

City of Excelsior Springs, Missouri



Comprehensive Annual Financial Report

For the fiscal year ended
September 30, 2021

City of Excelsior Springs, Missouri

Annual Financial Report

Year Ended September 30, 2021

Contents

Table of contents	i-ii
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Financial Section

Independent auditor's report	1-3
Basic financial statements:	
Statement of net position	4-5
Statement of activities	6
Balance sheet—governmental funds	7
Reconciliation of total governmental fund balances to net position of governmental activities	8
Statement of revenues, expenditures and changes in fund balances—governmental funds	9
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	10
Statement of revenues, expenditures and changes in fund balances—budget and actual—General Fund	11
Statement of revenues, expenditures and changes in fund balances—budget and actual—Community Center Sales Tax Fund	12
Statement of net position—enterprise funds	13-14
Statement of revenues, expenses and changes in fund net position—enterprise funds	15
Statement of cash flows—enterprise funds	16-17
Statement of fiduciary net position—custodial funds	18
Statement of changes in fiduciary net position—custodial funds	19
Notes to basic financial statements	20-49
Required supplementary information (unaudited):	
Local Government Employees Retirement System:	
Schedule of Changes in Net Pension Liability and Related Ratios	50
Schedule of City Contributions	51
Supplementary information:	
Nonmajor funds:	
Combining balance sheet, governmental funds	52
Combining statement of revenues, expenditures and changes in fund balances, governmental funds	53
Combining balance sheet, special revenue funds	54-55
Combining statement of revenues, expenditures and changes in fund balances, special revenue funds	56-57

Contents (Continued)

Financial Section (Continued)

Schedule of revenues, expenditures and changes in fund balances— nonmajor special revenue funds—budget to actual	58-62
Schedule of revenues, expenditures and changes in fund balances—nonmajor debt service fund—budget to actual	63
Schedule of revenues, expenditures and changes in fund balances—budget and actual—nonmajor capital improvements funds	64
Combining statement of net position—nonmajor enterprise funds	65
Combining statement of revenues, expenses and changes in fund net position—nonmajor enterprise funds	66
Combining statement of fiduciary net position—custodial funds	67
Combining statement of changes in fiduciary net position—custodial funds	68



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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Excelsior Springs, Missouri

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Community Center Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Hospital, the discretely presented component unit, as of and for the year ended September 30, 2021. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hospital, is based solely on the report of the other auditors.

Emphasis of Matters

As discussed in *Note 13* to the financial statements, on October 1, 2020, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The 2020 financial statements before they were restated for the matter discussed in *Note 15*, were audited by other auditors, and their report thereon dated October 27, 2021, expressed unmodified opinions. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of City Contributions for the Local Government Employees Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, as listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS,LLP

Kansas City, Missouri
January 4, 2024

City of Excelsior Springs, Missouri

Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hospital
Assets				
Cash, cash equivalents and investments	\$ 12,034,445	\$ 2,372,857	\$ 14,407,302	\$ 2,641,438
Restricted cash, cash equivalents and investments	7,753,404	987,217	8,740,621	184,992
Receivables, net of allowance for:				
Taxes	1,865,902	-	1,865,902	-
Accounts	-	966,697	966,697	8,461,680
Other	196,261	3,350	199,611	850,709
Due from other governments	1,417,712	-	1,417,712	-
Due from component units	753,727	-	753,727	-
Internal balances	160,722	(160,722)	-	-
Prepaid items	543,466	98,296	641,762	954,629
Other assets	23,000	-	23,000	121,674
Inventory	-	-	-	365,295
Net pension asset	6,938,826	776,126	7,714,952	-
Capital assets:				
Land and construction-in-progress	4,113,157	1,962,991	6,076,148	541,057
Other capital assets, net of depreciation	26,119,977	35,009,571	61,129,548	20,362,910
Total Assets	61,920,599	42,016,383	103,936,982	34,484,384
Deferred Outflows of Resources				
Pension related amounts	298,853	24,027	322,880	-
Deferred refundings	551,625	1,413,225	1,964,850	-
Total deferred outflows of resources	850,478	1,437,252	2,287,730	-

City of Excelsior Springs, Missouri

Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hospital
Liabilities				
Accounts payable and accrued expenses	\$ 1,544,958	\$ 137,693	\$ 1,682,651	\$ 6,547,067
Accrued wages	226,101	-	226,101	426,265
Customer deposits	-	663,442	663,442	-
Accrued interest	43,197	71,200	114,397	801,975
Unearned revenue	1,170,472	15,025	1,185,497	3,270,355
Long-term liabilities:				
Due within one year	1,423,806	2,097,733	3,521,539	2,078,271
Due in more than one year	24,476,653	22,715,653	47,192,306	11,879,591
Total liabilities	28,885,187	25,700,746	54,585,933	25,003,524
Deferred Inflows of Resources				
Property taxes	1,721,919	-	1,721,919	-
Pension related amounts	3,680,105	418,574	4,098,679	-
Total deferred inflows of resources	5,402,024	418,574	5,820,598	-
Net Position				
Net investment in capital assets	12,098,483	14,057,029	26,155,512	7,069,155
Restricted for:				
Debt service	1,333,485	-	1,333,485	-
Pension	6,938,826	776,126	7,714,952	-
Parks and recreation	361,248	-	361,248	-
Capital projects	3,807,221	-	3,807,221	1,108
Planning and development	3,348,377	-	3,348,377	-
Public safety	1,147,966	-	1,147,966	-
Permanent fund:				
Nonexpendable	221,421	-	221,421	-
Expendable	63,210	-	63,210	-
Other	23,000	-	23,000	182,836
Unrestricted	(859,371)	2,501,160	1,641,789	2,227,761
Total net position	\$ 28,483,866	\$ 17,334,315	\$ 45,818,181	\$ 9,480,860

City of Excelsior Springs, Missouri

Statement of Activities
Year Ended September 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Hospital
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental activities:								
General government	\$ (1,633,010)	\$ 144,021	\$ -	\$ -	\$ (1,488,989)	\$ -	\$ (1,488,989)	\$ -
Public safety	(5,839,453)	1,025,375	87,893	-	(4,726,185)	-	(4,726,185)	-
Public works	(2,695,527)	310,966	1,745,902	-	(638,659)	-	(638,659)	-
Community betterment	(1,175,203)	-	408,269	-	(766,934)	-	(766,934)	-
Cemetery operations	(46,325)	84,165	-	-	37,840	-	37,840	-
Recreational activities	(2,891,625)	970,324	-	-	(1,921,301)	-	(1,921,301)	-
Interest and fiscal charges	(1,035,109)	-	-	-	(1,035,109)	-	(1,035,109)	-
Total governmental activities	(15,316,252)	2,534,851	2,242,064	-	(10,539,337)	-	(10,539,337)	-
Business-type activities:								
Water	(3,075,099)	4,477,971	-	-	-	1,402,872	1,402,872	-
Pollution control	(3,093,070)	3,700,026	-	805,553	-	1,412,509	1,412,509	-
Golf	(1,112,769)	1,043,458	-	-	-	(69,311)	(69,311)	-
Airport	(38,644)	11,872	-	-	-	(26,772)	(26,772)	-
Refuse	(937,488)	1,091,079	-	-	-	153,591	153,591	-
Total business-type activities	(8,257,070)	10,324,406	-	805,553	-	2,872,889	2,872,889	-
Total primary government	\$ (23,573,322)	\$ 12,859,257	\$ 2,242,064	\$ 805,553	(10,539,337)	2,872,889	(7,666,448)	-
Component unit—hospital	\$ (38,108,486)	\$ 39,144,030	\$ 1,869,854	\$ -	-	-	-	2,905,398
General Revenues								
Taxes:								
					2,027,186	-	2,027,186	348,258
					7,776,384	-	7,776,384	-
					1,169,365	-	1,169,365	-
					98,729	-	98,729	-
					84,771	-	84,771	-
					402,859	-	402,859	-
					86,884	20,916	107,800	46,710
					312,706	-	312,706	-
					41,648	-	41,648	-
					-	-	-	2,804,275
					(520,647)	520,647	-	-
					11,479,885	541,563	11,618,589	3,199,243
Changes in net position								
					940,548	3,414,452	4,355,000	6,104,641
					26,673,521	13,919,863	40,593,384	3,376,219
					869,797	-	869,797	-
					27,543,318	13,919,863	41,463,181	3,376,219
					\$ 28,483,866	\$ 17,334,315	\$ 45,818,181	\$ 9,480,860

City of Excelsior Springs, Missouri

Balance Sheet
Governmental Funds
September 30, 2021

	General	Community Center Sales Tax	Community Center Project Fund	Grant and Federal Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash, cash equivalents and investments	\$ 655,310	\$ 2,687,306	\$ -	\$ 924,737	\$ 7,767,092	\$ 12,034,445
Receivables, net of allowance for uncollectibles of \$188,375:						
Property taxes	1,028,259	-	-	-	704,995	1,733,254
Franchise taxes	132,648	-	-	-	-	132,648
Other	196,261	-	-	-	-	196,261
Due from other governments	269,025	191,300	-	667,413	289,974	1,417,712
Due from component unit	753,727	-	-	-	-	753,727
Prepaid items	428,602	-	57,132	-	57,732	543,466
Other assets	-	-	-	-	23,000	23,000
Due from other funds	604,953	-	-	-	-	604,953
Restricted cash and cash equivalents	148,039	-	6,819,820	-	579,509	7,547,368
Restricted investments	-	-	-	-	206,036	206,036
Total assets	\$ 4,216,824	\$ 2,878,606	\$ 6,876,952	\$ 1,592,150	\$ 9,628,338	\$ 25,192,870
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities:						
Accounts payable and accrued expenses	\$ 172,315	\$ 545	\$ 51,439	\$ 503,348	\$ 817,312	\$ 1,544,959
Due to other funds	-	-	109,924	-	334,307	444,231
Accrued wages	226,101	-	-	-	-	226,101
Unearned revenue	-	-	-	1,169,872	600	1,170,472
Total liabilities	398,416	545	161,363	1,673,220	1,152,219	3,385,763
Deferred inflows of resources, unavailable revenue - property taxes	1,016,158	-	-	-	705,761	1,721,919
Deferred inflows of resources, unavailable revenue - other revenue	135,015	-	-	-	-	135,015
	1,151,173	-	-	-	705,761	1,856,934
Fund balance:						
Nonspendable	428,602	-	57,132	-	279,094	764,828
Restricted	148,039	2,878,061	6,658,457	-	7,492,249	17,176,806
Unassigned	2,090,594	-	-	(81,070)	(985)	2,008,539
Total fund balance	2,667,235	2,878,061	6,715,589	(81,070)	7,770,358	19,950,173
Total liabilities, deferred inflows of resources and fund balance	\$ 4,216,824	\$ 2,878,606	\$ 6,876,952	\$ 1,592,150	\$ 9,628,338	\$ 25,192,870

City of Excelsior Springs, Missouri

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
September 30, 2021**

Total governmental fund balances		\$ 19,950,173
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds		30,233,134
LAGERS net pension asset is not a financial resource and therefore is not reported in the governmental funds		6,938,826
Some of the City's revenues will be collected after year end, are not available to pay for current period expenditures and, therefore, are recorded as unavailable revenues in the funds		135,015
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of the following:		
Accrued compensated absences	\$ (567,434)	
Accrued interest on long-term debt	(43,197)	
Deferred loss on refunding	551,625	
Certificates of participation, including premiums and discounts	(7,835,000)	
Bonds payable, including premiums and discounts	<u>(17,498,024)</u>	(25,392,030)
Pension related deferred outflows and deferred inflows of resources are not due and payable in the current year or current financial resources and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources—pension related amounts	298,853	
Deferred inflows of resources—pension related amounts	<u>(3,680,105)</u>	<u>(3,381,252)</u>
Net position of governmental activities		<u><u>\$ 28,483,866</u></u>

City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances—
Governmental Funds
Year Ended September 30, 2021

