

City of Monett, Missouri

Basic Financial Statements With Independent Auditor's Report

For the Year Ended
March 31, 2020

CITY OF MONETT, MISSOURI

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INDEPENDENT AUDITOR’S REPORT

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
Fax (816) 453-7016

To the Honorable Mayor and
Commissioners
City of Monett, Missouri

Other offices in Missouri
and Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri (the City) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules are 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 September 28, 2020, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cochran Head Vick + Co., P.C.

Kansas City, Missouri
September 28, 2020

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020

The Management's Discussion and Analysis of the City of Monett, Missouri's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2020. Please read it in conjunction with the City's financial statements, which begin on page 10.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of March 31, 2020, by \$62,001,276 (net position). Of this amount \$14,217,128 is unrestricted and may be used to meet future obligations of the City.
- The City's total net position increased by \$5,812,457 during the fiscal year as a result of current year activities. The City's governmental activities increased by \$3,328,853 and the City's business activities increased by \$2,483,604 for the year.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. The City's net position - the difference between assets and deferred outflow less liabilities and deferred inflows - is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities -The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020

Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Proprietary Funds – When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that governmental activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Our analysis below focuses on net position (Figure 1) and changes in net position (Figure 2) of the governmental and business-type activities.

Figure 1 – Statement of Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 9,190,585	\$ 8,408,683	\$ 18,369,774	\$ 17,190,754	\$ 27,560,359	\$ 25,599,437
Capital assets	27,398,547	25,578,743	29,951,017	30,258,997	57,349,564	55,837,740
Total assets	36,589,132	33,987,426	48,320,791	47,449,751	84,909,923	81,437,177
Deferred outflows - pension	527,013	510,827	198,101	311,211	725,114	822,038
Total deferred outflows of resources	527,013	510,827	198,101	311,211	725,114	822,038
Long-term debt	5,323,879	5,771,583	14,915,866	16,140,040	20,239,745	21,911,623
Other liabilities	285,096	445,486	1,672,420	2,074,575	1,957,516	2,520,061
Total liabilities	5,608,975	6,217,069	16,588,286	18,214,615	22,197,261	24,431,684
Deferred inflow - pension	1,036,664	1,139,531	399,836	499,181	1,436,500	1,638,712
Total deferred inflows of resources	1,036,664	1,139,531	399,836	499,181	1,436,500	1,638,712
Net position:						
Net investment in capital assets	22,635,126	20,511,871	15,225,549	14,336,238	37,860,675	34,848,109
Restricted	5,476,563	3,927,601	4,446,910	3,994,656	9,923,473	7,922,257
Unrestricted	2,358,817	2,702,181	11,858,311	10,716,272	14,217,128	13,418,453
Total net position	\$ 30,470,506	\$ 27,141,653	\$ 31,530,770	\$ 29,047,166	\$ 62,001,276	\$ 56,188,819

Total net position of the City increased by \$5,812,457 for the year due to current year activity. Total liabilities for the City decreased \$2,234,423. Restricted net position of the City totaled \$9,923,473 as of March 31, 2020. This amount represents funds that are restricted for capital improvements, debt service, parks and recreation, and pension benefits.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020

Figure 2 – Statement of Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,633,249	\$ 1,205,751	\$ 28,418,962	\$ 30,637,818	\$ 30,052,211	\$ 31,843,569
Operating grants and contributions	249,949	38,766	-	-	249,949	38,766
Capital grants and contributions	861,285	24,908	171,196	189,085	1,032,481	213,993
General revenues:						
Sales taxes	4,539,251	4,506,891	-	-	4,539,251	4,506,891
Motor vehicle and gas taxes	364,875	355,589	-	-	364,875	355,589
Franchise taxes	322,252	339,068	-	-	322,252	339,068
Other taxes	58,307	47,583	-	-	58,307	47,583
Intergovernmental activity taxes	259,199	252,706	-	-	259,199	252,706
Interest	189,651	83,806	95,748	39,624	285,399	123,430
Gain on disposal of capital assets	8,714	48,337	-	3,250	8,714	51,587
Other	53,924	52,734	-	-	53,924	52,734
	<u>8,540,656</u>	<u>6,956,139</u>	<u>28,685,906</u>	<u>30,869,777</u>	<u>37,226,562</u>	<u>37,825,916</u>
Expenses:						
General government	450,827	493,129	-	-	450,827	493,129
Public safety	4,772,130	4,516,621	-	-	4,772,130	4,516,621
Public works	2,291,031	2,381,431	-	-	2,291,031	2,381,431
Parks and recreation	1,365,759	1,518,488	-	-	1,365,759	1,518,488
Airport	455,830	403,402	-	-	455,830	403,402
Cemetery	179,543	182,546	-	-	179,543	182,546
Interest on long-term debt	217,583	174,558	-	-	217,583	174,558
Water	-	-	2,575,822	2,522,126	2,575,822	2,522,126
Electric	-	-	15,718,597	20,054,777	15,718,597	20,054,777
Sewer	-	-	2,551,265	2,452,704	2,551,265	2,452,704
Sanitation	-	-	685,575	637,034	685,575	637,034
Fiber	-	-	150,143	147,069	150,143	147,069
Total expenses	<u>9,732,703</u>	<u>9,670,175</u>	<u>21,681,402</u>	<u>25,813,710</u>	<u>31,414,105</u>	<u>35,483,885</u>
Change in net position	(1,192,047)	(2,714,036)	7,004,504	5,056,067	5,812,457	2,342,031
Payment in lieu of taxes (PILOTS)	2,809,703	3,036,680	(2,809,703)	(3,036,680)	-	-
Transfers	1,711,197	600,000	(1,711,197)	(600,000)	-	-
Change in net position after PILOTS and transfers	<u>3,328,853</u>	<u>922,644</u>	<u>2,483,604</u>	<u>1,419,387</u>	<u>5,812,457</u>	<u>2,342,031</u>
Net position, beginning	27,141,653	26,219,009	29,047,166	27,627,779	56,188,819	53,846,788
Net position, ending	<u>\$ 30,470,506</u>	<u>\$ 27,141,653</u>	<u>\$ 31,530,770</u>	<u>\$ 29,047,166</u>	<u>\$ 62,001,276</u>	<u>\$ 56,188,819</u>

Governmental Activities

Governmental activities increased the net position of the City by \$3,328,853. Tax revenues for the City were \$5,543,884, which represents 49% of the funding of these activities. Program revenues for the functions totaled \$2,744,483 or 24% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020**

**NET COST OF THE CITY OF MONETT,
MISSOURI'S GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost (Gain) of Services
General government	\$ 450,827	\$ 309,241
Public safety	4,772,130	3,834,455
Public works	2,291,031	1,982,396
Parks and recreation	1,365,759	1,035,382
Airport	455,830	(552,905)
Cemetery	179,543	162,068
Interest on long-term debt	217,583	217,583
	<u>\$ 9,732,703</u>	<u>\$ 6,988,220</u>

Business-Type Activities

Business-type activities increased the City's net position by \$2,483,604. Total charges for services revenue decreased \$2,218,856 from 2019 primarily from decreases in activity in the Electric fund. Expenses decreased \$4,132,308 over the prior year mostly due to decreases in purchased power.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of March 31, 2020, were \$6,368,950. Of this amount \$224,017 is non-spendable, \$3,449,675 is restricted, and \$2,695,258 is unassigned.

Fund balance of the City's General Fund decreased \$715,124 from March 31, 2019, primarily due to capital outlay expenditures associated with the new public works facility and the Enterprise Drive, Bridle Lane, and Lowe's Lane street projects.

The Transportation Sales Tax Fund is used to account for proceeds of the City's transportation sales tax. The ending fund balance increased \$574,746 to an ending balance of \$1,372,909 at March 31, 2020.

The Park Sales Tax Fund accounts for proceeds of the City's park sales tax. The ending fund balance which is restricted for parks and recreation was \$433,350 at March 31, 2020.

The Tax Increment Financing #1 Fund and the Tax Increment Financing #2 Fund balances totaled \$89, and \$697,236, a decrease of \$1,207 and an increase of \$277,152, respectively. The fund balance of these funds is restricted to provide funds for the retirement of related tax increment financing obligations.

The Capital Improvement Sales Tax Fund balance totaled \$17,330, a decrease of \$23,753 from 2019. The entire fund balance is restricted for capital improvements.

The Airport Improvement Fund was established to set aside funding for future airport improvements. The ending fund balance was \$910,540 at March 31, 2020.

The City's Enterprise Funds net position increased by \$2,483,604 as the Water, Electric, Sewer Funds reported increases in net position while the Sanitation and Fiber Funds reported decreases to net position.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020

General Fund Budgetary Highlights

Differences between the original and the final amended budget can be summarized as follows:

The original General Fund budget projected revenues of \$6,398,675 and other financing sources of \$4,845,590 totaling \$11,244,265 while total expenditures and transfers out were budgeted at \$11,891,213. The final amended budget included a decrease in total revenues of \$348,955 while other financing sources increased \$97,345 while total expenditures and transfers out were increased by \$934,717. The General Fund's actual revenues and other financing sources were less than the final budgeted revenues amount by \$73,865 primarily due less intergovernmental revenues than were budgeted. The General Fund's actual expenditures and other financing uses were under the final budget by \$494,106 primarily related to public works and parks and recreation expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$27,398,547 (net of accumulated depreciation) as of March 31, 2020. This represents a \$1,819,804 increase over the prior year. Capital assets for business-type activities were \$29,951,017 as of March 31, 2020. This represents a decrease of \$307,980 from the prior year.

During the fiscal year, the City of Monett was involved in several large capital projects that affected the financial statements. The City completed construction on public works building project and the Enterprise Drive infrastructure project as well as several business-type activities infrastructure projects. Projects in progress at year end include Lowes Lane and Bridle Lane improvement projects. The City also purchased land, vehicles and equipment during the year.

Additional information on the City's capital assets can be found in Note 6 in the Notes to the Basic Financial Statements.

Debt Administration

Total debt of the governmental activities as of March 31, 2020, was \$5,323,879, which is a decrease of \$447,704. Total debt of the business-type activities as of March 31, 2020, was \$14,915,866, a decrease of \$1,224,174 from the prior year. The decreases for both governmental and business-type activities are primarily due to principal payments made in the current year.

In January 2020, the City issued its \$1,295,000 Series 2020 Annual Appropriation Supported - Tax Increment and Sales Tax Refunding and Improvement Bonds (East US Highway 60 Improvement and RPA #1 Infrastructure Redevelopment Projects). Net proceeds of the bonds along with available Series 2014 bond trust funds of \$344,465 were used to refund the outstanding Series 2014 Bonds and provide \$395,815 funding for the Lowes Lane project. The City completed this refunding to reduce its net debt service payments by approximately \$212,247.

Additional information on the City's long-term debt can be found in Note 7 in the Notes to the Basic Financial Statements.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020

Economic Factors and Next Year's Budget

In general, the local economy during FYE2020 remained strong throughout the entire fiscal year despite the on-set of the COVID-19 pandemic in March, 2020. There were no industry layoffs and most of the major manufacturers continued to experience strong growth in their respective markets. During the fiscal year, the City issued fifteen permits for new, single-family homes that were incentivized with fee and utility credits through the City Council's "Building Monett Through New Housing Initiative." There were other large construction projects in the private sector including the new Cox Monett Hospital facility, and renovations or expansions at Jack Henry & Associates, Braum's, Walmart, and 24-hr Elite Fitness. The City also began construction on a new \$2 million Public Works and Maintenance Facility.

