

CITY OF LAMAR, MISSOURI

**BASIC FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTARY
INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2020**

November 12, 2019

City of Lamar
Mayor and City Council
1104 Broadway
Lamar, MO 64759

In the course of the audit the following items were noted and I bring them to your attention.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in our engagement letter dated August 28, 2020, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the City of Lamar, Missouri. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Lamar, Missouri, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018-2019. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

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.

Depreciation expense of \$ 318,930 for the Waterworks and Wastewater Fund, \$ 547,232 for the Electric Fund, \$ 38,492 for the Sanitation Fund and \$ 712,019 for the Governmental Activities are based on estimate of useful lives and at cost.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the City, either individually or in the aggregate, indicate matters that could have a significant effect on the City's financial reporting process.

All audit adjustments processed were agreed upon by Management and posted to the ledger. Attached is the list of adjustments which for the most part were for recorded receivables that we recommended should be included at year end.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter 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.

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.

Issues Discussed Prior to Retention of Independent Auditors

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.

Difficulties Encountered in Performing the Audit

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

Other Items

The representation letter is attached.

ISSUES DISCUSSED:

PRIOR YEAR FINDINGS

As reported in the prior year:

We noted that for the current year, all funds ended with a positive balance. The question of charging electricity to city departments had come up and we had referenced city's within Southwest Missouri and their policy of billing utilities. That is something Council might want to study and consider.

CURRENT YEAR FINDINGS

We noted that for the current year, all funds showed a positive balance increase, and the proprietary funds had a positive cash flow.

We considered these issues in forming our opinion on whether the City of Lamar's 2019-2020 financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, and the above items did not affect our report on those financial statements.

This information is intended solely for the use of Management and the City Council of the City of Lamar and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Decker & DeGood
Springfield, Missouri



City of Lamar

1104 BROADWAY LAMAR, MO 64759

Phone: 417-682-5554

Fax: 417-682-3288

Birthplace of Harry S. Truman
Decker & DeGood, PC
3259 E. Sunshine, Ste A
Springfield, Missouri 65804

This representation letter is provided in connection with your audit of the financial statements of City of Lamar, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of signing this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 28, 2020, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. There were no related party transactions.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. All adjustments were posted and therefore there are no uncorrected items.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the city is contingently liable, if any, have been properly recorded or disclosed. There were no such items.

Information Provided

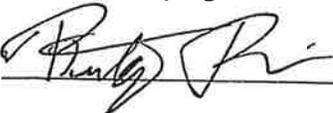
- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements. Nor any late notices with penalties on payroll taxes.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There were none to report.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. There are none.

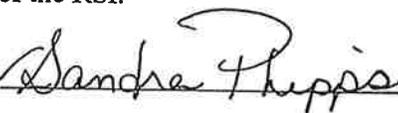
Government—specific

- 19) We have made available to you all financial records and related data.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 26) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 29) The financial statements properly classify all funds and activities.
- 30) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 35) Interfund activity and balances have been appropriately classified and reported.
- 36) Deposits are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

38) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 

Signature: 

Title: Asst. City Administrator

Title: Deputy City Clerk/Human Resources

Date: 12/18/20

Date: 12/18/20

CONTENTS

	<u>PAGE NO.</u>
Independent Auditor's Report	1-2
Management and Discussion Letter	3-11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures, and Changes In Fund Balances to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Notes to Basic Financial Statements	21-50
 REQUIRED SUPPLEMENTARY INFORMATION SECTION	
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual (Modified Accrual Basis) Major Governmental Fund (General Fund)	51
Schedule of Pension Plan Contributions	52
Schedule of Changes in Net Pension Liability and Related Ratios	53
 SUPPLEMENTARY INFORMATION SECTION	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	55

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Lamar, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lamar, Missouri, as of and for the year ended June 30, 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. 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 of Lamar, Missouri, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3 through 11, and the required supplementary information 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.



Decker & DeGood
Springfield, Missouri
December 8, 2020



1104 BROADWAY
LAMAR, MO 64759
Phone: 417-682-5554
Fax: 417-682-3288

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Lamar's financial performance provides an overview of the City's financial activities for the year ended June 30, 2020. Please read it in conjunction with the City's financial statements, which begin on page 12.

Financial Highlights and Significant Events

- The City's net position was \$ 36,327,974 at the close of fiscal year ending June 30, 2020. Of this amount, \$ 7,248,787 was unrestricted net position and may be used to meet the government's ongoing obligation to its citizens and creditors. Unrestricted net position increased \$ 2,423,104 from the prior year.
- Change in net position of governmental activities increased \$ 563,054 to a year ending balance of \$ 11,601,928. Change in the net position of the proprietary funds, which includes electric, water and wastewater systems and sanitation showed an increase of \$ 2,678,714 to a year-end balance of \$ 24,726,046.
- The City's total long-term debt decreased \$ 1,184,433.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lamar's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lamar's finances, in a manner like private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the City. There are two government-wide statements, the statement of net position and the statement of activities, which are described as follows:

The Statement of Net Position presents information on all the City's net assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

KENT M. HARRIS, MAYOR
Russ Worsley, City Administrator
Bev Baker, City Clerk
Steven Kaderly, City Attorney

3
Unaudited

**MUNICIPALLY OWNED ELECTRIC,
WATER AND SEWAGE SYSTEMS**

The Statement of Activities presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lamar that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judiciary, public safety, transportation, culture, and recreation. The business-type activities include the waterworks, wastewater, sanitation, and electric systems.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, while others are established to help control and manage money for a particular purpose. The City's two kinds of funds are as follows:

- 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 the accrual method of accounting, which measures cash when earned and expenditures incurred. 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 you determine whether there are more or fewer financial resources that can be spent soon to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City of Lamar adopts an annual budget for its governmental funds and a comparison of actual to budget has been provided to demonstrate compliance with the authorized budget. The Statement of Revenues, Expenditures and Changes in Fund Balance on a Budgetary Basis can be found on page 51.

The basic governmental fund financial statements (Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balance) can be found on pages 14 and 16 of this report.

- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows. The basic proprietary fund financial statements (Statement of Net Position, Statement of Revenues, Expenses

and Changes in Net Position and Statement of Cash Flows) can be found on pages 18-20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-50 of this report.

Required Supplemental Information

In addition to the basic financial statements the required supplementary information can be found on pages 51-53 of this report.

Supplemental Information

In addition to the basic financial statements the supplementary information can be found on pages 54-55 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The City's governmental activities net assets exceeded liabilities by \$ 11.6 million on June 30, 2020. This was an increase of \$ 563,054 from the prior year.

The City's business-type activities net position exceeded liabilities by \$ 24.726 million on June 30, 2020. This increase was due to growth in the proprietary funds by \$ 2,678,713 of which was from normal operations.

**City of Lamar
Net Position**

As of June 30, 2020, net position changed as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current Assets	\$ 2,748,132	\$ 2,164,850	\$ 7,040,998	\$ 5,843,784
Capital Assets	9,930,193	10,108,997	22,515,104	22,645,261
Total Assets	<u>12,678,325</u>	<u>12,273,847</u>	<u>29,556,102</u>	<u>28,489,045</u>
Total deferred outflows of resources	<u>189,822</u>	<u>136,865</u>	<u>83,951</u>	<u>63,555</u>
Current Liabilities	219,001	265,034	1,361,552	2,004,732
Long-term Debt	985,842	961,685	3,523,514	4,401,396
Total Liabilities	<u>1,204,843</u>	<u>1,226,719</u>	<u>4,885,066</u>	<u>6,406,128</u>
Total deferred inflows of resources	<u>61,376</u>	<u>145,019</u>	<u>28,941</u>	<u>99,139</u>
Net Position:				
Net investment in capital assets	9,695,712	9,787,571	19,321,008	18,410,749
Restricted	-	-	62,467	62,304
Unrestricted	<u>1,906,216</u>	<u>1,251,403</u>	<u>5,342,571</u>	<u>3,574,280</u>
Total net position	<u>\$ 11,601,928</u>	<u>\$ 11,038,974</u>	<u>\$ 24,726,046</u>	<u>\$ 22,047,333</u>

By far, the largest portion of the City of Lamar's net position (79.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Lamar uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Lamar's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lamar's net position (.17%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 7,268,734 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

The City of Lamar's overall net position increased \$ 3,241,768 from the prior fiscal year. The reasons for this overall increase is discussed in the following sections for governmental activities and business-type activities.