	General	Community Center Sales Tax	Community Center Project Fund	Grant and Federal Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes and franchise fees	\$ 4,743,675	\$ 2,152,074	\$ -	\$ -	\$ 4,260,686	\$ 11,156,435
Licenses, permits and fees	280,802	-	-	-	-	280,802
Intergovernmental	738,613	-	-	1,625,270	281,040	2,644,923
Charges for services	833,516	-	-	-	1,057,090	1,890,606
Fines and forfeitures	228,428	-	-	-	-	228,428
Investment earnings	42,050	9,230	450	-	35,154	86,884
Miscellaneous	303,072	22	-	-	9,612	312,706
Total revenues	7,170,156	2,161,326	450	1,625,270	5,643,582	16,600,784
Expenditures:						
Current:						
General government:						
Administration	9,856	-	-	-	235,578	245,434
City manager/council	555,779	-	-	-	-	555,779
Economic development	-	-	-	-	-	-
Finance administration	665,372	-	-	-	-	665,372
Human resources	100,112	-	-	-	-	100,112
Building operations	120,855	-	-	-	-	120,855
Public works, street operations	915,024	-	-	-	53,665	968,689
Public safety:						
Police department	3,031,105	-	-	-	132,122	3,163,227
Municipal courts	120,943	-	-	-	-	120,943
Fire department	2,768,713	-	-	-	-	2,768,713
Cemetery operations	-	-	-	-	46,325	46,325
Community center activities	-	-	-	-	-	-
Recreational activities, parks and recreation	-	-	114,207	-	2,163,790	2,277,997
Community betterment:						
Transportation activities	249,564	-	-	-	-	249,564
Community development	525,345	-	-	-	421,581	946,926
Health and welfare	-	-	-	-	56,158	56,158
Capital outlay	-	-	42,930	1,342,466	2,569,387	3,954,783
Debt service:						
Principal	-	-	-	-	606,686	606,686
Interest	-	-	-	-	614,261	614,261
Trustee fees	-	-	-	-	15,232	15,232
Bond Issuance costs	-	-	424,299	-	-	424,299
Total expenditures	9,062,668	-	581,436	1,342,466	6,914,785	17,901,355
Excess (deficiency) of revenues over expenditures	(1,892,512)	2,161,326	(580,986)	282,804	(1,271,203)	(1,300,571)
Other financing sources (uses):						
Issuance of long-term debt, including premium	-	-	24,105,065	-	-	24,105,065
Payments to refunding escrow agent	-	-	(16,377,576)	-	-	(16,377,576)
Proceeds from sale of capital assets	9,241	-	-	-	45,095	54,336
Transfers in	1,438,506	-	-	-	2,757,172	4,195,678
Transfers out	(992,676)	(1,588,957)	(732,369)	(388,523)	(1,013,800)	(4,716,325)
Total other financing sources (uses)	455,071	(1,588,957)	6,995,120	(388,523)	1,788,467	7,261,178
Net change in fund balance	(1,437,441)	572,369	6,414,134	(105,719)	517,264	5,960,607
Fund balances, beginning	4,104,676	2,305,692	301,455	24,649	7,253,094	13,989,566
Fund balances, ending	\$ 2,667,235	\$ 2,878,061	\$ 6,715,589	\$ (81,070)	\$ 7,770,358	\$ 19,950,173

City of Excelsior Springs, Missouri

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2021**

Total net change in fund balances - governmental funds	\$	5,960,607
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Depreciation		(1,972,462)
Capital outlays		2,749,422

The net effect of various miscellaneous transactions involving capital assets (<i>i.e.</i> , sales, trade-ins, donations and disposals) is to increase/decrease net position:		(21,583)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		135,015
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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 the governmental funds:		
Change in compensated absences		(42,056)
Pension related amounts, pension expense		1,252,790

The issuance of long-term debt (*e.g.*, bonds, loans, leases) provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Issuance of long-term debt, including premium		(24,105,065)
Payments to bond escrow agent		16,377,576
Repayment of principal of long-term debt		606,686
Interest		18,683
Deferred loss on refunding		(19,065)

Change in net position of governmental activities	\$	940,548
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City of Excelsior Springs, Missouri

Statement of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual General Fund
Year Ended September 30, 2021

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes and franchise fees	\$ 4,536,633	\$ 4,536,633	\$ 4,743,675	\$ 207,042
Licenses, permits and fees	242,650	242,650	280,802	38,152
Intergovernmental	740,300	740,300	738,613	(1,687)
Charges for services	1,200,500	1,200,500	833,516	(366,984)
Fines and forfeitures	300,600	300,600	228,428	(72,172)
Investment earnings	292,600	292,600	42,050	(250,550)
Miscellaneous	4,000	4,000	303,072	299,072
Total revenues	7,317,283	7,317,283	7,170,156	(147,127)
Expenditures:				
Current:				
General government:	\$ 1,203,812	\$ 1,203,812	\$ 1,451,974	\$ 248,162
Public works	605,003	605,003	915,024	310,021
Public safety	5,844,596	5,844,596	5,920,761	76,165
Community betterment:				-
Transportation activities	234,533	234,533	249,564	15,031
Community development	532,564	532,564	525,345	(7,219)
Capital outlay	-	-	-	-
Total expenditures	8,420,508	8,420,508	9,062,668	642,160
Excess (deficiency) of revenues over expenditures	(1,103,225)	(1,103,225)	(1,892,512)	(789,287)
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	9,241	9,241
Transfers in	1,103,225	1,103,225	1,438,506	335,281
Transfers out	-	-	(992,676)	(992,676)
Total other financing sources (uses)	1,103,225	1,103,225	455,071	(648,154)
Net change in fund balance	\$ -	\$ -	(1,437,441)	\$ (1,437,441)
Fund balances, beginning			4,104,676	
Fund balances, ending			<u>\$ 2,667,235</u>	

City of Excelsior Springs, Missouri

**Statement of Revenues, Expenditures and Changes in Fund Balances—
Budget and Actual Community Center Sales Tax Fund
Year Ended September 30, 2021**

	Community Center Sales Tax Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes and franchise fees	\$ 1,800,000	\$ 1,800,000	\$ 2,152,074	\$ 352,074
Investment earnings	-	-	9,230	9,230
Miscellaneous	15,000	15,000	22	(14,978)
Total revenues	<u>1,815,000</u>	<u>1,815,000</u>	<u>2,161,326</u>	<u>346,326</u>
Expenditures, general government	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>1,815,000</u>	<u>1,815,000</u>	<u>2,161,326</u>	<u>346,326</u>
Other financing uses, transfers out	(1,458,258)	(1,458,258)	(1,588,957)	(130,699)
Net change in fund balance	<u>\$ 356,742</u>	<u>\$ 356,742</u>	<u>572,369</u>	<u>\$ 215,627</u>
Fund balances, beginning			<u>2,305,692</u>	
Fund balances, ending			<u>\$ 2,878,061</u>	

City of Excelsior Springs, Missouri

Statement of Net Position
Enterprise Funds
September 30, 2021

	Water	Pollution Control	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 1,634,922	\$ 496,865	\$ 241,070	\$ 2,372,857
Accounts receivable, utility accounts net of allowance for uncollectibles of \$22,126	447,889	411,721	110,437	970,047
Prepaid items	43,188	32,086	23,022	98,296
Total current assets	2,125,999	940,672	374,529	3,441,200
Noncurrent assets:				
Restricted cash	715,650	271,567	-	987,217
Net pension asset	349,257	333,734	93,135	776,126
Capital assets:				
Land	131,849	799,000	205,688	1,136,537
Land improvements	22,569	-	1,599,853	1,622,422
Construction-in-progress	-	826,454	-	826,454
Buildings and improvements	5,918,873	138,702	1,861,391	7,918,966
Operating equipment	259,930	346,337	1,163,716	1,769,983
Furniture and office equipment	50,393	77,437	33,500	161,330
Vehicles	500,134	565,267	-	1,065,401
Infrastructure	22,510,898	32,503,987	-	55,014,885
Total capital assets	29,394,646	35,257,184	4,864,148	69,515,978
Less accumulated depreciation	13,999,138	16,047,085	2,497,193	32,543,416
Net capital assets	15,395,508	19,210,099	2,366,955	36,972,562
Total noncurrent assets	16,460,415	19,815,400	2,460,090	38,735,905
Total assets	18,586,414	20,756,072	2,834,619	42,177,105
Deferred Outflows of Resources				
Pension related amounts	10,812	10,332	2,883	24,027
Deferred charge on refunding	532,732	880,493	-	1,413,225
Total deferred outflows of resources	\$ 543,544	\$ 890,825	\$ 2,883	\$ 1,437,252

City of Excelsior Springs, Missouri

**Statement of Net Position
Enterprise Funds
September 30, 2021**

	Water	Pollution Control	Non Major Enterprise Funds	Total Enterprise Funds
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	\$ 108,657	\$ 26,467	\$ 2,569	\$ 137,693
Customer deposits, payable from restricted assets	663,443	-	-	663,443
Accrued interest	26,900	44,300	-	71,200
Unearned revenues	-	-	15,025	15,025
Current portion of:				
Compensated absences	19,103	33,045	20,585	72,733
Certificates of participation	1,050,000	975,000	-	2,025,000
Total current liabilities	1,868,103	1,078,812	38,179	2,985,094
Noncurrent liabilities:				
Compensated absences	26,704	18,120	-	44,824
Due to other funds	-	90,163	70,558	160,721
Certificates of participation, net	8,180,919	14,489,910	-	22,670,829
Total noncurrent liabilities	8,207,623	14,598,193	70,558	22,876,374
Total liabilities	10,075,726	15,677,005	108,737	25,861,468
Deferred Inflows of Resources				
Pension related amounts	188,358	179,987	50,229	418,574
Net Position				
Net investment in capital assets	6,792,825	4,897,249	2,366,955	14,057,029
Restricted for pension	349,257	333,734	93,135	776,126
Unrestricted	1,723,792	558,922	218,446	2,501,160
Total net position	\$ 8,865,874	\$ 5,789,905	\$ 2,678,536	\$ 17,334,315

City of Excelsior Springs, Missouri

Statement of Revenues, Expenses and Changes in Fund Net Position

Enterprise Funds

Year Ended September 30, 2021

	Water	Pollution Control	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues:				
Charges for services	\$ 4,378,091	\$ 3,691,104	\$ 2,092,751	\$ 10,161,946
Rental income	94,280	6,750	11,872	112,902
Other	5,600	2,172	41,786	49,558
Total operating revenues	4,477,971	3,700,026	2,146,409	10,324,406
Operating expenses:				
Personnel services	782,370	721,649	858,974	2,362,993
Contractual and professional services	18,245	19,154	884,061	921,460
Utilities	185,054	317,337	27,303	529,694
Maintenance and repairs	613,235	281,716	71,221	966,172
Cost of goods sold	-	-	13,680	13,680
Insurance	52,939	49,737	34,840	137,516
Supplies and materials	350,799	132,372	31,985	515,156
Depreciation	709,490	1,005,065	166,837	1,881,392
Total operating expenses	2,712,132	2,527,030	2,088,901	7,328,063
Operating income	1,765,839	1,172,996	57,508	2,996,343
Nonoperating revenue (expense):				
Investment earnings	10,610	8,524	1,782	20,916
Interest expense	(362,967)	(566,040)	-	(929,007)
Total nonoperating revenue (expense)	(352,357)	(557,516)	1,782	(908,091)
Income before capital contributions and transfers	1,413,482	615,480	59,290	2,088,252
Capital contribution	-	805,553	-	805,553
Transfers in	9,450	56,803	997,236	1,063,489
Transfers out	(258,325)	(199,646)	(84,871)	(542,842)
	(248,875)	662,710	912,365	1,326,200
Change in net position	1,164,607	1,278,190	971,655	3,414,452
Total net position, beginning	7,701,267	4,511,715	1,706,881	13,919,863
Total net position, ending	\$ 8,865,874	\$ 5,789,905	\$ 2,678,536	\$ 17,334,315

City of Excelsior Springs, Missouri

Statement of Cash Flows – Enterprise Funds
Year Ended December 31, 2021

	Water	Pollution Control	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash collected from customers	\$ 4,570,413	\$ 3,858,424	\$ 2,123,810	\$ 10,552,647
Cash from other operating revenue	19,021	2,172	41,786	62,979
Cash paid to suppliers for goods and services	(1,253,356)	(854,235)	(1,143,097)	(3,250,688)
Cash paid to employees for services	(769,619)	(673,433)	(890,692)	(2,333,744)
Net cash provided by operating activities	2,566,459	2,332,928	131,807	5,031,194
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in advances from other funds	-	(378,357)	1,264	(377,093)
Transfers out	(248,875)	(142,286)	(66,311)	(457,472)
Net cash used in noncapital financing activities	(248,875)	(520,643)	(65,047)	(834,565)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(116,458)	-	(116,458)
Principal paid on certificates of participation	(1,015,000)	(905,000)	-	(1,920,000)
Interest paid on capital debt and leases	(442,389)	(621,208)	-	(1,063,597)
Net cash provided by (used in) capital and related financing activities	(1,457,389)	(1,642,666)	-	(3,100,055)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	10,610	(17,015)	1,782	(4,623)
Net cash provided by (used in) investing activities	10,610	(17,015)	1,782	(4,623)
Net increase in cash and cash equivalents	870,805	152,604	68,542	1,091,951
Cash and cash equivalents, beginning of year	1,479,767	615,828	172,528	2,268,123
Cash and cash equivalents, end of year	\$ 2,350,572	\$ 768,432	\$ 241,070	\$ 3,360,074

