>	
		140,532

Payment of interest on Long-Term Debt		625
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Pension obligations		807,207
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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>16,139</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 7,339,843</u></u>
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The City of Festus, Missouri
Statement of Net Position
Proprietary Funds
September 30, 2021

	Water & Sewer
Assets	
Current Assets	
Cash and cash equivalents	\$ 5,872,490
Investments	1,495,000
Restricted cash and cash equivalents	1,382,558
Restricted investments	-
Receivables, net	
Special assessments	34,829
Service charges	614,602
Interest	6,161
Grants	-
Other	9,177
Prepaid items	44,035
Inventory	245,305
Total Current Assets	9,704,157
Noncurrent Assets	
Net pension asset	384,525
Investments in joint venture	2,994,010
Non-depreciable capital assets:	
Land and construction in progress	194,059
Depreciable capital assets:	
Other capital assets, net	12,834,078
Total Noncurrent Assets	16,406,672
Total Assets	26,110,829
Deferred Outflows of Resources	
Deferred outflows - asset retirement obligation	-
Deferred outflows - pension related	105,632
Total Deferred Outflows of Resources	105,632
Total Assets and Deferred Outflows of Resources	\$ 26,216,461
Liabilities	
Current Liabilities	
Accounts payable	\$ 175,427
Accrued payroll	65,485
Accrued payroll liabilities - other	10,808
Accrued interest	8,221
Revenue bonds and NID bonds payable - current portion	415,857
Notes payable - current portion	-
Asset retirement obligation	-
Deposits payable	399,491
Due to other funds	-
Other liabilities	14,235
Total Current Liabilities	1,089,524
Long-Term Liabilities	
Revenue bonds and NID bonds payable, net of discounts and premiums	273,230
Notes payable	-
Total Long-Term Liabilities	273,230
Total Liabilities	1,362,754
Deferred Inflows of Resources	
Deferred inflows - pension related	541,123
Net Position	
Net investment in capital assets	12,339,050
Restricted for:	
Debt reserve	102,436
Unrestricted	11,871,098
Total Net Position	24,312,584
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 26,216,461

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, 2021

	Water & Sewer
Operating Revenues	
Water and sewer collections and fees	\$ 5,520,477
Grant revenues	-
Other revenues	25,574
Total Operating Revenues	5,546,051
Operating Expenses	
Personnel expenses	934,251
Materials and supplies	228,847
Purchased water	1,927,200
Utilities and maintenance	224,234
Depreciation and amortization	711,181
Treatment plant	491,735
Other	95,981
Total Operating Expenses	4,613,429
Operating Income (Loss)	932,622
Non-operating Revenues (Expenses)	
Interest income	81,296
Gain (loss) on disposal of assets	-
Gain (loss) on joint venture	(43,487)
Interest expense	(40,162)
Total Non-operating Revenues (Expenses)	(2,353)
Income (Loss) Before Capital Contributions and Transfers	930,269
Capital contributions	858,498
Transfers in (out)	135,000
	993,498
Change in Net Position	\$ 1,923,767
Net Position, October 1	22,388,817
Net Position, September 30	\$ 24,312,584

See Notes to the Financial Statements

The City of Festus, Missouri
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2021

	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from customers	\$ 5,605,222
Payments to suppliers	(3,316,127)
Payments to employees	(1,056,970)
Other receipts (payments)	25,574
Net Cash Flows from Operating Activities	1,257,699
Cash Flows from Noncapital Financing Activities:	
Transfer in (out)	135,000
Net Cash from Noncapital Financing Activities	135,000
Cash Flows from Capital and Related Financing Activities:	
Payments of long-term debt	(1,147,454)
Interest on debt	(58,199)
Acquisition and construction of capital assets	(401,562)
Net Cash Used by Capital and Related Financing Activities	(1,607,215)
Cash Flows from Investing Activities:	
Proceeds from sale/(purchase) of investments	1,078,831
Investment in joint venture	(455,511)
Interest on investments	88,173
Net Cash from Investing Activities	711,493
Net Increase in Cash and Cash Equivalents	\$ 496,977
Cash and Cash Equivalents, October 1	6,758,071
Cash and Cash Equivalents, September 30	7,255,048
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Profit (Loss)	\$ 932,622
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	711,181
(Increase) decrease in:	
Accounts receivable	64,219
Prepaid items	1,349
Inventories	(30,239)
Deferred outflows	75,994
Increase (decrease) in:	
Accounts payable	(321,968)
Accrued payroll and other liabilities	30,187
Net pension liability (asset)	(594,460)
Deferred inflows - pension related	388,814
Net cash provided by (used in) operating activities	\$ 1,257,699
Noncash Capital and Related Financing and/or Investing Activities:	
Contributions of capital assets	\$ 858,498

See Notes to the Financial Statements

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

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, 2021

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, 2021

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>9/30/21</u>
Governmental Activities - General Fund	\$ 40,651
Business-type Activities - Water and Sewer Enterprise Fund	37,489
	<u>\$ 78,140</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

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 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, 2021

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	\$ 107,054	\$ 107,054
Business-Type Activities	15,031	15,031
	\$ 122,085	\$ 122,085

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, 2021

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, 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, 2021.

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, 2021

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 unearned 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, 2021

Note 2 - Cash and Investments

Deposits and investments held by at the City at September 30, 2021 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	20,380,345
Total Unrestricted Deposits		<u>20,383,692</u>
Restricted Deposits:		
Demand deposits	n/a	1,317,640
Total Restricted Deposits		<u>1,317,640</u>
Total Unrestricted and Restricted Deposits		<u>\$ 21,701,332</u>
Unrestricted Investments:		
Certificate(s) of deposit	10/26/21	\$ 1,386,000
Certificate of deposit	12/08/21	260,000
Certificate of deposit	01/20/22	2,250,000
Certificate of deposit	02/18/22	500,000
Certificate of deposit	05/25/22	2,000,000
Total Unrestricted Investments		<u>6,396,000</u>
Restricted Investments:		
Money market funds	n/a	147,601
Total Restricted Investments		<u>147,601</u>
Total Unrestricted and Restricted Investments		<u>\$ 6,543,601</u>

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, 2021, 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.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 2 - Cash and Investments (continued)

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	\$ 1,386,000	21.18%
Bank of Bloomsdale	Certificates of deposit	5,010,000	76.56%

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	\$ 147,601	\$ 147,601	\$ -	\$ -

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*.

