

**CITY OF LAMAR, MISSOURI**

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

FOR THE YEAR ENDED  
JUNE 30, 2019

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## 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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* 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  
November 12, 2019



*Birthplace of Harry S. Truman*

# City of Lamar

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## 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, 2019. 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 \$ 33,086,307 at the close of fiscal year ending June 30, 2019. Of this amount, \$ 4,825,683 was unrestricted net position and may be used to meet the government's ongoing obligation to its citizens and creditors. Unrestricted net position increased \$ 1,323,634 from the prior year.
- Change in net position of governmental activities increased \$ 314,276 to a year ending balance of \$ 11,038,974. Change in the net position of the proprietary funds, which includes electric, water and wastewater systems and sanitation showed an increase of \$ 1,171,454 to a year-end balance of \$ 22,047,333.
- The City's total long-term debt decreased \$ 988,183.

### 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 similar to 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 of 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.

*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 in the near future 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 million at June 30, 2019. This was an increase of \$ 314,276 from the prior year.

The City's business-type activities net position exceeded liabilities by \$ 22 million at June 30, 2019. This increase was due to growth in the proprietary funds by \$ 1,171,454 of which was from normal operations.

**City of Lamar  
Net Position**

As of June 30, 2019, net position changed as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current Assets	\$ 2,164,850	\$ 1,640,450	\$ 5,843,784	\$ 4,438,335
Capital Assets	10,108,997	10,134,605	22,645,261	23,222,212
Total Assets	<u>12,273,847</u>	<u>11,775,055</u>	<u>28,489,045</u>	<u>27,660,547</u>
Total deferred outflows of resources	<u>136,865</u>	<u>193,349</u>	<u>63,555</u>	<u>92,228</u>
Current Liabilities	265,034	107,340	2,004,732	1,387,512
Long-term Debt	961,685	1,009,726	4,401,396	5,364,401
Total Liabilities	<u>1,226,719</u>	<u>1,117,066</u>	<u>6,406,128</u>	<u>6,751,913</u>
Total deferred inflows of resources	<u>145,019</u>	<u>126,641</u>	<u>99,139</u>	<u>124,983</u>
Net Position:				
Net investment in capital assets	9,787,571	10,134,605	18,410,749	17,874,517
Restricted	-	-	62,304	89,406
Unrestricted	<u>1,251,403</u>	<u>590,093</u>	<u>3,574,280</u>	<u>2,911,956</u>
Total net position	<u>\$ 11,038,974</u>	<u>\$ 10,724,698</u>	<u>\$ 22,047,333</u>	<u>\$ 20,875,879</u>

By far, the largest portion of the City of Lamar's net position (80.4%) 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 (.19%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 4,825,683 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 \$ 1,485,730 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	
	2019	2018	2019	2018
Revenues:				
Program Revenues:				
Charges for services	\$ 326,112	\$ 270,555	\$ 10,793,279	\$ 9,697,872
Operating grants and contributions	94,023	89,011	-	-
Capital grants and contributions	1,518	83,031	-	-
General Revenues:				
Taxes	2,696,289	2,672,586	-	-
Interest	-	-	-	58,494
Other	166,869	149,737	100,210	77,945
Transfers	596,312	418,018	(596,312)	(418,018)
Total Revenue	<u>3,881,123</u>	<u>3,682,938</u>	<u>10,297,177</u>	<u>9,416,293</u>
Expenses:				
Administration	247,102	334,388	-	-
Public Safety	1,597,278	1,502,824	-	-
Building inspection	57,433	30,141	-	-
Auditorium & Mem. Hall	143,259	140,890	-	-
Airport	232,157	231,715	-	-
Taxi service	141,932	146,093	-	-
Parks and recreation	470,581	538,152	-	-
Streets	681,929	874,988	-	-
Interest on long term debt	11,062	6,532	-	-
Water	-	-	445,298	633,484
Sewer	-	-	803,977	804,254
Electric	-	-	7,411,111	7,087,137
Sanitation	-	-	465,337	404,309
Total Expense	<u>3,582,733</u>	<u>3,805,723</u>	<u>9,125,723</u>	<u>8,929,184</u>
Change in Net Position	298,390	(122,785)	1,171,454	487,109
Net Position, beginning (restated)	<u>10,740,584</u>	<u>10,847,483</u>	<u>20,875,879</u>	<u>20,388,770</u>
Net Position, ending	<u>\$ 11,038,974</u>	<u>\$ 10,724,698</u>	<u>\$ 22,047,333</u>	<u>\$ 20,875,879</u>

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$ 314,276.

**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. In particular, 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 Total	2019	2018	Change	
				Amount	%
<b>Revenues</b>					
Property taxes	16.36%	\$ 537,343	\$ 526,306	\$ 11,037	2.10%
Franchise taxes (cable/gas)	3.79%	124,457	129,738	(5,281)	-4.07%
Royalty gate fee	12.93%	424,562	405,879	18,683	4.60%
Sales taxes	43.49%	1,428,523	1,379,899	48,624	3.52%
Missouri motor fuel taxes	5.51%	181,085	183,602	(2,517)	-1.37%
Township	3.01%	99,000	99,000	-	0.00%
Licenses & permits	1.15%	37,752	45,049	(7,297)	-16.20%
Charges for services	4.58%	150,415	144,245	6,170	4.28%
Fines & forfeits	2.92%	95,826	80,745	15,081	18.68%
Grants	1.86%	60,959	140,925	(79,966)	-56.74%
Donations	1.05%	34,582	31,117	3,465	11.14%
Rents	0.95%	31,250	28,205	3,045	10.80%
Miscellaneous	2.40%	78,736	70,668	8,068	11.42%
<b>Total</b>	<b>100.00%</b>	<b>3,284,490</b>	<b>3,265,378</b>	<b>19,112</b>	<b>0.59%</b>
<b>Expenditures:</b>					
General government	6.65%	228,420	311,264	(82,844)	-26.62%
Public safety	43.72%	1,500,681	1,409,105	91,576	6.50%
Building inspection	1.65%	56,717	28,790	27,927	97.00%
Streets	11.24%	385,852	597,386	(211,534)	-35.41%
Auditorium & Mem. Hall	2.76%	94,707	94,872	(165)	-0.17%
Parks	12.16%	417,291	481,440	(64,149)	-13.32%
Taxi service	3.89%	133,411	134,263	(852)	-0.63%
Airport	0.43%	14,831	14,389	442	3.07%
Capital outlay	14.71%	505,014	719,124	(214,110)	-29.77%
Debt service	2.78%	95,547	54,047	41,500	-
<b>Total</b>	<b>100.00%</b>	<b>3,432,471</b>	<b>3,844,680</b>	<b>(412,209)</b>	<b>-10.72%</b>

Most notable change was Streets and Capital outlay which had decreased by \$ 425,644 as compared to the prior year.