**City of Lamar
Changes in Net Position**

	Governmental Activities		Business-type Activities	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:				
Program Revenues:				
Charges for services	\$ 359,949	\$ 326,112	\$ 11,429,221	\$ 10,793,279
Operating grants and contributions	212,750	94,023	-	-
Capital grants and contributions	81,830	1,518	-	-
General Revenues:				
Taxes	3,074,342	2,696,289	-	-
Interest	-	-	110,867	-
Other	32,462	166,869	30,973	100,210
Transfers	413,947	596,312	(413,947)	(596,312)
Total Revenue	<u>4,175,280</u>	<u>3,881,123</u>	<u>11,157,114</u>	<u>10,297,177</u>
Expenses:				
Administration	277,005	247,102	-	-
Public Safety	1,564,893	1,597,278	-	-
Building inspection	55,627	57,433	-	-
Auditorium & Mem. Hall	146,556	143,259	-	-
Airport	273,663	232,157	-	-
Taxi service	143,409	141,932	-	-
Parks and recreation	490,229	470,581	-	-
Streets	652,242	681,929	-	-
Interest on long term debt	8,602	11,062	-	-
Water	-	-	895,715	803,977
Sewer	-	-	443,824	445,298
Electric	-	-	6,739,484	7,411,111
Sanitation	-	-	399,378	465,337
Total Expense	<u>3,612,226</u>	<u>3,582,733</u>	<u>8,478,401</u>	<u>9,125,723</u>
Change in Net Position	563,054	298,390	2,678,713	1,171,454
Net Position, beginning (restated)	<u>11,038,874</u>	<u>10,740,584</u>	<u>22,047,333</u>	<u>20,875,879</u>
Net Position, ending	<u>\$ 11,601,928</u>	<u>\$ 11,038,974</u>	<u>\$ 24,726,046</u>	<u>\$ 22,047,333</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$ 563,054.

Business-type Activities. Business-type activities showed improvement in operating income due to a rate increase in both water and sewer funds while operating expenses stayed relatively consistent.

Governmental Funds

The focus of the City of Lamar’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. Unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Some significant items are presented below for comparison and analysis:

	Percent of		Change		
	Total	2020	2019	Amount	%
Revenues					
Property taxes	14.48%	\$ 543,517	\$ 537,343	\$ 6,174	1.15%
Franchise taxes (cable/gas)	3.02%	113,444	124,457	(11,013)	-8.85%
Royalty gate fee	12.05%	452,240	424,562	27,678	6.52%
Sales taxes	47.42%	1,779,941	1,428,523	351,418	24.60%
Missouri motor fuel taxes	4.77%	179,112	181,085	(1,973)	-1.09%
Township	2.64%	99,000	99,000	-	0.00%
Licenses & permits	0.73%	27,267	37,752	(10,485)	-27.77%
Charges for services	4.21%	157,998	150,415	7,583	5.04%
Fines & forfeits	2.44%	91,706	95,826	(4,120)	-4.30%
Grants	4.31%	161,884	60,959	100,925	165.56%
Donations	0.90%	33,696	34,582	(886)	-2.56%
Rents	0.50%	18,950	31,250	(12,300)	-39.36%
Miscellaneous	2.53%	94,994	78,736	16,258	20.65%
Total	100.00%	3,753,749	3,284,490	469,259	14.29%
Expenditures:					
General government	7.36%	261,744	228,420	33,324	14.59%
Public safety	41.05%	1,459,181	1,500,681	(41,500)	-2.77%
Building inspection	1.67%	59,533	56,717	2,816	4.97%
Streets	10.57%	375,554	385,852	(10,298)	-2.67%
Auditorium & Mem. Hall	1.50%	53,420	94,707	(41,287)	-43.59%
Parks	14.04%	498,928	417,291	81,637	19.56%
Taxi service	4.17%	148,159	133,411	14,748	11.05%
Airport	1.59%	56,481	14,831	41,650	280.83%
Capital outlay	15.35%	545,759	505,014	40,745	8.07%
Debt service	2.69%	95,547	95,547	-	-
Total	100.00%	3,554,306	3,432,471	121,835	3.55%

Most notable change was in the Park/Storm Water sales tax which had a full year and showed an increase of \$ 351,418. The other three sales tax issues experience an 8.8% increase thus totaling the \$ 351,418 overall gain.

Business-type Activities

In reviewing the current to the past year on the waterworks, wastewater, sanitation, and electric fund, we noted the following:

	2020	2019	Change	
			Amount	%
Waterworks Fund				
Revenue	\$ 1,004,135	\$ 803,977	\$ 200,158	24.90%
Expense net of Depreciation and interfund	736,634	641,191	95,443	14.89%
Operating Income	108,421	34,285	74,136	216.23%
Wastewater Fund				
Revenue	895,532	794,675	100,857	12.69%
Expense net of Depreciation and interfund	283,974	261,673	22,301	8.52%
Operating Income (Loss)	451,708	349,377	102,331	29.29%
Sanitation Fund				
Revenue	542,726	516,481	26,245	5.08%
Expense net of Depreciation and interfund	360,886	428,951	(68,065)	-15.87%
Operating Income (Loss)	143,348	51,144	92,204	180.28%
Electric Fund				
Revenue	8,986,828	8,643,861	342,967	3.97%
Expense net of Depreciation and interfund	1,858,104	862,934	995,170	115.32%
Cost of power purchased	4,209,809	4,404,234	(194,425)	-4.41%
Operating Income	2,371,684	1,232,750	1,138,934	92.39%

Revenues in the Business-Type Activities showed an increase in operating net income of \$ 268,671. Charges for services increased \$ 327,260 despite lower usage in large part due to an increase in demand rate for commercial and industrial users effective January 1, 2020. The operation and maintenance costs for the methane gas power plant decrease \$ 408,570 and the cost of power purchase declined \$ 194,425 due to lower usage.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget and actual comparison is provided in the Budgetary Comparison Schedule-General Fund. This schedule shows the original/final budget, actual amounts, and the variances between actual and final budget amounts. A net change of \$ 182 in the fund balance for the General Fund was budgeted; however, the fund realized a surplus of \$ 376,838 due to less expenditures than budgeted in the Administration and Street departments.

CAPITAL AND DEBT ADMINISTRATION

Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
	Land & Buildings	\$ 4,427,780	\$ 4,364,054	\$ 34,298,550	\$ 34,250,565	\$ 38,726,330
Improvements	6,998,112	6,998,112	-	-	6,998,112	6,998,112
Street	6,652,578	6,491,788	-	-	6,652,578	6,491,788
Vehicles/Equip.	4,780,816	4,586,053	4,030,304	3,722,426	8,811,120	8,308,479
Construction -in-Progress	420,846	349,177	268,791	-	689,637	349,177
	<u>\$ 23,280,132</u>	<u>\$ 22,789,184</u>	<u>\$ 38,597,645</u>	<u>\$ 37,972,991</u>	<u>\$ 61,877,777</u>	<u>\$ 60,762,175</u>

Additional information on the City's capital assets can be found in Note D of the notes to the financial statements of this report.

Debt

At year-end, the City had \$ 4,613,010 in outstanding notes as compared to the prior year of \$ 5,601,193.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Lease Obligations	\$ -	\$ -	\$ 3,194,096	\$ 4,291,584	\$ 3,194,096
Notes Payable	234,481	321,426	-	-	234,481	321,426
TOTALS	<u>\$ 234,481</u>	<u>\$ 321,426</u>	<u>\$ 3,194,096</u>	<u>\$ 4,291,584</u>	<u>\$ 3,428,577</u>	<u>\$ 4,613,010</u>

Additional information on the City's long-term debt can be found in Note E of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City anticipates revenues to increase because of raising the service availability charge for electric and water/sewer users. Effective October 1, 2020, the following rates will be applicable

Service Availability Charge:	Current Rate	October 1, Rate
Electric-Residential	\$ 10.00	\$ 15.00
Electric-Commercial	20.00	30.00
Electric-Industrial	40.00	60.00
Water/Sewer Residential	7.50	10.00
Water/Sewer Commercial	25.00	35.00

This increase is expected to generate \$ 167,100 in additional electric revenue and \$ 90,780 in water/sewer revenue.

Current expenditures are also expected to remain constant with various capital outlay expenditures planned for the Street, Electric, and Water/Sewer departments. The Street Department plans to spend \$ 250,000 for street asphalt projects throughout the City. The Electric Department will complete the installation of a new transformer at the south substation costing approximately \$ 430,000 and acquire a new digger/derrick truck for \$ 200,000. The Water/Sewer Department plans to upgrade the Wal-Mart area lift station at a cost of \$ 101,400 and spend \$ 1,100,000 for sludge removal project at the wastewater lagoon.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk, 1104 Broadway, Lamar, Missouri 64759.