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 9/30/20	Additions	Reductions	Balance 9/30/21
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 1,495,844	\$ -	\$ -	\$ 1,495,844
Construction in process	230,506	1,130,293	(805,398)	555,401
Total Non-depreciable capital assets	<u>\$ 1,726,350</u>	<u>\$ 1,130,293</u>	<u>\$ (805,398)</u>	<u>\$ 2,051,245</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 3 - Capital Assets (continued)

	Balance 9/30/20	Additions	Reductions	Balance 9/30/21
<u>Governmental Activities (continued)</u>				
Depreciable capital assets:				
Buildings and other improvements	\$ 7,291,582	\$ 94,575	\$ (44,954)	\$ 7,341,203
Office equipment	501,890	237,937	(50,047)	689,780
Automotive equipment	3,351,595	174,665	(109,692)	3,416,568
Machinery and equipment	3,654,088	802,509	(352,684)	4,103,913
Infrastructure	17,515,038	1,720,931	(774,629)	18,461,340
Land improvements	3,343,681	337,223	(1,099)	3,679,805
Total Depreciable capital assets	<u>35,657,874</u>	<u>3,367,840</u>	<u>(1,333,105)</u>	<u>37,692,609</u>
Less: Accumulated depreciation				
Buildings and other improvements	3,969,916	200,661	(22,000)	4,148,577
Office equipment	358,935	91,828	(46,988)	403,775
Automotive equipment	2,302,666	203,455	(109,692)	2,396,429
Machinery and equipment	2,947,906	184,828	(322,721)	2,810,013
Infrastructure	10,357,856	1,234,549	(758,616)	10,833,789
Land improvements	1,268,069	158,360	(1,098)	1,425,331
Total Accumulated depreciation	<u>21,205,348</u>	<u>2,073,681</u>	<u>(1,261,115)</u>	<u>22,017,914</u>
Depreciable capital assets, net	<u>\$ 14,452,526</u>	<u>\$ 1,294,159</u>	<u>\$ (71,990)</u>	<u>\$ 15,674,695</u>
<u>Business-type Activities</u>				
Non-depreciable capital assets:				
Land	\$ 194,059	\$ -	\$ -	\$ 194,059
Construction in process	50,795	188,312	(239,107)	-
Total Non-depreciable capital assets	<u>\$ 244,854</u>	<u>\$ 188,312</u>	<u>\$ (239,107)</u>	<u>\$ 194,059</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 3 - Capital Assets (continued)

Business-type Activities (continued)

Depreciable capital assets:

Systems and improvements	\$ 13,530,105	\$ 881,012	\$ -	\$ 14,411,117
Buildings and other improvements	262,074	-	-	262,074
Automotive equipment	327,782	79,367	(53,832)	353,317
Machinery and equipment	4,025,422	297,816	-	4,323,238
Furniture and fixtures	-	-	-	-
Computer equipment	48,339	-	-	48,339
Total Depreciable capital assets	<u>18,193,722</u>	<u>1,258,195</u>	<u>(53,832)</u>	<u>19,398,085</u>

Less: Accumulated depreciation

Systems and improvements	3,773,196	295,882	-	4,069,078
Buildings and other improvements	162,435	7,075	-	169,510
Automotive equipment	198,150	22,402	(53,832)	166,720
Machinery and equipment	1,927,866	194,233	-	2,122,099
Furniture and fixtures	-	-	-	-
Computer equipment	32,778	3,822	-	36,600
Total Accumulated depreciation	<u>6,094,425</u>	<u>523,414</u>	<u>(53,832)</u>	<u>6,564,007</u>

Depreciable capital assets, net	<u>\$ 12,099,297</u>	<u>\$ 734,781</u>	<u>\$ -</u>	<u>\$ 12,834,078</u>
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Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2021 as follows:

	<u>Amount</u>
Governmental Activities:	
Administration	\$ 27,843
Building department	5,299
Police	171,204
Dispatch	48,142
Fire	82,642
Street	1,428,269
Emergency Management	4,857
Non-Departmental	72,437
Health	6,439
Library	92,812
Parks	133,737
Total Depreciation Expense - Governmental Activities	<u>\$ 2,073,681</u>
Business-type Activities:	
Water and Sewer	<u>\$ 521,614</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 521,614</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 4 - Long-Term Debt

Long-term liability activity for the year ended September 30, 2021 was as follows:

	Balance 9/30/20	Additions	Reductions	Balance 9/30/21	Amounts Due Within One Year
Governmental Activities:					
NID Bonds	\$ 104,684	\$ -	\$ (50,532)	\$ 54,152	\$ 54,152
Certificates of Participation	775,000	-	(90,000)	685,000	90,000
Total Governmental Activities:	\$ 879,684	\$ -	\$ (140,532)	\$ 739,152	\$ 144,152
Business-type Activities:					
Revenue Bonds	\$ 1,130,000	\$ -	\$ (480,000)	\$ 650,000	\$ 395,000
Add: Premium	30,487	-	(12,166)	18,321	-
NID Bonds	40,324	-	(19,467)	20,857	20,857
Less: Discount	(309)	-	218	(91)	-
Notes payable	647,987	-	(647,987)	-	-
Total Business-type Activities:	\$ 1,848,489	\$ -	\$ (1,159,402)	\$ 689,087	\$ 415,857

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% \$ 54,152

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% 20,857

Total: \$ 75,009

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

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 year ending September 30, 2022	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
	\$ 54,152	\$ 1,502	\$ 55,654	\$ 20,857	\$ 579	\$ 21,436

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% \$ 685,000

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
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	100,000	8,450	108,450
2027-2028	210,000	6,825	216,825
	<u>\$ 685,000</u>	<u>\$ 78,500</u>	<u>\$ 763,500</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 4 - Long-Term Debt (continued)

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%.	\$ 500,000
\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 2022, interest payable at 3.000% to 5.375%.	<u>150,000</u>
Total:	<u><u>\$ 650,000</u></u>

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. These notes were paid in full as of September 30, 2021.