## Business-type Activities

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

	2019	2018	Change	
			Amount	%
<b>Waterworks Fund</b>				
Revenue	\$ 794,675	\$ 665,525	\$ 129,150	19.41%
Expense net of Depreciation and interfund	261,673	416,035	(154,362)	-37.10%
Operating Income	349,377	32,041	317,336	990.41%
<b>Wastewater Fund</b>				
Revenue	838,262	779,637	58,625	7.52%
Expense net of Depreciation and interfund	641,191	640,469	722	0.11%
Operating Income (Loss)	34,285	(24,617)	58,902	-239.27%
<b>Sanitation Fund</b>				
Revenue	516,481	372,187	144,294	38.77%
Expense net of Depreciation and interfund	428,951	368,162	60,789	16.51%
Operating Income (Loss)	51,144	(29,470)	80,614	-273.55%
<b>Electric Fund</b>				
Revenue	8,643,861	7,880,523	763,338	9.69%
Expense net of Depreciation and interfund	862,934	521,424	341,510	65.50%
Cost of power purchased	4,404,234	4,304,330	99,904	2.32%
Operating Income	1,232,750	1,023,070	209,680	20.50%

All proprietary funds showed an increase in revenue due to a rate increase in the Water and Sewer Funds resulting in a corresponding improvement in operating income.

## 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 deficit balance of excess expenditures over revenues in the General Fund was budgeted for (\$ 475,684); however, the fund's actual was \$ 99,359 primarily due to departments coming in under budget in Administration, Street, and Park.

## CAPITAL AND DEBT ADMINISTRATION

### Capital Assets

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land & Buildings	\$ 4,364,054	\$ 4,357,445	\$ 34,250,565	\$ 34,141,304	\$ 38,614,619	\$ 38,498,749
Improvements	6,998,112	6,998,112	-	-	6,998,112	6,998,112
Street	6,491,788	6,226,478	-	-	6,491,788	6,226,478
Vehicles/Equip.	4,586,053	4,201,244	3,722,426	3,477,429	8,308,479	7,678,673
Construction -in-Progress	349,177	339,277	-	-	349,177	339,277
	<u>\$ 22,789,184</u>	<u>\$ 22,122,556</u>	<u>\$ 37,972,991</u>	<u>\$ 37,618,733</u>	<u>\$ 60,762,175</u>	<u>\$ 59,741,289</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	
	2019	2018	2019	2018	2019	2018
Lease Obligations	\$ -	\$ -	\$ 4,291,584	\$ 5,347,696	\$ 4,291,584	\$ 5,347,696
Notes Payable	321,426	253,497	-	-	321,426	253,497
TOTALS	<u>\$ 321,426</u>	<u>\$ 253,497</u>	<u>\$ 4,291,584</u>	<u>\$ 5,347,696</u>	<u>\$ 4,613,010</u>	<u>\$ 5,601,193</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 as a result of raising the commercial and industrial demand rates for electric service effective January 1, 2020. This increase matches the rates for this service the City is being charged by its supplier. In effect there should be no increase in net operation income for the City. The rate change is expected to increase electric revenues by approximately \$ 210,000. Voters approve a one-half cent sales tax for Park/Storm Water use. This tax went into effect April 1, 2019, with the City allocating 95% to Parks and 5% for storm water retention work. Expectation is the it will increase the Park \$ 332,500 and \$ 17,500 for storm water projects.

Current expenditures are expected to remain constant with only increases in capital improvements planned for the electric, water/sewer departments. The Electric Fund has plans to install a new transformer at the south substation costing approximately \$ 430,000 and the Water/Sewer replacing various lines at an approximate cost of \$ 200,000.

#### **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, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,399,193	\$ 2,678,332	\$ 4,077,525
Investments	-	1,503,655	1,503,655
Accounts receivable-			
Utilities-net of allowance	-	1,099,879	1,099,879
Property taxes	47,585	-	47,585
Sales and franchise taxes	340,819	-	340,819
Motor fuel taxes	31,827	-	31,827
Grants	14,242	-	14,242
Other	134,694	-	134,694
Interest	-	863	863
Prepaid items	161,614	83,256	244,870
Materials and supply inventory	34,876	415,495	450,371
Restricted assets-cash and cash equivalents			
Construction	-	5,232	5,232
Debt reserves	-	57,072	57,072
Capital assets:			
Land	1,276,170	186,296	1,462,466
Construction in progress	349,177	-	349,177
Other capital assets, net of accumulated depreciation	8,483,650	22,458,965	30,942,615
<b>Total Assets</b>	<b>12,273,847</b>	<b>28,489,045</b>	<b>40,762,892</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflow of resources - pension related	136,865	63,555	200,420
<b>LIABILITIES</b>			
Accounts payable	127,756	850,146	977,902
Accrued payroll taxes and benefits	50,333	53,799	104,132
Accrued interest	-	3,300	3,300
Amount due within one year	86,945	1,097,487	1,184,432
Noncurrent liabilities:			
Note payable	234,481	-	234,481
Capital Lease Obligations	-	3,194,097	3,194,097
Customer deposits	100	364,378	364,478
Compensated absences	38,368	21,920	60,288
Pension liability	688,736	821,001	1,509,737
<b>Total Liabilities</b>	<b>1,226,719</b>	<b>6,406,128</b>	<b>7,632,847</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflow of resources - pension related	145,019	99,139	244,158
<b>NET POSITION</b>			
Net investment in capital assets	9,787,571	18,410,749	28,198,320
Restricted for:			
Debt service	-	57,072	57,072
Construction project	-	5,232	5,232
Unrestricted	1,251,403	3,574,280	4,825,683
<b>Total Net Position</b>	<b>\$ 11,038,974</b>	<b>\$ 22,047,333</b>	<b>\$ 33,086,307</b>