City of Excelsior Springs, Missouri

Statement of Cash Flows — Enterprise Funds
Year Ended December 31, 2021

	Water	Pollution Control	Nonmajor Enterprise Funds	Total
Components of cash and cash equivalents				
Unrestricted	\$ 1,634,922	\$ 496,865	\$ 241,070	\$ 2,372,857
Restricted	715,650	271,567	-	987,217
	<u>\$ 2,350,572</u>	<u>\$ 768,432</u>	<u>\$ 241,070</u>	<u>\$ 3,360,074</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,765,839	\$ 1,172,996	\$ 57,508	\$ 2,996,343
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	709,490	1,005,065	166,837	1,881,392
Changes in assets and liabilities:				
Receivables, net	98,042	160,570	17,909	276,521
Net pension asset	(274,434)	(261,682)	(72,074)	(608,190)
Deferred inflows - pensions	182,207	174,063	48,498	404,768
Deferred outflows - pensions	30,313	29,270	8,694	68,277
Deferred charge on refunding	77,021	93,503	-	170,524
Customer deposits	13,421	-	-	13,421
Inventory and other prepayments	(1,125)	(819)	(1,122)	(3,066)
Accounts payable and accrued liabilities	(31,959)	(53,100)	(78,885)	(163,944)
Unearned revenues	-	-	1,278	1,278
Compensated absences	(2,356)	13,062	(16,836)	(6,130)
Total adjustments	<u>800,620</u>	<u>1,159,932</u>	<u>74,299</u>	<u>2,034,851</u>
Net cash provided by operating activities	<u>\$ 2,566,459</u>	<u>\$ 2,332,928</u>	<u>\$ 131,807</u>	<u>\$ 5,031,194</u>
Noncash activities				
Advances from other funds forgiven	\$ -	\$ -	\$ 978,676	\$ 978,676
Contribution of capital assets	-	805,553	-	805,553

City of Excelsior Springs, Missouri

**Statement of Fiduciary Net Position — Custodial Funds
Year Ended September 30, 2021**

Assets	
Cash and cash equivalents	\$ 2,160,104
Taxes receivable	<u>160</u>
	<u><u>\$ 2,160,264</u></u>
 Liabilities	
Accounts payable	\$ 40,501
Due to other governments	<u>1,374,189</u>
	<u>1,414,690</u>
 Net position restricted for other governments and organizations	 <u><u>\$ 745,574</u></u>

City of Excelsior Springs, Missouri

**Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2021**

	<u>Custodial Funds</u>
Additions	
Taxes	\$ 592,429
Deductions	
Payments to other organizations	661,255
Change in net position	<u>(68,826)</u>
Net position - beginning of year (as restated)	<u>814,400</u>
Net position - end of year	<u><u>\$ 745,574</u></u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Reporting entity:

The City of Excelsior Springs, Missouri (the City) was formed in 1880 and covers an area of approximately 16 square miles in Clay and Ray Counties, Missouri. Excelsior Springs is a city of the third class and operates under the council-manager form of government. The City Manager is the chief administrative officer of the City. The City provides services to its estimated 11,500 residents in many areas, including law enforcement, fire protection, a hospital, paramedic services, water and sewer services, community enrichment and development, and various social services. Elementary, secondary and junior college education services are provided by various school districts, all of which are separate governmental entities.

The City's reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility the component unit will provide a financial benefit or impose a financial burden on the primary government.

The accompanying financial statements present the City (the primary government) and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The component units have September 30 year-ends.

Blended component unit: The Facilities Authority serves all the citizens of the City and is governed by a five-member board established by the City Council. The Authority was established to promote, acquire, develop, construct, own, operate, maintain and lease facilities within the City, which are approved by the City Council for the purpose of promoting the economic, social, industrial, cultural and commercial growth and for the general benefit of the City and its residents. Administration of its various programs is performed by City employees. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its Board is substantively the same as the City Council and the Administration, and its sole purpose is to finance and construct the City's public buildings. The Facilities Authority is reported as the Debt Service Fund. The Facilities Authority has been dormant since the bonds issued under the Facilities Authority name were paid off in 2015.

Discretely presented component unit: The City Hospital is a municipally owned hospital controlled by the Hospital Board, which is appointed by the City Council. City Council must approve bond issuances, but they do not take action on user charges or budget approvals. The financial statements of the City Hospital are audited by other auditors and may be obtained at the Hospital's administrative offices located at 1700 Rainbow Blvd., Excelsior Springs, Missouri 64024.

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. 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.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

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 included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following fund types:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable resources and the related liabilities are accounted for through governmental funds. The City reports the following major governmental funds:

General Fund: The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Community Center Sales Tax Fund: A Special Revenue Fund, accounts for the receipts and disbursements of sales tax collected for the Community Center.

Community Center Project Fund: A Capital Project Fund, accounts for and reports financial resources that are restricted, committed or assigned for capital projects specific to the community center.

Grant and Federal Funds: A Special Revenue Fund, accounts for the receipts and disbursements of grants and federal awards.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The nonmajor special revenue funds account for the activities of the E-911 Phone Tax Fund, Tax Increment Financing-Paradise Playhouse Fund, Public Safety Sales Tax Fund, Equitable Sharing Fund, Tax Increment Financing-Elms Hotel Fund, Tax Increment Financing – Vintage Development II Fund, Parks and Recreation Fund, the Community Center Operating Fund, the Tax Increment Financing – Golf Course, Walmart/Elms revenue, and Tax Increment Financing-Vintage Development.

Capital Projects Funds: Accounts for and reports financial resources that are restricted, committed or assigned for capital projects. The nonmajor capital projects funds are the Capital Improvements Fund, and the Transportation Trust Fund.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Debt Service Fund: Accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. The nonmajor debt service fund is the Debt Service Fund.

Permanent Fund: Accounts for and reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The nonmajor permanent fund is the Cemetery Fund.

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following are the City's major enterprise funds:

Water Fund: Accounts for the activities of the Water Department which operates the City's water plant and provides for the distribution of safe drinking water to the City's residential and commercial customers as well as surrounding communities.

Pollution Control Fund: Accounts for the activities of the Pollution Control (or Sewer) Department which is responsible for maintaining the City's sanitary sewer system.

The other enterprise funds of the City are considered nonmajor and are as follows:

Golf Fund: Accounts for the activities of the Excelsior Springs Municipal Golf Course.

Airport Fund: Accounts for the activities of the City's airport.

Refuse Fund: Accounts for the activities of the City's hazardous waste and other refuse collection.

Fiduciary Fund Types: Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City has the following fiduciary fund type:

Custodial funds: The City maintains two custodial funds, the Hospital Fund and the Road District Fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the City, these funds are not incorporated into the government-wide statements.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

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 funds and the custodial fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 30 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, pensions and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Charges for sales and services (other than utility) and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2021 levy plus any uncollected amounts from the 2020 levy and other prior years. Property taxes that are not available for current year operations are shown as a deferred inflow of resources. Property taxes are levied each year on all taxable real and personal property in the City. The City's property tax is levied each October 1 on the assessed value as of the prior January 1. Property taxes are billed in total by November 1 following the levy date and considered delinquent after January 1. On January 1, a lien attaches to all property for which taxes are unpaid.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds 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.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Budgets and budgetary accounting: The City Council annually adopts budgets for the general fund, special revenue funds, debt service funds and capital projects funds (excluding the Community Center Project fund, the Grant and Federal Funds, The Walmart/Elms Revenue Fund and the TIV-Vintage Development Fund) of the primary government. All appropriations are legally controlled at the department level for the individual funds. On September 16, 2020 the City Council formally approved the original adopted budget, reflected in the financial statements.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed operating expenditures, capital expenditures and the means for financing them.
- Public hearings are conducted to obtain comments from all interested parties.
- The budget for the coming year is formally adopted on or before the last day of the current fiscal year.
- The City Manager is authorized to make changes within departments, between departments and between functions within each fund. Changes or transfers at the fund level require approval by the City Council.
- Under Missouri law, expenditures may not legally exceed budgeted appropriations at the fund level. If expenditures for a fund exceed the budget, either the budget must be amended or the City Council must pass a resolution authorizing the expenditures in excess of the budget.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. All annual appropriations lapse at fiscal year-end. Encumbrances are reappropriated for the ensuing year's budget.

Cash and cash equivalents: The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statements of net position or balance sheets as "Cash and Cash Equivalents and Investments." In addition, certain resources set aside are classified as restricted assets on the statement of net position or balance sheet because their use is limited by applicable bond covenants. The debt reserve account is used to report resources set aside to subsidize potential deficiencies from the capital projects and special revenue fund's operations that could adversely affect debt service payments. The amount available in Debt Service Fund is used to report resources accumulated for future debt service payments and construction.

Because the City uses the pooled cash investment method, individual fund overdrafts are reclassified as due to/due from other funds or internal balances for financial statement purposes. Income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Investments, except for money market funds and the external investment pool, are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market and participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. Purchases and sales of securities are recorded on a trade-date basis. See Note 2 for additional information regarding fair value measures.

The City's investment in the external investment pool (MOSIP) is not SEC registered and is regulated by the state of Missouri. This external investment pool is reported at amortized cost pursuant to the criteria set forth in GASB Statement No. 79.

Statement of cash flows: For purposes of the statement of cash flows for proprietary fund type funds, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts receivable: Balances result primarily from miscellaneous services provided to citizens and are accounted for in the General Fund and nonmajor governmental funds. Water and sewer services are accounted for in the Water Fund and Pollution Control Fund. Healthcare costs to patients are accounted for in the Hospital Fund. All are net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

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 the fund financial statements and expenditures are recognized using the consumption method.

Capital assets: Capital assets, which include land, construction-in-progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure assets, 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 \$1,000 for equipment and vehicles and \$25,000 for buildings and improvements and infrastructure and an estimated useful life in excess of one year. All land purchases are capitalized. 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 the 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Capital assets of the primary government are depreciated using the straight-line method and the following estimated useful lives:

	<u>Years</u>
Land improvements	10 to 20
Building and improvements	7 to 30
Infrastructure	10 to 40
Operating equipment	3 to 5
Furniture and office equipment	3 to 5
Vehicles	4 to 10

The component unit's policy is similar.

Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Deferred outflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category: unrecognized items not yet charged to pension expense related to the net pension asset, such as the unamortized portion of the net difference between projected and actual plan experience and changes in assumptions, and contributions paid by the City after the measurement date but before the end of the City's reporting period. The City also reports a deferred charge on refunding in the government-wide and proprietary fund statement of net position. A deferred amount of 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.

Deferred inflows of resources: In addition to liabilities, the statement of net position and balance sheet 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the City's government-wide statements, the property tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The City's government-wide statements and enterprise fund statements of net position also include the unrecognized items not yet charged against pension expense, such as the unamortized portion of the difference between the expected and actual pension plan experience, changes in assumptions and plan investment returns related to the net pension asset.

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

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Compensated absences: Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based on length of service. In the event of termination or separation, an employee is paid for accumulated vacation up to the maximum he/she can earn over a two-year period. Employees are also paid for accumulated sick leave upon termination in an amount equal to one day for every four days in excess of 30 days that have been accrued.

For governmental activities and proprietary fund types, these accumulations are recorded as expenses and liabilities in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave, which is payable from available resources, is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

Interfund transactions: Interfund transactions are defined as transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government and are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" and "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Long-term obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using a method which approximates the effective interest method. Debt issuance costs are recognized as an expense in the year in which the costs were incurred.

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

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 1. Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Fund balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. It is the City's policy that the authority to assign fund balance has been delegated by the City Council to the Director of Administrative Services. Likewise, the Director of Administrative Services has the authority to take necessary actions to un-assign amounts in this category.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's procedure is to pay the expenditure from restricted fund balance and then from less-restrictive classifications—committed, assigned and then unassigned fund balances.

Net position: Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Unspent debt proceeds for governmental activities were approximately \$7,091,000. Unspent debt proceeds for the Water and Pollution Control enterprise funds were approximately \$95,000 and \$272,000, respectively. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation or external restrictions consists of \$1,333,485 for debt service, \$3,807,221 for capital projects, \$3,348,377 for planning and development, \$7,714,952 for pension, \$361,248 for parks and recreation and \$1,147,966 for public safety.

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

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments

As of September 30, 2021, the City had the following investments:

Investment Type	Balance	Investment Maturities (in Years)		Fair Value Hierarchy Level
		Less Than 1	1 - 5	
Investments at fair value:				
Government agencies	\$ 250,000	\$ -	\$ 250,000	2
Certificates of deposit	315,048	-	315,048	2
Municipal securities	20,153	-	20,153	2
Fixed income fund	13,825	-	13,825	1
Investments at amortized cost:				
Money market funds	679,076	679,076	-	N/A
Local government investment pool-MOSIP	2,095,555	-	-	N/A
Total	<u>\$ 3,373,657</u>	<u>\$ 679,076</u>	<u>\$ 599,026</u>	

Fair value measurements: The City categorizes its assets and liabilities measured at fair value within the hierarchy established by generally accepted accounting principles. Assets and liabilities valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input: Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input: Inputs—other than quoted prices included with Level 1—that are observable for an asset or liability, either directly or indirectly.