Business-type Activities:

State Revolving Fund (SRF) - 2001C, no interest	\$ -
State Revolving Fund (SRF) - 2002B, no interest	<u>-</u>
Total:	<u><u>\$ -</u></u>

Annual debt service requirements to maturity for the 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
2022	\$ 395,000	\$ 32,500	\$ 427,500	\$ -	-	\$ -
2023	255,000	12,750	267,750	-	-	-
	<u>\$ 650,000</u>	<u>\$ 45,250</u>	<u>\$ 695,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

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.

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.

	2021
	<u>Valuation</u>
Benefit Multiplier	2.00%
Final Average Salary	5 years
Member Contributions	0%

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

Employees covered by benefit terms - At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	63
Active employees	94
	<u>239</u>

Contributions - The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 16.5% (General), 16.1% (Police) and 27.0% (Fire) of annual covered payroll.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 5 - Employee Retirement Plans (continued)

Net Pension Liability - The employer's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions - The total pension liability in the February 28, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75% - 7.15% including wage inflation
Investment Rate of Return	7.00%, net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

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 7.00% (General), 7.00% (Police), and 7.00% (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 7.00% long-term expected rate of return on pension plan investments and (2) a 1.92% 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, 2021

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 6/30/2020	\$ 22,770,470	\$ 21,207,781	\$ 1,562,689
Changes for the year:			
Service cost	496,986	-	496,986
Interest	1,631,103	-	1,631,103
Changes in benefit terms	-	-	-
Difference between expected and actual experience	224,328	-	224,328
Contributions - employer	-	800,587	(800,587)
Contributions - employee	-	-	-
Net investment income	-	5,777,104	(5,777,104)
Benefit payments, including refunds	(1,051,701)	(1,051,701)	-
Administrative expense	-	(22,191)	22,191
Other changes	(386,943)	(294,486)	(92,457)
Net changes	913,773	5,209,313	(4,295,540)
Balances at 6/30/2021	\$ 23,684,243	\$ 26,417,094	\$ (2,732,851)

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 7.00% (General), 7.00% (Police) and 7.00% (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	\$ 27,162,349	\$ 23,684,243	\$ 20,829,138
Plan Fiduciary Net Position	(26,417,094)	(26,417,094)	(26,417,094)
Net Pension Liability	\$ 745,255	\$ (2,732,851)	\$ (5,587,956)

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

For the year ended September 30, 2021, the City of Festus recognized pension expense of (\$127,666). 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	\$ 417,782	\$ (570,214)
Differences in assumptions	15,313	(397,019)
Excess (deficit) investment returns	-	(2,798,171)
Contributions subsequent to the measurement date*	183,464	-
	\$ 616,559	\$ (3,765,404)

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

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, 2021.

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
2022	\$ (809,125)
2023	(775,884)
2024	(722,090)
2025	(871,294)
2026	11,062
Thereafter	18,486
	<u>\$ (3,148,845)</u>

Payable to the Pension Plan

At September 30, 2021, the City of Festus reported a payable of \$60,394 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2021.

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 \$296,568, City Transportation Tax Fund (\$290,410), and NID Assessment Fund of (\$6,158) 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, 2021

Note 7 - Interfund Transfers

Individual fund transfers for the year ended September 30, 2021 are as follows:

	Fund	Transfers In	Transfers Out	Net Transfers
Governmental Activities:	General Fund	\$ -	\$ (307,599)	\$ (307,599)
	City Transportation Tax Fund	-	(11,268)	(11,268)
	Capital Improvement Fund	-	(135,000)	(135,000)
	Capital Reserve Fund	600,000	(483,635)	116,365
	Library Fund	70,155	-	70,155
	Park Fund	698,017	-	698,017
	NID Assessment Fund	4,077	-	4,077
	Storm Water Tax Fund	-	(549,747)	(549,747)
	Tourism Tax Fund	-	(20,000)	(20,000)
	Total Governmental Activities	1,372,249	(1,507,249)	(135,000)
Business-Type Activities:	Water and Sewer Fund	135,000	-	135,000
	Total Business-Type Activities	135,000	-	135,000
	Total Transfers	\$ 1,507,249	\$ (1,507,249)	\$ -

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

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 City 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, 2021

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, 2022. 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 \$433,939 in insurance premiums to MIRMA during the year ended September 30, 2021. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Note 11 - Claims and Contingencies

Litigation

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

Federal and State Assisted Programs

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

Note 12 - Leases in the Statements of Lessors

The City's General Fund derives a portion of its revenues from noncancelable operating leases from tenants who rent a City owned building and ground leases used for cell phone towers. Leased property consists of \$121,007 of land and \$170,362 in buildings and improvements, net of depreciation.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

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

Future minimum rentals to be received under these leases as of September 30, 2021, are as follows:

Years ending September 30,	Building Rent	Ground Leases	Total
2022	\$ 40,596	\$ 27,483	\$ 68,079
2023	40,596	28,019	68,615
2024	6,332	29,625	35,957
2025	-	29,955	29,955
2026	-	29,986	29,986
2027-2031	-	158,614	158,614
2032-2036	-	173,948	173,948
2037-2041	-	110,332	110,332
2042-2045	-	45,344	45,344
	<u>\$ 87,524</u>	<u>\$ 633,306</u>	<u>\$ 720,830</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 73% 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 27% 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, 2021 is \$2,994,010. The net change in value of the joint venture resulted in a gain of \$258,550 for the year ended September 30, 2021. For the year ended September 30, 2021, the City's cost for sewage treatment services provided by the Commission was \$491,735, 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, 2021 were both \$76,734. Commission management stated that no long-term liabilities were outstanding at September 30, 2021. For the year ended September 30, 2021, total receipts and disbursements were \$1,630,345 and \$1,630,345 respectively, resulting in a net change in the Commission's equity of \$0.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 13 - Joint Ventures (continued)

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 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, 2021 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, 2021, 7 retirees participated in the City's insurance plans and the City paid premiums totaling \$73,688. COBRA premiums paid (not by City) totaled \$0.