The economic outlook for FYE2021 looks surprisingly strong as of September, 2020. In March, 2020, the COVID pandemic led to stay-at-home orders and the shutdown of several businesses, specifically restaurants and some retail establishments. The City anticipated a potential 15% decrease in sales tax revenues as a result of the pandemic and placed holds on all capital equipment purchases for FYE2021 that had recently been approved for the April 1, 2020 start of the fiscal year. As of September, 2020, most of these holds have been released due to strong sales tax revenues through the first six months of the fiscal year. Actual sales tax receipts have increased each month in FYE2021 instead of potentially decreasing 15% as expected. This has been due to several reasons: 1) stay-at-home orders kept residents home in Monett and precluded normal travel and spending in Springfield, Joplin and NW Arkansas; 2) essential businesses such as Walmart and Lowe's remained open during the pandemic and residents shopped locally; 3) all of Monett's major manufacturer's remained open since they were considered to be essential businesses so employment levels remained high in that sector of the economy; 4) the federal stimulus programs such as PPP, the \$1,200 personal payments, and the enhanced unemployment benefits kept consumer spending at normal levels.

As of this writing, Congress failed to pass a stimulus bill that would've included another \$1,200 payment per person. That failure to act, and the volatility of the political landscape less than two months from a presidential election, causes a certain level of concern for the economy going forward. The City will continue to monitor economic and political events at the national level and make tax and spending adjustments as necessary.

In FYE2021, the City has completed several major projects that were carried over from the prior fiscal year. These projects included the water and sewer extensions to the new Cox Monett Hospital site as well as on-going electric system improvements. The new Public Works and Maintenance buildings have been completed and daily operations have been transferred to the new facilities and the former buildings having been recently demolished. The City finished construction of a new Sanitation building that houses the City's three sanitation trucks on an adjacent site. As of this writing, the Kelly Creek Flood Buyout Project has just completed demolition of three commercial buildings and a mobile home park.

In FYE2021, the City is focused on street improvements since voters extended the local Transportation Sales Tax through March, 2033. The renewal has solidified funding for some long-range improvements such as the Central Avenue roundabout/complete street project and the Chapell Drive Overpass project. Planning and design phases of both projects have been initiated with construction anticipated to occur in 2022 for Central Avenue and 2024 or 2025 for the Chapell Drive Overpass. The City has recently begun work on the Bridle Lane Street Improvement Project in the industrial park, the Cleveland Avenue Street Improvement Project and the 5th Street Sidewalk Improvement Project. All three projects were included in the FYE2021 budget and are proceeding as planned.

In FYE2021, the City has been notified that it was approved for an \$11.3 million grant for construction of a new 6,000' runway at Monett Regional Airport. This represents the earthwork and grading portion of the new runway and extended taxiway and Phase 2 improvements that include paving the new runway and extended taxiway is anticipated to occur in 12-18 months and bring the total cost of the project to \$20 million, all funded through a State Block Grant.

Management's Discussion and Analysis
City of Monett, Missouri
March 31, 2020

The City continues to focus on economic development and business retention and expansion. The City is in the preliminary stages of preparing a Redevelopment Plan for the implementation of a third Tax Increment Financing district. As currently proposed, this would include most of the new S.E. Industrial Park and areas surrounding the new Cox Monett Hospital. There is a planned industrial expansion in the S.E. Industrial Park and the City is also working with another local manufacturer to expand their production facilities. Both projects would add a significant number of jobs for the community. To complement this, the City is working with its economic development consultants on a Talent Retention and Recruitment Initiative to attract more workers to the Monett area. To support these programs, the City is working with developers to construct additional workforce housing using incentives from the Missouri Housing Development Commission. There are also three privately financed housing subdivisions either in progress or the planning stages.

As it relates to the City's business enterprises, FYE2021 will focus on maintenance rather than the extension of new facilities. We will continue to upgrade the water and electric distribution systems and make improvements to the wastewater treatment facilities. The Sanitation Department will purchase a new side-loader as budgeted and in accordance with the City's replacement schedule. The City owns and operates a fiber optic network and provides "last mile" service to carriers that provide service to the home. The City installed the system in 2007 and has made minor improvements since that time but will look to have a system study done in FYE2021 that would recommend future upgrades and improvements.

As planned, the City began taking wholesale power from a new supplier on June 1, 2020. The cities of Monett and Mt. Vernon formed a new power purchasing pool, the Southwest Missouri Public Energy Pool (SWMPEP) which is managed under contract with the Missouri Joint Municipal Electric Utility Commission. There were no reliability issues with the start up of operations and everything is operating on schedule. The wholesale power contract is for five years and should provide stability in the City's retail electric rates for the foreseeable future.

Through the first five months of the current fiscal year, the City is unaware of any negative impacts on the current year budget other than uncertainty relating to the long-term effects of the COVID pandemic and structural changes in the economy as a result.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Monett
217 5th Street
PO Box 110
Monett, Missouri 65708
(417) 235-3763

Dennis Pyle, City Administrator
Lisa Crawford, City Clerk

CITY OF MONETT, MISSOURI
Statement of Net Position
March 31, 2020

	Primary Government		Total
	Governmental	Business-type	
	Activities	Activities	
Assets			
Cash and investments	\$ 4,790,345	\$ 9,454,518	\$ 14,244,863
Receivables:			
Taxes	790,499	-	790,499
Special assessments	-	25,000	25,000
Accounts and other	88,304	3,079,087	3,167,391
Due from other governments	53,284	-	53,284
Prepays, deposits, and other assets	224,017	50,196	274,213
Inventory	-	1,002,328	1,002,328
Restricted assets:			
Cash and investments	666,845	4,011,956	4,678,801
Special assessments - long-term	-	110,000	110,000
Net pension asset	2,577,291	636,689	3,213,980
Capital assets:			
Not being depreciated	3,655,566	308,589	3,964,155
Being depreciated, net of depreciation	23,742,981	29,642,428	53,385,409
Total assets	36,589,132	48,320,791	84,909,923
Deferred Outflows of Resources			
Deferred outflow - pension related activity	527,013	198,101	725,114
Total deferred outflows of resources	527,013	198,101	725,114
Liabilities			
Accounts payable	121,685	975,551	1,097,236
Accrued liabilities	107,417	52,592	160,009
Accrued interest	40,752	109,882	150,634
Payable from restricted assets:			
Customer deposits	10,830	534,395	545,225
Court bonds	4,412	-	4,412
Long term debt:			
Due within one year	892,501	1,319,748	2,212,249
Due in more than one year	4,431,378	13,596,118	18,027,496
Total liabilities	5,608,975	16,588,286	22,197,261
Deferred Inflows of Resources			
Deferred inflow - pension related activity	1,036,664	399,836	1,436,500
Total deferred inflows of resources	1,036,664	399,836	1,436,500
Net Position			
Net investment in capital assets	22,635,126	15,225,549	37,860,675
Restricted :			
Capital projects	2,319,000	3,450,221	5,769,221
Debt service	656,573	561,735	1,218,308
Parks and recreation	433,350	-	433,350
Pension benefits	2,067,640	434,954	2,502,594
Unrestricted	2,358,817	11,858,311	14,217,128
Total net position	\$ 30,470,506	\$ 31,530,770	\$ 62,001,276

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Activities
For the Year Ended March 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 450,827	\$ 141,586	\$ -	\$ -	\$ (309,241)	\$ -	\$ (309,241)
Public safety	4,772,130	694,383	243,292	-	(3,834,455)	-	(3,834,455)
Public works	2,291,031	215,972	-	92,663	(1,982,396)	-	(1,982,396)
Parks and recreation	1,365,759	323,720	6,657	-	(1,035,382)	-	(1,035,382)
Airport	455,830	240,113	-	768,622	552,905	-	552,905
Cemetery	179,543	17,475	-	-	(162,068)	-	(162,068)
Interest on long-term debt	217,583	-	-	-	(217,583)	-	(217,583)
Total governmental activities	<u>9,732,703</u>	<u>1,633,249</u>	<u>249,949</u>	<u>861,285</u>	<u>(6,988,220)</u>	<u>-</u>	<u>(6,988,220)</u>
Business-type activities							
Water	2,575,822	3,443,456	-	59,368	-	927,002	927,002
Electric	15,718,597	20,654,988	-	-	-	4,936,391	4,936,391
Sewer	2,551,265	3,373,066	-	111,828	-	933,629	933,629
Sanitation	685,575	670,447	-	-	-	(15,128)	(15,128)
Fiber	150,143	277,005	-	-	-	126,862	126,862
Total business-type activities	<u>21,681,402</u>	<u>28,418,962</u>	<u>-</u>	<u>171,196</u>	<u>-</u>	<u>6,908,756</u>	<u>6,908,756</u>
Total primary government	<u>\$ 31,414,105</u>	<u>\$ 30,052,211</u>	<u>\$ 249,949</u>	<u>\$ 1,032,481</u>	<u>(6,988,220)</u>	<u>6,908,756</u>	<u>(79,464)</u>

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General revenues:		
Taxes:		
Sales taxes	4,539,251	4,539,251
Motor vehicle and gas taxes	364,875	364,875
Franchise taxes	322,252	322,252
Other taxes	58,307	58,307
Intergovernmental activity taxes	259,199	259,199
Payment in lieu of taxes	2,809,703	(2,809,703)
Unrestricted investment earnings	189,651	95,748
Gain on disposal of capital assets	8,714	8,714
Other	53,924	53,924
Transfers	1,711,197	(1,711,197)
Total general revenues	<u>10,317,073</u>	<u>5,891,921</u>
Change in net position	3,328,853	5,812,457
Net position, beginning of year	27,141,653	56,188,819
Net position, end of year	<u>\$ 30,470,506</u>	<u>\$ 62,001,276</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Balance Sheet - Governmental Funds
March 31, 2020

	General	Transportation Sales Tax Fund	Park Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 2,287,910	\$ 1,221,149	\$ 353,416	\$ 927,870	\$ 4,790,345
Receivables:					
Taxes	532,831	151,760	79,934	25,974	790,499
Accounts and other	88,304	-	-	-	88,304
Due from other governments	30,557	-	-	22,727	53,284
Prepays, deposits and other assets	224,017	-	-	-	224,017
Restricted cash and investments	18,221	-	-	648,624	666,845
Total Assets	\$ 3,181,840	\$ 1,372,909	\$ 433,350	\$ 1,625,195	\$ 6,613,294
Liabilities					
Accounts payable	\$ 121,685	\$ -	\$ -	\$ -	\$ 121,685
Accrued liabilities	107,417	-	-	-	107,417
Court bonds payable	4,412	-	-	-	4,412
Customer deposits	10,830	-	-	-	10,830
Total Liabilities	244,344	-	-	-	244,344
Fund balances:					
Nonspendable:					
Prepaid items	224,017	-	-	-	224,017
Restricted:					
Capital projects	18,221	1,372,909	-	927,870	2,319,000
Debt service	-	-	-	697,325	697,325
Parks and recreation	-	-	433,350	-	433,350
Unassigned	2,695,258	-	-	-	2,695,258
Total fund balance	2,937,496	1,372,909	433,350	1,625,195	6,368,950
Total liabilities, deferred inflows and fund balances	\$ 3,181,840	\$ 1,372,909	\$ 433,350	\$ 1,625,195	\$ 6,613,294

See accompanying notes to the basic financial statements

**CITY OF MONETT, MISSOURI
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
March 31, 2020**

Fund balances of governmental funds	\$	6,368,950
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension assets are not available to pay for current period expenditures and are therefore deferred in the fund statements		2,577,291
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.		27,398,547
Deferred outflows and inflows related to pension activity are not required to be reported in the governmental funds but are required to be reported in the statement of net position		(509,651)
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.		(40,752)
The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Long-term liabilities		(5,323,879)
Net position of governmental activities	<u>\$</u>	<u>30,470,506</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended March 31, 2020