Level 3 input: Inputs that are unobservable for the asset or liability which are typically based upon the City's own assumptions as there is little, if any, related market activity.

Hierarchy: The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

As of September 30, 2021, the City has \$679,076 in money market funds which are not subject to interest rate risk. Money market funds are classified as investments within the financial statements and are disclosed as having maturity of less than one year as they do not have a maturity date.

Interest rate risk: The City does not have a formal policy that limits investment maturities as a means of limiting its exposure to fair value losses arising from increasing market rates.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Credit risk: Missouri State Statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposit. Statutes also required that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State. The City may purchase any investments allowed by the State Treasurer. These include (a) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase or (b) repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

<u>Investment Type</u>	<u>Rating</u>	<u>Company</u>
Government Agency	AA+	Standard & Poor's
Certificate of Deposit	Not Rated	Standard & Poor's
Municipal securities	AA+	Standard & Poor's
Fixed income fund	AA+	Standard & Poor's
Money market funds	Not Rated	Standard & Poor's
MOSIP	Aaa	Standard & Poor's

The City's general investment policy is to apply the prudent-person rule: Investments shall be made with the exercise of judgment and care, under circumstances then prevailing, which individuals of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived.

Concentration of credit risk: The City's investment policy is to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of September 30, 2021, more than 5% of the City's investment portfolio is invested in: MOSIP (62%), Federal Home Loan Bank (7%) and Texas Exchange Bank Certificate of Deposit (7%).

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. As of September 30, 2021, the City's investments were not exposed to custodial risk. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. As of September 30, 2021, approximately \$6,844,000 of the City's bank balance of \$21,395,344, which excludes the Hospital agency fund, were exposed to custodial credit risk.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

The Excelsior Springs City Hospital, including the Hospital agency fund, had \$0 of deposits which were exposed to custodial credit risk.

A summary of deposits and investments of the City, along with the financial statement classification, is as follows:

Deposits and cash on hand	\$ 21,934,373
Investments	<u>3,373,657</u>
	<u>\$ 25,308,030</u>
Cash, cash equivalents and investments	\$ 14,407,305
Restricted cash, cash equivalents and investments	8,740,621
Cash and cash equivalents, fiduciary funds	<u>2,160,104</u>
	<u>\$ 25,308,030</u>

Note 3. Property Taxes

The City's property tax is levied each October 1 on the assessed value of the prior January 1 for all property located in the City. On January 1, a lien attaches to all property. Property taxes are due in total by December 31 following the levy date and are collected by the Finance Office. Property taxes are recognized as a receivable at the time they become an enforceable legal claim (the lien date) and revenue is recognized in the year for which the property tax is levied.

Assessed values are established by County Assessors subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for property, excluding railroad and utility properties located in the City as of January 1, 2020, on which the fiscal year 2021 levy was based, was \$158,026,255. The assessed value of railroad and utility properties as of January 1, 2020 was \$7,062,844.

The City is permitted by Missouri State Statutes to levy taxes in unlimited amounts for the payment of principal and interest on long-term debt. Property tax levies per \$100 assessed valuation for the year ended September 30, 2021 are as follows:

	<u>Levy</u>
Fund:	
General	\$ 0.5903
Parks/recreation	<u>0.3324</u>
Total primary government	0.9227
Component unit - City Hospital	<u>0.1662</u>
Total reporting entity	<u>\$ 1.0889</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 4. Capital Assets

The following is a summary of changes in capital assets for the year ended September 30, 2021:

	2020 Balance (As Restated)	Additions	Retirements	2021 Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,776,212	\$ -	\$ -	\$ 1,776,212
Construction-in-progress	295,084	2,868,315	826,454	2,336,945
Total capital assets, not being depreciated	2,071,296	2,868,315	826,454	4,113,157
Capital assets, being depreciated:				
Land improvements	39,831	-	-	39,831
Buildings and improvements	25,400,787	-	-	25,400,787
Operating equipment	5,118,196	549,746	19,401	5,648,541
Furniture and office equipment	490,927	-	-	490,927
Vehicles	2,398,226	157,814	211,907	2,344,133
Infrastructure	49,108,967	-	-	49,108,967
Total capital assets, being depreciated	82,556,934	707,560	231,308	83,033,186
Less accumulated depreciation for:				
Land improvements	39,831	-	-	39,831
Buildings and improvements	7,363,733	850,711	-	8,214,484
Operating equipment	3,068,988	283,927	14,021	3,338,894
Furniture and office equipment	281,268	17,770	-	299,038
Vehicles	1,806,808	165,462	206,370	1,765,900
Infrastructure	42,600,470	654,593	-	43,255,063
Total accumulated depreciation	55,161,138	1,972,462	220,391	56,913,210
Total capital assets, being depreciated, net	27,395,796	(1,264,902)	10,917	26,119,977
Governmental activities capital assets, net	\$ 29,467,092	\$ 1,603,413	\$ (837,371)	\$ 30,233,134
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,136,537	\$ -	\$ -	\$ 1,136,537
Construction-in-progress	-	826,454	-	826,454
Total capital assets, not being depreciated	1,136,537	826,454	-	1,962,991
Capital assets, being depreciated:				
Land improvements	1,622,097	-	-	1,622,097
Buildings and improvements	7,918,963	-	-	7,918,963
Operating equipment	1,682,331	95,000	7,025	1,770,306
Furniture and office equipment	161,330	-	-	161,330
Vehicles	1,065,401	-	-	1,065,401
Infrastructure	55,014,887	-	-	55,014,887
Total capital assets, being depreciated	67,465,009	95,000	7,025	67,552,984
Less accumulated depreciation for:				
Land improvements	852,042	4,094	-	856,136
Buildings and improvements	5,009,645	101,604	-	5,111,249
Operating equipment	1,750,452	27,121	7,025	1,770,548
Furniture and office equipment	199,924	24,860	-	224,784
Vehicles	1,064,907	7,485	-	1,072,392
Infrastructure	21,792,077	1,716,227	-	23,508,304
Total accumulated depreciation	30,669,047	1,881,391	7,025	32,543,413
Total capital assets, being depreciated, net	36,795,962	(1,786,391)	-	35,009,571
Business-type activities capital assets, net	\$ 37,932,499	\$ (959,937)	\$ -	\$ 36,972,562

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 4. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 29,996
Public safety	514,992
Transportation	35,406
Public works	635,734
Recreational activities	<u>756,334</u>
Total depreciation expense, governmental activities	<u>\$ 1,972,462</u>
Business-type activities:	
Water	\$ 709,490
Pollution control	1,005,065
Non-major enterprise funds	<u>166,837</u>
Total depreciation expense, business-type activities	<u>\$ 1,881,392</u>

Activity for the Hospital for the year ended September 30, 2021 was as follows:

	2020 Balance	Additions	Retirements	2021 Balance
Component Unit: Hospital				
Capital assets, not being depreciated,				
Land	\$ 421,095	\$ -	\$ (20,000)	\$ 401,095
Construction-in-progress	2,409,855	10,156,309	(12,426,202)	139,962
Total capital assets, not being depreciated	<u>2,830,950</u>	<u>10,156,309</u>	<u>(12,446,202)</u>	<u>541,057</u>
Capital assets, being depreciated:				
Land and improvements	1,074,504	167,897	-	1,242,401
Buildings and improvements	17,694,133	3,387,709	(141,332)	20,940,510
Fixed equipment	7,103,728	3,681,706	-	10,785,434
Movable equipment	13,485,587	4,308,242	37,061	17,830,890
Intangible assets – Software	754,521	-	-	754,521
Total capital assets, being depreciated, Hospital	<u>40,112,473</u>	<u>11,545,554</u>	<u>(104,271)</u>	<u>51,553,756</u>
Total accumulated depreciation	<u>28,635,221</u>	<u>2,597,106</u>	<u>(41,481)</u>	<u>31,190,846</u>
Total capital assets, being depreciated, Hospital, net	<u>11,477,252</u>	<u>8,948,448</u>	<u>(62,790)</u>	<u>20,362,910</u>
Hospital capital assets, net	<u>\$ 14,308,202</u>	<u>\$ 19,104,757</u>	<u>\$ (12,508,992)</u>	<u>\$ 20,903,967</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities

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

	Balance September 30, 2020	Additions	Retirements	Balance September 30, 2021	Amounts Due Within One Year
Governmental activities:					
Certificates of participation (direct borrowing)	\$ 1,388,791	\$ -	\$ 1,388,791	\$ -	\$ -
Revenue bonds – 2014	15,790,000	-	14,565,000	1,225,000	600,000
Refunding of Certificate of Participation – 2021A	-	1,335,000	-	1,335,000	70,000
Refunding of Certificate of Participation – 2021B	-	6,500,000	-	6,500,000	-
Revenue Refunding Bonds – 2021	-	16,040,000	-	16,040,000	500,000
Premiums	452,074	233,024	452,074	233,024	-
Compensated absences	525,379	107,349	98,546	567,434	253,806
Governmental activities, long-term liabilities	<u>\$ 18,156,244</u>	<u>\$ 24,215,373</u>	<u>\$ 16,504,411</u>	<u>\$ 25,900,458</u>	<u>\$ 1,423,806</u>
Business-type activities:					
Certificates of participation	\$ 23,280,000	\$ -	\$ 1,920,000	\$ 21,360,000	\$ 2,025,000
Premiums (discounts)	3,404,334	-	68,504	3,335,829	-
Compensated absences	123,687	29,846	35,976	117,557	72,733
Business-type activities, long-term liabilities	<u>\$ 26,808,021</u>	<u>\$ 27,677,603</u>	<u>\$ 27,335,630</u>	<u>\$ 24,813,386</u>	<u>\$ 2,097,733</u>
Component unit:					
Revenue bonds	\$ 9,101,674	\$ -	\$ -	\$ 9,101,674	\$ -
SBA loan	2,804,275	-	2,804,275	-	-
Capital lease	4,823,181	797,823	1,351,915	4,269,089	1,491,172
Compensated absences	479,661	479,661	390,880	587,099	587,099
Component unit, long-term liabilities	<u>\$ 17,208,791</u>	<u>\$ 6,025,319</u>	<u>\$ 845,650</u>	<u>\$ 13,957,862</u>	<u>\$ 2,078,271</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

The General Fund has generally been the fund to liquidate the liability for compensated absences for the governmental activities.

Long-term debt payable as of September 30, 2021, is comprised of the following individual issues:

	Balance September 30, 2020	Additions	Retirements	Balance September 30, 2021
Governmental activities:				
Certificates of participation:				
\$1,500,000 Golf Clubhouse loan, due in annual installments of \$104,856 to \$105,294 through March 1, 2038; interest at 3.5%	\$ 1,388,791	\$ -	\$ 1,388,791	\$ -
Revenue bonds:				
\$18,000,000 of Community Center Sales Tax revenue bonds, Series 2014, due in annual installments of \$200,000 to \$1,145,000 through March 1, 2039; interest at 2.0% to 5.0%	15,790,000	-	14,565,000	1,225,000
Refunding of Certificate Participation – Series 2021A \$1,335,000 Golf Clubhouse loan, due in annual installments of \$70,000 to \$430,000 through March 1, 2028; interest at .75% to 3.0%	-	1,335,000	-	1,335,000
Refunding of Certificate of Participation – 2021B \$6,500,000 Golf Clubhouse loan, due in annual installments of \$1,775,000 to \$4,725,000 through March 1, 2039; interest of 2.35-3%	-	6,500,000	-	6,500,000
Revenue Bonds:				
\$16,040,000 Community Center Sales Tax Revenue bonds; Series 2021, due in annual installments of \$500,000 to \$1,180,000 through March 1, 2035; interest of .337-2.775%	-	16,040,000	-	16,040,000
Total governmental activities	<u>\$ 17,178,791</u>	<u>\$ 23,875,000</u>	<u>\$ 15,953,791</u>	<u>\$ 25,100,000</u>

	Balance September 30, 2019	Additions	Retirements	Balance September 30, 2020
Business-type activities:				
\$10,035,000 2020 Water Series A refunding certificates of participation, due in annual installments of \$950,000 to \$1,270,000 starting on September 1, 2020 through September 1, 2028; interest at 4.00%	\$ 9,085,000	\$ -	\$ 1,015,000	\$ 8,070,000
\$14,195,000 2020 Pollution Series B refunding certificates of participation, due in annual installments of \$950,000 to \$1,730,000 starting on March 1, 2021 through March 1, 2031; interest at 4.00%	14,195,000	-	905,000	13,290,000
Total business-type activities	<u>\$ 23,280,000</u>	<u>\$ -</u>	<u>\$ 1,920,000</u>	<u>\$ 21,360,000</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Component unit:	Balance September 30, 2020	Additions	Retirements	Balance September 30, 2021
Revenue bonds:				
Hospital Revenue Bonds, Series 1999 A & B, maturing October 2030; 5.125% interest; interest payments annually through October 2002, annual principal and interest payments of \$151,092 thereafter; collateralized by a deed of trust on the Independent Living Facility on the Hospital's campus.	\$ 1,191,094	\$ -	\$ -	\$ 1,191,094
Hospital Revenue Bonds, Series 2007A and Series 2007B, maturity October 1, 2038; 4.125% interest; interest annually through September 30, 2011, monthly principal and interest thereafter	6,271,901	-	-	6,271,901
Hospital Revenue Bonds, Series 2009, maturing October 1, 2040; 4.5% interest; interest only through September 30, 2013, monthly principal and interest thereafter	1,638,679	-	-	1,638,679
Small Business Administration Paycheck Protection Program loan (PPP) bearing interest at 1.00%, issued in May 2020. Principal and interest is due over an eighteen month period of time, beginning following a minimum of a six month deferral period after issuance of the loan, if not forgiven. The PPP funds may be partially or fully forgiven based on the level of employee retention and if utilized for the following stated purpose: 60% for payroll costs, interest on mortgage obligations, rent, utilities, or some information systems costs, over an eight or twenty-four week period.	2,804,275	-	2,804,275	-
Capital leases	4,823,181	797,823	1,351,915	4,269,089
Total component unit	\$ 16,729,130	\$ 797,823	\$ 4,156,190	\$ 13,370,763

During 2020, the U.S. Department of Agriculture (USDA), who assisted in issuance of the component unit's first three bonds described above allowed entities to apply for a deferral of principal, interest, and bond reserve fund payments and deposits during the COVID-19 pandemic period. The Hospital was approved under a workout agreement issued by the USDA for a deferral of these payments and anticipates resuming payments on October 1, 2021. Under the terms of the workout agreement, payments were deferred in 2020 and 2021; however, future payments are anticipated to be amortized over the lives of the original bond issues. The USDA will establish an updated repayment schedule and bond service fund and replacement and extension fund deposit schedule upon the Hospital resuming payments in the future.