Bev Baker,
City Clerk

CITY OF LAMAR, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,951,347	\$ 3,733,882	\$ 5,685,229
Investments	-	1,540,705	1,540,705
Accounts receivable-			
Utilities-net of allowance	-	1,194,551	1,194,551
Property taxes	56,662	-	56,662
Sales and franchise taxes	386,438	-	386,438
Motor fuel taxes	32,198	-	32,198
Grants	9,850	-	9,850
Other	114,463	-	114,463
Interest	-	884	884
Prepaid items	156,810	80,780	237,590
Materials and supply inventory	40,364	427,729	468,093
Restricted assets-cash and cash equivalents			
Construction	-	5,232	5,232
Debt reserves	-	57,235	57,235
Capital assets:			
Land	1,276,170	186,296	1,462,466
Construction in progress	420,846	268,791	689,637
Other capital assets, net of accumulated depreciation	8,233,177	22,060,017	30,293,194
Total Assets	12,678,325	29,556,102	42,234,427
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow of resources - pension related	189,822	83,951	273,773
LIABILITIES			
Accounts payable	71,481	269,469	340,950
Accrued payroll taxes and benefits	58,038	63,597	121,635
Accrued interest	-	2,412	2,412
Amount due within one year	89,482	1,026,074	1,115,556
Noncurrent liabilities:			
Note payable	144,999	-	144,999
Capital Lease Obligations	-	2,168,022	2,168,022
Customer deposits	100	369,146	369,246
Compensated absences	31,829	30,568	62,397
Pension liability	808,914	955,778	1,764,692
Total Liabilities	1,204,843	4,885,066	6,089,909
DEFERRED INFLOW OF RESOURCES			
Deferred inflow of resources - pension related	61,376	28,941	90,317
NET POSITION			
Net investment in capital assets	9,695,712	19,321,008	29,016,720
Restricted for:			
Debt service	-	57,235	57,235
Construction project	-	5,232	5,232
Unrestricted	1,906,216	5,342,571	7,248,787
Total Net Position	\$ 11,601,928	\$ 24,726,046	\$ 36,327,974

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

CITY OF LAMAR, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 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	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 277,005	\$ 8,189	\$ -	\$ -	(\$ 268,816)	\$ -	\$ (268,816)
Public safety:							
Police and court	1,303,380	108,099	-	-	(1,195,281)	-	(1,195,281)
Fire	261,513	42,779	-	-	(218,734)	-	(218,734)
Building inspections	55,627	10,673	-	-	(44,954)	-	(44,954)
Streets	652,242	10,029	99,000	-	(543,213)	-	(543,213)
Auditorium and Memorial Hall	146,556	27,301	-	-	(119,255)	-	(119,255)
Airport	273,663	43,571	-	51,144	(178,948)	-	(178,948)
Park and recreation	490,229	86,091	-	-	(404,138)	-	(404,138)
Taxi service	143,409	23,217	113,750	30,686	24,244	-	24,244
Interest on long-term debt	8,602	-	-	-	(8,602)	-	(8,602)
Total governmental activities	3,612,226	359,949	212,750	81,830	(2,957,697)	-	(2,957,697)
Business-type activities:							
Water	895,714	1,004,135	-	-	-	108,421	108,421
Sewer	443,824	895,332	-	-	-	451,708	451,708
Electric	6,739,484	8,986,828	-	-	-	2,247,344	2,247,344
Sanitation	399,378	542,726	-	-	-	143,348	143,348
Total business-type activities	8,478,400	11,429,221	-	-	-	2,950,821	2,950,821
Total Government	\$ 12,090,626	\$ 11,789,170	\$ 212,750	\$ 81,830	(2,957,697)	2,950,821	(6,876)
General Revenues							
Taxes:							
Property taxes for general purposes					356,491	-	356,491
Property taxes for Memorial Hall					96,557	-	96,557
Property taxes for Park					96,557	-	96,557
Franchise taxes					113,444	-	113,444
Royalty gate fee					452,240	-	452,240
Sales taxes					1,779,941	-	1,779,941
Missouri motor fuel taxes					179,112	-	179,112
Interest					-	110,867	110,867
Miscellaneous					32,462	30,973	63,435
Transfers					413,947	(413,947)	-
Total general revenues and transfers					3,520,751	(272,107)	3,248,644
Change in net position					563,054	2,678,714	3,241,768
Net position beginning					11,038,874	22,047,332	33,086,206
Net position ending					\$ 11,601,928	\$ 24,726,046	\$ 36,327,974

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

CITY OF LAMAR, MISSOURI

BALANCE SHEET- GOVERNMENTAL FUNDS

JUNE 30, 2020

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 331,308	\$ 1,620,039	\$ 1,951,347
Accounts receivable-			
Property taxes	36,424	20,238	56,662
Sales and franchise taxes	188,517	197,921	386,438
Motor fuel taxes	32,198	-	32,198
Grants	4,038	5,812	9,850
Other	114,463	-	114,463
Due from other funds	6,266	-	6,266
Supplies inventory	40,364	-	40,364
Prepaid items	114,043	42,767	156,810
	<hr/>	<hr/>	<hr/>
Total Assets	867,621	1,886,777	2,754,398
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	37,794	33,687	71,481
Accrued wages, taxes and benefits	40,568	17,470	58,038
Due to other funds	-	6,266	6,266
	<hr/>	<hr/>	<hr/>
Total Liabilities	78,362	57,423	135,785
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	30,517	16,972	47,489
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Fund Balances -			
Nonspendable	154,407	42,767	197,174
Restricted-			
Memorial Hall	-	648,538	648,538
Transportation	-	723,978	723,978
Capital improvement	-	342,893	342,893
Park	-	57,489	57,489
Unassigned (deficit)	604,335	(3,283)	601,052
	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 758,742	\$ 1,812,382	\$ 2,571,124
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

CITY OF LAMAR, MISSOURI
RECONCILIATION OF THE GOVERNMENT FUNDS
BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances-Governmental Funds		\$ 2,571,124
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.</p>		
Non-Depreciable assets	1,697,016	
Depreciable assets	<u>8,233,177</u>	9,930,193
Revenue that is deferred in the funds financial statement because it is not available and recognized as revenue in the government-wide financial statements.		47,489
<p>Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These amounts consist of:</p>		
Net pension liability	(808,914)	
Deferred outflows - pension related	189,822	
Deferred inflows - pension related	<u>(61,376)</u>	(680,468)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
<p>Long-term liabilities at year-end consist of:</p>		
Note payable	(234,481)	
Compensated absences payable	<u>(31,929)</u>	(266,410)
Net position of governmental activities		<u>\$ 11,601,928</u>

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

CITY OF LAMAR, MISSOURI
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES	General Fund	Other Governmental Funds	Total Governmental Funds
Taxes:			
Property taxes	\$ 350,403	\$ 193,114	\$ 543,517
Franchise taxes	113,444	-	113,444
Royalty gate fee	452,240	-	452,240
Sales taxes	731,044	1,048,897	1,779,941
Intergovernmental:			
Missouri motor fuel taxes	179,112	-	179,112
Township	99,000	-	99,000
Licenses & permits	27,267	-	27,267
Charges for services			
-Park programs	-	103,245	103,245
-Thiebaud auditorium	-	5,785	5,785
-Membership fees	25,750	-	25,750
-Memorial hall	-	-	-
-Cab fees	-	23,218	23,218
Fines & forfeitures	91,706	-	91,706
Grants	51,144	110,740	161,884
Donations	-	33,696	33,696
Rents	14,587	4,363	18,950
Merchandise sales	62,532	-	62,532
Miscellaneous	31,653	809	32,462
Total Revenues	<u>2,229,882</u>	<u>1,523,867</u>	<u>3,753,749</u>
EXPENDITURES			
Current:			
General government	261,744	-	261,744
Public safety:			
Police	1,172,066	-	1,172,066
Court	39,657	-	39,657
Fire	247,458	-	247,458
Streets	375,554	-	375,554
Building inspector	59,533	-	59,533
Auditorium and Memorial Hall	-	53,420	53,420
Airport	56,481	-	56,481
Parks	-	498,928	498,928
Taxi service	-	148,159	148,159
Capital outlay	71,669	474,090	545,759
Debt service:			
Principal	-	86,945	86,945
Interest and fees	-	8,602	8,602
Total Expenditures	<u>2,284,162</u>	<u>1,270,144</u>	<u>3,554,306</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(54,280)</u>	<u>253,723</u>	<u>199,443</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	8,420	4,055	12,475
Transfers (out)	-	(8,933)	(8,933)
Transfer-Fee in Lieu of	422,880	-	422,880
Total Other Sources (Uses)	<u>431,300</u>	<u>(4,878)</u>	<u>426,422</u>
NET CHANGE IN FUND BALANCES	377,020	248,845	625,865
FUND BALANCES - BEGINNING	<u>381,722</u>	<u>1,563,537</u>	<u>1,945,259</u>
FUND BALANCES - ENDING	<u>\$ 758,742</u>	<u>\$ 1,812,382</u>	<u>\$ 2,571,124</u>

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

CITY OF LAMAR, MISSOURI
RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances--total governmental funds \$ 625,865

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

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.