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

**CITY OF LAMAR, MISSOURI**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

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
<b>Governmental activities:</b>							
General government	\$ 247,102	\$ 9,732	\$ -	\$ -	(237,370)	\$ -	\$ (237,370)
Public safety:							
Police and court	1,328,536	95,826	-	1,518	(1,231,192)	-	(1,231,192)
Fire	268,742	29,286	-	-	(239,456)	-	(239,456)
Building inspections	57,433	9,333	-	-	(48,100)	-	(48,100)
Streets	681,929	7,624	-	-	(674,305)	-	(674,305)
Auditorium and Memorial Hall	143,259	35,032	-	-	(108,227)	-	(108,227)
Airport	232,157	17,215	-	-	(214,942)	-	(214,942)
Park and recreation	470,581	95,225	-	-	(375,356)	-	(375,356)
Taxi service	141,932	26,839	94,023	-	(21,070)	-	(21,070)
Interest on long-term debt	11,062	-	-	-	(11,062)	-	(11,062)
Total governmental activities	3,582,733	326,112	94,023	1,518	(3,161,080)	-	(3,161,080)
<b>Business-type activities:</b>							
Water	445,298	794,675	-	-	-	349,377	349,377
Sewer	803,977	838,262	-	-	-	34,285	34,285
Electric	7,411,111	8,643,861	-	-	-	1,232,750	1,232,750
Sanitation	465,337	516,481	-	-	-	51,144	51,144
Total business-type activities	9,125,723	10,793,279	-	-	-	1,667,556	1,667,556
<b>Total Government</b>	<b>\$ 12,708,456</b>	<b>\$ 11,119,391</b>	<b>\$ 94,023</b>	<b>\$ 1,518</b>	<b>(3,161,080)</b>	<b>1,667,556</b>	<b>(1,493,524)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes for general purposes					347,186	-	347,186
Property taxes for Memorial Hall					95,238	-	95,238
Property taxes for Park					95,238	-	95,238
Franchise taxes					124,457	-	124,457
Royalty gate fee					424,562	-	424,562
Sales taxes					1,428,523	-	1,428,523
Missouri motor fuel taxes					181,085	-	181,085
Interest					-	100,210	100,210
Miscellaneous					67,869	-	67,869
Intergovernmental-Township Transfers					99,000	-	99,000
Total general revenues and transfers					596,312	(596,312)	-
Change in net position					298,390	1,171,454	1,469,844
Net position beginning (Restated)					10,740,584	20,875,879	31,616,463
Net position ending					\$ 11,038,974	\$ 22,047,333	\$ 33,086,307

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

# CITY OF LAMAR, MISSOURI

## BALANCE SHEET- GOVERNMENTAL FUNDS

JUNE 30, 2019

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 10,656	\$ 1,388,537	\$ 1,399,193
Accounts receivable-			
Property taxes	30,421	17,164	47,585
Sales and franchise taxes	172,836	167,983	340,819
Motor fuel taxes	31,827	-	31,827
Grants	-	14,242	14,242
Other	134,694	-	134,694
Due from other funds	-	36,333	36,333
Supplies inventory	34,876	-	34,876
Prepaid items	149,371	12,243	161,614
 Total Assets	 564,681	 1,636,502	 2,201,183
LIABILITIES			
Accounts payable	74,170	53,585	127,755
Accrued wages, taxes and benefits	45,992	4,442	50,434
Due to other funds	36,333	-	36,333
 Total Liabilities	 156,495	 58,027	 214,522
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	26,464	14,938	41,402
FUND BALANCES			
Fund Balances -			
Nonspendable	184,247	12,243	196,490
Restricted-			
Memorial Hall	-	622,718	622,718
Transportation	-	629,530	629,530
Capital improvement	-	238,723	238,723
Park	-	48,943	48,943
Taxi	-	11,380	11,380
Unassigned (deficit)	197,475	-	197,475
 Total Fund Balances	 \$ 381,722	 \$ 1,563,537	 \$ 1,945,259

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, 2019

Total Fund Balances-Governmental Funds		\$	1,945,259
<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			1,625,347
Depreciable assets			<u>8,483,650</u>
			10,108,997
<p>Revenue that is deferred in the funds financial statement because it is not available and recognized as revenue in the government-wide financial statements.</p>			
			41,402
<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			(688,736)
Deferred outflows - pension related			136,865
Deferred inflows - pension related			<u>(145,019)</u>
			(696,890)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>			
<p>Long-term liabilities at year-end consist of:</p>			
Note payable			(321,426)
Compensated absences payable			<u>(38,368)</u>
			<u>(359,794)</u>
Net position of governmental activities		\$	<u><u>11,038,974</u></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, 2019

REVENUES	General Fund	Other Governmental Funds	Total Governmental Funds
Taxes:			
Property taxes	\$ 347,027	\$ 190,316	\$ 537,343
Franchise taxes	124,457	-	124,457
Royalty gate fee	424,562	-	424,562
Sales taxes	675,708	752,815	1,428,523
Intergovernmental:			
Missouri motor fuel taxes	181,085	-	181,085
Township	99,000	-	99,000
Licenses & permits	37,752	-	37,752
Charges for services			
-Park programs	62,041	-	62,041
-Thiebaud auditorium	25,630	-	25,630
-Membership fees	26,503	-	26,503
-Memorial hall	-	9,402	9,402
-Cab fees	-	26,839	26,839
Fines & forfeitures	95,826	-	95,826
Grants	1,518	59,441	60,959
Donations	-	34,582	34,582
Rents	30,365	885	31,250
Merchandise sales	10,871	-	10,871
Miscellaneous	64,861	3,004	67,865
Total Revenues	<u>2,207,206</u>	<u>1,077,284</u>	<u>3,284,490</u>
EXPENDITURES			
Current:			
General government	228,420	-	228,420
Public safety:			
Police	1,199,894	-	1,199,894
Court	50,000	-	50,000
Fire	250,787	-	250,787
Streets	385,852	-	385,852
Building inspector	56,717	-	56,717
Auditorium and Memorial Hall	44,101	50,606	94,707
Airport	14,831	-	14,831
Parks	339,452	77,839	417,291
Taxi service	-	133,411	133,411
Capital outlay	9,900	495,114	505,014
Debt service:			
Principal	-	84,485	84,485
Interest and fees	-	11,062	11,062
Total Expenditures	<u>2,579,954</u>	<u>852,517</u>	<u>3,432,471</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(372,748)</u>	<u>224,767</u>	<u>(147,981)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	5,000	-	5,000
Transfers in	51,181	129,205	180,386
Transfer-Fee in Lieu of	415,926	-	415,926
Total Other Sources (Uses)	<u>472,107</u>	<u>129,205</u>	<u>601,312</u>
NET CHANGE IN FUND BALANCES	99,359	353,972	453,331
FUND BALANCES - BEGINNING	<u>282,363</u>	<u>1,209,565</u>	<u>1,491,928</u>
FUND BALANCES - ENDING	<u>\$ 381,722</u>	<u>\$ 1,563,537</u>	<u>\$ 1,945,259</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, 2019

Net change in fund balances--total governmental funds \$ 453,331

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	505,014
Less: Current year depreciation	(693,479)
Basis of asset sold	(5,442)

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.