General obligation debt limit: The state constitution permits a city, by vote of two thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Governmental activities Certificates of Participation: During 2018, the City issued \$1,500,000 in Certificates of Participation for the Golf Clubhouse maturing March 1, 2038 with an interest rate of 3.5%. The loan was issued to finance the construction of the Golf Clubhouse. These certificates are payable from Payments in Lieu of Taxes (PILOTS) and Economic Activity Taxes (EATS) collected by the Tax Increment Financing-Golf Course Fund. In the absence of available monies in this fund, the General Fund will make the required debt service payments.

During 2021, the City issued \$1,335,000 of Certificates of Participation (Series 2021A) and \$6,500,000 Certificates of Participation (Series 2021B) with interest rates ranging from .75% to 3.00%.

Governmental activities revenue bonds: During 2014, the City issued \$18,000,000 in Community Center Sales Tax Revenue Bonds, Series 2014 maturing March 1, 2016 through March 1, 2039 with an interest rate of 2.0% to 5.0%. The bonds were issued to finance the construction of the Community Center.

During 2021, the City issued \$16,040,000 of refunding revenue bonds (Series 2021) with interest rates ranging .337% to 2.775%.

Business-type activities Certificates of Participation:

During 2020, the City issued \$10,035,000 (Series 2020A) in Certificates of Participation to refund the Series 2010B Certificates of Participation. These certificates are payable solely from basic payments from the lease of the property. Payments under the lease, if appropriated by the City for the maximum renewal term, are intended to be sufficient, together with other funds available for such purpose, to pay the debt service requirements for the life of the certificates.

During 2020, the City issued \$14,195,000 (Series 2020B) in Certificates of Participation to refund the Series 2010D Certificates of Participation. These certificates are payable solely from basic payments from the lease of the property. Payments under the lease, if appropriated by the City for the maximum renewal term, are intended to be sufficient, together with other funds available for such purpose, to pay the debt service requirements for the life of the certificates.

Component unit: During 1999, the City Hospital issued \$2,230,000 (Series A & B) in revenue bonds to fund expenses relating to the construction of the independent living facility. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2030.

During 2007, the City Hospital issued \$8,000,000 (Series A & B) in revenue bonds to fund expenses relating to the Outpatient Services Building. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2038.

During 2009, the City Hospital issued \$2,000,000 (Series 2009) in revenue bonds to pay for construction through a temporary loan from the Department of Agriculture Rural Development until the bonds are issued final upon project completion. These revenue bonds are payable solely from net patient service revenue derived from the operations of the City Hospital and are payable through 2040.

Reserve accounts on debt: The bond ordinances authorizing the hospital revenue bonds require that certain funds from the City Hospital's operations be set aside for future debt service requirements, major repairs and other contingencies. The funds are managed by the City in a custodial fund.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

These special reserves and accounts consist of cash and investments and are reported in the basic financial statements as restricted assets.

	City Hospital
Replacement and extension funds	<u>\$ 1,108</u>

Interest earnings on this amount are restricted until bond payments are made, at which time these amounts can be released for use in the General Fund. The bonds are secured by the revenue of the City Hospital and Convalescent Center, a mortgage on the facility, and the funds in the Hospital Agency Fund. The bonds are subject to redemption by the City in whole or in part at par plus accrued interest.

Summary of principal and interest maturities: Annual debt service requirements to service all outstanding indebtedness as of September 30, 2021, are as follows:

Governmental Activities:

Year ending September 30:	2021A Golf Clubhouse TIF Certificates of Participation		2021B Golf Clubhouse TIF Certificates of Participation		2021 Community Center Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 70,000	\$ 27,753	\$ -	\$ 174,525	\$ 500,000	\$ 314,540
2023	70,000	26,790	-	174,525	510,000	312,456
2024	70,000	26,265	-	174,525	1,155,000	307,246
2025	70,000	25,740	-	174,525	1,165,000	296,936
2026	70,000	25,093	-	174,525	1,180,000	282,810
2027 - 2031	370,000	106,848	-	872,625	6,245,000	1,070,681
2032 - 2036	430,000	50,775	1,775,000	837,450	5,285,000	282,882
2037 - 2041	185,000	4,219	4,725,000	183,793	-	-
Total	<u>\$ 1,335,000</u>	<u>\$ 293,481</u>	<u>\$ 6,500,000</u>	<u>\$ 2,766,493</u>	<u>\$ 16,040,000</u>	<u>\$ 2,867,551</u>

Year ending September 30:	2014 Community Center Sales Tax Revenue Bonds	
	Principal	Interest
2022	\$ 600,000	\$ 683,914
2023	625,000	660,577
2024	-	-
2025	-	-
2026	-	-
2027 - 2031	-	-
2032 - 2036	-	-
2037 - 2041	-	-
Total	<u>\$ 1,225,000</u>	<u>\$ 1,344,491</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Governmental Activities (Continues):

Year ending September 30:	Total Governmental Activities	
	Principal	Interest
2022	\$ 1,170,000	\$ 1,200,732
2023	1,205,000	1,174,348
2024	1,225,000	508,036
2025	1,235,000	497,201
2026	1,250,000	482,428
2027 – 2031	6,615,000	2,050,154
2032 – 2036	7,490,000	1,171,107
2037 – 2041	4,910,000	188,011
Total	<u>\$ 25,100,000</u>	<u>\$ 7,272,017</u>

Business-Type Activities:

Year ending September 30:	2020 Water Series A Certificates of Participation		2020 Pollution Series B Certificates of Participation		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,050,000	\$ 322,800	\$ 1,080,000	\$ 512,100	\$ 2,025,000	\$ 834,900
2023	1,095,000	280,800	1,040,000	471,800	2,135,000	752,600
2024	1,135,000	237,000	1,115,000	428,700	2,250,000	665,700
2025	1,180,000	191,600	1,190,000	382,600	2,370,000	574,200
2026	1,225,000	144,400	1,275,000	333,300	2,500,000	477,700
2027 – 2031	2,385,000	140,000	7,590,000	806,900	10,080,000	946,900
2032 – 2036	-	-	-	-	-	-
2037 – 2041	-	-	-	-	-	-
Total	<u>\$ 8,070,000</u>	<u>\$ 1,316,600</u>	<u>\$ 13,290,000</u>	<u>\$ 2,935,400</u>	<u>\$ 21,360,000</u>	<u>\$ 4,252,000</u>

Component Unit:

Year ending September 30:	Long-Term Debt		Capital Lease Obligations		Total Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ -	\$ 650,102	\$ 1,491,172	\$ 217,261	\$ 1,491,172	\$ 867,363
2023	-	900,175	1,254,207	135,339	1,254,207	1,035,514
2024	452,432	447,743	1,056,735	72,234	1,509,167	519,977
2025	538,787	361,388	266,653	25,944	805,440	387,332
2026	563,131	337,044	122,732	7,831	685,863	344,875
2027 – 2031	3,029,036	1,284,718	77,590	2,705	3,106,626	1,287,423
2032 – 2036	2,901,056	664,210	-	-	2,901,056	664,210
2037 – 2039	1,617,232	97,369	-	-	1,614,232	97,369
Total	<u>\$ 9,101,674</u>	<u>\$ 4,742,749</u>	<u>\$ 4,269,089</u>	<u>\$ 461,314</u>	<u>\$ 13,370,763</u>	<u>\$ 5,204,063</u>

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Capital leases shown in long-term debt for the discretely presented component unit include leases for movable equipment at varying rates of imputed interest from 3.5% to 12.4%, maturing through 2025 and collateralized by the lease equipment. Property and equipment as of September 30, 2021 include the following assets under capital lease:

Movable equipment	\$ 6,290,000
Less accumulated depreciation	<u>2,048,000</u>
	<u>\$ 4,242,000</u>

Advance refunding and defeased debt: On March 17, 2021, the City issued \$1,335,000 of Certificates of Participation (Series 2021A) and \$6,500,000 Certificates of Participation (Series 2021B) with an interest rate ranging from .75%-3.00% to refund \$1,338,322 of outstanding Certificates of Participation, Series 2018 and new money to fund a project fund. The trustee serves as an escrow agent to provide for all future debt service payments on the Series 2018 certificates. As a result, Series 2018 certificates are considered to be defeased and the liability for those certificates has been removed from the financial statements.

The cash flow requirements on the refunded debt prior to the advance refunding was \$1,895,288 for Series 2018 from 2021 to 2038. The cash flow requirements on the new debt are \$1,640,811 for the Series 2021A from 2021-2038. The difference in cash flows between the new debt and the old debt is \$254,477 for the Series 2018 certificates. The City refunded Series 2018 to reduce its total debt service payments. The economic gain on refunding (the net present value of the difference between debt service payments on the old and new debt) was approximately \$205,000.

On March 25, 2021, the City issued \$16,040,000 of Sales Tax Refunding Revenue Bonds (Series 2021) with an interest rate ranging from .337%-2.775% to partially refund \$14,015,000 of outstanding Revenue Bonds, Series 2014 for those certificates coming due starting in 2024. Those certificates due in 2022 and 2023 were not refunded as part of this transaction. The trustee serves as an escrow agent to provide for all future debt service payments on the Series 2014 certificates. As a result, Series 2014 certificates being refunded are considered to be defeased and the liability for those certificates has been removed from the financial statements.

The cash flow requirements on the refunded debt prior to the advance refunding was \$20,047,070 for Series 2014 from 2022 to 2039. The cash flow requirements on the new debt are \$19,044,216 for the Series 2021 from 2022-2035. The difference in cash flows between the new debt and the old debt is \$1,002,854 for the Series 2014 certificates. The City refunded Series 2014 to reduce its total debt service payments. The economic gain on refunding (the net present value of the difference between debt service payments on the old and new debt) was approximately \$650,000.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 6. Interfund Balances and Transfers

The following is a schedule of transfers included in the basic financial statements of the City:

	Transfers In	Transfers Out
Governmental activities:		
General	\$ 1,438,506	\$ 992,676
Community center sales tax	-	1,588,957
Community center project	-	732,369
Grant and federal funds	-	388,523
Nonmajor governmental funds	2,757,172	1,013,800
Total governmental activities	4,195,678	4,716,325
Business-type activities:		
Water	9,450	258,325
Pollution control	56,803	199,646
Nonmajor enterprise funds	997,236	84,871
Total business-type activities	1,063,489	542,842
Total	\$ 5,259,167	\$ 5,259,167

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund advances as of September 30, 2021, were as follows:

	Due From	Due To
Governmental activities:		
General	\$ 604,953	\$ -
Community center project	-	109,924
Nonmajor governmental funds	-	334,307
Total governmental activities	604,953	444,231
Business-type activities:		
Pollution control fund	-	90,163
Nonmajor enterprise funds	-	70,559
Total business-type activities	-	160,722
Total	\$ 604,953	\$ 604,953

All interfund advances were made to fund expenses in excess of available cash balances in the disclosed funds and are expected to be repaid within the next year.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 7. Employee Retirement Systems

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

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>2021 Valuation</u>
Benefit multiplier	1.5%
Final average salary	5 years
Member contributions	0%

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

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

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	116
Active employees	<u>109</u>
	<u><u>329</u></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. Employees do not contribute to the pension plan. Employer contribution rates are 8.0% (General), 5.1% (Police), and 8.6% (Fire) of annual covered payroll. Employer contributions to the Plan were approximately \$438,000 for the year ended September 30, 2021.