Capital expenditures	545,759
Less: Current year depreciation	(712,098)
Basis of asset sold	(12,465)

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when financial resources are available. This is the net adjustment to property tax revenue in converting to the full accrual basis.

6,087

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated absences	6,539
Principal payment on Note Payable	86,945
Net change in pension expense	16,422

Change in net position of governmental activities

\$ 563,054

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

CITY OF LAMAR, MISSOURI

STATEMENT OF NET POSITION-

PROPRIETARY FUNDS

JUNE 30, 2020

<u>ASSETS</u>	Electric System	Waterworks and Wastewater System	Other Proprietary Fund-Sanitation	Total
Current assets:				
Cash and cash equivalents	\$ 2,922,609	\$ 664,303	\$ 146,970	\$ 3,733,882
Investments	1,540,705	-	-	1,540,705
Utility accounts receivable-net of allowance	886,533	241,985	66,033	1,194,551
Interest	884	-	-	884
Material and supplies inventory	270,199	157,530	-	427,729
Prepaid items	38,014	26,135	16,631	80,780
Total Current Assets	5,658,944	1,089,953	229,634	6,978,531
Noncurrent assets:				
Restricted assets: Cash and cash equivalents				
Debt service reserve	-	57,235	-	57,235
Construction	5,232	-	-	5,232
Capital assets:				
Land	20,909	81,387	84,000	186,296
Construction in progress	268,791	-	-	268,791
Property, plant and equipment (Net of accumulated depreciation)	14,829,715	6,946,819	283,483	22,060,017
Total Noncurrent Assets	15,124,647	7,085,441	367,483	22,577,571
Total Assets	20,783,591	8,175,394	597,117	29,556,102
Deferred Outflow of Resources				
Deferred outflow of resources - pension related	36,883	32,396	14,672	83,951
LIABILITIES				
Current liabilities:				
Accounts payable	191,091	73,855	4,523	269,469
Accrued wages, taxes and benefits	44,917	14,029	4,651	63,597
Accrued interest	2,412	-	-	2,412
Debt due within one year:				
Capital lease obligation	801,789	224,285	-	1,026,074
Total Current Liabilities	1,040,209	312,169	9,174	1,361,552
Noncurrent liabilities:				
Capital lease obligation	2,168,022	-	-	2,168,022
Compensated absences	24,779	5,789	-	30,568
Customer deposits	274,742	94,404	-	369,146
Pension liability	419,911	368,829	167,038	955,778
Total Noncurrent Liabilities	2,887,454	469,022	167,038	3,523,514
Total Liabilities	3,927,663	781,191	176,212	4,885,066
Deferred Inflow of Resources				
Deferred inflow of resources - pension related	12,715	11,168	5,058	28,941
NET POSITION				
Net investment in capital assets	12,149,604	6,803,921	367,483	19,321,008
Restricted for debt service	-	57,235	-	57,235
Restricted for construction project	5,232	-	-	5,232
Unrestricted	4,725,260	554,275	63,036	5,342,571
Total Net Position	\$ 16,880,096	\$ 7,415,431	\$ 430,519	\$ 24,726,046

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

CITY OF LAMAR, MISSOURI
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES:	Electric System	Waterworks and Wastewater System	Other Proprietary Fund-Sanitation	Total
Charges for services	\$ 6,207,983	\$ 1,889,862	\$ 542,726	\$ 8,640,571
Landfill gas	2,762,257	-	-	2,762,257
Miscellaneous income	16,588	9,805	-	26,393
Total Operating Revenues	<u>8,986,828</u>	<u>1,899,667</u>	<u>542,726</u>	<u>11,429,221</u>
OPERATING EXPENSES:				
Chemicals	-	56,651	-	56,651
Credit card fees	9,102	-	-	9,102
Depreciation	547,231	318,930	38,492	904,653
Dues and licenses	7,583	1,158	1,800	10,541
Electricity purchased	4,209,809	-	-	4,209,809
Employee insurance	85,250	78,585	38,619	202,454
Employee retirement	107,784	99,259	6,220	213,263
Gate fees	-	-	85,320	85,320
Insurance	27,168	27,168	17,289	71,625
Landfill gas operation and maintenance	1,033,864	-	-	1,033,864
Miscellaneous	78,833	17,258	3,073	99,164
Office supplies	11,242	13,222	-	24,464
Payroll taxes	25,771	23,667	11,364	60,802
Professional fees	20,404	18,418	1,150	39,972
Repairs & maintenance	14,867	157,983	4,143	176,993
Salaries	375,443	335,621	156,302	867,366
Supplies	9,641	31,719	1,407	42,767
Travel and training	4,299	4,496	-	8,795
Utilities	22,403	122,973	2,494	147,870
Vehicle expense	24,450	15,492	31,705	71,647
Total Operating Expenses	<u>6,615,144</u>	<u>1,322,600</u>	<u>399,378</u>	<u>8,337,122</u>
OPERATING INCOME	<u>2,371,684</u>	<u>577,067</u>	<u>143,348</u>	<u>3,092,099</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income-checking and savings	110,521	346	-	110,867
Interest expense and agent fees	(124,340)	(16,938)	-	(141,278)
Gain on sale of asset	-	-	30,973	30,973
Total Non-operating Revenues (Expenses)	<u>(13,819)</u>	<u>(16,592)</u>	<u>30,973</u>	<u>562</u>
INCOME BEFORE TRANSFERS	<u>2,357,865</u>	<u>560,475</u>	<u>174,321</u>	<u>3,092,661</u>
TRANSFERS				
Transfers in	-	-	8,933	8,933
Transfer (out) Fee in lieu of	(422,880)	-	-	(422,880)
Total Transfers	<u>(422,880)</u>	<u>-</u>	<u>8,933</u>	<u>(413,947)</u>
CHANGE IN NET POSITION	1,934,985	560,475	183,254	2,678,714
TOTAL NET POSITION - BEGINNING	<u>14,945,111</u>	<u>6,854,956</u>	<u>247,265</u>	<u>22,047,332</u>
TOTAL NET POSITION - ENDING	<u>\$ 16,880,096</u>	<u>\$ 7,415,431</u>	<u>\$ 430,519</u>	<u>\$ 24,726,046</u>

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

CITY OF LAMAR, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Electric System	Waterworks and Wastewater System	Other Proprietary Fund-Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 8,898,770	\$ 1,854,335	\$ 539,488	\$ 11,292,593
Payments to suppliers	(6,149,576)	(693,734)	(229,268)	(7,072,578)
Payments to employees	(375,440)	(335,621)	(156,302)	(867,363)
Miscellaneous income	16,585	9,805	-	26,390
Net Cash Provided by Operating Activities	<u>2,390,339</u>	<u>834,785</u>	<u>153,918</u>	<u>3,379,042</u>
CASH FLOWS FROM NONCAPITAL ACTIVITIES:				
Transfer out Fee in lieu of	(422,880)	-	-	(422,880)
Net Cash Provided by (Used for) Noncapital Activities	<u>(422,880)</u>	<u>-</u>	<u>-</u>	<u>(422,880)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments for capital acquisitions	(327,177)	(271,032)	(193,816)	(792,025)
Principal Repayments	(772,650)	(324,837)	-	(1,097,487)
Interest paid	(125,228)	(16,938)	-	(142,166)
Capital transfer	-	-	8,933	8,933
Proceeds from sale of asset	-	-	48,500	48,500
Net Cash (Used for) Capital and Related Financing Activities	<u>(1,225,055)</u>	<u>(612,807)</u>	<u>(136,383)</u>	<u>(1,974,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(37,053)	-	-	(37,053)
Interest earned	110,500	346	-	110,846
Net Cash Provided by Investing Activities	<u>73,447</u>	<u>346</u>	<u>-</u>	<u>73,793</u>
NET CASH INCREASE FOR THE YEAR	815,851	222,324	17,535	1,055,710
CASH AT BEGINNING OF YEAR	2,111,990	499,214	129,435	2,740,639
CASH AT END OF YEAR	\$ 2,927,841	\$ 721,538	\$ 146,970	\$ 3,796,349
SUMMARY OF CASH				
Cash and cash equivalents	\$ 2,922,609	\$ 664,303	\$ 146,970	\$ 3,733,882
Restricted assets-Cash	5,232	57,235	-	62,467
	<u>\$ 2,927,841</u>	<u>\$ 721,538</u>	<u>\$ 146,970</u>	<u>\$ 3,796,349</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating Income	\$ 2,371,684	\$ 577,067	\$ 143,348	\$ 3,092,099
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation expense	547,231	318,930	38,492	904,653
(Increase) Decrease in accounts receivable	(76,043)	(18,464)	(165)	(94,672)
(Increase) Decrease in inventories	(13,222)	988	-	(12,234)
(Increase) Decrease in prepaid items	1,165	801	510	2,476
Increase (Decrease) in accounts payable	(490,623)	(84,385)	(5,669)	(580,677)
Increase (Decrease) in accrued liabilities	4,979	3,837	982	9,798
Increase (Decrease) in pension related	34,304	33,459	(23,580)	44,183
Increase in customer deposits	4,573	2,357	-	6,930
Increase (Decrease) in compensated absences	6,291	195	-	6,486
Net Cash Provided by Operating Activities	<u>\$ 2,390,339</u>	<u>\$ 834,785</u>	<u>\$ 153,918</u>	<u>\$ 3,379,042</u>