	General	Transportation Sales Tax Fund	Park Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,274,281	\$ 979,747	\$ 507,970	\$ 157,812	\$ 4,919,810
Intergovernmental activity taxes	-	-	-	259,199	259,199
Licenses and permits	121,375	-	-	-	121,375
Intergovernmental	1,729,313	-	-	-	1,729,313
Charges for services	950,075	-	-	-	950,075
Rental	84,068	-	-	-	84,068
Investment earnings	180,676	-	-	8,975	189,651
Miscellaneous	185,788	-	-	-	185,788
Total Revenues	<u>6,525,576</u>	<u>979,747</u>	<u>507,970</u>	<u>425,986</u>	<u>8,439,279</u>
Expenditures:					
Current:					
General government	458,782	-	-	-	458,782
Public safety	4,903,812	-	-	-	4,903,812
Public works	3,648,051	-	-	100,667	3,748,718
Parks and recreation	1,146,699	-	-	-	1,146,699
Airport	1,184,522	-	-	-	1,184,522
Cemetery	187,876	-	-	-	187,876
Debt service:					
Principal	190,595	-	317,000	188,030	695,625
Interest and fiscal charges	17,398	-	86,896	97,447	201,741
Total Expenditures	<u>11,737,735</u>	<u>-</u>	<u>403,896</u>	<u>386,144</u>	<u>12,527,775</u>
Excess of Revenues Over (Under) Expenditures	(5,212,159)	979,747	104,074	39,842	(4,088,496)
Other financing sources (uses):					
Transfers in	2,163,402	-	-	644,089	2,807,491
Transfers out	(594,089)	(405,001)	-	(97,204)	(1,096,294)
Sale of capital assets	8,714	-	-	-	8,714
Proceeds from refunding bonds	-	-	-	1,295,000	1,295,000
Proceeds from lease purchase agreement	109,305	-	-	-	109,305
Payments in lieu of taxes (PILOTS)	2,809,703	-	-	-	2,809,703
Payment to escrow agent	-	-	-	(1,058,897)	(1,058,897)
Total Other Financing Sources (Uses)	<u>4,497,035</u>	<u>(405,001)</u>	<u>-</u>	<u>782,988</u>	<u>4,875,022</u>
Net change in fund balances	(715,124)	574,746	104,074	822,830	786,526
Fund balances, beginning of year	<u>3,652,620</u>	<u>798,163</u>	<u>329,276</u>	<u>802,365</u>	<u>5,582,424</u>
Fund balances, end of year	<u>\$ 2,937,496</u>	<u>\$ 1,372,909</u>	<u>\$ 433,350</u>	<u>\$ 1,625,195</u>	<u>\$ 6,368,950</u>

See accompanying notes to the basic financial statements

**CITY OF MONETT, MISSOURI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2020**

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

Net change in fund balances - total governmental funds	\$ 786,526
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay costs in excess of capitalization threshold	3,718,892
Depreciation	(1,699,854)
Disposal of capital assets	(199,234)
<p>The issuance of long-term debt 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 has any effect on net position.</p>	
Principal payments and adjustments on long-term debt	788,288
Proceeds from issuance of refunding bonds	(1,295,000)
Proceeds from issuance of lease purchase agreement	(109,305)
Payments to escrow agent less accrued interest	1,055,000
Changes in unamortized bond issuance discount and premium	(24,838)
Changes in accrued interest expense	12,893
<p>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.</p>	
Change in compensated absences and net pension obligations	295,485
Change in net position of governmental activities	\$ 3,328,853

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Net Position
Proprietary Funds
March 31, 2020

	Waterworks Fund	Electric Fund	Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets					
Current assets:					
Cash and investments	\$ 2,622,697	\$ 5,143,951	\$ 678,515	\$ 1,009,355	\$ 9,454,518
Receivables					
Accounts and other	570,976	2,050,283	340,233	117,595	3,079,087
Special assessments	-	-	25,000	-	25,000
Prepaid expenses	6,790	32,153	8,931	2,322	50,196
Restricted cash and investments	1,738,472	-	2,273,484	-	4,011,956
Inventory	155,868	803,350	9,417	33,693	1,002,328
Total current assets	<u>5,094,803</u>	<u>8,029,737</u>	<u>3,335,580</u>	<u>1,162,965</u>	<u>17,623,085</u>
Noncurrent assets:					
Receivables					
Special assessments	-	-	110,000	-	110,000
Capital assets:					
Not being depreciated	56,532	58,400	178,071	15,586	308,589
Being depreciated, net of depreciation	16,995,181	1,255,684	10,868,355	523,208	29,642,428
Net pension asset	184,883	280,486	127,530	43,790	636,689
Total noncurrent assets	<u>17,236,596</u>	<u>1,594,570</u>	<u>11,283,956</u>	<u>582,584</u>	<u>30,697,706</u>
Total assets	<u>22,331,399</u>	<u>9,624,307</u>	<u>14,619,536</u>	<u>1,745,549</u>	<u>48,320,791</u>
Deferred Outflow of Resources					
Deferred outflow - pension related activity	<u>57,525</u>	<u>87,271</u>	<u>39,680</u>	<u>13,625</u>	<u>198,101</u>
Liabilities					
Current liabilities:					
Accounts payable	6,843	943,279	8,195	17,234	975,551
Accrued liabilities	16,461	24,753	8,045	3,333	52,592
Current liabilities (payable from restricted assets):					
Customer deposits	36,765	497,630	-	-	534,395
Accrued interest	66,682	-	43,200	-	109,882
Current portion of long-term debt	568,701	57,756	690,875	2,416	1,319,748
Total current liabilities:	<u>695,452</u>	<u>1,523,418</u>	<u>750,315</u>	<u>22,983</u>	<u>2,992,168</u>
Long-term liabilities:					
Long-term debt	9,578,611	71,023	3,945,586	898	13,596,118
Total long-term liabilities:	<u>9,578,611</u>	<u>71,023</u>	<u>3,945,586</u>	<u>898</u>	<u>13,596,118</u>
Total liabilities	<u>10,274,063</u>	<u>1,594,441</u>	<u>4,695,901</u>	<u>23,881</u>	<u>16,588,286</u>
Deferred Inflow of Resources					
Deferred inflow - pension related activity	<u>116,105</u>	<u>176,143</u>	<u>80,088</u>	<u>27,500</u>	<u>399,836</u>
Net position					
Net investment in capital assets	6,939,513	1,285,716	6,461,526	538,794	15,225,549
Restricted net position for:					
Capital projects	1,359,820	-	2,090,401	-	3,450,221
Debt service	378,652	-	183,083	-	561,735
Pension benefits	126,303	191,614	87,122	29,915	434,954
Unrestricted	3,194,468	6,463,664	1,061,095	1,139,084	11,858,311
Total net position	<u>\$ 11,998,756</u>	<u>\$ 7,940,994</u>	<u>\$ 9,883,227</u>	<u>\$ 1,707,793</u>	<u>\$ 31,530,770</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2020

	Waterworks Fund	Electric Fund	Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues:					
Charges for services	\$ 3,409,337	\$ 20,566,680	\$ 3,367,520	\$ 942,172	\$ 28,285,709
Other	34,119	88,308	5,546	5,280	133,253
Total operating revenues	<u>3,443,456</u>	<u>20,654,988</u>	<u>3,373,066</u>	<u>947,452</u>	<u>28,418,962</u>
Operating expenses:					
Wages and benefits	696,831	1,011,302	420,285	192,515	2,320,933
Professional and consulting services	125,694	182,850	297,645	91,040	697,229
Insurance	11,157	57,080	16,699	3,840	88,776
Repairs and maintenance	403,466	210,615	500,806	95,811	1,210,698
Utilities	175,570	10,626	361,871	2,921	550,988
Supplies	113,160	225,171	45,348	28,404	412,083
Depreciation	652,320	143,385	628,128	153,378	1,577,211
Other operating expenses	118,868	188,511	84,600	53,130	445,109
Purchase of power	-	13,687,988	-	-	13,687,988
Landfill and recycling	-	-	-	214,679	214,679
Total operating expenses	<u>2,297,066</u>	<u>15,717,528</u>	<u>2,355,382</u>	<u>835,718</u>	<u>21,205,694</u>
Operating income	<u>1,146,390</u>	<u>4,937,460</u>	<u>1,017,684</u>	<u>111,734</u>	<u>7,213,268</u>
Nonoperating revenues (expenses):					
Interest income	9,237	52,286	34,225	-	95,748
Federal and State grants	59,368	-	111,828	-	171,196
Gain (loss) on capital asset disposal	(7,224)	-	-	-	(7,224)
Interest expense and fees	(271,532)	(1,069)	(195,883)	-	(468,484)
Total nonoperating revenues (expenses)	<u>(210,151)</u>	<u>51,217</u>	<u>(49,830)</u>	<u>-</u>	<u>(208,764)</u>
Income before transfers and payment in lieu of taxes	936,239	4,988,677	967,854	111,734	7,004,504
Transfers out	-	(1,331,197)	-	(380,000)	(1,711,197)
Payments in lieu of taxes (PILOTS)	<u>(332,584)</u>	<u>(2,096,076)</u>	<u>(353,342)</u>	<u>(27,701)</u>	<u>(2,809,703)</u>
Change in net position	603,655	1,561,404	614,512	(295,967)	2,483,604
Total net position, beginning of year	11,395,101	6,379,590	9,268,715	2,003,760	29,047,166
Total net position, end of year	<u>\$ 11,998,756</u>	<u>\$ 7,940,994</u>	<u>\$ 9,883,227</u>	<u>\$ 1,707,793</u>	<u>\$ 31,530,770</u>

See accompanying notes to the basic financial statements

CITY OF MONETT, MISSOURI
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2020

	Waterworks Fund	Electric Fund	Sewer Fund	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:					
Receipts from customers and others	\$ 3,262,845	\$ 21,326,754	\$ 3,414,021	\$ 949,190	\$ 28,952,810
Payments to suppliers	(931,239)	(15,057,460)	(1,316,416)	(491,777)	(17,796,892)
Payments to employees	(700,564)	(1,090,681)	(473,004)	(194,324)	(2,458,573)
Net cash provided by (used in) operating activities	<u>1,631,042</u>	<u>5,178,613</u>	<u>1,624,601</u>	<u>263,089</u>	<u>8,697,345</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	-	(1,331,197)	-	(380,000)	(1,711,197)
Pilots in lieu of taxes	(332,584)	(2,096,076)	(353,342)	(27,701)	(2,809,703)
Net Cash Flows Provided by (used in) Noncapital Financing Activities	<u>(332,584)</u>	<u>(3,427,273)</u>	<u>(353,342)</u>	<u>(407,701)</u>	<u>(4,520,900)</u>
Cash flows from investing activities:					
Interest received	9,237	52,286	34,225	-	95,748
Net cash flows provided by (used in) investing activities	<u>9,237</u>	<u>52,286</u>	<u>34,225</u>	<u>-</u>	<u>95,748</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(479,200)	(319,174)	(474,598)	(3,483)	(1,276,455)
Intergovernmental revenues	59,368	-	111,828	-	171,196
Interest and fiscal charges	(274,503)	(1,069)	(204,691)	-	(480,263)
Proceeds from long-term debt	-	33,878	-	-	33,878
Principal payments on long-term debt	(528,900)	(13,778)	(608,800)	-	(1,151,478)
Net cash flows provided by (used in) capital and related financing activities	<u>(1,223,235)</u>	<u>(300,143)</u>	<u>(1,176,261)</u>	<u>(3,483)</u>	<u>(2,703,122)</u>
Net change in cash and equivalents	84,460	1,503,483	129,223	(148,095)	1,569,071
Cash and equivalents, beginning of year	4,276,709	3,640,468	2,822,776	1,157,450	11,897,403
Cash and equivalents, end of year	<u>\$ 4,361,169</u>	<u>\$ 5,143,951</u>	<u>\$ 2,951,999</u>	<u>\$ 1,009,355</u>	<u>\$ 13,466,474</u>
Total cash and investments reported on the Statement of Net Position	<u>\$ 4,361,169</u>	<u>\$ 5,143,951</u>	<u>\$ 2,951,999</u>	<u>\$ 1,009,355</u>	<u>\$ 13,466,474</u>
Cash and investments reported on the Statement of Net Position					
Cash and investments	\$ 2,622,697	\$ 5,143,951	\$ 678,515	\$ 1,009,355	\$ 9,454,518
Restricted cash and investments	1,738,472	-	2,273,484	-	4,011,956
Total cash and investments	<u>\$ 4,361,169</u>	<u>\$ 5,143,951</u>	<u>\$ 2,951,999</u>	<u>\$ 1,009,355</u>	<u>\$ 13,466,474</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 1,146,390	\$ 4,937,460	\$ 1,017,684	\$ 111,734	\$ 7,213,268
Adjustments to reconcile operating income to net cash provided by operations:					
Depreciation and amortization	652,320	143,385	628,128	153,378	1,577,211
Change in compensated absences	(18,369)	(56,636)	(29,945)	(1,624)	(106,574)
Changes in net pension asset/liability	(24,076)	(23,753)	(26,661)	5,608	(68,882)
Changes in deferred outflows of resources	55,687	25,340	26,338	5,745	113,110
Changes in deferred inflows of resources	(25,005)	(37,008)	(24,795)	(12,537)	(99,345)
Changes in:					
Receivables	(180,416)	653,977	15,955	1,738	491,254
Special assessments	-	-	25,000	-	25,000
Prepaid expenses	(2,878)	(13,624)	(3,784)	(984)	(21,270)
Inventory	24,444	(64,700)	148	4,057	(36,051)
Accounts payable	(4,890)	(416,295)	(5,811)	(5,025)	(432,021)
Accrued liabilities	8,030	12,678	2,344	999	24,051
Customer deposits	(195)	17,789	-	-	17,594
Net cash provided by (used in) operating activities	<u>\$ 1,631,042</u>	<u>\$ 5,178,613</u>	<u>\$ 1,624,601</u>	<u>\$ 263,089</u>	<u>\$ 8,697,345</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