Net pension asset: The employer’s net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021. Standard update procedures were used to rollforward the total pension liability to June 30, 2021.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 7. Employee Retirement Systems (Continued)

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

Actuarial cost method	Entry age normal
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation
Investment rate of return	7.00% net of investment expenses
Discount rate	7.00%

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.

The actuarial assumptions used in the February 28, 2021 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	39.00%	4.16%
Fixed income	28.00	0.89
Real assets	33.00	2.09
	100.00%	

Discount rate: The discount rate used to measure the total pension liability is 7.00%. 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 Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 7. Employee Retirement Systems (Continued)

Changes in the net pension liability (asset):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2020	\$ 23,085,326	\$ 25,075,463	\$ (1,990,137)
Changes for the year:			
Service Cost	526,068	-	526,068
Interest on the total pension liability	1,662,705	-	1,662,705
Difference between expected and actual experience	(29,473)	-	(29,473)
Changes in Assumptions	(376,176)	-	(376,176)
Contributions - employer	-	438,197	438,197
Net investment income	-	7,033,948	7,033,948
Benefit payments, including refunds	(834,378)	(834,378)	(1,668,756)
Administrative expense	-	(26,704)	(26,704)
Other changes	-	62,498	62,498
Net changes	948,746	6,673,561	(5,724,816)
Balances at September 30, 2021	\$ 24,034,072	\$ 31,749,024	\$ (7,714,952)

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is 1 percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 27,569,577	\$ 24,034,072	\$ 21,140,920
Plan fiduciary net position	31,749,025	31,749,024	31,749,025
Net pension liability (asset)	\$ (4,179,448)	\$ (7,714,952)	\$ (10,608,105)

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 7. Employee Retirement Systems (Continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended September 30, 2021 the employer recognized pension expense of \$350,230. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual plan experience	\$ 210,180	\$ (369,281)
Changes in assumptions	5,824	(277,374)
Net difference between projected and actual earnings on pension plan investments	-	(3,452,024)
Employer Specific - Contributions after measurement date*	<u>106,876</u>	<u>-</u>
Total	<u>\$ 322,880</u>	<u>\$ (4,098,679)</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension asset for the year ending September 30, 2022.

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

Year ended:	
2022	\$ (1,095,287)
2023	(890,358)
2024	(862,394)
2025	(1,034,636)
2026	<u>-</u>
	<u>\$ (3,882,675)</u>

Deferred inflows and outflows of resources related to the difference between expected and actual plan experience and assumption changes are being amortized over a closed period equal to the average of the expected service lives of all employees as of the beginning of each measurement period. The deferred inflows of resources related to the difference between expected and actual investment returns is being amortized over a closed five-year period.

Note 8. Commitments and Contingencies

Legal matters: There are a number of claims and/or lawsuits to which the City is, or may be, a party as a result of certain law enforcement activities, injuries and various other matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel anticipate that the potential claims against the City, if any, which are not covered by insurance, resulting from such matters would not materially affect the financial position of the City.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 8. Commitments and Contingencies (Continued)

Professional malpractice insurance: The City Hospital is insured for medical malpractice claims under a commercial claims-made policy. City Hospital management does not believe there are any unreported claims as of September 30, 2021 for which the City Hospital could be ultimately responsible if it did not renew its commercial claims-made policy.

Hospital net patient service revenues: The City Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the City Hospital and audits by the Medicare Fiscal Intermediary and the Medicaid Program. Estimated settlements have been reflected in the accompanying financial statements.

Utility Assistance: The City has internally designated approximately \$94,000 in the aggregate between the water, pollution control and refuse funds to be utilized for the City's utility assistance program. This program is managed by a third party not for profit.

Note 9. Risk Management

The City is exposed to various risks of litigation and casualties. The City is insured for automobile liability, general liability, property damage, health claims and workers' compensation through a commercial carrier. Claims did not exceed coverage for the year ended September 30, 2021, and for each of the past three fiscal years.

Note 10. Net Patient Service Revenue and Receivables

The City Hospital has agreements with third-party payers that provide for payments to the City Hospital at amounts different from its established rates. These payment arrangements include:

Medicare: Inpatient acute care services and outpatient services and defined capital assets related to Medicare Program beneficiaries are paid on a cost reimbursement methodology. The Hospital is reimbursed for certain services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor. Estimated settlements have been reflected in the accompanying financial statements.

Medicaid: Inpatient and long-term care services rendered to Medicaid Program beneficiaries are reimbursed based upon a prospectively established per diem rate. Medicaid outpatient reimbursement is based on a prospective percentage payment rate determined from the fourth, fifth and sixth prior cost reports regressed forward.

Approximately 41% of net patient service receivables are from participation in Medicare and state-sponsored Medicaid programs for the year ended September 30, 2021.

The City Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the City Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 11. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the City's fund balance are as follows:

	General	Community Center Sales Tax	Community Center Project	Grant and Federal Funds	Nonmajor Governmental	Total
Fund balances:						
Nonspendable:						
Prepays	\$ 428,602	\$ -	\$ 57,132	\$ -	\$ 57,732	\$ 543,466
Perpetual maintenance fund	-	-	-	-	221,362	221,362
Total nonspendable	428,602	-	57,132	-	279,094	764,828
Restricted:						
Debt service	-	-	-	-	1,333,485	1,333,485
Assets held for sale	-	-	-	-	23,000	23,000
Parks and recreation	-	-	-	-	361,248	361,248
Capital projects	148,039	-	6,658,457	-	4,091,483	10,897,979
Planning and development	-	2,878,061	-	-	470,316	3,348,377
Public safety	-	-	-	-	1,149,507	1,149,507
Cemetery maintenance	-	-	-	-	63,210	63,210
Total restricted	148,039	2,878,061	6,658,457	-	7,492,249	17,176,806
Unassigned	2,090,594	-	-	(81,070)	(985)	2,008,539
Total fund balance	<u>\$ 2,667,235</u>	<u>\$ 2,878,061</u>	<u>\$ 6,715,589</u>	<u>\$ (81,070)</u>	<u>\$ 7,770,358</u>	<u>\$ 19,950,173</u>

Note 12. Tax Abatements

Chapter 100 bonds: The City enters into real and personal property tax abatement agreements with local businesses pursuant to Article VI, Section 27(b) of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Missouri Revised Statutes, as amended. Under this authority, municipalities may grant real and personal property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

For the fiscal year ended September 30, 2021, the City did not have abated property taxes under this program.

Section 353 abatements: The Missouri Urban Redevelopment Corporation Law, Chapter 353, R.S.Mo., provides for the creation of a corporation to acquire, construct, maintain and operate redevelopment projects in areas determined by the City to be blighted. Pursuant to a Redevelopment Agreement with the City, real estate taxes on land may be frozen at the pre-improvement assessment on the land exclusive of improvements, with any taxes on improvements and increased value of land abated for up to 10 years. An additional abatement of up to 15 years of 50% of the taxes assessed on the true value of the land and improvements is also authorized. Abatement is conditional on completion of improvements specified in the Redevelopment Agreement to remediate blighting conditions.

For the fiscal year ended September 30, 2021, the City abated property taxes totaling \$33,717 under this program.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 12. Tax Abatements (Continued)

Tax increment financing: The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, Revised Statutes of Missouri, as amended, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a “blighted area”, “conservation area”, or “economic development area”, each as defined in such Act. For the fiscal year ended September 30, 2021, the City abated property taxes and sales taxes totaling \$228,908 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated.

A 100% real estate tax increment abatement and a 50% sales tax increment abatement to offset the cost of public improvements in the Vintage Plaza II TIF districts. These abatements totaled \$119,300.

A 50% sales tax increment abatement to offset the cost of public improvements in the Elms Hotel TIF district. This abatement totaled \$99,273.

Note 13. New Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, became effective for the City beginning with its fiscal year ending September 30, 2021. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

As a result of the adoption of GASB Statement No. 84, the City added a Statement of Changes in Fiduciary Net Position. The City determined that the payroll fund historically presented as an agency fund did not meet the criteria to be presented as a fiduciary fund and now accounts for this activity as a sub-fund of the general fund. The Road District beginning net position also was restated to show that the fund is not compelled to disburse the net position as of September 30, 2020. This resulted in restating beginning net position by \$814,400 within the custodial funds.

Note 14. Future Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several statements that are not yet effective and have not yet been implemented by the City of Excelsior Springs, Missouri. The statements which might impact the City are as follows:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending September 30, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

City of Excelsior Springs, Missouri

Notes to Basic Financial Statements

Note 14. Future Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for reporting periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers, and eliminate diversity in practice associated with (1) commitments extended by users, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required noted disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, issued May 2020, will be effective for reporting periods beginning after June 15, 2022. The primary objectives of this Statement are to provide a single approach to accounting for and reporting SBITA's by state and local governments. The Statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and requires note disclosures regarding a SBITA.

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

Note 15. Restatement of Beginning Balances

Change in Accounting Principle

In 2021, the City implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, see *Note 13* for the impacts on beginning net position as it related to the custodial funds.

Correction of an Error

In 2021, the City determined that certain capital assets with a net book value of \$869,797 in the governmental activities were not capitalized as of October 1, 2020. These assets, which were placed in service in various years before 2021 and thus the governmental activities beginning net position was restated to include these assets. The effect of this correction of an error had no material effect on the prior year change in net position.

Note 16. Deficit Fund Balances

The Tax Incremental Financing-Elms Hotel and the Grant and Federal Special Revenue Funds both have deficit fund balances of \$985 and \$81,070, respectively, as of September 30, 2021.

Note 17. Subsequent Events

During September 2023, the City entered into a purchase and sale agreement with a developer to sell certain parcels of land adjacent to the City golf course for approximately \$660,000.

During October 2023, the City entered into an interfund loan with the City Hospital for up to \$500,000. This loan is to be made in \$125,000 increments. This loan shall carry a 0% interest rate and shall be repaid from operating revenue from the City Hospital.

Subsequent to year-end, the Hospital entered into a sale-leaseback agreement. To fund this transaction, the Hospital entered into a promissory note with an unrelated financing organization bearing an initial interest rate of 7.0% to be payable starting in February 2023 with monthly payments of \$9,045 for 180 months. The note is secured by a first deed of trust in the off-campus property.

City of Excelsior Springs, Missouri

Required Supplementary Information (unaudited) Schedule of Changes in Net Pension Liability and Related Ratios Local Government Employees Retirement System

Year ending September 30,	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 526,068	\$ 528,665	\$ 498,878	\$ 460,155	\$ 446,644	\$ 434,493	\$ 431,807
Interest on the total pension liability	1,662,705	1,586,837	1,505,353	1,417,614	1,351,633	1,249,224	1,181,395
Difference between expected and actual experience	(29,473)	(274,722)	(66,459)	70,122	(255,996)	(331,590)	(113,475)
Assumption changes	(376,176)	-	-	-	-	664,219	-
Benefit payments, including refunds	(834,378)	(753,132)	(901,259)	(617,124)	(659,806)	(561,468)	(569,339)
Net change in total pension liability	948,746	1,087,648	1,036,513	1,330,767	882,475	1,454,878	930,388
Total pension liability, beginning of year	23,085,326	21,997,678	20,961,165	19,630,398	18,747,923	17,293,045	16,362,657
Total pension liability, end of year	<u>\$ 24,034,072</u>	<u>\$ 23,085,326</u>	<u>\$ 21,997,678</u>	<u>\$ 20,961,165</u>	<u>\$ 19,630,398</u>	<u>\$ 18,747,923</u>	<u>\$ 17,293,045</u>
Plan Fiduciary Net Position							
Contributions-employer	\$ 438,197	\$ 399,410	\$ 398,530	\$ 379,081	\$ 376,341	\$ 402,260	\$ 398,989
Pension plan net investment income	7,033,948	320,987	1,576,804	2,679,267	2,367,110	(20,141)	377,177
Benefit payments, including refunds	(834,378)	(753,132)	(901,259)	(617,124)	(659,806)	(561,468)	(569,339)
Pension plan administrative expense	(26,704)	(34,821)	(30,544)	(20,998)	(19,131)	(18,674)	(20,039)
Other	62,498	(7,608)	(2,760)	(54,753)	87,439	34,240	222,869
Net change in plan fiduciary net position	\$ 6,673,561	\$ (75,164)	\$ 1,040,771	\$ 2,365,473	\$ 2,151,953	\$ (163,783)	\$ 409,657
Plan fiduciary net position, beginning of year	25,075,463	25,150,627	24,109,856	21,744,383	19,592,430	19,756,213	19,346,556
Plan fiduciary net position, end of year	<u>\$ 31,749,024</u>	<u>\$ 25,075,463</u>	<u>\$ 25,150,627</u>	<u>\$ 24,109,856</u>	<u>\$ 21,744,383</u>	<u>\$ 19,592,430</u>	<u>\$ 19,756,213</u>
Employer net pension liability (asset)	\$ (7,714,952)	\$ (1,990,137)	\$ (3,152,949)	\$ (3,148,691)	\$ (2,113,985)	\$ (844,507)	\$ (2,463,168)
Plan fiduciary net position as a percentage of the total pension liability	132.10%	108.62%	114.33%	115.02%	110.77%	104.50%	114.24%
Covered payroll	5,686,983	5,690,714	5,764,846	5,368,891	4,962,128	4,941,881	4,849,449
Employer's net pension liability (asset) as a percentage of covered payroll	-135.66%	-34.97%	-54.69%	-58.65%	-42.60%	-17.09%	-50.79%

Ultimately 10 years will be displayed. Information for years prior to 2015 is not available; amounts presented for the year-end were determined as of June 30, the measurement date.