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

Compensated absences	1,995
Principal payment on Note Payable	84,485
Net change in pension expense	(47,832)

Change in net position of governmental activities	\$ 298,390
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The accompanying notes are an integral part of these financial statements.

**CITY OF LAMAR, MISSOURI**

STATEMENT OF NET POSITION-

PROPRIETARY FUNDS

JUNE 30, 2019

<u>ASSETS</u>	Electric System	Waterworks and Wastewater System	Other Proprietary Fund-Sanitation	Total
Current assets:				
Cash and cash equivalents	\$ 2,106,755	\$ 442,142	\$ 129,435	\$ 2,678,332
Investments	1,503,655	-	-	1,503,655
Utility accounts receivable-net of allowance	810,490	223,521	65,868	1,099,879
Interest	863	-	-	863
Material and supplies inventory	256,977	158,518	-	415,495
Prepaid items	39,179	26,936	17,141	83,256
Total Current Assets	<u>4,717,919</u>	<u>851,117</u>	<u>212,444</u>	<u>5,781,480</u>
Noncurrent assets:				
Restricted assets: Cash and cash equivalents				
Debt service reserve	-	57,072	-	57,072
Construction	5,232	-	-	5,232
Capital assets:				
Land	20,909	81,387	84,000	186,296
Property, plant and equipment (Net of accumulated depreciation)	<u>15,318,561</u>	<u>6,994,717</u>	<u>145,687</u>	<u>22,458,965</u>
Total Noncurrent Assets	<u>15,344,702</u>	<u>7,133,176</u>	<u>229,687</u>	<u>22,707,565</u>
Total Assets	<u>20,062,621</u>	<u>7,984,293</u>	<u>442,131</u>	<u>28,489,045</u>
Deferred Outflow of Resources				
Deferred outflow of resources - pension related	<u>26,817</u>	<u>23,308</u>	<u>13,430</u>	<u>63,555</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	681,714	158,240	10,192	850,146
Accrued wages, taxes and benefits	39,938	10,192	3,669	53,799
Accrued interest	3,300	-	-	3,300
Debt due within one year:				
Capital lease obligation	<u>772,650</u>	<u>324,837</u>	<u>-</u>	<u>1,097,487</u>
Total Current Liabilities	<u>1,497,602</u>	<u>493,269</u>	<u>13,861</u>	<u>2,004,732</u>
Noncurrent liabilities:				
Capital lease obligation	2,969,812	224,285	-	3,194,097
Compensated absences	18,488	3,432	-	21,920
Customer deposits	270,169	94,209	-	364,378
Pension liability	<u>346,424</u>	<u>301,092</u>	<u>173,485</u>	<u>821,001</u>
Total Noncurrent Liabilities	<u>3,604,893</u>	<u>623,018</u>	<u>173,485</u>	<u>4,401,396</u>
Total Liabilities	<u>5,102,495</u>	<u>1,116,287</u>	<u>187,346</u>	<u>6,406,128</u>
Deferred Inflow of Resources				
Deferred inflow of resources - pension related	<u>41,832</u>	<u>36,358</u>	<u>20,949</u>	<u>99,139</u>
<u>NET POSITION</u>				
Net investment in capital assets	11,597,008	6,584,054	229,687	18,410,749
Restricted for debt service	-	57,072	-	57,072
Restricted for construction project	5,232	-	-	5,232
Unrestricted (Deficit)	<u>3,342,871</u>	<u>213,830</u>	<u>17,579</u>	<u>3,574,280</u>
Total Net Position	<u>\$ 14,945,111</u>	<u>\$ 6,854,956</u>	<u>\$ 247,266</u>	<u>\$ 22,047,333</u>

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, 2019

OPERATING REVENUES:	Electric System	Waterworks and Wastewater System	Other Proprietary Fund-Sanitation	Total
Charges for services	\$ 5,897,530	\$ 1,614,688	\$ 514,881	\$ 8,027,099
Landfill gas	2,729,081	-	-	2,729,081
Miscellaneous income	17,250	18,212	1,600	37,062
Total Operating Revenues	<u>8,643,861</u>	<u>1,632,900</u>	<u>516,481</u>	<u>10,793,242</u>
<b>OPERATING EXPENSES:</b>				
Advertising	27	27	-	54
Chemicals	-	54,943	-	54,943
Credit card fees	12,118	-	-	12,118
Depreciation	548,412	346,411	36,386	931,209
Dues and licenses	7,571	1,225	-	8,796
Electricity purchased	4,404,234	-	-	4,404,234
Employee insurance	85,622	76,793	35,188	197,603
Employee retirement	88,829	71,883	88,109	248,821
Gate fees	-	-	86,478	86,478
Insurance	23,963	23,963	15,249	63,175
Landfill gas operation and maintenance	1,442,434	-	-	1,442,434
Miscellaneous	29,510	33,824	6,631	69,965
Office supplies	9,234	9,069	-	18,303
Payroll taxes	24,931	21,551	10,840	57,322
Professional fees	37,089	16,746	1,015	54,850
Repairs & maintenance	108,927	100,305	-	209,232
Salaries	374,108	306,707	147,727	828,542
Supplies	9,236	16,197	497	25,930
Travel and training	5,008	1,212	-	6,220
Utilities	22,661	125,127	2,829	150,617
Vehicle expense	24,100	12,917	34,388	71,405
Total Operating Expenses	<u>7,258,014</u>	<u>1,218,900</u>	<u>465,337</u>	<u>8,942,251</u>
<b>OPERATING INCOME</b>	<u>1,385,847</u>	<u>414,000</u>	<u>51,144</u>	<u>1,850,991</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest income-checking and savings	100,172	38	-	100,210
Interest expense and agent fees	(153,097)	(30,338)	-	(183,435)
Total Non-operating Revenues (Expenses)	<u>(52,925)</u>	<u>(30,300)</u>	<u>-</u>	<u>(83,225)</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>1,332,922</u>	<u>383,700</u>	<u>51,144</u>	<u>1,767,766</u>
<b>TRANSFERS</b>				
Transfers (out)	(180,386)	-	-	(180,386)
Transfer (out) Fee in lieu of	(415,926)	-	-	(415,926)
Total Transfers	<u>(596,312)</u>	<u>-</u>	<u>-</u>	<u>(596,312)</u>
<b>CHANGE IN NET POSITION</b>	736,610	383,700	51,144	1,171,454
<b>TOTAL NET POSITION - BEGINNING</b>	<u>14,208,501</u>	<u>6,471,256</u>	<u>196,122</u>	<u>20,875,879</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 14,945,111</u>	<u>\$ 6,854,956</u>	<u>\$ 247,266</u>	<u>\$ 22,047,333</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, 2019