Note 15 - Subsequent Events

The City has evaluated events subsequent to September 30, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through March 18, 2022, 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, 2021

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, 2021, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$74,258. "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 \$8,774,774. 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 0.93% 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.

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 \$0 in economic activity tax rebates for the year ended September 30, 2021. The terms of the economic agreement will expire in the fiscal year ending September 30, 2034.

Note 18 - Adoption of New Accounting Pronouncements

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 87, *Leases*; GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

The effects of the City's financial statements as a result of adoption of these new pronouncements are unknown. The City will adopt and implement these statements at the required time.

The City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2021

Note 19 - Commitments

At September 30, 2021, the City had commitments for the following projects:

Street and transportation projects	\$ 270,400
Water and sewer system improvements	<u>800</u>
	<u>\$ 271,200</u>

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

City Transportation Tax Fund	\$ 270,400
Water and Sewer Fund	<u>800</u>
	<u>\$ 271,200</u>

Note 20 - Prior Period Adjustment

In order to correct previous errors in capital assets and accumulated depreciation, the previously stated governmental activities net position has been restated. These corrections will have no material effect on operations of the City.

	Governmental Activities
	<u>\$ 30,668,058</u>
Net position, as previously stated on September 30, 2020	
	<u>198,893</u>
Prior Period Adjustment - correction	
Net position, as restated on September 30, 2020	<u>\$ 30,866,951</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 679,616	\$ 679,616	\$ 723,382	\$ 43,766
Taxes - other	6,765,937	6,765,937	8,051,392	1,285,455
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	83,000	1,963,346	1,948,174	(15,172)
Licenses and permits	349,900	349,900	416,007	66,107
Fines and penalties	155,900	155,900	82,256	(73,644)
Investment income	35,842	35,842	44,773	8,931
Lease payments	54,279	54,279	54,879	600
Other	319,976	319,976	282,700	(37,276)
Service charges	926,830	926,830	924,431	(2,399)
Total Revenues	<u>9,371,280</u>	<u>11,251,626</u>	<u>12,527,994</u>	<u>1,276,368</u>
Expenditures				
Current:				
Administration	879,528	1,503,105	851,506	(651,599)
Building department	377,045	386,004	321,971	(64,033)
Police	3,346,164	3,374,615	3,206,649	(167,966)
Dispatch	517,789	521,829	494,953	(26,876)
Fire	974,623	987,277	953,450	(33,827)
Emergency management	16,650	16,650	13,762	(2,888)
Street	-	-	-	-
Non-departmental	1,148,004	1,150,703	1,103,954	(46,749)
Capital outlay	1,118,226	1,133,746	1,800,511	666,765
Debt service:				
Principal	90,000	90,000	90,000	-
Interest and fiscal charges	21,965	21,965	21,965	-
Total Expenditures	<u>8,489,994</u>	<u>9,185,894</u>	<u>8,858,721</u>	<u>(327,173)</u>
Excess (Deficiency) of Revenues over Expenditures	881,286	2,065,732	3,669,273	1,603,541
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	7,400	12,310	4,910
Contributed capital	-	-	182,526	182,526
Insurance claims and refunds	-	5,809	9,887	4,078
Transfers in	-	-	-	-
Transfers out	(179,020)	(307,290)	(307,599)	(309)
Total Other Financing Sources (Uses)	<u>(179,020)</u>	<u>(294,081)</u>	<u>(102,876)</u>	<u>191,205</u>
Net Change in Fund Balance	<u>\$ 702,266</u>	<u>\$ 1,771,651</u>	<u>\$ 3,566,397</u>	<u>\$ 1,794,746</u>
Fund Balance, October 1			<u>6,041,830</u>	
Fund Balance, September 30			<u>\$ 9,608,227</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
City Transportation Tax Special Revenue Fund
For the year ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,410,100	1,410,100	1,736,046	325,946
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	896,292	896,292	631,700	(264,592)
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	35,710	35,710	30,989	(4,721)
Lease payments	-	-	-	-
Other	1,000	1,000	16,256	15,256
Service charges	-	-	-	-
Total Revenues	<u>2,343,102</u>	<u>2,343,102</u>	<u>2,414,991</u>	<u>71,889</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	1,348,414	1,387,178	1,193,290	(193,888)
Non-departmental	-	-	-	-
Capital outlay	1,299,597	1,549,976	2,176,843	626,867
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,648,011</u>	<u>2,937,154</u>	<u>3,370,133</u>	<u>432,979</u>
Excess (Deficiency) of Revenues over Expenditures	(304,909)	(594,052)	(955,142)	(361,090)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	36,900	37,900	1,000
Contributed capital	-	-	596,189	596,189
Insurance claims and refunds	3,000	3,000	32,349	29,349
Transfers in	-	-	-	-
Transfers out	(11,577)	(11,577)	(11,268)	309
Total Other Financing Sources (Uses)	<u>(8,577)</u>	<u>28,323</u>	<u>655,170</u>	<u>626,847</u>
Net Change in Fund Balance	<u>\$ (313,486)</u>	<u>\$ (565,729)</u>	<u>\$ (299,972)</u>	<u>\$ 265,757</u>
Fund Balance, October 1			<u>3,684,035</u>	
Fund Balance, September 30			<u>\$ 3,384,063</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	700,000	700,000	662,062	(37,938)
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	1,199	1,199	1,012	(187)
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>701,199</u>	<u>701,199</u>	<u>663,074</u>	<u>(38,125)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	660,000	660,000	662,062	2,062
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>660,000</u>	<u>660,000</u>	<u>662,062</u>	<u>2,062</u>
Excess (Deficiency) of Revenues over Expenditures	41,199	41,199	1,012	(40,187)
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>\$ 41,199</u>	<u>\$ 41,199</u>	\$ 1,012	<u>\$ (40,187)</u>
Fund Balance, October 1			<u>240,139</u>	
Fund Balance, September 30			<u>\$ 241,151</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	677,000	677,000	825,833	148,833
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	10,069	10,069	11,955	1,886
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>687,069</u>	<u>687,069</u>	<u>837,788</u>	<u>150,719</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
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	687,069	687,069	837,788	150,719
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(135,000)	(135,000)	(135,000)	-
Total Other Financing Sources (Uses)	<u>(135,000)</u>	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 552,069</u>	<u>\$ 552,069</u>	\$ 702,788	<u>\$ 150,719</u>
Fund Balance, October 1			<u>1,137,918</u>	
Fund Balance, September 30			<u>\$ 1,840,706</u>	