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

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lamar, Missouri, (the City) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (U.S. GAAP). The following summary of the more significant policies of the City is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

THE REPORTING ENTITY

Entity status for financial reporting purposes is governed by Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for the establishment of GAAP in governmental entities. The financial statements of the City present the financial activities of the City and any component units. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund financial statements. Separate financial statements are provided for governmental funds and proprietary funds. Separate columns are presented for each major governmental fund and for each major enterprise fund. Non-major funds are aggregated and presented in a single column labeled "Nonmajor Governmental Funds."

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types: 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 following are the City's major governmental funds:

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

Proprietary Fund Types: Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector. The following are the City's major proprietary funds:

Waterworks and Wastewater System Fund -- Established to account for the construction and operations of the City's Waterworks and Wastewater systems.

Electrical System Fund -- Established to account for construction and operations of the City's electric system.

Non-Major Governmental Funds:

Special Revenue Funds-Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has four special revenue funds including:

Memorial Hall Fund -- Established to account for property tax revenue used to operate and maintain Memorial Hall.

Park Fund -- Established to account for property tax revenue used to operate and maintain City parks.

Transportation Sales Tax Fund -- Established to account for ½ cent sales tax revenue used to operate and maintain City streets.

Taxi Fund -- Established to account for taxi fees and grant revenue used to operate and maintain City taxi system.

Capital Project Funds-Capital Project Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has one special revenue fund including:

Capital Improvement Sales Tax Fund -- Established to account for ½ cent sales tax revenue used for capital improvements for the City of Lamar.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major Proprietary Funds:

Proprietary Funds-Proprietary Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has one non-major proprietary fund.

Sanitation Fund -- Established to account for refuse fees used to operate and maintain City refuse collection system.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Property taxes, franchise taxes, sales tax, intergovernmental taxes, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Waterworks, Wastewater, and Electric function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - continued

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

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Cash balances from the majority of funds recorded as restricted accounts are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pools are managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts, and therefore all balances representing participants' equity in the investment pools are classified as cash equivalents for purposes of these statements. For investments which are held separately from the pools, those which are highly liquid (including restricted assets) with an original or remaining maturity of 90 days or less when purchased are considered to be cash equivalents.

Statement of Cash Flows

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

Investments

Missouri State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments consist of \$ 1,540,705 certificates of deposits with a maturity of greater than 90 days stated at cost which equals fair value.

Due to and due from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

All receivables were stated at gross because the amounts were collected within the following 60 days except for electric, waterworks and wastewater utilities receivable which had allowances of \$ 2,934 electric, \$ 2,925 for the waterworks and wastewater system and \$ 1,966 for sanitation.

Inventories

Inventories consist of consumable supplies and are stated at cost, using the first-in/first-out (FIFO) method. Year-end adjustments are made to the recorded non-spendable fund balance and to the inventory account based on the physical inventory available at year end.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted assets

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

Certain General Fund monies are classified as restricted assets on the Statement of Net Position and Balance Sheet because their use is limited by covenants of the capital lease agreement. The reserve account is to be used solely for the purpose of making lease payments on the applicable due dates when and to the extent other funds are not available for this purpose. The lease payment account is used only for the payment of the principal and interest on the lease obligation.

Capital Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	7-40 years
Site improvements	7-55 years
Streets	20-40 years
Furniture and equipment	7-20 years
Vehicles	5-10 years

Deferred Outflows of Resources/Loss on Refunded Debt

In addition to assets, the statement of financial 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. At this time, the City has two items that meet the definition of deferred outflows of resources. One is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the amount related to pension outflows as per GASB 68.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources/Unavailable Revenue

In addition to liabilities, the statement of financial 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 then. In the Governmental Funds the item reported as a deferred inflow of resources arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

In the General Fund, Memorial Hall and Park Fund property taxes expected to be collected in excess of 60 days is shown as a Deferred Inflow of Resources. These amounts are not considered part of the budget for the next fiscal year and therefore represent a reconciling item between Governmental Activities and Governmental Funds.

At this time, the City has one item that meets the definition of deferred inflows of resources. It is the amount related to pension inflows as per GASB 68.

Vacation and sick leave

City employees are entitled to certain compensated absences based on their length of employment. All vacation pay is paid within the current year and does not accumulate.

Sick leave policy allows employees up to 10 days per year. When not used sick leave may be accumulated up to 60 days. Upon retirement, employees will be paid for up to 60 days of accumulated unused sick leave at their current rate of pay. The retiring employee must be at least 59 ½ years old or have 20 years of service with the City to be eligible.

Pensions

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

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

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

Fund Balances-Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

Non-spendable-This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted-This classification includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed-This classification includes amounts that can be used only for specific purposes determined by a formal action by the City Council. Such formal action may be in the form of an ordinance and may only be modified or rescinded by a subsequent formal action.

Assigned-This classification includes amounts that are intended by the City to be used for a specific purpose but are neither restricted nor committed. Assignments may be made only by the government body or official.

Unassigned- All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances-Governmental Funds - continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assigned actions.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Proprietary Fund Types-Business Type Activities

The following schedule shows the breakdown of reserves as required by debt issues and capital improvements:

Fund	Debt Service
Waterworks and Wastewater System	\$ 57,235

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2019 was \$ 54,392,859 with the levy set at \$ 1.0074 broken down \$.6474 for General purposes, \$.1800 each for Memorial Hall and \$.1800 for Parks and Recreation.

Revenue Recognition - Sales Tax authorizations

Sales tax authorizations consist of a one-cent general sale recorded in the General Fund (\$731,044), a one-half cent transportation sales tax to be used for street purposes in the Transportation Sales Tax Fund (\$ 356,766), and a one-half cent capital improvement sales tax to be used for capital improvements for the City in the Capital Improvement Sales Tax Fund (\$ 353,357). A one-half cent Park/Storm water sales tax was implemented April 1, 2020. It is allocated 95% (\$ 324,191) for Park and 5% (\$ 14,583) for Storm Water.

Fee in Lieu of Taxes

The Electric Fund makes an annual payment in lieu of taxes to the General Fund, which is based on a percentage of sales of utilities. That payment is reflected as a transfer on the statement of revenues, expenses and changes in net position.

Revenue Recognition – Franchise taxes

The City includes under franchise taxes amounts received from telephone companies, gas companies (\$ 113,444) and land fill royalty gate fee (\$ 452,240) for fiscal year end.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance-budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) for all governmental funds.

Excess of expenditures over appropriations

For the year ended June 30, 2020, expenditures were within the appropriations for the General Fund.

Compliance with Bond Reserves

The City was in compliance with required bonded debt reserves for the year.