	Electric System	Waterworks and Wastewater System	Other Proprietary Fund-Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 8,708,765	\$ 1,552,053	\$ 489,564	\$ 10,750,382
Payments to suppliers	(5,778,169)	(417,681)	(216,737)	(6,412,587)
Payments to employees	(374,108)	(306,707)	(147,727)	(828,542)
Miscellaneous income	17,250	18,212	1,600	37,062
Net Cash Provided by Operating Activities	2,573,738	845,877	126,700	3,546,315
<b>CASH FLOWS FROM NONCAPITAL ACTIVITIES:</b>				
Transfer out Fee in lieu of	(596,312)	-	-	(596,312)
Net Cash Provided by (Used for) Noncapital Activities	(596,312)	-	-	(596,312)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Payments for capital acquisitions	(137,361)	(210,494)	(6,403)	(354,258)
Principal Repayments	(744,674)	(311,437)	-	(1,056,111)
Interest paid	(153,931)	(30,338)	-	(184,269)
Net Cash (Used for) Capital and Related Financing Activities	(1,035,966)	(552,269)	(6,403)	(1,594,638)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investments	(3,655)	-	-	(3,655)
Interest earned	99,679	38	-	99,717
Net Cash Provided by Investing Activities	96,024	38	-	96,062
<b>NET CASH INCREASE FOR THE YEAR</b>	1,037,484	293,646	120,297	1,451,427
<b>CASH AT BEGINNING OF YEAR</b>	1,074,503	205,568	9,138	1,289,209
<b>CASH AT END OF YEAR</b>	\$ 2,111,987	\$ 499,214	\$ 129,435	\$ 2,740,636
<b>SUMMARY OF CASH</b>				
Cash and cash equivalents	\$ 2,106,755	\$ 442,142	\$ 129,435	\$ 2,678,332
Restricted assets-Cash	5,232	57,072	-	62,304
	\$ 2,111,987	\$ 499,214	\$ 129,435	\$ 2,740,636
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating Income	\$ 1,385,847	\$ 414,000	\$ 51,144	\$ 1,850,991
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation expense	548,412	346,411	36,386	931,209
(Increase) Decrease in accounts receivable	73,322	(31,571)	(18,686)	23,065
(Increase) Decrease in inventories	32,357	4,603	-	36,960
(Increase) Decrease in prepaid items	(4,658)	(3,203)	(2,038)	(9,899)
Increase (Decrease) in accounts payable	479,935	88,552	1,714	570,201
Increase (Decrease) in pension related	28,053	19,060	57,673	104,786
Increase (Decrease) in accrued wages	3,811	2,159	507	6,477
Increase in customer deposits	8,832	2,760	-	11,592
Increase (Decrease) in compensated absences	17,827	3,106	-	20,933
Net Cash Provided by Operating Activities	\$ 2,573,738	\$ 845,877	\$ 126,700	\$ 3,546,315

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

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**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, 2019

**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, 2019

**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, 2019

**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 \$ 1,503,655 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, 2019

**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, 2019

**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

**Capitalization of interest**

Interest costs are capitalized when incurred by proprietary funds where proceeds were used to finance construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized for 2019 and interest cost information for the enterprise funds for the year ended June 30, 2019 is as follows:

	Wastewater System	Electric System
Total interest costs	<u>\$ 30,338</u>	<u>\$ 153,097</u>

**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, 2019

**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, 2019

**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, 2019, 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, 2019

**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	\$ <u>57,072</u>

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**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 2018 was \$ 53,800,613 with the levy set at \$ .9987 broken down \$ .6387 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 (\$671,428), a one-half cent transportation sales tax to be used for street purposes in the Transportation Sales Tax Fund (\$ 335,821), 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 (\$ 335,657). A one-half cent Park/Storm water sales tax was implemented April 1, 2019. It is allocated 95% (\$ 81,337) for Park and 5% (\$ 4,281) 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 (\$ 124,457) and land fill royalty gate fee (\$ 424,562) for fiscal year end.

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**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, 2019, 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.

**(Deficit) Fund Balance**

The Park Fund and Taxi Fund in prior years expenditures exceeded revenue therefore the starting balances were a deficit. Transfer were made in the current year thus eliminating the deficits.

**Legal Debt Margin**

The City's assessed value supports a general obligation bond limit of \$ 5,380,061 The City did not have any general obligation bonds outstanding as of June 30, 2019.

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**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, 2019, 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, 2019

**NOTE C – RESTRICTED ASSETS**

For June 30, 2019, restricted cash accounts were as follows:

	<u>Actual Cash</u>	<u>Required Per Bond Agreements</u>
<b>ENTERPRISE FUND</b>		
Waterworks and Wastewater System		
Debt Reserves	<u>\$ 57,072</u>	<u>\$ 57,072</u>
Electric System		
Construction project	<u>\$ 5,232</u>	

**NOTE D – CAPITAL ASSETS AND DEPRECIATION**

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

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	<u>\$ 1,276,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,170</u>
Construction in Progress	<u>\$ 339,277</u>	<u>\$ 9,900</u>	<u>\$ -</u>	<u>\$ 349,177</u>
Capital assets, being depreciated:				
Buildings	\$ 3,081,275	\$ 6,609	\$ -	\$ 3,087,884
Improvements	6,998,112	-	-	6,998,112
Streets	6,226,478	265,310	-	6,491,788
Vehicles/Equipment	4,388,244	223,195	25,386	4,586,053
Total capital assets being depreciated	<u>20,694,109</u>	<u>495,114</u>	<u>25,386</u>	<u>21,163,837</u>
Less: Accumulated depreciation for:				
Buildings	1,691,694	77,060	-	1,768,754
Improvements	3,594,977	241,303	-	3,836,280
Streets	3,234,584	207,584	-	3,442,168
Vehicles/Equipment	3,485,397	167,532	19,944	3,632,985
Total accumulated depreciation	<u>12,006,652</u>	<u>693,479</u>	<u>19,944</u>	<u>12,680,187</u>
Total capital assets being depreciated, net	<u>\$ 8,687,457</u>	<u>\$ (198,365)</u>	<u>\$ 5,442</u>	<u>\$ 8,483,650</u>
Governmental activities capital assets, net	<u>\$ 10,302,904</u>	<u>\$ (188,465)</u>	<u>\$ 5,442</u>	<u>\$ 10,108,997</u>