City of Festus, Missouri
Notes to the Required Supplementary Information - Budgetary Schedules
For the year ended September 30, 2021

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.

During the audit it was noted that actual expenditures exceeded budgeted expenditures in the following funds: City Transportation Tax Fund, County Transportation Tax Fund, and Library Fund. These funds were recipients of contributed capital revenues which resulted in unbudgeted corresponding capital outlay expenditures.

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>	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 496,986	\$ 462,857	\$ 430,166	\$ 421,241	\$ 427,801	\$ 391,392	\$ 386,909
Interest on the Total Pension Liability	1,631,103	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	224,328	(566,237)	133,294	(391,561)	544,511	(64,181)	(570,584)
Assumption Changes	(386,943)	(101,755)	22,179	(14,526)	(153,257)	678,302	53,188
Benefit Payments	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-
Net Change in Total Pension Liability	<u>913,773</u>	<u>440,761</u>	<u>1,217,021</u>	<u>720,852</u>	<u>1,453,869</u>	<u>1,612,577</u>	<u>369,352</u>
Total Pension Liability beginning	<u>22,770,470</u>	<u>22,329,709</u>	<u>21,112,688</u>	<u>20,391,836</u>	<u>18,937,967</u>	<u>17,325,390</u>	<u>16,956,038</u>
Total Pension Liability ending	<u>23,684,243</u>	<u>22,770,470</u>	<u>22,329,709</u>	<u>21,112,688</u>	<u>20,391,836</u>	<u>18,937,967</u>	<u>17,325,390</u>
Plan Fiduciary Net Position							
Contributions-Employer	800,587	713,737	601,498	565,286	618,046	590,399	553,848
Contributions-Employee	-	-	-	-	-	-	-
Pension Plan Net Investment income	5,777,104	282,085	1,308,280	2,215,523	1,957,825	(33,114)	320,327
Benefit Payments	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-
Pension Plan Administrative Expense	(22,191)	(28,101)	(23,910)	(16,220)	(15,761)	(15,647)	(16,124)
Other	(294,486)	207,751	82,380	(350,864)	235,650	44,955	47,974
Net Change in Plan Fiduciary Net Position	<u>5,209,313</u>	<u>230,321</u>	<u>1,092,388</u>	<u>1,660,582</u>	<u>2,085,243</u>	<u>(37,011)</u>	<u>200,833</u>
Plan Fiduciary Net Position beginning	<u>21,207,781</u>	<u>20,977,460</u>	<u>19,885,072</u>	<u>18,224,490</u>	<u>16,139,247</u>	<u>16,176,258</u>	<u>15,975,425</u>
Plan Fiduciary Net Position ending	<u>\$ 26,417,094</u>	<u>\$ 21,207,781</u>	<u>\$ 20,977,460</u>	<u>\$ 19,885,072</u>	<u>\$ 18,224,490</u>	<u>\$ 16,139,247</u>	<u>\$ 16,176,258</u>
Employer Net Pension Liability	\$ (2,732,851)	\$ 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	111.54%	93.14%	93.94%	94.19%	89.37%	85.22%	93.37%
Covered Employee Payroll	\$ 4,396,001	\$ 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	-62.17%	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>2021</u>	<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>
Actuarially determined pension contribution	\$ 813,335	\$ 748,762	\$ 646,061	\$ 562,651	\$ 704,466	\$ 724,858	\$ 550,122	\$ 569,638	\$ 516,359	\$ 474,811
Contributions in relation to the actuarially determined contributions	<u>809,140</u>	<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>
Contribution deficiency (excess)	<u>\$ 4,195</u>	<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>
Covered Employee Payroll	\$ 4,504,715	\$ 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
Contributions as a percentage of covered employee payroll	17.96%	17.39%	16.52%	15.69%	15.62%	16.63%	15.92%	16.21%	12.08%	11.04%

Notes to Schedule:

Valuation date: February 28, 2021 - Actuarially determined contribution rates are calculated as of February 28, prior to the end of the fiscal year in which contributions are reported.