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of \$ 5,439,286 The City did not have any general obligation bonds outstanding as of June 30, 2020.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2020, the City's bank balances including certificate of deposits were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk which all investments are either insured or registered in the City's name and held by the City's agent.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – RESTRICTED ASSETS

For June 30, 2020, restricted cash accounts were as follows:

	Actual Cash	Required Per Bond Agreements
ENTERPRISE FUND		
Waterworks and Wastewater System		
Debt Reserves	\$ 57,235	\$ 57,235
Electric System		
Construction project	\$ 5,232	

NOTE D – CAPITAL ASSETS AND DEPRECIATION

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

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,276,170	\$ -	\$ -	\$ 1,276,170
Construction in Progress	\$ 349,177	\$ 71,669	\$ -	\$ 420,846
Capital assets, being depreciated:				
Buildings	\$ 3,087,884	\$ 63,726	\$ -	\$ 3,151,610
Improvements	6,998,112	-	-	6,998,112
Streets	6,491,788	160,790	-	6,652,578
Vehicles/Equipment	4,586,053	249,574	54,811	4,780,816
Total capital assets being depreciated	21,163,837	474,090	54,811	21,583,116
Less: Accumulated depreciation for:				
Buildings	1,768,754	77,570	-	1,846,324
Improvements	3,836,280	238,199	-	4,074,479
Streets	3,442,168	213,336	-	3,655,504
Vehicles/Equipment	3,632,985	182,914	42,267	3,773,632
Total accumulated depreciation	12,680,187	712,019	42,267	13,349,939
Total capital assets being depreciated, net	\$ 8,483,650	\$ (237,929)	\$ 12,544	\$ 8,233,177
Governmental activities capital assets, net	\$ 10,108,997	\$ (166,260)	\$ 12,544	\$ 9,930,193

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

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

Governmental activities:

General government	\$ 18,336
Police and court	62,025
Fire	16,624
Building inspector	140
Streets	291,842
Auditorium and Memorial Hall	48,741
Airport	217,326
Parks	48,722
Taxi	8,263
	<u> </u>
	<u>\$ 712,019</u>

Business Type Activities:

	<u>WATERWORKS AND WASTEWATER SYSTEM FUND</u>			
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 81,387	\$ -	\$ -	\$ 81,387
Capital assets being depreciated:				
Buildings	\$ 75,257	\$ -	\$ -	\$ 75,257
Plant	13,690,744	39,111	-	13,729,855
Vehicles/Equipment	1,504,276	231,921	-	1,736,197
Total capital assets being depreciated	<u>15,270,277</u>	<u>271,032</u>	<u>-</u>	<u>15,541,309</u>
Less accumulated depreciation for:				
Buildings	14,764	3,441	-	18,205
Plant	7,198,595	243,170	-	7,441,765
Vehicles/Equipment	1,062,201	72,319	-	1,134,520
Total accumulated depreciation	<u>8,275,560</u>	<u>318,930</u>	<u>-</u>	<u>8,594,490</u>
Total capital assets being depreciated, net	<u>\$ 6,994,717</u>			<u>\$ 6,946,819</u>
Business-type activities capital assets, net	<u>\$ 7,076,104</u>			<u>\$ 7,028,206</u>

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – CAPITAL ASSETS AND DEPRECIATION (Continued)

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

Waterworks and Wastewater System Funds	
Waterworks	\$ 159,080
Wastewater	159,850
	<u>318,930</u>
	<u>\$ 318,930</u>

Business Type Activities:

	ELECTRIC FUND			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 20,909	\$ -	\$ -	\$ 20,909
Construction in progress	\$ -	\$ 268,791	\$ -	\$ 268,791
Capital assets being depreciated:				
Buildings	\$ 217,775	\$ -	\$ -	\$ 217,775
Plant	20,036,683	30,693	-	20,067,376
Vehicles/Equipment	1,836,225	27,693	-	1,863,918
Total capital assets being depreciated	<u>22,090,683</u>	<u>58,386</u>	<u>-</u>	<u>22,149,069</u>
Less accumulated depreciation for:				
Buildings	152,678	5,552	-	158,230
Plant	5,233,410	467,062	-	5,700,472
Vehicles/Equipment	1,386,034	74,618	-	1,460,652
Total accumulated depreciation	<u>6,772,122</u>	<u>547,232</u>	<u>-</u>	<u>7,319,354</u>
Total capital assets being depreciated, net	<u>\$ 15,318,561</u>			<u>\$ 14,829,715</u>
Business-type activities capital assets, net	<u>\$ 15,339,470</u>			<u>\$ 14,850,624</u>

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE D -- CAPITAL ASSETS AND DEPRECIATION (Continued)

	SANITATION FUND			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 84,000	\$ -	\$ -	\$ 84,000
Capital assets being depreciated:				
Buildings	\$ 43,810	\$ -	\$ -	\$ 43,810
Vehicles/Equipment	381,925	193,815	145,551	430,189
Total capital assets being depreciated	<u>425,735</u>	<u>193,815</u>	<u>145,551</u>	<u>473,999</u>
Less accumulated depreciation for:				
Buildings	25,224	1,095	-	26,319
Vehicles/Equipment	254,824	37,397	128,024	164,197
Total accumulated depreciation	<u>280,048</u>	<u>38,492</u>	<u>128,024</u>	<u>190,516</u>
Total capital assets being depreciated, net	<u>\$ 145,687</u>			<u>\$ 283,483</u>
Business-type activities capital assets, net	<u>\$ 229,687</u>			<u>\$ 367,483</u>

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – LONG-TERM DEBT

The bond ordinances require that the City establish rates and charges for its Electric, Waterworks, Wastewater, and Sanitation services, such that the revenues derived from the Electric, Waterworks, Wastewater, and Sanitation system are sufficient to provide for the payment of principal and interest on the revenue bonds and for the operation and maintenance of the Electric, Waterworks Wastewater, and Sanitation system.

Business-type activities

The following is a summary of debt transactions of the City for the year ended June 30, 2020 as it relates to the business type activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due Within one Year</u>
Lease Obligations	\$ 4,291,584	\$ -	\$ 1,097,488	\$ 3,194,096	\$ 1,026,074
Compensated absences	\$ 21,920	\$ 8,648	\$ -	\$ 30,568	\$ -
As reported on the financial statement:					
Amount due within one year				\$ 1,026,074	
Amount due in more than one year:					
Capital Lease Obligation				<u>2,168,022</u>	
				<u>\$ 3,194,096</u>	

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – LONG-TERM DEBT (Continued)

The Proprietary Funds long-term debt as of June 30, 2020 follows:

Electric System Fund

\$ 5,260,000, 2008A Series, Electric System Certificate of Participation \$ 1,232,134
due in semi-annual of payments of principal and interest of \$ 263,687.95
with an interest rate of 4.60%. Debt issue was used for construction
of methane gas power plant. Final payment is March 15, 2021.

\$ 2,600,000, 2017 Series, Electric System Certificate of Participation 1,612,779
due in monthly of payments of principal and interest of \$ 27,193.20
with an interest rate of 2.85%. Debt issue was used for construction
of methane gas power plant. Final payment is November 15, 2022.

\$ 624,495, 2008B Series, Electric System Certificate of Participation 124,898
due in semi-annual payments interest with annual principal of \$ 41,633.00
with an interest rate of 1.75%. Debt issue was used for construction
of methane gas power plant. Final payment is December 15, 2022.

Total Electric Fund 2,969,811

Waterworks and Wastewater Fund

\$ 2,784,250, 2011 Series, Waterworks and Wastewater
System lease-purchase due in monthly payments of \$ 28,481.21
at 4.22% interest for improvements to the wastewater system.
Final payment is March 15, 2021 224,285

Total Waterworks and Wastewater Fund 224,285

Total Business-type debt \$ 3,194,096

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – LONG-TERM DEBT (Continued)

The annual requirements to amortize bonded debt as of June 30, 2020 follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,026,074	\$ 98,924	\$ 1,124,998
2022	832,144	64,274	896,418
2023	600,079	31,922	632,001
2024	309,369	16,947	326,316
2025	318,301	8,015	326,316
2026	108,129	643	108,772
	<u>\$ 3,194,096</u>	<u>\$ 220,725</u>	<u>\$ 3,414,821</u>

Governmental activities

The following is a summary of debt transactions of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Note payable	\$ 321,426	\$ -	\$ 86,945	\$ 234,481	\$ 89,482
Compensated absences	\$ 38,368	\$ -	\$ 6,539	\$ 31,829	\$ -

Compensated absences are generally liquidated by the General Fund.

As reported on the financial statement:

Amount due within one year	\$ 89,482
Amount due in more than one year:	
Note payable	<u>144,999</u>
Total	<u>\$ 234,481</u>

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE E – LONG-TERM DEBT (Continued)

The Governmental long-term debt as of June 30, 2020 follows:

\$ 481,193, Issued July 22, 2012 for highway construction project. Debt is due in annual payments of \$ 54,047 with an interest rate of 2.17%.	\$ 155,351
\$ 187,000, Issued June 1, 2017 for purchase of a 2016 Broom Street Sweeper. Due in semi-annual payments of \$ 20,750 with an interest rate of 3.875%	<u>79,130</u>
	<u>\$ 234,481</u>

The annual requirement to amortize bonded debt as of June 30, 2020 follows:

Year Ending June 30,	Principal	Interest	Totals
2021	\$ 89,482	\$ 6,065	\$ 95,547
2022	92,100	3,447	95,547
2023	<u>52,899</u>	<u>1,148</u>	<u>54,047</u>
	<u>\$ 234,481</u>	<u>\$ 10,660</u>	<u>\$ 245,141</u>

NOTE F – RISK MANAGEMENT

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 maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. In the past three years, the City had no losses that exceeded commercial insurance coverage.

NOTE G – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – DEFINED BENEFIT PENSION PLAN

The City of Lamar participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri.