(1) Summary of Significant Accounting Policies

The City of Monett, Missouri (the City) was incorporated on March 3, 1913. The City is a third class city and operates under a Mayor-Board of Commission form of government. The Mayor and the two Commissioners serve four-year terms. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, airport, and cemetery operations. Other services include water, electric, sewer, fiber optic, and sanitation operations.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. Financial Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

This report includes the financial statements of the City (the primary government) and its blended component unit, the City of Monett, Missouri Tax Increment Financing (TIF) Commission (the Commission). The Commission is governed by a board of which six members are appointed by the Mayor with the consent of the Board of Commission, two members appointed by the school district and one member each appointed by the commission of Lawrence and Barry County. Although it is legally separate from the City, the Commission is reported as if it were part of the primary government because its sole function is to use TIF as a method to finance economic development through payments in lieu of taxes (PILOTS) and economic activity taxes (EATS). The Commission does not issue separate financial statements.

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide financial statements

The statement of net position and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or supported from the general revenues of the City.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

Fund financial statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the City's major governmental funds:

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

Transportation Sales Tax Fund: The Transportation Sales Tax Fund accounts for the City's transportation sales taxes proceeds that are restricted to be used for transportation related purposes.

Park Sales Tax Fund: The Park Sales Tax Fund accounts for the City's park sales taxes proceeds that are restricted to be used for parks and recreational related purposes.

PROPRIETARY FUNDS

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

The following are the City's major proprietary funds:

Waterworks Fund: This Fund accounts for the operations, maintenance, and improvement activities of the existing water system and capital improvements pertaining to the City wells, facilities, equipment and infrastructure.

Electric Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing electric system and capital improvements pertaining to the City substations, facilities, equipment and infrastructure.

Sewer Fund: This fund accounts for the operations, maintenance, and improvement activities of the existing sewer system and capital improvements pertaining to the treatment plant, lift stations, equipment and infrastructure.

The City reports the following fund type of nonmajor funds:

Special Revenue Funds – These funds account for specific revenue sources that are restricted for specified purposes.

Enterprise Funds – These funds account for the operations, maintenance, and improvement activities of the sanitation and fiber services.

City of Monett, Missouri
Notes to the Basic Financial Statements
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C. Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available. The City considers all revenues for investment earnings, special assessments and state levied locally shared taxes (including motor vehicle fees) and other intergovernmental revenues to be available if the revenues are collected within sixty days after year-end. Proceeds and payments of long-term debt are reported as other financing sources and uses.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Fund Financial Statements

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position and statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

City of Monett, Missouri
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D. Cash and Investments

The City maintains a cash and investment pool in which a majority of the City's funds share. Each fund type's portion of this pool is displayed in the financial statements as cash and investments, and investments made in accordance with bond ordinances are reflected as restricted cash and investments. Permissible investments include obligations of the U.S. Government, State of Missouri, bonds, bills or notes guaranteed by the U.S., state or city governments, certificates of deposit, repurchase agreements, banker's acceptances, and commercial paper. Investments are reported at fair value based on quoted market prices. Interest earned from the pool is allocated to the funds on the basis of average monthly cash and investment balances.

E. Accounts Receivable

Governmental activities accounts receivable consists of miscellaneous services provided to citizens. Business-type activities represent billed and unbilled charges for water, electric, sewer, sanitation and fiber services. Accounts receivable are shown net of an allowance for uncollectible accounts.

F. Special Assessments Receivable

Special assessments receivable reflects the property taxes collectible by the City for the purpose of repaying certain Special Assessment debt held by the City. The amount collectible by the City is reduced each year as the taxes are levied against the property and, subsequently, collected by the City.

G. Prepaid Items

Prepaid items reflect the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized using the consumption method over the policy periods in both the government-wide and fund financial statements.

H. Inventory

Inventory is stated at average cost. Inventories in the enterprise funds consist of expendable supplies and merchandise held for consumption or resale. The costs of these inventories are recorded as an expense when consumed or sold.

I. Capital Assets

Capital assets include land, construction in progress, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Fully depreciated capital assets are included in their respective accounts until their disposal.

City of Monett, Missouri
Notes to the Basic Financial Statements
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In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 – 50 years
Improvements	10 – 30 years
Machinery and equipment	3 – 20 years
Infrastructure	10 – 50 years

J. *Compensated Absences*

Employees earn vacation time based on the number of years' service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

K. *Deferred Outflows/inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The item results from actuarial assumption changes, the difference between actual and projected earnings in calculating the net pension asset, and pension contributions made by the City subsequent to the pension valuation date. The contribution amount will be applied during the next fiscal year while the changes in actual versus projected amounts will be amortized over five to seven years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The item relates to the change in actual and projected experience in calculating the pension liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

For purposes of measuring the net pension asset or 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.

City of Monett, Missouri
Notes to the Basic Financial Statements
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L. Interfund Activity

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or statement of net position.

Payment in Lieu of Taxes (PILOTS) – paid from the City's enterprise funds to the general fund were \$2,809,703 for the year ended March 31, 2020.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

M. Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications:

Non-Spendable – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – This consists of amounts which can only be used for specific purposes determined by a formal action of passing an ordinance or resolution by City Council, the City's highest level of decision-making authority. Any changes or removal of specific purpose requires the same action by the City Council.

Assigned – This consists of amounts which are constrained by City management's intent to be used for a specific purpose but do not meet the criteria to be classified as committed. In accordance with City policy, only the City Council has the authority to assign amounts for a specific purpose in this category.

Unassigned – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Per City policy, the general fund balance should be no less than 8% of general fund appropriations for the succeeding fiscal year in order to provide financial stability and provide the City with resources to achieve its objectives and the flexibility to respond to unexpected opportunities.

City of Monett, Missouri
Notes to the Basic Financial Statements
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N. Net Position Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

- (1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

O. Use of Estimates

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

City of Monett, Missouri
Notes to the Basic Financial Statements
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(2) Cash and Investments

A reconciliation of cash and investments as shown on the government-wide statement of net position is as follows:

Cash on hand	\$	1,000
Demand deposits		8,430,736
Certificates of deposits		470,114
Banker's acceptance		899,231
Commercial paper		250,000
U.S. treasuries and agency securities		7,907,702
Restricted cash equivalents held in trust		964,881
Total cash and investments	\$	18,923,664

Government-wide Statement of Net Position

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 4,790,345	\$ 9,454,518	\$ 14,244,863
Restricted cash and investments	666,845	4,011,956	4,678,801
Total cash and investments	\$ 5,457,190	\$ 13,466,474	\$ 18,923,664

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize deposits with a standby letter of credit with the primary financial institution. The City collateralizes deposits at other financial institutions with securities held by the financial institution's agent and in the City's name.

As of March 31, 2020, the City's deposits were insured with Federal depository insurance, with the remaining uninsured balance collateralized by a \$11.0 million standby letter of credit and securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of March 31, 2020.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to minimize credit risk by limiting its investments to Certificates of Deposit, bonds, or other obligations of the United States, and other debt securities given the highest available rating by a nationally recognized statistical rating organization. The ratings shown below are by Standard & Poor's as of year-end for each investment.

City of Monett, Missouri
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs such as third party pricing services for identical assets; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of March 31, 2020:

	Level 1	S&P Rating
<u>US Treasuries and Agency Securities</u>		
US Treasuries	\$ 7,635,332	AA+
Government National Mortgage Association	186,211	AA+
Federal Home Loan Bank	9,052	AA+
Federal National Mortgage Association	77,107	AA+
Total US Treasuries and Agency Securities	\$ 7,907,702	

All of the City's investments are classified as Level 1 of the fair value hierarchy using prices quoted in active markets for those securities.

(3) Tax Revenues and Taxes Receivable

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. Assessed values are established by county assessors, subject to review by the County's Board of Equalization. The assessed value of local property at January 1, 2019, was \$153,684,972.

The City is permitted by the Missouri State Constitution to levy (without a vote of two-thirds of the voting electorate) taxes up to \$1.00 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt. The City does not levy property taxes.

City of Monett, Missouri
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Tax revenues for the year ended March 31, 2020 consisted of the following:

	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
Governmental funds:				
General Fund	\$ 2,893,722	\$ 322,252	\$ 58,307	\$ 3,274,281
Transportation Sales Tax Fund	979,747	-	-	979,747
Parks Sales Tax Fund	507,970	-	-	507,970
Nonmajor funds	157,812	-	-	157,812
	<u>\$ 4,539,251</u>	<u>\$ 322,252</u>	<u>\$ 58,307</u>	<u>\$ 4,919,810</u>

Taxes receivable represent sales tax and franchise taxes. Taxes receivable consisted of the following at March 31, 2020:

	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Total</u>
Governmental funds:			
General Fund	\$ 454,867	\$ 77,964	\$ 532,831
Transportation Sales Tax Fund	151,760	-	151,760
Parks Sales Tax Fund	79,934	-	79,934
Nonmajor funds	25,974	-	25,974
	<u>\$ 712,535</u>	<u>\$ 77,964</u>	<u>\$ 790,499</u>

(4) Intergovernmental Revenue/Receivables

Intergovernmental revenue during the year ended March 31, 2020 consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Grants - Federal, State and Local State:	\$ 1,129,373	\$ -	\$ 1,129,373
Motor vehicle fees and taxes	364,875	-	364,875
Local:			
Lawrence Co. Emergency Services	235,065	-	235,065
Intergovernmental activity taxes	-	259,199	259,199
Total Intergovernmental Revenue	<u>\$ 1,729,313</u>	<u>\$ 259,199</u>	<u>\$ 1,988,512</u>

	<u>Water Works Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
Grants - State and Local	<u>\$ 59,368</u>	<u>\$ 111,828</u>	<u>\$ 171,196</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
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Amounts due from other governments at March 31, 2020, were as follows:

	General Fund	Nonmajor Funds	Total
State:			
Motor vehicle fees and taxes	\$ 30,557	\$ -	\$ 30,557
Local:			
Intergovernmental activity taxes	-	22,727	22,727
Total due from other governments	\$ 30,557	\$ 22,727	\$ 53,284

(5) Interfund Activity

Transfers between funds for the year ended March 31, 2020 were as follows:

	Transfers Out:					Total
	General	Transportation Sales Tax Fund	Nonmajor Governmental Funds	Electric Fund	Nonmajor Enterprise Funds	
Transfers In:						
General Fund		\$ 355,001	\$ 97,204	\$ 1,331,197	\$ 380,000	\$ 2,163,402
Nonmajor Governmental Funds	594,089	50,000	-	-	-	644,089
	\$ 594,089	\$ 405,001	\$ 97,204	\$ 1,331,197	\$ 380,000	\$ 2,807,491