Notes: The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 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 9 to 22 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% - 7.15% including wage inflation
Investment rate of return	7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 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, 2021

Special Revenue Funds									
Assets	Health	Library	Park	NID Assessment	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	Totals
Cash and cash equivalents	\$ 525,383	\$ 143,520	\$ 790,341	\$ -	\$ 2,087	\$ 1,220,947	\$ 475,286	\$ 207,213	\$ 3,364,777
Investments	-	-	-	-	-	198,000	99,000	-	297,000
Restricted cash and cash equivalents	-	-	-	45,165	-	-	-	-	45,165
Restricted investments	-	-	-	-	-	-	-	-	-
Receivables, net	-	-	-	-	-	-	-	-	-
Taxes	3,828	5,273	84,486	-	-	167,357	54,459	-	315,403
Special assessments	-	-	-	50,777	-	-	-	-	50,777
Interest	-	-	-	-	-	273	136	-	409
Grants	-	-	-	-	588	-	-	-	588
Other	8,465	-	-	-	362	10,750	-	-	19,577
Prepaid items	4,454	12,026	13,386	-	3,821	3,230	223	-	37,140
Due from other funds	-	-	-	-	-	-	-	-	-
Total Assets	542,130	160,819	888,213	95,942	6,858	1,600,557	629,104	207,213	4,130,836
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 542,130	\$ 160,819	\$ 888,213	\$ 95,942	\$ 6,858	\$ 1,600,557	\$ 629,104	\$ 207,213	\$ 4,130,836
Liabilities									
Accounts payable	\$ 2,364	\$ 6,139	\$ 21,324	\$ -	\$ -	\$ 84,279	\$ 21,984	\$ -	\$ 136,090
Accrued payroll	5,704	10,331	11,694	-	-	1,650	1,266	-	30,645
Accrued payroll liabilities - other	1,696	1,316	3,281	-	-	402	315	-	7,010
Due to other funds	-	-	-	6,158	-	-	-	-	6,158
Unearned revenue	-	5,173	325	-	-	13,750	-	-	19,248
Other liabilities	-	-	855	-	-	23,860	-	-	24,715
Total Liabilities	9,764	22,959	37,479	6,158	-	123,941	23,565	-	223,866
Deferred Inflows of Resources									
Unavailable resources - property taxes	3,477	4,789	4,789	-	-	-	-	-	13,055
Unavailable resources - special assessments	-	-	-	50,777	-	-	-	-	50,777
Total Deferred Inflows of Resources	3,477	4,789	4,789	50,777	-	-	-	-	63,832
Fund Balance									
Nonspendable:									
Prepaid items	4,454	12,026	13,386	-	3,821	3,230	223	-	37,140
Restricted:									
Special revenue funds	524,435	121,045	832,559	39,007	3,037	1,473,386	605,316	207,213	3,805,998
Unassigned:									
General fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	528,889	133,071	845,945	39,007	6,858	1,476,616	605,539	207,213	3,843,138
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 542,130	\$ 160,819	\$ 888,213	\$ 95,942	\$ 6,858	\$ 1,600,557	\$ 629,104	\$ 207,213	\$ 4,130,836

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, 2021

Special Revenue Funds									
Revenues	Health	Library	Park	NID Assessment	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	Totals
Property taxes	\$ 159,709	\$ 220,045	\$ 220,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 599,799
Taxes - other	-	-	-	-	-	825,833	250,653	-	1,076,486
Intergovernmental	-	-	-	-	1,512	-	-	-	1,512
Special assessments	-	-	-	49,748	-	-	-	-	49,748
Grant revenue	-	7,657	-	-	588	-	-	102,631	110,876
Licenses and permits	1,256	-	-	-	-	-	-	-	1,256
Fines and penalties	5,826	23,311	2,427	359	-	-	-	-	31,923
Investment income	2,943	756	2,885	5	27	8,645	3,166	861	19,288
Lease payments	-	-	-	-	-	-	-	-	-
Other	4,425	10,713	73,710	-	-	-	7,639	-	96,487
Total Revenues	174,159	262,482	299,067	50,112	2,127	834,478	261,458	103,492	1,987,375
Expenditures									
Current:									
Police	-	-	-	-	3,959	-	-	15,012	18,971
Health	165,315	-	-	-	-	-	-	-	165,315
Library	-	338,712	-	-	-	-	-	-	338,712
Parks	-	-	560,557	-	-	-	-	-	560,557
Non-departmental	-	-	-	461	-	102,669	33,438	-	136,568
Capital outlay	26,624	112,043	15,418	-	-	-	145,039	-	299,124
Debt service:									
Principal	-	-	-	50,532	-	-	-	-	50,532
Interest and fiscal charges	-	-	-	4,407	-	-	-	-	4,407
Total Expenditures	191,939	450,755	575,975	55,400	3,959	102,669	178,477	15,012	1,574,186
Excess (Deficiency) of Revenues over Expenditures	(17,780)	(188,273)	(276,908)	(5,288)	(1,832)	731,809	82,981	88,480	413,189
Other Financing Sources (Uses)									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-
Contributed capital	-	107,236	8,588	-	-	-	-	-	115,824
Insurance claims and refunds	-	-	127	-	-	-	-	-	127
Transfers in	-	70,155	698,017	4,077	-	-	-	-	772,249
Transfers out	-	-	-	-	-	(549,747)	(20,000)	-	(569,747)
Total Other Financing Sources (Uses)	-	177,391	706,732	4,077	-	(549,747)	(20,000)	-	318,453
Net Change in Fund Balance	\$ (17,780)	\$ (10,882)	\$ 429,824	\$ (1,211)	\$ (1,832)	\$ 182,062	\$ 62,981	\$ 88,480	\$ 731,642
Fund Balance (Deficit), October 1	546,669	143,953	416,121	40,218	8,690	1,294,554	542,558	118,733	3,111,496
Fund Balance (Deficit), September 30	\$ 528,889	\$ 133,071	\$ 845,945	\$ 39,007	\$ 6,858	\$ 1,476,616	\$ 605,539	\$ 207,213	\$ 3,843,138