The retirement system covers all full-time City employees.

Plan description

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

Benefits provided

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

	<u>2019 Valuation</u>
Benefit Multiplier:	1.50%
Final Average Salary:	5 years
Member Contributions:	0%

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

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms

On June 30, 2020, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	28
Active employees	68
Total	<u>129</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employers contribution rates are 20.8 % General, 15.4% Fire and 13.6% Police of annual covered payroll.

Net Pension Liability

The employer's net pension liability was measured as June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2020.

Actuarial assumptions

The total pension liability in the February 28, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)

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

The actuarial assumptions used in the February 28, 2020 valuation were based on the results of a 5-year experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets	23.50%	3.42%

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.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 7/1/2019	\$ 7,039,097	\$ (5,529,360)	\$ 1,509,737
Changes for the year:			
Service Cost	168,189	-	168,189
Interest	505,085	-	505,085
Difference between expected and actual experience	26,049	-	26,049
Changes in assumptions	(24,388)		
Contribution - employer	-	(375,317)	(375,317)
Net investment income	-	(73,774)	(73,774)
Benefit payments, including refunds	(315,559)	315,559	-
Administrative expense	-	15,196	15,196
Other changes	-	13,915	13,915
Net changes	<u>359,376</u>	<u>(104,421)</u>	<u>279,343</u>
Balances at 6/30/2020	<u>\$ 7,398,473</u>	<u>\$ (5,633,781)</u>	<u>\$ 1,764,692</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.25% or one percentage point higher 8.25% than the current rate.

	Current Single Discount Rate		
	1% Decrease 6.25%	Assumption 7.25%	1% Increase 8.25%
Net Pension Liability (Assets) (NPL)	<u>\$ 2,865,872</u>	<u>\$ 1,764,692</u>	<u>\$ 867,830</u>

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

For the year ended June 30, 2020 the employer recognized pension expense of \$ 366,535. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 85,791	\$ (90,317)
Differences in assumptions	52,093	-
Excess(deficit) in investment returns	135,889	-
Total	\$ 273,773	\$ (90,317)

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

Year ended:	
2021	\$ 21,872
2022	29,227
2023	74,009
2024	61,978
2025	(3,446)
Thereafter	(184)
	\$ 183,456

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I – CONTINGENCIES

Litigation – Various claims and lawsuits are pending against the City. In the opinion of the City’s management, the potential loss on all claims and lawsuits will not be significant to the City’s financial statements.

Landfill Closures – The City of Lamar, Missouri has entered into two contracts of obligation with the State of Missouri-Department of Natural Resources in regard to sanitary landfills. The City is responsible for closure and post-closure costs of these landfills up to the following contract amounts.

Permit #101102	\$ 621,863
Permit #101103	<u>5,536,304</u>
	<u>\$ 6,158,167</u>

Permit #101102 is in regards to a landfill property that has been closed and no further post-closure costs are anticipated by the City’s management. Permit #101103 is in regards to landfill property currently owned and operated by Browning-Ferris Industries of St. Louis, Inc. (BFI). BFI has agreed to pay closure and post-closure costs of said landfill. The City’s possible closure and post-closure costs of these properties are dependent upon future events and cannot be determined at this time. Therefore, no liability for such costs has been recognized in the financial statements.

NOTE J – INTERFUND TRANSFERS

Interfund transfers as follows were used for operations as set forth in the approved budget:

Operating Transfers:	To	From
Electric System-fee in lieu of	\$ -	\$ 422,880
General Fund-fee in lieu of	422,880	-
Sanitation Fund	8,933	-
Capital Improvement Sales Tax Fund	-	8,933
	\$ 431,813	\$ 431,813

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE K – DUE TO AND FROM INTERFUND BALANCES

Amounts shown as Due To represent negative cash balances in the pool of cash accounts which represents amounts owed to the funds cash was drawn upon.

NOTE L – LANDFILL GAS

The City captures methane gas produced by the landfill and bills it out \$ 15.00 per megawatt hours up to an increase to \$ 25.00 per megawatt. Amount earned is then applied to energy purchased by the City for its Electric Department.

NOTE M – COMMITMENTS ON POWER PURCHASE

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Lamar Municipal Utilities City Council represents the City with respect to MJMEUC matters. MJMEUC manages a power pool known as Mid-Missouri Municipal Power Energy Pool (“MMMPEP”), of which the City is a member. All MMMPEP members (including the City) have an agreement (the “MMMPEP Agreement”) with MJMEUC for the purchase of electric capacity and energy and transmission from MJMEUC. The MMMPEP Agreement requires MJMEUC to supply the full energy requirements of the City under the terms of a long-term agreement expiring May 31, 2028.

MMMPEP operations are governed by a committee (“Pool Committee”) consisting of one representative from each MMMPEP member and is comprised of 13 members as of June 30, 2020. The Pool Committee is charged with determining policy within the scope of the agreement; including setting rates for all services provided by MJMEUC to MMMPEP members. These rates must include recovery of all MJMEUC’s costs incurred in connection with acquiring, providing, arranging or financing the provision of full requirements service to MMMPEP members. These rates include capacity and energy charges MJMEUC incurs under supply and transmission agreements and MJMEUC’s related administrative costs.

The rates are established so as to charge each MMMPEP member its proportionate share of all costs associated with MJMEUC’s performance under the MMMPEP Agreement. Charges based on such rates are assessed and billed monthly.

MJMEUC billed the MMMPEP members, based upon their pro-rata share and an estimated monthly usage, a total of \$ 4,304,330 to fund working capital for MMMPEP activities. This amount is expected to be refunded to the members at the conclusion of the contract term upon final settlement of all charges.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE M – COMMITMENTS ON POWER PURCHASE (Continued)

To meet the power and energy requirements of the City and the other MMMPEP members, MJMEUC presently obtains power and energy from the following resources: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts; and (ii) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MMMPEP Agreement, but does not have any ownership interest in MJMEUC's resources.

In the event a MMMPEP member would cancel or default on the MMMPEP Agreement without first assigning its rights and interest to a new member accepted by MJMEUC, the member would remain responsible for the unavoidable costs owed by MJMEUC under supply and transmission service agreements, including its share of all remaining fixed costs and its share of must-take or minimum-take energy (MTE). If possible, MJMEUC would utilize or sell the member's MTE in exchange for providing the member a credit or offset equal to the fair value of the MTE up to the amount of the member's obligation. As a result, the member would have a financial obligation after cancellation or default in the event that the fair value of the MTE is less than the member's allocated share of MJMEUC's unavoidable costs with respect to the resource obligations at the time of cancellation or default. Since the amount of the cancelling or defaulting member's obligation would depend on MJMEUC's unavoidable costs after cancellation or default and the fair value of the MTE at such times in the future, the amount of the obligation is not reasonably determinable. Currently, Lamar Municipal Utilities has no plans or intentions to begin cancellation proceedings or expects to default on its obligation.

NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

The City adopted the following statements during the year ended June 30, 2020:

GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2018.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE N- FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 85, *Omnibus 2017 Activities*, issued March 2017, will be effective for the City beginning after June 15, 2018. This Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2018, will be effective for the City beginning after June 15, 2018. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*, issued August 2018, will be effective for the City for reporting periods beginning after December 15, 2018. The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organizations should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2018, will be effective for the City beginning after December 15, 2018. This Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the City for reporting periods beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The City did not have any changes to report for the year ending June 30, 2020 upon adopting GASB 75, 84, 85, 86, 88 and 90.

CITY OF LAMAR, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE N- FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

The Statements which might impact the City are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the City beginning with its fiscal year ending December 31, 2019. This Statement is to provide financial statement users with information about assets retirement obligations (AROs) that were not addressed in GASB standards establishing uniform accounting and financial reporting requirement for these obligations.

GASB Statement No. 87, *Leases*, issued June 2018, will be effective for the City beginning after December 25, 2019. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, issued June 2018, will be effective for the City for reporting periods beginning after December 15, 2019. The primary objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period

The City's management has not yet determined the effect these statements will have on the City's financial statements.