Note: Changes in assumptions –

In 2021, wage inflation decreased from 3.25% to 2.75%, price inflation decreased from 2.50% to 2.25%. Salary increase assumption changed from 3.25%-6.55% to 2.75% to 6.75%. The discount rate also decreased from 7.25% to 7.00%.

In 2016, amounts reported as changes in assumptions resulted primarily from the changes in mortality table, inflation rate and salary increase.

City of Excelsior Springs, Missouri

**Required Supplementary Information (unaudited)
 Schedule of City Contributions
 Local Government Employees Retirement System
 Last 10 Fiscal Years**

Year ending September 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 453,551	\$ 411,520	\$ 404,984	\$ 382,771	\$ 363,238	\$ 406,071	\$ 455,474	\$ 482,541	\$ 473,717	\$ 418,141
Contributions in relation to the actuarially determined contribution	439,083	403,228	404,984	382,771	363,238	406,071	406,729	377,706	329,784	269,364
Contribution deficiency (excess)	\$ 14,468	\$ 8,292	\$ -	\$ -	\$ -	\$ -	\$ 48,745	\$ 104,835	\$ 143,933	\$ 148,777
Covered payroll	\$ 5,940,636	\$ 5,864,905	\$ 5,863,517	\$ 5,528,875	\$ 5,183,599	\$ 5,154,055	\$ 4,844,249	\$ 4,826,467	\$ 4,734,325	\$ 4,516,929
Contributions as a percentage of covered payroll	7.39%	6.88%	6.91%	6.92%	7.01%	7.88%	8.40%	7.83%	6.97%	5.96%

Actuarial assumptions: See Note 7 to the basic financial statements for summary of actuarial assumptions. There are no significant differences between the financial reporting assumptions and the actuarially determined contribution (funding) assumptions, except as follows:

Amortization method: A level percentage of payroll amortization is used to amortize the UAAL over a closed period of years.

Remaining amortization period: Multiple bases from nine to 15 years.

Asset valuation method: 5-year smoothed market, 20% corridor.

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2021

	Special Revenue Funds	Capital Projects Funds		Debt Service Fund	Permanent Fund, Cemetery	Total Nonmajor Governmental Funds
		Capital Improvements	Transportation Trust			
Assets						
Cash, cash equivalents and investments	\$ 1,628,398	\$ 2,350,981	\$ 2,055,374	\$ 1,667,792	\$ 64,547	\$ 7,767,092
Receivables, net of allowance for uncollectibles:						
Property taxes	704,995	-	-	-	-	704,995
Due from other governments	95,368	99,238	95,368	-	-	289,974
Prepaid items	57,673	-	-	-	59	57,732
Assets held for sale	-	23,000	-	-	-	23,000
Restricted cash and cash equivalents	564,183	-	-	-	15,326	579,509
Restricted investments	-	-	-	-	206,036	206,036
Total assets	\$ 3,050,617	\$ 2,473,219	\$ 2,150,742	\$ 1,667,792	\$ 285,968	\$ 9,628,338
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities:						
Accounts payable and accrued expenses	\$ 306,497	\$ 14,330	\$ 495,148	\$ -	\$ 1,337	\$ 817,312
Due to other funds	-	-	-	334,307	-	334,307
Unearned revenue	600	-	-	-	-	600
Total liabilities	307,097	14,330	495,148	334,307	1,337	1,152,219
Deferred inflows of resources, unavailable revenue—property taxes	705,761	-	-	-	-	705,761
Fund balance:						
Nonspendable	57,673	-	-	-	221,421	279,094
Restricted	1,981,071	2,458,889	1,655,594	1,333,485	63,210	7,492,249
Assigned	-	-	-	-	-	-
Unassigned	(985)	-	-	-	-	(985)
Total fund balance	2,037,759	2,458,889	1,655,594	1,333,485	284,631	7,770,358
Total liabilities, deferred inflows of resources and fund balance	\$ 3,050,617	\$ 2,473,219	\$ 2,150,742	\$ 1,667,792	\$ 285,968	\$ 9,628,338

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
Changes In Fund Balances—Nonmajor Governmental Funds
Year Ended September 30, 2021

	Special Revenue Funds	Capital Projects Funds		Debt Service Fund	Permanent Fund, Cemetery	Total Nonmajor Governmental Funds
		Capital Improvements	Transportation Trust			
Revenues:						
Taxes	\$ 2,080,684	\$ 1,104,537	\$ 1,075,465	\$ -	\$ -	\$ 4,260,686
Intergovernmental revenues	100,040	-	181,000	-	-	281,040
Charges for services	970,324	-	-	-	86,766	1,057,090
Investment earnings	12,085	6,231	5,346	10,469	1,023	35,154
Miscellaneous	9,612	-	-	-	-	9,612
Total revenues	3,172,745	1,110,768	1,261,811	10,469	87,789	5,643,582
Expenditures:						
Current:						
General government	583	234,541	454	-	-	235,578
Public works, street operations	-	-	53,665	-	-	53,665
Public safety	132,122	-	-	-	-	132,122
Recreational activities	2,163,790	-	-	-	-	2,163,790
Cemetery operations	-	-	-	-	46,325	46,325
Community development	245,944	175,637	-	-	-	421,581
Health and welfare	56,158	-	-	-	-	56,158
Capital outlay	1,153,909	220,782	1,194,696	-	-	2,569,387
Debt service:						
Principal	-	-	-	606,686	-	606,686
Interest	-	-	-	614,261	-	614,261
Trustee fees	-	-	-	15,232	-	15,232
Total expenditures	3,752,506	630,960	1,248,815	1,236,179	46,325	6,914,785
Excess (deficiency) of revenues over (under) expenditures	(579,761)	479,808	12,996	(1,225,710)	41,464	(1,271,203)
Other financing sources (uses):						
Proceeds from sale of capital assets	45,095	-	-	-	-	45,095
Transfers in	675,945	-	50,000	2,031,227	-	2,757,172
Transfers out	(759,245)	(238,555)	(16,000)	-	-	(1,013,800)
Total other financing sources (uses)	(38,205)	(238,555)	34,000	2,031,227	-	1,788,467
Net change in fund balances	(617,966)	241,253	46,996	805,517	41,464	517,264
Fund balances, beginning	2,655,725	2,217,636	1,608,598	527,968	243,167	7,253,094
Fund balances, ending	\$ 2,037,759	\$ 2,458,889	\$ 1,655,594	\$ 1,333,485	\$ 284,631	\$ 7,770,358

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 September 30, 2021

	E-911 Phone Tax	Tax Increment Financing- Paradise Playhouse	Public Safety Sales Tax	Equitable Sharing	Tax Increment Financing- Elms Hotel	Tax Increment Financing- Vintage Development II	Parks and Recreation
Assets							
Cash and cash equivalents	\$ 3,428	\$ 136	\$ 982,509	\$ 94,442	\$ 240,464	\$ 278,584	\$ 10,867
Receivables, net of allowance for uncollectibles, property taxes	-	4,533	-	-	2	129,205	571,255
Due from other governments	-	-	95,368	-	-	-	-
Prepaid items	-	-	-	-	-	-	14,975
Restricted cash and cash equivalents	-	-	-	-	-	-	8,076
Total assets	\$ 3,428	\$ 4,669	\$ 1,077,877	\$ 94,442	\$ 240,466	\$ 407,789	\$ 605,173
Liabilities, Deferred Inflows of Resources and Fund Balance							
Liabilities:							
Accounts payable and accrued expenses	\$ -	\$ -	\$ 26,886	\$ 895	\$ 241,451	\$ -	\$ 7,681
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	-	26,886	895	241,451	-	7,681
Deferred inflows of resources, unavailable revenue - property taxes	-	4,533	-	-	-	129,205	572,023
Fund balance (deficit):							
Nonspendable	-	-	-	-	-	-	14,975
Restricted	3,428	136	1,050,991	93,547	-	278,584	10,494
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(985)	-	-
Total liabilities, deferred inflows of resources and fund balance	\$ 3,428	\$ 4,669	\$ 1,077,877	\$ 94,442	\$ 240,466	\$ 407,789	\$ 605,173

City of Excelsior Springs, Missouri

Combining Balance Sheet
 Nonmajor Special Revenue Funds (Continued)
 September 30, 2021

	Community Center Operating	Tax Increment Financing- Golf Course	Walmart/Elms Revenue	Tax Increment Financing- Vintage Development	Total
Assets					
Cash and cash equivalents	\$ 500	\$ -	\$ 556	\$ 16,912	\$ 1,628,398
Receivables, net of allowance for uncollectibles, property taxes	-	-	-	-	704,995
Due from other governments	-	-	-	-	95,368
Prepaid items	42,698	-	-	-	57,673
Restricted cash and cash equivalents	500,000	56,107	-	-	564,183
Total assets	\$ 543,198	\$ 56,107	\$ 556	\$ 16,912	\$ 3,050,617
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable and accrued expenses	\$ 29,584	\$ -	\$ -	\$ -	\$ 306,497
Unearned revenue	600	-	-	-	600
Total liabilities	30,184	-	-	-	307,097
Deferred inflows of resources, unavailable revenue—property taxes	-	-	-	-	705,761
Fund balance:					
Nonspendable	42,698	-	-	-	57,673
Restricted	470,316	56,107	556	16,912	1,981,071
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(985)
	513,014	56,107	556	16,912	2,037,759
Total liabilities, deferred inflows of resources and fund balance	\$ 543,198	\$ 56,107	\$ 556	\$ 16,912	\$ 3,050,617

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended September 30, 2021

	E-911 Phone Tax	Tax Increment Financing- Paradise Playhouse	Public Safety Sales Tax	Equitable Sharing	Tax Increment Financing- Elms Hotel	Tax Increment Financing- Vintage Development II	Parks and Recreation
Revenues:							
Taxes	\$ 33,076	\$ 4,533	\$ 1,071,883	\$ -	\$ 99,273	\$ 119,300	\$ 729,905
Intergovernmental revenues	-	-	-	20,311	48,974	-	30,755
Charges for services	-	-	-	-	-	-	32,094
Investment earnings	16	-	2,072	-	-	-	7,642
Miscellaneous	-	-	-	-	-	-	7,019
Total revenues	33,092	4,533	1,073,955	20,311	148,247	119,300	807,415
Expenditures:							
Current:							
General government	65	-	518	-	-	-	-
Public safety	39,673	-	76,752	15,697	-	-	-
Recreational activities	-	-	-	-	-	-	618,315
Community betterment:							
Community development	-	4,461	-	-	241,451	-	-
Health and welfare	-	-	-	-	-	-	56,158
Capital outlay	-	-	786,170	-	-	-	367,739
Total expenditures	39,738	4,461	863,440	15,697	241,451	-	1,042,212
Excess (deficiency) of revenues over expenditures	(6,646)	72	210,515	4,614	(93,204)	119,300	(234,797)
Other financing sources (uses):							
Proceeds from sale of capital assets	-	-	39,425	-	-	-	5,670
Transfers in	14,000	-	-	-	-	-	151,224
Transfers out	-	-	(576,443)	-	(2,500)	-	(7,000)
Total other financing sources (uses)	14,000	-	(537,018)	-	(2,500)	-	149,894
Net change in fund balance	7,354	72	(326,503)	4,614	(95,704)	119,300	(84,903)
Fund balances, beginning	(3,926)	64	1,377,494	88,933	94,719	159,284	110,372
Fund balances (deficits), ending	\$ 3,428	\$ 136	\$ 1,050,991	\$ 93,547	\$ (985)	\$ 278,584	\$ 25,469

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
Year Ended September 30, 2021