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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 150,065	\$ 150,065	\$ 159,709	\$ 9,644
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	1,200	1,200	1,256	56
Fines and penalties	2,100	2,100	5,826	3,726
Investment income	2,737	2,737	2,943	206
Lease payments	-	-	-	-
Other	7,000	7,000	4,425	(2,575)
Total Revenues	<u>163,102</u>	<u>163,102</u>	<u>174,159</u>	<u>11,057</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	172,232	175,725	165,315	(10,410)
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	39,000	26,624	26,624	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>211,232</u>	<u>202,349</u>	<u>191,939</u>	<u>(10,410)</u>
Excess (Deficiency) of Revenues over Expenditures	(48,130)	(39,247)	(17,780)	21,467
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>\$ (48,130)</u>	<u>\$ (39,247)</u>	<u>\$ (17,780)</u>	<u>\$ 21,467</u>
Fund Balance, October 1			<u>546,669</u>	
Fund Balance, September 30			<u>\$ 528,889</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 206,775	\$ 206,775	\$ 220,045	\$ 13,270
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	6,136	6,136	7,657	1,521
Licenses and permits	-	-	-	-
Fines and penalties	33,900	33,900	23,311	(10,589)
Investment income	810	810	756	(54)
Lease payments	-	-	-	-
Other	23,500	23,500	10,713	(12,787)
Total Revenues	<u>271,121</u>	<u>271,121</u>	<u>262,482</u>	<u>(8,639)</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	342,417	345,734	338,712	(7,022)
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	12,600	12,600	112,043	99,443
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>355,017</u>	<u>358,334</u>	<u>450,755</u>	<u>92,421</u>
Excess (Deficiency) of Revenues over Expenditures	(83,896)	(87,213)	(188,273)	(101,060)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	107,236	107,236
Insurance claims and refunds	-	-	-	-
Transfers in	70,155	70,155	70,155	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>70,155</u>	<u>70,155</u>	<u>177,391</u>	<u>107,236</u>
Net Change in Fund Balance	<u>\$ (13,741)</u>	<u>\$ (17,058)</u>	\$ (10,882)	<u>\$ 6,176</u>
Fund Balance, October 1			<u>143,953</u>	
Fund Balance, September 30			<u>\$ 133,071</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 206,775	\$ 206,775	\$ 220,045	\$ 13,270
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	1,900	1,900	2,427	527
Investment income	2,327	2,327	2,885	558
Lease payments	-	-	-	-
Other	68,350	68,350	73,710	5,360
Total Revenues	<u>279,352</u>	<u>279,352</u>	<u>299,067</u>	<u>19,715</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	625,663	627,770	560,557	(67,213)
Non-departmental	-	-	-	-
Capital outlay	5,000	6,320	15,418	9,098
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>630,663</u>	<u>634,090</u>	<u>575,975</u>	<u>(58,115)</u>
Excess (Deficiency) of Revenues over Expenditures	(351,311)	(354,738)	(276,908)	77,830
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	8,588	8,588
Insurance claims and refunds	-	-	127	127
Transfers in	358,500	623,601	698,017	74,416
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>358,500</u>	<u>623,601</u>	<u>706,732</u>	<u>83,131</u>
Net Change in Fund Balance	<u>\$ 7,189</u>	<u>\$ 268,863</u>	\$ 429,824	<u>\$ 160,961</u>
Fund Balance, October 1			<u>416,121</u>	
Fund Balance, September 30			<u>\$ 845,945</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	49,937	49,937	49,748	(189)
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	359	359
Investment income	-	-	5	5
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>49,937</u>	<u>49,937</u>	<u>50,112</u>	<u>175</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	500	500	461	(39)
Capital outlay	-	-	-	-
Debt service:				
Principal	50,532	50,532	50,532	-
Interest and fiscal charges	4,407	4,407	4,407	-
Total Expenditures	<u>55,439</u>	<u>55,439</u>	<u>55,400</u>	<u>(39)</u>
Excess (Deficiency) of Revenues over Expenditures	(5,502)	(5,502)	(5,288)	214
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	4,077	4,077	4,077	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,077</u>	<u>4,077</u>	<u>4,077</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,425)</u>	<u>\$ (1,425)</u>	\$ (1,211)	<u>\$ 214</u>
Fund Balance, October 1			<u>40,218</u>	
Fund Balance, September 30			<u>\$ 39,007</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	1,500	1,500	1,512	12
Special assessments	-	-	-	-
Grant revenue	-	-	588	588
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	37	37	27	(10)
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,537</u>	<u>1,537</u>	<u>2,127</u>	<u>590</u>
Expenditures				
Current:				
Police	6,500	6,500	3,959	(2,541)
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>6,500</u>	<u>6,500</u>	<u>3,959</u>	<u>(2,541)</u>
Excess (Deficiency) of Revenues over Expenditures	(4,963)	(4,963)	(1,832)	3,131
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>\$ (4,963)</u>	<u>\$ (4,963)</u>	<u>\$ (1,832)</u>	<u>\$ 3,131</u>
Fund Balance, October 1			<u>8,690</u>	
Fund Balance, September 30			<u>\$ 6,858</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	677,000	677,000	825,833	148,833
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	9,589	9,589	8,645	(944)
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>686,589</u>	<u>686,589</u>	<u>834,478</u>	<u>147,889</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	179,069	179,398	102,669	(76,729)
Capital outlay	200,000	50,000	-	(50,000)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>379,069</u>	<u>229,398</u>	<u>102,669</u>	<u>(126,729)</u>
Excess (Deficiency) of Revenues over Expenditures	307,520	457,191	731,809	274,618
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(338,500)	(475,331)	(549,747)	(74,416)
Total Other Financing Sources (Uses)	<u>(338,500)</u>	<u>(475,331)</u>	<u>(549,747)</u>	<u>(74,416)</u>
Net Change in Fund Balance	<u>\$ (30,980)</u>	<u>\$ (18,140)</u>	\$ 182,062	<u>\$ 200,202</u>
Fund Balance, October 1			<u>1,294,554</u>	
Fund Balance, September 30			<u>\$ 1,476,616</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	200,000	200,000	250,653	50,653
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	1,200	1,200	-	(1,200)
Investment income	3,025	3,025	3,166	141
Lease payments	-	-	-	-
Other	7,000	7,000	7,639	639
Total Revenues	<u>211,225</u>	<u>211,225</u>	<u>261,458</u>	<u>50,233</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	49,504	49,723	33,438	(16,285)
Capital outlay	264,744	183,234	145,039	(38,195)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>314,248</u>	<u>232,957</u>	<u>178,477</u>	<u>(54,480)</u>
Excess (Deficiency) of Revenues over Expenditures	(103,023)	(21,732)	82,981	104,713
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (123,023)</u>	<u>\$ (41,732)</u>	\$ 62,981	<u>\$ 104,713</u>
Fund Balance, October 1			<u>542,558</u>	
Fund Balance, September 30			<u>\$ 605,539</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	79,000	102,631	23,631
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	532	532	861	329
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>532</u>	<u>79,532</u>	<u>103,492</u>	<u>23,960</u>
Expenditures				
Current:				
Police	-	17,400	15,012	(2,388)
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>17,400</u>	<u>15,012</u>	<u>(2,388)</u>
Excess (Deficiency) of Revenues over Expenditures	532	62,132	88,480	26,348
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>\$ 532</u>	<u>\$ 62,132</u>	<u>\$ 88,480</u>	<u>\$ 26,348</u>
Fund Balance, October 1			<u>118,733</u>	
Fund Balance, September 30			<u>\$ 207,213</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, 2021