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)**

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

Governmental activities:

General government	\$ 15,912
Police and court	52,343
Fire	14,667
Building inspector	35
Streets	287,868
Auditorium and Memorial Hall	48,030
Airport	217,326
Parks	49,472
Taxi	7,826
	<u>693,479</u>
	<u>\$ 693,479</u>

Business Type Activities:

	<b>WATERWORKS AND WASTEWATER SYSTEM FUND</b>			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 81,387	\$ -	\$ -	\$ 81,387
Capital assets being depreciated:				
Buildings	\$ 73,586	\$ 1,671	\$ -	\$ 75,257
Plant	13,598,736	92,008	-	13,690,744
Vehicles/Equipment	1,387,461	116,815	-	1,504,276
Total capital assets being depreciated	<u>15,059,783</u>	<u>210,494</u>	<u>-</u>	<u>15,270,277</u>
Less accumulated depreciation for:				
Buildings	11,363	3,401	-	14,764
Plant	6,936,736	261,859	-	7,198,595
Vehicles/Equipment	981,050	81,151	-	1,062,201
Total accumulated depreciation	<u>7,929,149</u>	<u>346,411</u>	<u>-</u>	<u>8,275,560</u>
Total capital assets being depreciated, net	<u>\$ 7,130,634</u>			<u>\$ 6,994,717</u>
Business-type activities capital assets, net	<u>\$ 7,212,021</u>			<u>\$ 7,076,104</u>

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE E – CAPITAL ASSETS AND DEPRECIATION (Continued)**

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

Waterworks and Wastewater System Funds	
Waterworks	\$ 183,625
Wastewater	<u>162,786</u>
	<u>\$ 346,411</u>

Business Type Activities:

	<u>ELECTRIC FUND</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	
Capital assets not being depreciated:				
Land	\$ 20,909	\$ -	\$ -	\$ 20,909
Capital assets being depreciated:				
Buildings	\$ 217,775	\$ -	\$ -	\$ 217,775
Plant	20,021,101	15,582	-	20,036,683
Vehicles/Equipment	<u>1,714,446</u>	<u>121,779</u>	-	<u>1,836,225</u>
Total capital assets being depreciated	<u>21,953,322</u>	<u>137,361</u>	-	<u>22,090,683</u>
Less accumulated depreciation for:				
Buildings	147,126	5,552	-	152,678
Plant	4,766,545	466,865	-	5,233,410
Vehicles/Equipment	<u>1,310,040</u>	<u>75,994</u>	-	<u>1,386,034</u>
Total accumulated depreciation	<u>6,223,711</u>	<u>548,411</u>	-	<u>6,772,122</u>
Total capital assets being depreciated, net	<u>\$ 15,729,611</u>			<u>\$ 15,318,561</u>
Business-type activities capital assets, net	<u>\$ 15,750,520</u>			<u>\$ 15,339,470</u>

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)**

	<b>SANITATION FUND</b>			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	375,522	6,403	-	381,925
Total capital assets being depreciated	419,332	6,403	-	425,735
Less accumulated depreciation for:				
Buildings	24,129	1,095	-	25,224
Vehicles/Equipment	219,533	35,291	-	254,824
Total accumulated depreciation	243,662	36,386	-	280,048
Total capital assets being depreciated, net	<u>\$ 175,670</u>			<u>\$ 145,687</u>
Business-type activities capital assets, net	<u>\$ 259,670</u>			<u>\$ 229,687</u>

	<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>			Ending Balance
	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 186,296	\$ -	\$ -	\$ 186,296
Capital assets being depreciated:				
Buildings	\$ 335,171	\$ 1,671	\$ -	\$ 336,842
Plant	33,619,837	107,590	-	33,727,427
Vehicles/Equipment	3,477,429	244,997	-	3,722,426
Total capital assets being depreciated	37,432,437	354,258	-	37,786,695
Less accumulated depreciation for:				
Buildings	182,618	10,048	-	192,666
Plant	11,703,281	728,724	-	12,432,005
Vehicles/Equipment	2,510,623	192,436	-	2,703,059
Total accumulated depreciation	14,396,522	931,208	-	15,327,730
Total capital assets being depreciated, net	<u>\$ 23,035,915</u>			<u>\$ 22,458,965</u>
Business-type activities capital assets, net	<u>\$ 23,222,211</u>			<u>\$ 22,645,261</u>

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**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, 2019 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	<u>\$ 5,347,696</u>	<u>\$ -</u>	<u>\$ 1,056,112</u>	<u>\$ 4,291,584</u>	<u>\$ 1,097,487</u>
Compensated absences	<u>\$ 987</u>	<u>\$ 20,933</u>	<u>\$ -</u>	<u>\$ 21,920</u>	<u>\$ -</u>
As reported on the financial statement:					
Amount due within one year				\$ 1,097,487	
Amount due in more than one year:					
Capital Lease Obligation				<u>3,194,097</u>	
				<u>\$ 4,291,584</u>	

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE E – LONG-TERM DEBT (Continued)**

The Proprietary Funds long-term debt as of June 30, 2019 follows:

**Electric System Fund**

\$ 5,260,000, 2008A Series, Electric System Certificate of Participation 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.	\$ 1,687,077
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\$ 2,600,000, 2017 Series, Electric System Certificate of Participation 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.	1,888,853
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\$ 624,495, 2008B Series, Electric System Certificate of Participation 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.	166,532
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Total Electric Fund	<u>3,742,462</u>
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**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	549,122
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Total Waterworks and Wastewater Fund	<u>549,122</u>
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Total Business-type debt	<u><u>\$ 4,291,584</u></u>
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**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE E – LONG-TERM DEBT (Continued)**

The annual requirements to amortize bonded debt as of June 30, 2019 follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 1,097,487	\$ 142,166	\$ 1,239,653
2021	1,026,075	98,924	1,124,999
2022	832,144	64,276	896,420
2023	600,079	31,925	632,004
2024	309,369	16,950	326,319
2025-2026	426,430	8,660	435,090
	<u>\$ 4,291,584</u>	<u>\$ 362,901</u>	<u>\$ 4,654,485</u>

**Governmental activities**

The following is a summary of debt transactions of the City for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount due Within one Year
Note payable	\$ 253,497	\$ 152,414	\$ 84,485	\$ 321,426	\$ 86,945
Compensated absences	\$ 40,363	\$ -	\$ 1,995	\$ 38,368	\$ -

Compensated absences are generally liquidated by the General Fund.