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the Electric Fund and Fiber Fund to finance administrative services provided by the General fund. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

City of Monett, Missouri
Notes to the Basic Financial Statements
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(6) Capital Assets

A summary of the changes in capital assets for the year ended March 31, 2020 is as follows:

	March 31, 2019	Additions	Retirements	March 31, 2020
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,428,627	\$ 783,722	\$ -	\$ 3,212,349
Construction in progress	1,274,530	2,166,391	2,997,704	443,217
Total capital assets, not being depreciated	<u>3,703,157</u>	<u>2,950,113</u>	<u>2,997,704</u>	<u>3,655,566</u>
Capital assets, being depreciated				
Building and improvements	9,888,511	1,945,067	6,200	11,827,378
Machinery and equipment	8,155,413	456,243	811,844	7,799,812
Infrastructure	32,090,608	1,365,172	492,246	32,963,534
Total capital assets being depreciated	<u>50,134,532</u>	<u>3,766,482</u>	<u>1,310,290</u>	<u>52,590,724</u>
Less accumulated depreciation for:				
Building and improvements	3,575,176	312,586	6,200	3,881,562
Machinery and equipment	6,557,657	411,973	799,937	6,169,693
Infrastructure	18,126,113	975,294	304,919	18,796,488
Total accumulated depreciation	<u>28,258,946</u>	<u>1,699,853</u>	<u>1,111,056</u>	<u>28,847,743</u>
Total capital assets being depreciated, net	<u>21,875,586</u>			<u>23,742,981</u>
Governmental activities capital assets, net	<u>\$ 25,578,743</u>			<u>\$ 27,398,547</u>
	March 31, 2019	Additions	Retirements	March 31, 2020
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$ 305,104	\$ -	\$ -	\$ 305,104
Construction in progress	91,027	783,178	870,720	3,485
Total capital assets, not being depreciated	<u>396,131</u>	<u>783,178</u>	<u>870,720</u>	<u>308,589</u>
Capital assets, being depreciated				
Building and improvements	16,547,477	31,109	-	16,578,586
Machinery and equipment	4,397,141	280,679	22,267	4,655,553
Infrastructure	43,814,220	1,053,060	19,046	44,848,234
Total capital assets being depreciated	<u>64,758,838</u>	<u>1,364,848</u>	<u>41,313</u>	<u>66,082,373</u>
Less accumulated depreciation for:				
Building and improvements	2,826,296	381,058	-	3,207,354
Machinery and equipment	2,895,103	318,929	22,267	3,191,765
Infrastructure	29,174,573	877,224	10,971	30,040,826
Total accumulated depreciation	<u>34,895,972</u>	<u>1,577,211</u>	<u>33,238</u>	<u>36,439,945</u>
Total capital assets being depreciated, net	<u>29,862,866</u>			<u>29,642,428</u>
Business-type activities capital assets, net	<u>\$ 30,258,997</u>			<u>\$ 29,951,017</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
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Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental Activities:	
General government	\$ 16,994
Public safety	376,310
Public works	869,012
Parks and recreation	281,465
Airport	135,872
Cemetery	20,200
Total depreciation expense for Governmental activities	<u>\$ 1,699,853</u>
 Business-type Activities:	
Waterworks	\$ 652,320
Electric	143,385
Sewer	628,128
Sanitation	113,930
Fiber	39,448
Total depreciation expense for Business-type activities:	<u>\$ 1,577,211</u>

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

(7) Long Term Debt

A summary of the changes in long term debt for the year ended March 31, 2020 is as follows:

	Beginning of Year	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
Governmental Activities:					
Tax Increment Financing Bonds:					
Series 2014	\$ 1,225,000	\$ -	\$ 1,225,000	\$ -	\$ -
Less: Discount	(24,838)	-	(24,838)	-	-
Series 2020	-	1,295,000	-	1,295,000	140,000
Certificate of participation - Series 2012	648,711	-	155,595	493,116	159,903
Capital leases	34,999	109,305	34,999	109,305	35,202
Lease purchase agreement	3,183,000	-	317,000	2,866,000	325,000
Developer agreements	110,694	-	110,694	-	-
Compensated absences **	594,017	-	33,559	560,458	232,396
Total Governmental activities	5,771,583	1,404,305	1,852,009	5,323,879	892,501
Business-Type Activities:					
Neighborhood Improvement Bonds:					
Series 2005	160,000	-	25,000	135,000	25,000
Revenue Bonds:					
Series 2003B	3,790,000	-	555,000	3,235,000	585,000
Series 2013	8,440,300	-	453,100	7,987,200	462,100
Series 2015	1,275,100	-	60,200	1,214,900	61,600
Certificates of Participation - Series 2010	2,215,000	-	90,000	2,125,000	90,000
Note payable - Light Upgrade at WWT	29,042	-	4,801	24,241	4,934
Note payable - Light Upgrade at Justice	13,317	-	9,190	4,127	9,190
Compensated absences	217,281	1,455	28,338	190,398	81,924
Total Business-type activities	16,140,040	1,455	1,225,629	14,915,866	1,319,748
Total primary government	\$ 21,911,623	\$ 1,405,760	\$ 3,077,638	\$ 20,239,745	\$ 2,212,249

** governmental compensated absences are liquidated by the General Fund

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

A. Governmental Activities Debt

Tax Increment Revenue Bonds

\$2,430,000 Series 2014 Supported Tax Increment and Sales Tax Refunding Revenue Bonds (East US Highway 60 Improvement and RPA #1 Infrastructure Redevelopment Projects). Proceeds were used to refund the Series 2005A and 2005B Bonds, which were originally issued to make improvements on and around Chapel Drive and redevelop 385 acres in the southeast portion of the City adjacent to Highway 60. The outstanding balance of the bonds were refunded in 2020 as described in the next paragraph.

In January 2020, the City issued its \$1,295,000 Series 2020 Annual Appropriation Supported - Tax Increment and Sales Tax Refunding and Improvement Bonds (East US Highway 60 Improvement and RPA #1 Infrastructure Redevelopment Projects). Net proceeds of the bonds along with available Series 2014 bond trust funds of \$344,465 were used to refund the outstanding Series 2014 Bonds and provide \$395,815 funding for the Lowes Lane project. Funds totaling \$1,058,898 were deposited in trust with an escrow agent to pay accrued interest and the outstanding balance of the bonds of \$1,055,000 on February 9, 2020. The City completed this refunding to reduce its net debt service payments by approximately \$212,247 which resulted in a net economic loss of \$14,983 when including available Series 2014 funds on hand. Due in annual instalments through January 1, 2028; including interest at 2.74%.

Certificates of Participation

\$1,500,000 Series 2012, Certificates of Participation, issued for the purpose of constructing a community building (Casino). Due in semi-annual installment through December 2022; interest at 2.75%.

Lease Purchase Agreement

\$3,484,000 Series 2017, Lease Purchase Agreement. issued for the purpose of constructing the Aquatic Center. Due in annual installment through December 1, 2027; interest at 2.73%.

Capital Lease Obligations

The City has entered into a capital leasing agreements for Fire SCBA equipment. The cumulative amount of assets acquired under the capital leases are \$109,305 with related accumulated depreciation of \$7,287 as of March 31, 2020.

The future minimum lease obligation and the net present value of these minimum lease payments as of March 31, 2020 were as follows:

	2021	\$ 39,033
	2022	39,033
	2023	39,033
		117,099
	Less imputed interest	(7,794)
	Present value of minimum lease payments	109,305

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

Developer Obligations

Certain developers applied for reimbursement of the cost of certain infrastructure that was contributed to the City. These obligations are special limited obligations of the City, payable only to the extent of available tax increment financing revenues. The City's obligation to reimburse these costs expired upon the dissolution of the tax increment financing district. Accordingly, at March 31, 2020, there were no outstanding obligations.

B. Business-type Activities Debt

Neighborhood Improvement Bonds

\$394,230 Series 2004, General Obligation Bonds, Neighborhood Improvement District Bonds Series issued to fund certain sewer projects in the City. Due in annual installments through September 1, 2024; interest at 2.00% to 5.10%.

Revenue Bonds

\$8,950,000 Series 2003B Combined Waterworks and Sewerage System Revenue Bonds, (State Revolving Funds Program). Proceeds from this debt issuance were combined with monies from the State Environment Improvement and Energy Resources Authority to construct wastewater treatment and clean water facilities for the City. Due in annual installments through January 1, 2025; interest at 2.00% to 4.70%.

\$10,002,321 Series 2013 Combined Waterworks and Sewerage System Revenue Bonds - Direct Loan Program (Original amount not to exceed \$11,012,000). Proceeds were used for certain costs of improving the water and sewerage system. Due in annual instalments through 2035; interest at 1.61% and a semi-annual administrative fee of 0.25% of the outstanding principal balance of the bonds.

\$1,397,482 Series 2015 Combined Waterworks and Sewerage System Revenue Bonds - Direct Loan Program (Original amount not to exceed \$1,895,000). Proceeds were used for the purpose of extending and improving the City's sewage system. Due in annual installments through 2037; interest at 1.23% and a semi-annual administrative fee of 0.50% of the outstanding principal balance of the bonds.

Certificates of Participation

\$2,859,000 Series 2010, Certificates of Participation, issued for the purpose of constructing a water line project. Due in annual installments through July 2035; interest at 3.49%.

Notes Payable

\$33,878 Note payable to Mo. Department of Economic Development for the purpose of lighting upgrades for the Wasterwater Treatment Plant. Due in annual installment through September 2024; interest at 2.75%.

\$31,115 Note payable to Mo. Department of Economic Development for the purpose of lighting upgrades. Due in annual installment through September 2020; interest at 2.75%.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

C. Future Debt Service Requirements

Governmental Activities						
	Series 2020 Tax Increment Financing Bonds		Series 2012 Certificates of Participation		Series 2017 Lease Purchase Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 140,000	\$ 33,315	\$ 159,903	\$ 12,461	\$ 325,000	\$ 78,456
2022	150,000	31,647	164,331	8,034	334,000	69,369
2023	155,000	27,537	168,882	3,483	344,000	60,251
2024	165,000	23,290	-	-	353,000	50,860
2025	165,000	18,769	-	-	362,000	41,336
2026-2030	520,000	28,770	-	-	1,148,000	63,254
2031-2035	-	-	-	-	-	-
2036-2037	-	-	-	-	-	-
Totals	\$ 1,295,000	\$ 163,328	\$ 493,116	\$ 23,978	\$ 2,866,000	\$ 363,526
Business-type Activities						
	Series 2004 General Obligation Bonds, NID		Series 2003B Waterworks and Sewerage Bonds		Series 2013 Waterworks and Sewerage Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 25,000	\$ 6,210	\$ 585,000	\$ 153,301	462,100	126,745
2022	25,000	4,960	615,000	123,320	471,100	119,269
2023	25,000	3,698	645,000	95,645	481,000	111,641
2024	30,000	2,295	680,000	65,330	490,100	103,860
2025	30,000	765	710,000	16,685	500,100	95,933
2026-2030	-	-	-	-	2,654,900	355,012
2031-2035	-	-	-	-	2,927,900	131,489
2036-2037	-	-	-	-	-	-
Totals	\$ 135,000	\$ 17,928	\$ 3,235,000	\$ 454,281	\$ 7,987,200	\$ 1,043,949
	Series 2015 Waterworks and Sewerage Bonds		Series 2010 Certificates of Participation		Grand Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 61,600	\$ 14,753	\$ 90,000	\$ 135,725	\$ 1,887,603	\$ 522,259
2022	63,200	13,991	95,000	130,681	1,957,531	464,706
2023	64,600	13,210	100,000	125,220	2,032,582	401,186
2024	66,000	12,411	100,000	119,945	1,924,100	319,889
2025	67,600	11,594	105,000	113,497	3,354,500	540,208
2026-2030	360,400	45,080	575,000	464,175	4,117,300	924,372
2031-2035	403,000	21,766	685,000	254,300	5,683,900	499,579
2036-2037	128,500	1,581	375,000	13,125	503,500	14,706
Totals	\$ 1,214,900	\$ 134,386	\$ 2,125,000	\$ 1,356,668	\$ 21,461,016	\$ 3,686,905

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

(8) Employees Retirement System

A. Plan Description

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

B. 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) 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 receive a reduced allowance.