	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	15,744	15,744	20,998	5,254
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>15,744</u>	<u>15,744</u>	<u>20,998</u>	<u>5,254</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
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	15,744	15,744	20,998	5,254
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	600,000	600,000	600,000	-
Transfers out	(483,635)	(483,635)	(483,635)	-
Total Other Financing Sources (Uses)	<u>116,365</u>	<u>116,365</u>	<u>116,365</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 132,109</u>	<u>\$ 132,109</u>	\$ 137,363	<u>\$ 5,254</u>
Fund Balance, October 1			<u>2,659,758</u>	
Fund Balance, September 30			<u>\$ 2,797,121</u>	

Other Supplementary 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 City of Festus, Missouri as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Festus, Missouri's basic financial statements, and have issued our qualified report thereon dated March 18, 2022. 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. Also, 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 the proprietary fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Festus, Missouri's internal control over financial reporting (internal control) as a basis for designing 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 City of Festus, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

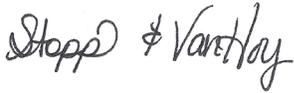
As part of obtaining reasonable assurance about whether City of Festus, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 questioned costs as items 2021-001 and 2021-002.

City of Festus, Missouri's Responses to Findings

City of Festus, Missouri's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Festus, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 18, 2022

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

Honorable Mayor and City Council
City of Festus, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Festus, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Festus, Missouri's major federal programs for the year ended September 30, 2021. City of Festus, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Festus, Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Festus, Missouri and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Festus, Missouri's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Festus, Missouri's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Festus, Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Festus, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Festus, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Festus, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Festus, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

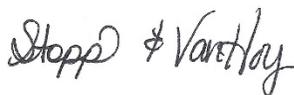
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Creve Coeur, Missouri
March 18, 2022

City of Festus, Missouri
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Identifying Number	Federal Expenditures	Awards Provided to Subrecipients
U.S. Department of Justice				
Direct programs:				
Equitable Sharing Program	16.922	n/a	\$ 2,301	\$ -
U.S. Department of Transportation				
Highway Planning and Construction Cluster				
Passed through:				
Missouri Highways and Transportation Commission				
Highway Planning and Construction	20.205	STP-2600(610)	240,148	-
Highway Planning and Construction	20.205	TAP-2600(612)	<u>391,552</u>	<u>-</u>
Total Highway Planning and Construction Cluster			631,700	-
Highway Safety Cluster				
Passed through:				
Missouri Department of Transportation				
State and Community Highway Safety	20.600	21-PT-02-092	21,547	-
State and Community Highway Safety	20.600	21-RS-11-003	<u>433</u>	<u>-</u>
Total Highway Safety Cluster			21,980	-
Passed through:				
Missouri Department of Transportation				
Alcohol Open Container Requirements	20.607	21-154-AL-098	888	-
U.S. Department of Treasury				
Direct programs:				
Equitable Sharing	21.016	n/a	12,711	-
Passed through:				
Jefferson County, Missouri				
COVID-19 Coronavirus Relief Fund	21.019	n/a	<u>616,227</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,285,807</u>	<u>\$ -</u>

See Notes to the Schedule of Expenditures of Federal Awards

City of Festus, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2021

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Uniform Guidance requires a schedule that provides total federal awards expended for each federal program and the assistance listing number or other identifying number when the assistance listing number is not available.

Basis of Presentation

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because the Schedule presents only a selected portion of operations of the City of Festus, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Festus, Missouri.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's accompanying financial statements. The information in this schedule is presented in accordance with the requirements of the *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of the financial statements.

The City of Festus has elected not to use the 10% de minimus indirect cost rate.

Note 2 - Donated Personal Protective Equipment

The City of Festus, Missouri received no donated personal protective equipment which had been purchased with federal funds. This footnote is unaudited.

City of Festus, Missouri
Schedule of Findings and Questioned Costs
For the year ended September 30, 2021

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Any noncompliance material to financial statements noted? X Yes _____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a)? _____ Yes X No

Identification of Major Programs:

Assistance Listing No.	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

City of Festus, Missouri
Schedule of Findings and Questioned Costs
For the year ended September 30, 2021

Section 2 - Financial Statement Findings

2021-001 **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.

2021-002 **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.

Section 3 - Federal Award Findings and Questioned Costs

None reported.

City of Festus, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended September 30, 2021

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, 2021.

Prior Year 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.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2021-001.

2020-002 **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 2021-002.

City of Festus, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended September 30, 2021

Prior Year Federal Award Findings and Questioned Costs

Not applicable.