As reported on the financial statement:

Amount due within one year	\$ 86,945
Amount due in more than one year:	
Note payable	<u>234,481</u>
Total	<u>\$ 321,426</u>

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE E – LONG-TERM DEBT (Continued)**

The Governmental long-term debt as of June 30, 2019 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%.	\$ 204,951
\$ 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>116,475</u>
	<u><u>\$ 321,426</u></u>

The annual requirement to amortize bonded debt as of June 30, 2019 follows:

Year Ending June 30,	Principal	Interest	Totals
2020	\$ 86,945	\$ 8,602	\$ 95,547
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><u>\$ 321,426</u></u>	<u><u>\$ 19,262</u></u>	<u><u>\$ 340,688</u></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, 2019

**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](http://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>2018 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, 2019

**NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)**

**Employees covered by benefit terms**

At June 30, 2019, 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	24
Active employees	62
Total	<u>119</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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

**Actuarial assumptions**

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

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% 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, 2019

**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, 2019 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, 2019

**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)
<b>Balances at 7/1/2018</b>	\$ 6,785,347	\$ (5,350,537)	\$ 1,434,810
Changes for the year:			
Service Cost	162,152	-	162,152
Interest	485,276	-	485,276
Difference between expected and actual experience	(44,472)	-	(44,472)
Contribution - employer	-	(340,214)	(340,214)
Net investment income	-	(327,985)	(327,985)
Benefit payments, including refunds	(349,206)	349,206	-
Administrative expense	-	12,923	12,923
Other changes	-	127,247	127,247
<b>Net changes</b>	<u>253,750</u>	<u>(178,823)</u>	<u>74,927</u>
<b>Balances at 6/30/2019</b>	<u>\$ 7,039,097</u>	<u>\$ (5,529,360)</u>	<u>\$ 1,509,737</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>\$ 2,552,994</u>	<u>\$ 1,509,737</u>	<u>\$ 659,952</u>

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

For the year ended June 30, 2019 the employer recognized pension expense of \$ 492,188. 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, 2019

**NOTE H – DEFINED BENEFIT PENSION PLAN (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in experience	\$ 105,668	\$ (87,653)
Differences in assumptions	94,752	
Excess(deficit) in investment returns	-	(156,505)
Total	\$ 200,420	\$ (244,158)

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

Year ended:	
2020	\$ 38,194
2021	(42,596)
2022	(35,241)
2023	9,541
2024	(2,491)
Thereafter	(11,145)
	\$ (43,738)

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**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	\$ -	\$ 415,926
General Fund-fee in lieu of	415,926	-
Electric System Fund	-	180,386
Geneal Fund	51,181	-
Park Fund	1,261	-
Taxi Fund	127,944	-
	<u>\$ 596,312</u>	<u>\$ 596,312</u>

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**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, 2019. 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, 2019

**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, 2019:**

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.

GASB Statement No. 85, *Omnibus 2018 Activities*, issued March 2018, 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

**CITY OF LAMAR, MISSOURI**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

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. 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, 2019 upon adopting GASB 75, 85, 86 and 88.

**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 June 30, 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. 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. 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

**CITY OF LAMAR, MISSOURI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
JUNE 30, 2019

**NOTE N – FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)**

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 objectives of this Statement are (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.

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.

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

**NOTE M- ACCOUNTING CORRECTION**

The City acquired a 2016 Broom Street Sweeper in July 2017 for \$ 187,000. This acquisition was financed by Kansas State Bank and was not recorded in the prior year statements. An adjustment has been made to the Governmental Activities and the beginning net position was corrected as follows:

Net Position beginning	\$ 10,724,698
Capital outlay	187,000
Less depreciation in the prior year	(18,700)
Long-term debt on Sweeper	<u>(152,414)</u>
Adjusted Net Position beginning	<u>\$ 10,740,584</u>

STATE OF MISSOURI  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
MAJOR GOVERNMENTAL FUND-UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2019

REVENUES	General Fund			
	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Taxes:				
Property taxes	\$ 164,000	\$ 164,000	\$ 347,027	\$ 183,027
Franchise taxes	145,000	145,000	124,457	(20,543)
Royalty gate fee	535,000	535,000	424,562	(110,438)
Sales taxes	675,000	675,000	675,708	708
Intergovernmental:				
Missouri motor fuel taxes	189,000	189,000	181,085	(7,915)
Township	99,000	99,000	99,000	-
Licenses & permits	43,860	43,860	37,752	(6,108)
Charges for services-				
Park programs	62,000	62,000	62,041	41
Thiebaud auditorium	25,000	25,000	25,630	630
Membership fees	51,500	51,500	26,503	(24,997)
Fines & forfeitures	72,600	72,600	95,826	23,226
Grants	-	-	1,518	1,518
Rents	31,600	31,600	30,365	(1,235)
Merchandise sales	11,000	11,000	10,871	(129)
Miscellaneous	36,100	36,100	64,861	28,761
Total Revenues	<u>2,140,660</u>	<u>2,140,660</u>	<u>2,207,206</u>	<u>66,546</u>
EXPENDITURES				
Current:				
General government	391,000	391,000	228,420	162,580
Public safety:				
Police	1,235,540	1,235,540	1,199,894	35,646
Court	52,300	52,300	50,000	2,300
Fire	327,629	327,629	250,787	76,842
Streets	543,300	543,300	385,852	157,448
Building inspector	55,500	55,500	56,717	(1,217)
Auditorium	51,250	51,250	44,101	7,149
Airport	17,750	17,750	14,831	2,919
Parks	382,075	382,075	339,452	42,623
Capital outlay	-	-	9,900	(9,900)
Total Expenditures	<u>3,056,344</u>	<u>3,056,344</u>	<u>2,579,954</u>	<u>476,390</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(915,684)	(915,684)	(372,748)	542,936
OTHER SOURCES				
Sale of assets	-	-	5,000	5,000
Transfer in	440,000	440,000	467,107	27,107
NET CHANGE IN FUND BALANCE	<u>\$ (475,684)</u>	<u>\$ (475,684)</u>	99,359	<u>\$ 575,043</u>
FUND BALANCES - BEGINNING			<u>282,363</u>	
FUND BALANCES - ENDING			<u>\$ 381,722</u>	

**CITY OF LAMAR, MISSOURI**  
 REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED  
 SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
JUNE 30, 2019

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2010	\$ 217,499	\$ 217,499	\$ -	\$ 1,641,611	13.25%
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%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2019

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

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 10 to 24 years  
 Asset Valuation Method 5-Year smoothed market: 20% corridor  
 Inflation 3.25% wage inflation; 2.50% price inflation  
 Salary increases 3.25% 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.