	<u>2019 Valuation</u>
Benefit Multiplier:	2% for Life
Final Average Salary:	3 Years
Member Contributions:	4%

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.

C. Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	61	13	9	83
Inactive employees entitled to but not yet receiving benefits	19	13	2	34
Active employees	77	20	14	111
	157	46	25	228

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

D. 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 contribute 4% to the pension plan. Employer contribution rates are 9.1% (General), 6.1% (Police) and 3.8% (Fire) of annual covered payroll.

E. Net Pension Liability (Asset)

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

F. Actuarial Assumptions

The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation (General and Police)
	3.25% to 7.15% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment expenses

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

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

The 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.51%

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

G. Discount Rate

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

H. Changes in the Net Pension Liability/ (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 27,539,543	\$ 30,541,768	\$ (3,002,225)
Changes for the year:			
Service Cost	656,616	-	656,616
Interest	1,974,712	-	1,974,712
Difference between expected and actual experience	47,750	-	47,750
Contributions - employer	-	407,417	(407,417)
Contributions - employee	-	207,724	(207,724)
Net investment income	-	2,084,456	(2,084,456)
Benefit payments, including refunds	(1,271,635)	(1,271,635)	-
Administrative expense	-	(26,441)	26,441
Other changes (net transfer)	-	217,677	(217,677)
Net changes	1,407,443	1,619,198	(211,755)
Balances at end of year	\$ 28,946,986	\$ 32,160,966	\$ (3,213,980)

I. Sensitivity of the Net Pension Liability/ (Asset) to Changes in the Discount Rate

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

	1% Decrease	Current Single Discount Rate	1% Increase
	6.25%	Assumption 7.25%	8.25%
Total Pension Liability (TPL)	\$ 33,171,070	\$ 28,946,986	\$ 25,478,105
Plan Fiduciary Net Position	(32,160,966)	(32,160,966)	(32,160,966)
Net Pension Liability/(Asset)	\$ 1,010,104	\$ (3,213,980)	\$ (6,682,861)

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

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

For the year ended March 31, 2020, the City recognized LAGERS pension expense of \$88,008 (\$84,420,(General), \$44,380(Police) and \$(40,792) (Fire)). The City reported deferred outflows related to LAGERS pension from the following sources:

	General	Police	Fire	Total
Deferred Outflows of Resources:				
Assumption changes	\$ 139,132	\$ 8,234	\$ 69,491	\$ 216,857
Difference in experience	51,800	22,169	129,019	202,988
Contributions subsequent to the measurement date*	231,455	53,083	20,731	305,269
Total	<u>\$ 422,387</u>	<u>\$ 83,486</u>	<u>\$ 219,241</u>	<u>\$ 725,114</u>

Deferred Inflows of Resources:				
Difference in experience	\$ (253,761)	\$ (78,947)	\$ (204,714)	\$ (537,422)
Difference in projected and actual earnings on plan investments	(598,761)	(129,666)	(170,651)	(899,078)
	<u>\$ (852,522)</u>	<u>\$ (208,613)</u>	<u>\$ (375,365)</u>	<u>\$ (1,436,500)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability/(Asset) for the year ending March 31, 2021.

Net amounts reported as deferred outflows and deferred inflows of resources, excluding contributions subsequent to the measurement date, related to LAGERS pension will be recognized in pension expense as follows:

Year ending March 31:	General	Police	Fire	Total
2021	\$ (113,355)	\$ (38,558)	\$ (34,063)	\$ (185,976)
2022	(395,442)	(87,407)	(100,217)	(583,066)
2023	(181,620)	(54,955)	(53,689)	(290,264)
2024	29,022	2,710	(5,882)	25,850
2025	99	-	1,712	1,811
Thereafter	-	-	15,284	15,284
Total	<u>\$ (661,296)</u>	<u>\$ (178,210)</u>	<u>\$ (176,855)</u>	<u>\$ (1,016,361)</u>

K. Payable to the Pension Plan

At March 31, 2020, the City paid all outstanding contributions to the LAGERS pension plan.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

L. Summary of financial reporting of the City's pension plan:

	General	Police	Fire	Total
Governmental activities:				
Net Pension Asset	\$ (720,845)	\$ (663,091)	\$ (1,193,355)	\$ (2,577,291)
Business-type activities:				
Net Pension Asset	(636,689)	-	-	(636,689)
Total Net Pension Asset	<u>\$ (1,357,534)</u>	<u>\$ (663,091)</u>	<u>\$ (1,193,355)</u>	<u>\$ (3,213,980)</u>
Governmental activities:				
Pension related deferred outflows	\$ 224,286	\$ 83,486	\$ 219,241	\$ 527,013
Pension related deferred inflows	(452,686)	(208,613)	(375,365)	(1,036,664)
Business-type activities:				
Pension related deferred outflows	198,101	-	-	198,101
Pension related deferred inflows	(399,836)	-	-	(399,836)
Total	<u>\$ (430,135)</u>	<u>\$ (125,127)</u>	<u>\$ (156,124)</u>	<u>\$ (711,386)</u>

(9) Commitments and Contingencies

A. Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

B. Federal and State Grants

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

C. Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

D. Purchased Power

In 2010, the City entered into a ten-year full requirements service agreement with Empire District Electric (EDE) that will expire in June, 2020. The agreement provided for EDE to sell and for the City to purchase capacity and firm energy sufficient to meet the City's load.

In considering it's options after the EDE contract expires in 2020, the City has collaborated with other cities with similar contract expiration dates to aggregate their loads and seek the most cost-efficient power supplier for the cities. As part of the this process, the cities contracted with the Missouri Public Utility Alliance (MPUA) to prepare an Integrated Resource Plan (IRP) that would provide an in-depth report detailing the group's load forecasts and power supply options. The IRP was completed in July, 2017 and identified the types of resources and quantities that would best fit the needs of the cities with the intent of forming a new energy pool that aggregate the loads into a single power supply contract.

The cities of Monett and Mount Vernon have proceeded with approving the legal framework formally establishing the Southwest Missouri Public Energy Pool (SWMPEP). The City of Monett approved a Power Supply and Administration Agreement between the Missouri Joint Municipal Electric Utility Commission (MJMEUC) and the members of SWMPEP. SWMPEP, in conjunction with MJMEUC, solicited RFP's and received a number of proposals in March, 2018.

In October, 2018, MJMEUC approved a Power Supply Agreement on behalf of the Southwest Missouri Public Energy Pool to be effective June 1, 2020. The specific terms of the agreement between MJMEUC and Empire District Electric are:

- The term of the contract will be from June 1, 2020 through May 31, 2025;
- 40 MW of capacity and energy from Plum Point, 10 MW of capacity and energy from Riverton 11, 14 MW of capacity and energy from Energy Center units 1 and 2, and 20 MW of energy from the Meridian Way wind farm;
- Capacity pricing of 78 MW is fixed for five years;
- Energy pricing is a blended energy price with the majority of energy coming from the Plum Point coal resource, some fixed wind energy pricing, and a small amount of peaking energy from gas/oil units.
- SWMPEP's all-in projected costs from 2020 to 2025 are expected to be approximately \$18 million/year. This represents significant savings from the current contract which were projected to increase from \$20 million/year to in excess of \$24 million/year, a savings of approximately \$6 million annually.
- The effects of these savings will be reduced costs to the City in purchased power expenses for the Electric utility; reduced costs to the Water and Sewer utilities from decreased operating costs at the treatment plants; a reduction in revenues to the General Fund due to decreased payments-in-lieu-of-taxes; and reduced costs to the City's residential, commercial and industrial electric consumers through lower electric rates.

City of Monett, Missouri
Notes to the Basic Financial Statements
March 31, 2020

E. Leases

The City rents golf carts under a cancelable operating lease. Rent expenditures for the year ended March 31, 2020 was \$26,400. As of March 31, 2020, minimum future rental payments required under the lease for subsequent fiscal years are as follows:

2021	\$	26,400
2022		26,400
2023		26,400
2024		22,000
		<u>101,200</u>
	\$	<u>101,200</u>

(10) Subsequent Events

Management has evaluated subsequent events through September 28, 2020, the date the financial statements were available to be issued.

In July 2020, the City entered into a Refunding Lease Purchase Agreement, Series 2020 (the Agreement) totaling \$1,845,000. The net proceeds of the Agreement along with available City funds, were transferred to Escrow Agent pursuant to the Escrow Agreement for application to the prepayment of the then \$2,035,000 outstanding principal amount and accrued interest of the City's Series 2010 Certificates of Participation (Recovery Zone Economic Development Bonds).

City of Monett, Missouri
Notes to Required Supplementary Information
March 31, 2020

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April, Administration submits to the City Commission a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Commission in late February or early March to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to April 1, ordinances are passed by the Commission which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Commission on approved budget adjustment forms.

CITY OF MONETT, MISSOURI
Required Supplementary Information
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended March 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,318,000	\$ 3,318,000	\$ 3,274,281	\$ (43,719)
Licenses and permits	42,500	120,000	121,375	1,375
Intergovernmental	1,696,700	1,859,700	1,729,313	(130,387)
Charges for services	1,115,375	935,080	950,075	14,995
Rental	76,200	76,200	84,068	7,868
Investment earnings	100,000	172,500	180,676	8,176
Miscellaneous	49,900	266,150	185,788	(80,362)
Total Revenues	<u>6,398,675</u>	<u>6,747,630</u>	<u>6,525,576</u>	<u>(222,054)</u>
Expenditures:				
Current:				
General government				
Administration	528,000	528,000	458,782	69,218
Public safety				
Building official	238,170	313,170	301,824	11,346
Municipal court	94,550	94,550	90,569	3,981
Police	1,760,200	1,760,200	1,952,591	(192,391)
E911	901,295	901,295	839,811	61,484
Emergency management	506,353	278,835	453,458	(174,623)
Fire	1,232,700	1,232,700	1,265,559	(32,859)
Total public safety	<u>4,733,268</u>	<u>4,580,750</u>	<u>4,903,812</u>	<u>(323,062)</u>
Public works				
Street	3,910,520	4,230,520	3,648,051	582,469
Parks and recreation				
Pool	12,000	42,000	47,435	(5,435)
Pavilion	42,065	79,300	66,262	13,038
South park	348,725	348,725	255,421	93,304
North park	186,750	186,750	157,562	29,188
Golf	628,660	628,660	536,554	92,106
Casino and community building	95,750	95,750	83,465	12,285
Total parks and recreation	<u>1,313,950</u>	<u>1,381,185</u>	<u>1,146,699</u>	<u>234,486</u>
Airport	999,875	1,199,875	1,184,522	15,353
Cemetery	195,450	195,450	187,876	7,574
Debt service:				
Principal	192,750	192,750	190,595	2,155
Interest and fiscal charges	17,400	17,400	17,398	2
Total Expenditures	<u>11,891,213</u>	<u>12,325,930</u>	<u>11,737,735</u>	<u>588,195</u>
Excess of Revenues Over (Under) Expenditures	(5,492,538)	(5,578,300)	(5,212,159)	366,141
Other financing sources (uses):				
Transfers in	1,895,630	2,028,630	2,163,402	134,772
Transfers out	-	(500,000)	(594,089)	(94,089)
Sale of capital assets	5,000	5,000	8,714	3,714
Proceeds from lease purchase agreement	-	109,305	109,305	-
Payments in lieu of taxes	2,944,960	2,800,000	2,809,703	9,703
Total Other Financing Sources (Uses)	<u>4,845,590</u>	<u>4,442,935</u>	<u>4,497,035</u>	<u>54,100</u>
Net change in fund balances	<u>\$ (646,948)</u>	<u>\$ (1,135,365)</u>	<u>(715,124)</u>	<u>\$ 420,241</u>
Fund balances, beginning of year			<u>3,652,620</u>	
Fund balances, end of year			<u>\$ 2,937,496</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Transportation Sales Tax Fund
For the Year Ended March 31, 2020