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
MAJOR GOVERNMENTAL FUND-UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES	General Fund			Variance With Final Budget
	Budgeted Amounts		Actual	
	Original	Final		
Taxes:				
Property taxes	\$ 350,403	\$ 350,403	\$ 350,403	\$ -
Franchise taxes	113,444	113,444	113,444	-
Royalty gate fee	391,609	391,609	452,240	60,631
Sales taxes	731,044	731,044	731,044	-
Intergovernmental:				
Missouri motor fuel taxes	185,000	185,000	179,112	(5,888)
Township	99,000	99,000	99,000	-
Licenses & permits	27,860	27,860	27,267	(593)
Charges for services-				
Membership fees	41,100	41,100	25,750	(15,350)
Fines & forfeitures	82,600	82,600	91,706	9,106
Grants	112,500	112,500	51,144	(61,356)
Rents	19,800	19,800	14,587	(5,213)
Merchandise sales	-	-	62,532	62,532
Miscellaneous	36,675	36,675	31,653	(5,022)
Total Revenues	<u>2,191,035</u>	<u>2,191,035</u>	<u>2,229,882</u>	<u>38,847</u>
EXPENDITURES				
Current:				
General government	418,500	418,500	261,744	156,756
Public safety:				
Police	1,238,100	1,238,100	1,172,066	66,034
Court	56,200	56,200	39,657	16,543
Fire	256,917	256,917	247,458	9,459
Streets	539,350	539,350	375,554	163,796
Building inspector	57,300	57,300	59,533	(2,233)
Airport	24,486	24,486	56,481	(31,995)
Capital outlay	75,000	75,000	71,669	3,331
Total Expenditures	<u>2,665,853</u>	<u>2,665,853</u>	<u>2,284,162</u>	<u>381,691</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(474,818)	(474,818)	(54,280)	420,538
OTHER SOURCES				
Sale of assets	-	-	8,420	8,420
Transfer in	475,000	475,000	422,880	(52,120)
NET CHANGE IN FUND BALANCE	<u>\$ 182</u>	<u>\$ 182</u>	<u>377,020</u>	<u>\$ 376,838</u>
FUND BALANCES - BEGINNING			<u>381,722</u>	
FUND BALANCES - ENDING			<u>\$ 758,742</u>	

CITY OF LAMAR, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2011	\$ 227,784	\$ 227,784	\$ -	\$ 1,652,295	13.79%
2012	233,553	233,554	(1)	1,670,153	13.98%
2013	223,918	223,918	-	1,515,479	14.78%
2014	295,457	295,456	1	1,640,577	18.01%
2015	335,026	335,026	-	1,747,677	19.17%
2016	334,086	334,085	1	1,793,690	18.63%
2017	326,098	326,098	-	1,882,025	17.33%
2018	355,904	353,152	2,752	1,962,566	17.99%
2019	340,215	340,215	-	1,858,385	18.31%
2020	375,296	375,296	-	2,009,988	18.67%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 29, 2020

Notes: The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding.
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period	Multiple bases from 9 to 23 years
Asset Valuation Method	5-Year smoothed market: 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

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

Other information: None

CITY OF LAMAR, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION -UNAUDITED
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30,

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service costs	\$ 168,189	\$ 162,152	\$ 151,994	\$ 149,058	\$ 144,356	\$ 121,844
Interest on Total Pension Liability	505,085	485,276	464,937	444,926	401,920	358,677
Difference between expected and actual experience	26,049	(44,472)	11,747	1,961	42,015	175,084
Changes in Assumptions	(24,388)	-	-	-	265,388	-
Benefit payments, including refunds	(315,559)	(349,206)	(356,934)	(287,042)	(239,373)	(201,378)
Net change in total pension liability	359,376	253,750	271,744	308,903	614,306	454,227
Total Pension Liability-beginning	7,039,097	6,785,347	6,513,603	6,204,700	5,590,394	4,986,342
Total Pension Liability-ending	\$ 7,398,473	\$ 7,039,097	\$ 6,785,347	\$ 6,513,603	\$ 6,204,700	\$ 5,440,569
Plan Fiduciary Net Position						
Contributions - employer	\$ (375,317)	\$ (340,214)	\$ (351,526)	\$ (329,483)	\$ 342,116	\$ 323,208
Net investment income	(73,774)	(327,985)	(638,463)	(515,157)	2,617	74,185
Benefits payments, including refunds	315,559	349,206	356,934	287,042	(239,373)	(201,378)
Pension Plan Administrative Expense	15,196	12,923	9,220	9,020	(8,498)	(8,389)
Other (Net Transfer)	13,915	127,247	40,430	15,148	57,060	(45,778)
Net change in plan fiduciary net position	(104,421)	(178,823)	(583,405)	(533,430)	153,922	141,848
Plan Fiduciary Net Position-beginning	(5,329,360)	(5,350,537)	(4,767,132)	(4,233,702)	4,079,780	3,793,945
Plan Fiduciary Net Position-ending	\$ (5,633,781)	\$ (5,529,360)	\$ (5,350,537)	\$ (4,767,132)	\$ 4,233,702	\$ 3,935,793
Net Pension Liability/(Asset)	\$ 1,764,692	\$ 1,509,737	\$ 1,434,810	\$ 1,746,471	\$ 1,970,998	\$ 1,504,776
Plan fiduciary net position as a percentage of the total pension liability	76.15%	78.55%	78.85%	73.19%	31.77%	27.65%
Covered-employee payroll	\$ 1,998,928	\$ 1,857,017	\$ 1,919,771	\$ 1,768,581	\$ 1,765,704	\$ 1,692,554
Net Pension liability as a percentage of covered employee payroll	88.28%	81.30%	74.74%	98.75%	111.63%	88.91%

The schedule is intended to cover ten years. The City implemented GASB No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is therefore unavailable.

CITY OF LAMAR, MISSOURI
COMBINING BALANCE SHEET-
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Memorial Hall	Park	Transportation		Capital Improvement		Taxi	Total
			Sales Tax	Sales Tax	Sales Tax	Sales Tax		
ASSETS								
Cash and cash equivalents	\$ 648,628	\$ 24,678	\$ 667,416	\$ 279,317	\$ -	\$ -	\$ 1,620,039	
Accounts receivable-								
Property taxes	10,119	10,119	-	-	-	-	20,238	
Sales tax	-	62,963	67,479	67,479	-	-	197,921	
Grant	-	-	-	-	5,812	-	5,812	
Prepaid items	2,376	35,639	-	-	4,752	-	42,767	
TOTAL ASSETS	661,123	133,399	734,895	346,796	10,564	-	1,886,777	
LIABILITIES								
LIABILITIES								
Accounts payable	1,019	17,447	10,917	3,903	401	-	33,687	
Accrued wages and benefits	704	14,338	-	-	2,428	-	17,470	
Due to other funds	-	-	-	-	6,266	-	6,266	
Total Liabilities	1,723	31,785	10,917	3,903	9,095	-	57,423	
DEFERRED INFLOWS OF RESOURCES								
Unavailable property tax revenue	8,486	8,486	-	-	-	-	16,972	
FUND BALANCES								
Nonspendable	2,376	35,639	-	-	4,752	-	42,767	
Restricted	648,538	57,489	723,978	342,893	-	-	1,772,898	
Unrestricted	-	-	-	-	(3,283)	-	(3,283)	
Total Fund Balances	\$ 650,914	\$ 93,128	\$ 723,978	\$ 342,893	\$ 1,469	\$ -	\$ 1,812,382	

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

CITY OF LAMAR, MISSOURI
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Memorial Hall	Park Fund	Transportation Sales Tax	Capital Improvement		Taxi	Total
				Sales Tax	Sales Tax		
REVENUES:							
Taxes:							
Property taxes	\$ 96,557	\$ 96,557	\$ -	\$ -	\$ -	\$ -	\$ 193,114
Sales tax	-	338,774	356,766	353,357	-	-	1,048,897
User fees	5,785	103,245	-	-	-	-	109,030
Rent	-	4,363	-	-	-	-	4,363
Cab fees	-	-	-	-	23,218	-	23,218
Donations	-	-	-	-	33,696	-	33,696
Grants	-	-	-	-	110,740	-	110,740
Sale of assets	-	-	-	-	4,055	-	4,055
Miscellaneous	-	809	-	-	-	-	809
Total Revenues	102,342	543,748	356,766	353,357	171,709	-	1,527,922
EXPENDITURES:							
Current:							
Operation	53,420	498,928	-	-	148,159	-	700,507
Capital outlay	23,175	5,532	220,818	186,207	38,358	-	474,090
Debt Service:							
Principal	-	-	37,345	49,600	-	-	86,945
Interest and fees	-	-	4,155	4,447	-	-	8,602
Total Expenditures	76,595	504,460	262,318	240,254	186,517	-	1,270,144
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	25,747	39,288	94,448	113,103	(14,808)	-	257,778
OTHER FINANCING SOURCES							
Transfer (out)	-	-	-	(8,933)	-	-	(8,933)
NET CHANGE IN FUND BALANCE	25,747	39,288	94,448	104,170	(14,808)	-	248,845
FUND BALANCES - BEGINNING	625,167	53,840	629,530	238,723	16,277	-	1,563,537
FUND BALANCES - ENDING	\$ 650,914	\$ 93,128	\$ 723,978	\$ 342,893	\$ 1,469	\$ -	\$ 1,812,382

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