	2019	2018	2017	2016	2015
Total Pension Liability					
Service costs	\$ 162,152	\$ 151,994	\$ 149,058	\$ 144,356	\$ 121,844
Interest on Total Pension Liability	485,276	464,937	444,926	401,920	358,677
Difference between expected and actual experience	(44,472)	11,747	1,961	42,015	175,084
Changes in Assumptions				265,388	-
Benefit payments, including refunds	(349,206)	(356,934)	(287,042)	(239,373)	(201,378)
Net change in total pension liability	253,750	271,744	308,903	614,306	454,227
Total Pension Liability-beginning	6,785,347	6,513,603	6,204,700	5,590,394	4,986,342
Total Pension Liability-ending	\$ 7,039,097	\$ 6,785,347	\$ 6,513,603	\$ 6,204,700	\$ 5,440,569
Plan Fiduciary Net Position					
Contributions - employer	\$ (340,214)	\$ (351,526)	\$ (329,483)	\$ 342,116	\$ 323,208
Net investment income	(327,985)	(638,463)	(515,157)	2,617	74,185
Benefits payments, including refunds	349,206	356,934	287,042	(239,373)	(201,378)
Pension Plan Administrative Expense	12,923	9,220	9,020	(8,498)	(8,389)
Other (Net Transfer)	127,247	40,430	15,148	57,060	(45,778)
Net change in plan fiduciary net position	(178,823)	(583,405)	(533,430)	153,922	141,848
Plan Fiduciary Net Position-beginning	(5,350,537)	(4,767,132)	(4,233,702)	4,079,780	3,793,945
Plan Fiduciary Net Position-ending	\$ (5,529,360)	\$ (5,350,537)	\$ (4,767,132)	\$ 4,233,702	\$ 3,935,793
Net Pension Liability/(Asset)	\$ 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	78.55%	78.85%	73.19%	31.77%	27.65%
Covered-employee payroll	\$ 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	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, 2019**

ASSETS	Memorial Hall	Park	Transportation Sales Tax	Capital Improvement		Total
				Sales Tax	Taxi	
Cash and cash equivalents	\$ 597,624	-	\$ 572,113	\$ 218,800	-	\$ 1,388,537
Accounts receivable-						
Property taxes	8,582	8,582	-	-	-	17,164
Sales tax	-	53,023	57,480	57,480	-	167,983
Grant	-	-	-	-	14,242	14,242
Due from other funds	36,333	-	-	-	-	36,333
Prepaid items	2,449	4,897	-	-	4,897	12,243
<b>TOTAL ASSETS</b>	<b>644,988</b>	<b>66,502</b>	<b>629,593</b>	<b>276,280</b>	<b>19,139</b>	<b>1,636,502</b>
<b>LIABILITIES</b>						
Accounts payable	11,377	3,700	63	37,557	888	53,585
Accrued wages and benefits	975	1,493	-	-	1,974	4,442
<b>Total Liabilities</b>	<b>12,352</b>	<b>5,193</b>	<b>63</b>	<b>37,557</b>	<b>2,862</b>	<b>58,027</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable property tax revenue	7,469	7,469	-	-	-	14,938
<b>FUND BALANCES</b>						
Nonspendable	2,449	4,897	-	-	4,897	12,243
Restricted	622,718	48,943	629,530	238,723	11,380	1,551,294
<b>Total Fund Balances</b>	<b>\$ 625,167</b>	<b>\$ 53,840</b>	<b>\$ 629,530</b>	<b>\$ 238,723</b>	<b>\$ 16,277</b>	<b>\$ 1,563,537</b>

The accompanying notes are an integral part of these financial statements.  
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**CITY OF LAMAR, MISSOURI**  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Memorial Hall	Park Fund	Transportation Sales Tax	Capital		Total
				Improvement Sales Tax	Taxi	
<b>REVENUES;</b>						
Taxes:						
Property taxes	\$ 95,158	\$ 95,158	\$ -	\$ -	\$ -	\$ 190,316
Sales tax	-	81,337	335,821	335,657	-	752,815
User fees	9,402	-	-	-	-	9,402
Rent	-	885	-	-	-	885
Cab fees	-	-	-	-	26,839	26,839
Donations	-	-	-	-	34,582	34,582
Grants	-	-	-	-	59,441	59,441
Miscellaneous	1,596	1,408	-	-	-	3,004
<b>Total Revenues</b>	<b>106,156</b>	<b>178,788</b>	<b>335,821</b>	<b>335,657</b>	<b>120,862</b>	<b>1,077,284</b>
<b>EXPENDITURES:</b>						
Current:						
Operation	50,606	77,839	-	-	133,411	261,856
Capital outlay	5,039	1,570	265,911	222,594	-	495,114
Debt Service:						
Principal	-	-	35,939	48,546	-	84,485
Interest and fees	-	-	5,561	5,501	-	11,062
<b>Total Expenditures</b>	<b>55,645</b>	<b>79,409</b>	<b>307,411</b>	<b>276,641</b>	<b>133,411</b>	<b>852,517</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>50,511</b>	<b>99,379</b>	<b>28,410</b>	<b>59,016</b>	<b>(12,549)</b>	<b>224,767</b>
<b>OTHER FINANCING SOURCES</b>						
Transfer in	-	1,261	-	-	127,944	129,205
<b>NET CHANGE IN FUND BALANCE</b>	<b>50,511</b>	<b>100,640</b>	<b>28,410</b>	<b>59,016</b>	<b>115,395</b>	<b>353,972</b>
<b>FUND BALANCES - BEGINNING (DEFICIT)</b>	<b>574,656</b>	<b>(46,800)</b>	<b>601,120</b>	<b>179,707</b>	<b>(99,118)</b>	<b>1,209,565</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 625,167</b>	<b>\$ 53,840</b>	<b>\$ 629,530</b>	<b>\$ 238,723</b>	<b>\$ 16,277</b>	<b>\$ 1,563,537</b>

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