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 990,000	\$ 990,000	\$ 979,747	\$ (10,253)
Total Revenues	<u>990,000</u>	<u>990,000</u>	<u>979,747</u>	<u>(10,253)</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>990,000</u>	<u>990,000</u>	<u>979,747</u>	<u>(10,253)</u>
Other financing sources (uses):				
Transfers out	<u>(890,000)</u>	<u>(890,000)</u>	<u>(405,001)</u>	<u>484,999</u>
Total Other Financing Sources (Uses)	<u>(890,000)</u>	<u>(890,000)</u>	<u>(405,001)</u>	<u>484,999</u>
Net change in fund balances	<u>\$ 100,000</u>	<u>\$ 100,000</u>	574,746	<u>\$ 474,746</u>
Fund balances, beginning of year			<u>798,163</u>	
Fund balances, end of year			<u>\$ 1,372,909</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

Schedule 3

CITY OF MONETT, MISSOURI
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Park Sales Tax Fund
For the Year Ended March 31, 2020

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 495,000	\$ 495,000	\$ 507,970	\$ 12,970
Total Revenues	<u>495,000</u>	<u>495,000</u>	<u>507,970</u>	<u>12,970</u>
Expenditures:				
Debt service:				
Principal	317,000	317,000	317,000	-
Interest and fiscal charges	<u>86,896</u>	<u>86,896</u>	<u>86,896</u>	<u>-</u>
Total Expenditures	<u>403,896</u>	<u>403,896</u>	<u>403,896</u>	<u>-</u>
Net change in fund balances	<u>\$ 91,104</u>	<u>\$ 91,104</u>	104,074	<u>\$ 12,970</u>
Fund balances, beginning of year			<u>329,276</u>	
Fund balances, end of year			<u>\$ 433,350</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Required Supplementary Information
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended March 31, 2020

	LAGERS				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service costs	\$ 656,616	\$ 668,004	\$ 639,391	\$ 616,931	\$ 617,375
Interest on total pension liability	1,974,712	1,874,884	1,797,932	1,637,666	1,564,778
Difference between expected and actual experience of the total pension liability	47,750	(92,430)	(559,892)	(136,413)	(472,412)
Changes of assumptions	-	-	-	828,489	-
Benefit payments and refunds	(1,271,635)	(871,222)	(790,364)	(705,369)	(703,043)
Net change in total pension liability	1,407,443	1,579,236	1,087,067	2,241,304	1,006,698
Total pension liability - beginning of year	27,539,543	25,960,307	24,873,240	22,631,936	21,625,238
Total pension liability - end of year (a)	<u>\$ 28,946,986</u>	<u>\$ 27,539,543</u>	<u>\$ 25,960,307</u>	<u>\$ 24,873,240</u>	<u>\$ 22,631,936</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 407,417	\$ 428,796	\$ 438,751	\$ 476,923	\$ 524,504
Contributions - employee	207,724	208,301	207,953	196,430	187,564
Net investment income	2,084,456	3,465,410	2,959,657	(70,888)	465,017
Benefit payments and refunds	(1,271,635)	(871,222)	(790,364)	(705,369)	(703,043)
Administrative expenses	(26,441)	(18,184)	(17,532)	(17,162)	(17,989)
Other (net transfer)	217,677	17,828	(388,493)	68,562	119,677
Net change in plan fiduciary net position	1,619,198	3,230,929	2,409,972	(51,504)	575,730
Plan fiduciary net position - beginning of year	30,541,768	27,310,839	24,900,867	24,952,371	24,376,851
Plan fiduciary net position - end of year (b)	<u>\$ 32,160,966</u>	<u>\$ 30,541,768</u>	<u>\$ 27,310,839</u>	<u>\$ 24,900,867</u>	<u>\$ 24,952,581</u>
Net pension liability/(asset) (a) - (b)	<u>\$ (3,213,980)</u>	<u>\$ (3,002,225)</u>	<u>\$ (1,350,532)</u>	<u>\$ (27,627)</u>	<u>\$ (2,320,645)</u>
Plan net position as a percentage of the total pension liability	111.10%	110.90%	105.20%	100.11%	110.25%
Covered employee payroll	4,917,388	5,119,628	5,143,013	4,744,999	4,657,747
Net pension liability/(asset) as a percentage of covered payroll	-65.36%	-58.64%	-26.26%	-0.58%	-49.82%

GASB 68 requires presentation of ten years. As of March 31, 2020, only five years of information is available.

CITY OF MONETT, MISSOURI
Required Supplementary Information
Schedule of Employer Contributions
For the Year Ended March 31, 2020

LAGERS (General, Police and Fire)

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2010	\$ 486,665	\$ 486,665	\$ -	\$ 4,632,138	10.51%
2011	610,062	501,367	108,695	4,368,735	11.48%
2012	614,448	564,895	49,553	4,522,859	12.49%
2013	631,138	631,138	-	4,613,235	13.68%
2014	598,756	598,756	-	4,715,149	12.70%
2015	536,975	536,975	-	4,642,142	11.57%
2016	497,201	497,201	-	4,883,881	10.18%
2017	449,797	449,797	-	5,324,672	8.45%
2018	435,342	435,342	-	5,208,720	8.36%
2019	409,942	409,942	-	5,200,964	7.88%

Lagers

Valuation Date February 28, 2019

Notes: The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry Age Normal and Modified Terminal Funding
Amortization method	Level percentage of payroll, closed period of years
Remaining amortization period	Multiple bases from 15 to 25 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation assumption	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation (General and Police) 3.25% to 7.15% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for male and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for male and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period based year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other information:	None

CITY OF MONETT, MISSOURI
Combining Balance Sheet - Nonmajor Governmental Funds
March 31, 2020

	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Capital Improvement Fund	Airport Improvement Fund	Total
Assets					
Cash and investments	\$ -	\$ -	\$ 17,330	\$ 910,540	\$ 927,870
Receivables:					
Taxes	-	25,974	-	-	25,974
Due from other governments	-	22,727	-	-	22,727
Restricted cash and investments	89	648,535	-	-	648,624
Total Assets	\$ 89	\$ 697,236	\$ 17,330	\$ 910,540	\$ 1,625,195
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
Fund balances:					
Restricted:					
Capital projects	-	-	17,330	910,540	927,870
Debt service	89	697,236	-	-	697,325
Total fund balance	89	697,236	17,330	910,540	1,625,195
Total liabilities and fund balances	\$ 89	\$ 697,236	\$ 17,330	\$ 910,540	\$ 1,625,195

CITY OF MONETT, MISSOURI
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended March 31, 2020

	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Capital Improvement Fund	Airport Improvement Fund	Total
Revenues:					
Taxes	\$ 7,163	\$ 150,649	\$ -	\$ -	\$ 157,812
Intergovernmental activity taxes	9,659	249,540	-	-	259,199
Investment earnings	1	8,974	-	-	8,975
Total Revenues	<u>16,823</u>	<u>409,163</u>	<u>-</u>	<u>-</u>	<u>425,986</u>
Expenditures:					
Current:					
Public works	-	100,667	-	-	100,667
Debt service:					
Principal	18,030	170,000	-	-	188,030
Interest and fiscal charges	-	97,447	-	-	97,447
Total Expenditures	<u>18,030</u>	<u>368,114</u>	<u>-</u>	<u>-</u>	<u>386,144</u>
Excess of Revenues Over (Under) Expenditures	(1,207)	41,049	-	-	39,842
Other financing (uses):					
Transfers in	-	-	-	644,089	644,089
Transfers out	-	-	(23,753)	(73,451)	(97,204)
Sale of capital assets	-	-	-	-	-
Proceeds from refunding bonds	-	1,295,000	-	-	1,295,000
Payment to escrow agent	-	(1,058,897)	-	-	(1,058,897)
Total Other Financing (Uses)	<u>-</u>	<u>236,103</u>	<u>(23,753)</u>	<u>570,638</u>	<u>782,988</u>
Net change in fund balances	(1,207)	277,152	(23,753)	570,638	822,830
Fund balances, beginning of year	<u>1,296</u>	<u>420,084</u>	<u>41,083</u>	<u>339,902</u>	<u>802,365</u>
Fund balances, end of year	<u>\$ 89</u>	<u>\$ 697,236</u>	<u>\$ 17,330</u>	<u>\$ 910,540</u>	<u>\$ 1,625,195</u>

CITY OF MONETT, MISSOURI

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Tax Increment Financing #1
For the Year Ended March 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 10,000	\$ 10,000	\$ 7,163	\$ (2,837)
Intergovernmental activity taxes	10,000	10,000	9,659	(341)
Investment earnings		-	1	1
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>16,823</u>	<u>(3,177)</u>
Expenditures:				
Debt service:				
Principal	<u>20,000</u>	<u>20,000</u>	<u>18,030</u>	<u>1,970</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>18,030</u>	<u>1,970</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(1,207)	<u>\$ (1,207)</u>
Fund balances, beginning of year			<u>1,296</u>	
Fund balances, end of year			<u>\$ 89</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Tax Increment Financing #2
For the Year Ended March 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 152,500	\$ 152,500	\$ 150,649	\$ (1,851)
Intergovernmental activity taxes	252,500	252,500	249,540	(2,960)
Investment earnings	5,000	5,000	8,974	3,974
Total Revenues	<u>410,000</u>	<u>410,000</u>	<u>409,163</u>	<u>(837)</u>
Expenditures:				
Current:				
Public works	8,000	146,000	100,667	45,333
Debt service:				
Principal	340,000	1,225,000	170,000	1,055,000
Interest and fiscal charges	60,000	60,000	97,447	(37,447)
Total Expenditures	<u>408,000</u>	<u>1,431,000</u>	<u>368,114</u>	<u>1,062,886</u>
Excess of Revenues Over (Under) Expenditures	2,000	(1,021,000)	41,049	1,062,049
Other financing sources (uses):				
Proceeds from certificates of participation	-	1,295,000	1,295,000	-
Payment to escrow agent	-	-	(1,058,897)	1,058,897
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,295,000</u>	<u>236,103</u>	<u>1,058,897</u>
Net change in fund balances	<u>\$ 2,000</u>	<u>\$ 274,000</u>	277,152	<u>\$ 2,120,946</u>
Fund balances, beginning of year			<u>420,084</u>	
Fund balances, end of year			<u>\$ 697,236</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Capital Improvements Sales Tax Fund
For the Year Ended March 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	<u>(35,630)</u>	<u>(25,000)</u>	<u>(23,753)</u>	<u>1,247</u>
Total Other Financing Sources (Uses)	<u>(35,630)</u>	<u>(25,000)</u>	<u>(23,753)</u>	<u>1,247</u>
Net change in fund balances	<u>\$ (35,630)</u>	<u>\$ (25,000)</u>	<u>(23,753)</u>	<u>\$ 1,247</u>
Fund balances, beginning of year			<u>41,083</u>	
Fund balances, end of year			<u>\$ 17,330</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Airport Improvement Fund
For the Year Ended March 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Airport	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	105,000	650,000	644,089	(5,911)
Transfers out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(73,451)</u>	<u>16,549</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>560,000</u>	<u>570,638</u>	<u>10,638</u>
Net change in fund balances	<u>\$ 15,000</u>	<u>\$ 560,000</u>	570,638	<u>\$ 10,638</u>
Fund balances, beginning of year			<u>339,902</u>	
Fund balances, end of year			<u>\$ 910,540</u>	

Note: GAAP is the budgetary basis used to prepare this schedule

CITY OF MONETT, MISSOURI
Combining Statement of Net Position
Nonmajor Enterprise Funds
March 31, 2020

	Sanitation Fund	Fiber Fund	Total
Assets			
Current assets:			
Cash and investments	\$ 600,840	\$ 408,515	\$ 1,009,355
Receivables			
Accounts and other	94,520	23,075	117,595
Prepaid expenses	2,322	-	2,322
Inventory	-	33,693	33,693
Total current assets	<u>697,682</u>	<u>465,283</u>	<u>1,162,965</u>
Capital assets:			
Not being depreciated	15,586	-	15,586
Being depreciated, net of depreciation	372,219	150,989	523,208
Net pension Asset	43,790	-	43,790
Total noncurrent assets	<u>431,595</u>	<u>150,989</u>	<u>582,584</u>
Total assets	<u>1,129,277</u>	<u>616,272</u>	<u>1,745,549</u>
Deferred outflow of resources			
Deferred outflow - pension related activity	<u>13,625</u>	<u>-</u>	<u>13,625</u>
Liabilities			
Current liabilities:			
Accounts payable	17,234	-	17,234
Accrued liabilities	3,333	-	3,333
Current portion of long-term debt	2,416	-	2,416
Total current liabilities:	<u>22,983</u>	<u>-</u>	<u>22,983</u>
Long-term liabilities:			
Long-term debt	<u>898</u>	<u>-</u>	<u>898</u>
Total long-term liabilities:	<u>898</u>	<u>-</u>	<u>898</u>
Total liabilities	<u>23,881</u>	<u>-</u>	<u>23,881</u>
Deferred inflow of resources			
Deferred inflow - pension related activity	<u>27,500</u>	<u>-</u>	<u>27,500</u>
Net position			
Net investment in capital assets	387,805	150,989	538,794
Restricted net position for:			
Pension benefits	29,915	-	29,915
Unrestricted	673,801	465,283	1,139,084
Total net position	<u>\$ 1,091,521</u>	<u>\$ 616,272</u>	<u>\$ 1,707,793</u>

CITY OF MONETT, MISSOURI
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended March 31, 2020

	Sanitation Fund	Fiber Fund	Total
Operating revenues:			
Charges for services	\$ 665,167	\$ 277,005	\$ 942,172
Other	5,280	-	5,280
Total operating revenues	<u>670,447</u>	<u>277,005</u>	<u>947,452</u>
Operating expenses:			
Wages and benefits	192,515	-	192,515
Professional and consulting services	4,720	86,320	91,040
Insurance	3,840	-	3,840
Repairs and maintenance	94,063	1,748	95,811
Utilities	1,520	1,401	2,921
Supplies	9,403	19,001	28,404
Depreciation	113,930	39,448	153,378
Other operating expenses	50,905	2,225	53,130
Landfill and recycling	214,679	-	214,679
Total operating expenses	<u>685,575</u>	<u>150,143</u>	<u>835,718</u>
Income (loss) before transfers and payment in lieu of taxes	<u>(15,128)</u>	<u>126,862</u>	<u>111,734</u>
Transfers out	-	(380,000)	(380,000)
Payments in lieu of taxes (PILOTS)	<u>-</u>	<u>(27,701)</u>	<u>(27,701)</u>
Change in net position	(15,128)	(280,839)	(295,967)
Total net position, beginning of year	<u>1,106,649</u>	<u>897,111</u>	<u>2,003,760</u>
Total net position, end of year	<u>\$ 1,091,521</u>	<u>\$ 616,272</u>	<u>\$ 1,707,793</u>

CITY OF MONETT, MISSOURI
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended March 31, 2020

	Sanitation Fund	Fiber Fund	Total
Cash flows from operating activities:			
Receipts from customers and others	\$ 673,325	\$ 275,865	\$ 949,190
Payments to suppliers	(377,271)	(114,506)	(491,777)
Payments to employees	(194,324)	-	(194,324)
Net cash provided by operating activities	<u>101,730</u>	<u>161,359</u>	<u>263,089</u>
Cash Flows from noncapital financing activities:			
Transfers in (out)	-	(380,000)	(380,000)
Pilots in lieu of taxes	-	(27,701)	(27,701)
Net cash (used in) noncapital financing activities	<u>-</u>	<u>(407,701)</u>	<u>(407,701)</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(3,485)	2	(3,483)
Net cash flows (used in) capital and related financing activities	<u>(3,485)</u>	<u>2</u>	<u>(3,483)</u>
Net change in cash and equivalents	98,245	(246,340)	(148,095)
Cash and equivalents, beginning of year	502,595	654,855	1,157,450
Cash and equivalents, end of year	<u>\$ 600,840</u>	<u>\$ 408,515</u>	<u>\$ 1,009,355</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (15,128)	\$ 126,862	\$ 111,734
Adjustments to reconcile operating income to net cash provided by operations:			
Depreciation and amortization	113,930	39,448	153,378
Change in compensated absences	(1,624)	-	(1,624)
Changes in net pension asset/liability	5,608	-	5,608
Changes in deferred outflows of resources	5,745	-	5,745
Changes in deferred inflows of resources	(12,537)	-	(12,537)
Changes in:			
Receivables	2,878	(1,140)	1,738
Prepaid expenses	(984)	-	(984)
Inventory	-	4,057	4,057
Accounts payable	2,843	(7,868)	(5,025)
Accrued liabilities	999	-	999
Net cash provided by operating activities	<u>\$ 101,730</u>	<u>\$ 161,359</u>	<u>\$ 263,089</u>

CITY OF MONETT, MISSOURI

SINGLE AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2020

**City of Monett, Missouri
Single Audit Report**

For the Year Ended March 31, 2020

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A copy of the City of Monett, Missouri's Financial Report for the year ended March 31, 2020 accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
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CHV**COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants*

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
Fax (816) 453-7016

**Independent Auditor's Report on Schedule
of Expenditures of Federal Awards**

To the Honorable Mayor and Members of the City Council
City of Monett, Missouri

**Other Offices in
Missouri and Kansas**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri (the City) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Cochran Head Vick & Co., P.C.

Kansas City, Missouri
September 28, 2020

ADDITIONAL INFORMATION

City of Monett, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Current Year Expenditures
U.S. Department of Homeland Security			
Passed through Missouri Department of Public Safety			
Emergency Management Performance Grant	97.042	EMK-2019-EP-00001-074	\$ 25,455
Federal Emergency Management Agency Grant	97.036	FEMA-DR-4317-MO	163,639
Total U.S. Department of Homeland Security			<u>189,094</u>
U.S. Department of Housing and Urban Development			
Passed through Missouri Department of Economic Development			
Community Development Block Grant (CDBG) Grant	14.228	FR-2018-17	54,199
Total U.S. Department of Urban Development			<u>54,199</u>
U.S. Department of Transportation			
Passed through Missouri Department of Transportation			
Airport Improvement Grant	20.106	13-098B-1	728,169
Total U.S. Department of Transportation			<u>728,169</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 971,462</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

City of Monett, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2020

Note 1. Organization

The City of Monett, Missouri, is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Monett, Missouri, and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by Title 2 CFR Part 200, Subpart D, Section 200.306 is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City of Monett, Missouri. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at March 31, 2020.

Note 5. Indirect Cost Rate

The City does not allocate indirect costs, and therefore has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Monett, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2020

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unmodified

Internal Control Over Financial Reporting
No significant deficiencies reported, no material weaknesses identified.

General Compliance
The audit did not disclose any instances of noncompliance, which would be material to the basic financial statements.

Federal Awards:

Internal Control Over Major Programs
No significant deficiencies reported, no material weaknesses identified.

Type Audit Report Issued on Compliance for Major Programs
Unmodified

Audit Findings
None

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$750,000

Auditee Qualified as a Low-risk Auditee
No

City of Monett, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended March 31, 2020

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

Summary Schedule of Prior Audit Findings

None

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with the Uniform Guidance

None

Summary Schedule of Prior Audit Findings

None

COMPLIANCE REPORTS

CHV

COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
Fax (816) 453-7016

**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 *Government Auditing Standards***

Other Offices in
Missouri and Kansas

To the Honorable Mayor and Members of the City Council
City of Monett, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri (the City), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cochran Head Vick + Co., P.C.

Kansas City, Missouri
September 28, 2020



COCHRAN HEAD VICK & CO., P.C.

& Co

Certified Public Accountants

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
Fax (816) 453-7016

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Other Offices in
Missouri and Kansas

To the Honorable Mayor and City Council
City of Monett, Missouri

Report on Compliance for the Major Federal Program

We have audited the City of Monett, Missouri's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended March 31, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Cochran Head Vick + Co., P.C.

Kansas City, Missouri
September 28, 2020

CITY OF MONETT, MISSOURI
REQUIRED COMMUNICATIONS,
And MANAGEMENT LETTER

For the Year Ended March 31, 2020

City of Monett, Missouri

Required Communications and Management Letter, and Compliance Report For the Year Ended March 31, 2020

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September 28, 2020

1251 NW Briarcliff Pkwy
Suite 125
Kansas City, MO 64116
(816) 453-7014
Fax (816) 453-7016

Other Offices in
Missouri and Kansas

To the Honorable Mayor and
Commissioners
City of Monett, Missouri

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri (the City) for the year ended March 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 19, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates used by the City's management include determining the estimated historical cost of infrastructure and the related estimated useful lives used in recording depreciation and accumulated depreciation for capital assets; and the estimated obligation relating to pension benefits. We evaluated the key factors and assumptions used in developing the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. In addition, we assisted with certain adjustments necessary in converting from the cash basis of accounting to the modified and accrual basis of accounting used in the City's government-wide and fund financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 28, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the City's management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability (asset) and related ratios and schedule of employer contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund statements and schedules which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monett, Missouri as of and for the year ended March 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the third 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.

As part of our annual audit, we try to identify opportunities for improving the management of financial resources and for improving the internal controls over financial reporting. We are submitting, for your consideration, our observations and recommendations with regard to these matters.

Management's responses to our comments are included with this report. We did not audit the City's responses and, accordingly, we express no opinion on them.

CURRENT YEAR COMMENTS

Sales Taxes

While performing our audit procedures we noted that there were variances between what the utility billing system sales tax calculations were compared with the monthly sales tax returns. We recommend that the City review and reconcile the utility billing system calculation with those used to prepare the monthly sales tax forms.

Management's Response

City staff will review and reconcile the utility billing system calculation to the monthly sales tax forms.

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has recently issued the following statements which may impact the City’s financial reporting requirements. In May 2020, in response to COVID-19 pandemic, GASB issued Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance.

-
- GASB Statement 84 – *Fiduciary Activities*, effective for the fiscal year beginning on April 1, 2020.
- GASB Statement No.87, *Leases*, effective for the fiscal year beginning April 1, 2022.
- GASB Statement No.88 *Certain Disclosures Related to Debt*, effective for the fiscal year beginning April 1, 2020.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal year beginning April 1, 2021.
- GASB Statement No. 90 – *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61, effective for the fiscal year beginning April 1, 2020.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the fiscal year beginning April 1, 2022.
- GASB Statement No. 92 – *Omnibus 2020*, generally effective for the fiscal year beginning April 1, 2022.
- GASB Statement No. 93 - *Replacement of Interbank Offered Rates* effective for the fiscal year beginning April 1, 2022.
- GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the fiscal year beginning April 1, 2023.
- GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, effective for the fiscal year beginning April 1, 2023.
- 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 84, and a supersession of GASB Statement No. 32, generally effective for the fiscal year beginning April 1, 2021.

We recommend management review these standards to determine the impact they may have on the City’s financial reporting.

Management’s Response

City staff will review all recent and upcoming GASB statements and ensure that any required changes are incorporated in future financial reporting.

Prior Comments

In the prior year, we issued certain comments and recommendations in regard to City accounting, internal control and financial reporting issues. The following table summarizes the nature of these comments, the significance of the comments as described in the prior year’s reports and our determination of the status of those comments.

<u>Prior Year Comment Description</u>	<u>Significance</u>	<u>Current Period Status</u>
Future Accounting Pronouncements	We recommended that management review upcoming standards to determine what impact they may have on the City’s financial reporting.	The City implemented all applicable standards that became effective during fiscal year 2020. See the current comments section for additional upcoming accounting standards.

This report is intended solely for the information and use of the Mayor, Commissioners, and management of the City, and is not intended to be and should not be used by anyone other than these specified parties.

Cochran Head Vick + Co., P.C.