	Community Center Operating	Tax Increment Financing- Golf Course	Walmart/Elms Revenue	Tax Increment Financing- Vintage Development	Total
Revenues:					
Taxes	\$ -	\$ 5,802	\$ -	\$ 16,912	\$ 2,080,684
Intergovernmental revenues	-	-	-	-	100,040
Charges for services	938,230	-	-	-	970,324
Investment earnings	2,188	167	-	-	12,085
Miscellaneous	2,593	-	-	-	9,612
Total revenues	943,011	5,969	-	16,912	3,172,745
Expenditures:					
Current:					
General government	-	-	-	-	583
Public safety	-	-	-	-	132,122
Recreational activities	1,545,475	-	-	-	2,163,790
Community betterment:					
Community development	-	32	-	-	245,944
Health and welfare	-	-	-	-	56,158
Capital outlay	-	-	-	-	1,153,909
Total expenditures	1,545,475	32	-	-	3,752,506
Excess (deficiency) of revenues over expenditures	(602,464)	5,937	-	16,912	(579,761)
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	-	45,095
Transfers in	510,721	-	-	-	675,945
Transfers out	(75,000)	(98,858)	556	-	(759,245)
Total other financing sources (uses)	435,721	(98,858)	556	-	(38,205)
Net change in fund balance	(166,743)	(92,921)	556	16,912	(617,966)
Fund balances, beginning	679,757	149,028	-	-	2,655,725
Fund balances, ending	\$ 513,014	\$ 56,107	\$ 556	\$ 16,912	\$ 2,037,759

City of Excelsior Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Special Revenue Funds—Budget to Actual
Year Ended September 30, 2021**

	E-911 Phone Tax		Variance with Final Budget
	Budget	Actual	
Revenues:			
Taxes	\$ 37,000	\$ 33,076	\$ (3,924)
Investment earnings	35	16	(19)
Total revenues	<u>37,035</u>	<u>33,092</u>	<u>(3,943)</u>
Expenditures:			
Current:			
General government	5	65	60
Public safety	42,100	39,673	(2,427)
Total expenditures	<u>42,105</u>	<u>39,738</u>	<u>(2,367)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,070)</u>	<u>(6,646)</u>	<u>(1,576)</u>
Other financing sources (uses):			
Transfers in	5,050	14,000	8,950
Total other financing sources (uses)	<u>5,050</u>	<u>14,000</u>	<u>8,950</u>
Net change in fund balance	<u>\$ (20)</u>	<u>7,354</u>	<u>\$ 7,374</u>
Fund balances, beginning		<u>(3,926)</u>	
Fund balances, ending		<u>\$ 3,428</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Special Revenue Funds—Budget to Actual (Continued)
Year Ended September 30, 2021**

	Tax Increment Financing Paradise Playhouse			Variance with Final Budget	Public Safety Sales Tax			Variance with Final Budget	Equitable Sharing		Variance with Final Budget
	Budget	Actual			Budget	Actual			Budget	Actual	
Revenues:											
Taxes	\$ 5,500	\$ 4,533	\$ (967)	\$ 935,000	\$ 1,071,883	\$ 136,883	\$ -	\$ -	\$ -		
Intergovernmental revenues	-	-	-	-	-	-	-	20,313	20,311	(2)	
Investment earnings	-	-	-	9,000	2,072	(6,928)	-	-	-	-	
Total revenues	<u>5,500</u>	<u>4,533</u>	<u>(967)</u>	<u>944,000</u>	<u>1,073,955</u>	<u>129,955</u>	<u>20,313</u>	<u>20,311</u>	<u>(2)</u>		
Expenditures:											
Current:											
General government	-	-	-	70	518	448	-	-	-	-	
Public safety	-	-	-	402,000	76,752	(325,248)	44,250	15,697	(28,553)		
Community betterment:											
Community development	5,500	4,461	(1,039)	-	-	-	-	-	-	-	
Community outlay	-	-	-	440,000	786,170	346,170	-	-	-	-	
Total expenditures	<u>5,500</u>	<u>4,461</u>	<u>(1,039)</u>	<u>842,070</u>	<u>863,440</u>	<u>21,370</u>	<u>44,250</u>	<u>15,697</u>	<u>(28,553)</u>		
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>72</u>	<u>72</u>	<u>101,930</u>	<u>210,515</u>	<u>108,585</u>	<u>(23,937)</u>	<u>4,614</u>	<u>28,551</u>		
Other financing sources (uses):											
Proceeds from sale of capital assets	-	-	-	30,000	39,425	9,425	-	-	-	-	
Transfers in	-	-	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	(575,000)	(576,443)	(1,443)	-	-	-	-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(545,000)</u>	<u>(537,018)</u>	<u>7,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	<u>\$ -</u>	<u>72</u>	<u>\$ 72</u>	<u>\$ (443,070)</u>	<u>(326,503)</u>	<u>\$ 116,567</u>	<u>\$ (23,937)</u>	<u>4,614</u>	<u>\$ 28,551</u>		
Fund balances, beginning		<u>64</u>			<u>1,377,494</u>			<u>88,933</u>			
Fund balances, ending		<u>\$ 136</u>			<u>\$ 1,050,991</u>			<u>\$ 93,547</u>			

City of Excelsior Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
 Nonmajor Special Revenue Funds—Budget to Actual (Continued)
 Year Ended September 30, 2021

	Tax Increment Financing Vintage Development II		Variance with Final Budget	Parks and Recreation		Variance with Final Budget
	Budget	Actual		Budget	Actual	
Revenues:						
Taxes	\$ 74,309	\$ 119,300	\$ 44,991	\$ 672,549	\$ 729,905	\$ 57,356
Intergovernmental revenues	-	-	-	21,000	30,755	9,755
Charges for services	-	-	-	37,600	32,094	(5,506)
Investment earnings	-	-	-	-	7,642	7,642
Miscellaneous	-	-	-	12,100	7,019	(5,081)
Total revenues	74,309	119,300	44,991	743,249	807,415	64,166
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreational activities	-	-	-	811,241	618,315	(192,926)
Community betterment:						
Community development	-	-	-	-	-	-
Health and welfare	-	-	-	63,151	56,158	(6,993)
Community outlay	-	-	-	-	367,739	367,739
Total expenditures	-	-	-	874,392	1,042,212	167,820
Excess (deficiency) of revenues over expenditures	74,309	119,300	44,991	(131,143)	(234,797)	(103,654)
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	-	15,000	5,670	(9,330)
Transfers in	-	-	-	150,000	151,224	1,224
Transfers out	(74,000)	-	74,000	-	(7,000)	(7,000)
Total other financing sources (uses)	(74,000)	-	74,000	165,000	149,894	(15,106)
Net change in fund balance	\$ 309	119,300	\$ 118,991	\$ 33,857	(84,903)	\$ (118,760)
Fund balances, beginning		<u>159,284</u>			<u>110,372</u>	
Fund balances, ending		<u>\$ 278,584</u>			<u>\$ 25,469</u>	

City of Excelsior Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
 Nonmajor Special Revenue Funds—Budget to Actual (Continued)
 Year Ended September 30, 2021

	Tax Increment Financing Vintage Development II		Variance with Final Budget	Parks and Recreation		Variance with Final Budget
	Budget	Actual		Budget	Actual	
Revenues:						
Taxes	\$ 74,309	\$ 119,300	\$ 44,991	\$ 672,549	\$ 729,905	\$ 57,356
Intergovernmental revenues	-	-	-	21,000	30,755	9,755
Charges for services	-	-	-	37,600	32,094	(5,506)
Investment earnings	-	-	-	-	7,642	7,642
Miscellaneous	-	-	-	12,100	7,019	(5,081)
Total revenues	74,309	119,300	44,991	743,249	807,415	64,166
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreational activities	-	-	-	811,241	618,315	(192,926)
Community betterment:						
Community development	-	-	-	-	-	-
Health and welfare	-	-	-	63,151	56,158	(6,993)
Community outlay	-	-	-	-	367,739	367,739
Total expenditures	-	-	-	874,392	1,042,212	167,820
Excess (deficiency) of revenues over expenditures	74,309	119,300	44,991	(131,143)	(234,797)	(103,654)
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	-	15,000	5,670	(9,330)
Transfers in	-	-	-	150,000	151,224	1,224
Transfers out	(74,000)	-	74,000	-	(7,000)	(7,000)
Total other financing sources (uses)	(74,000)	-	74,000	165,000	149,894	(15,106)
Net change in fund balance	\$ 309	119,300	\$ 118,991	\$ 33,857	(84,903)	\$ (118,760)
Fund balances, beginning		<u>159,284</u>			<u>110,372</u>	
Fund balances, ending		<u>\$ 278,584</u>			<u>\$ 25,469</u>	

City of Excelsior Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
 Nonmajor Special Revenue Funds—Budget to Actual (Continued)
 Year Ended September 30, 2021

	Community Center Operating		Variance with Final Budget	Tax Increment Financing Golf Course		Variance with Final Budget
	Budget	Actual		Budget	Actual	
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 9,000	\$ 5,802	\$ (3,198)
Charges for services	1,233,800	938,230	(295,570)	-	-	-
Investment earnings	-	2,188	2,188	-	167	167
Miscellaneous	-	2,593	2,593	-	-	-
Total revenues	1,233,800	943,011	(290,789)	9,000	5,969	(3,031)
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreational activities	1,424,622	1,545,475	120,853	-	-	-
Community betterment:						
Community development	-	-	-	-	32	32
Community outlay	-	-	-	-	-	-
Total expenditures	1,424,622	1,545,475	120,853	-	32	32
Excess (deficiency) of revenues over expenditures	(190,822)	(602,464)	(411,642)	9,000	5,937	(3,063)
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	300,000	510,721	210,721	6,438	-	(6,438)
Transfers out	(75,000)	(75,000)	-	(98,858)	(98,858)	-
Total other financing sources (uses)	225,000	435,721	210,721	(92,420)	(98,858)	(6,438)
Net change in fund balance	\$ 34,178	(166,743)	\$ (200,921)	\$ (83,420)	(92,921)	\$ (9,501)
Fund balances, beginning		679,757			149,028	
Fund balances, ending		<u>\$ 513,014</u>			<u>\$ 56,107</u>	

City of Excelsior Springs, Missouri

**Schedule of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Debt Service Fund—Budget to Actual
Year Ended September 30, 2021**

	Debt Service		Variance with Final Budget
	Budget	Actual	
Revenues, investment earnings	\$ 2,900	\$ 10,469	\$ 7,569
Expenditures, debt service:			
Principal	606,686	606,686	-
Interest	751,545	614,261	(137,284)
Trustee fees	1,500	15,232	13,732
Total expenditures	<u>1,359,731</u>	<u>1,236,179</u>	<u>(123,552)</u>
(Deficiency) of revenues over (under) expenditures	(1,356,831)	(1,225,710)	131,121
Other financing sources, transfers in	<u>1,353,295</u>	<u>2,031,227</u>	<u>677,932</u>
Net change in fund balance	<u>\$ (3,536)</u>	805,517	<u>\$ 809,053</u>
Fund balances, beginning		<u>527,968</u>	
Fund balances, ending		<u>\$ 1,333,485</u>	

City of Excelsior Springs, Missouri

Schedule of Revenues, Expenditures and Changes in Fund Balances—
 Nonmajor Capital Improvements Funds—Budget and Actual
 Year Ended September 30, 2021

	Capital Improvements Budget	Actual	Variance with Final Budget	Transportation Trust Budget	Actual	Variance with Final Budget
Revenues:						
Taxes	\$ 991,230	\$ 1,104,537	\$ 113,307	\$ 855,000	\$ 1,075,465	\$ 220,465
Investment earnings	20,000	6,231	(13,769)	7,000	181,000	174,000
Miscellaneous	-	-	-	-	5,346	5,346
Total revenues	<u>1,011,230</u>	<u>1,110,768</u>	<u>99,538</u>	<u>862,000</u>	<u>1,261,811</u>	<u>399,811</u>
Expenditures:						
Current:						
General government	73,958	234,541	160,583	1,000	454	(546)
Public works	-	-	-	1,475,500	53,665	(1,421,835)
Public safety	-	-	-	-	-	-
Recreational activities	-	-	-	-	-	-
Community betterment:						
Community development	286,226	175,637	(110,589)	-	-	-
Capital outlay	379,199	220,782	(158,417)	-	1,194,696	1,194,696
Total expenditures	<u>739,383</u>	<u>630,960</u>	<u>(108,423)</u>	<u>1,476,500</u>	<u>1,248,815</u>	<u>(227,685)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271,847</u>	<u>479,808</u>	<u>207,961</u>	<u>(614,500)</u>	<u>12,996</u>	<u>627,496</u>
Other financing sources (uses), transfers in	-	-	-	-	50,000	50,000
Other financing sources (uses), transfers out	(760,325)	(238,555)	521,770	(16,000)	(16,000)	-
Net change in fund balance	<u>\$ (488,478)</u>	<u>241,253</u>	<u>\$ 729,731</u>	<u>\$ (630,500)</u>	<u>46,996</u>	<u>\$ 677,496</u>
Fund balances, beginning		<u>2,217,636</u>			<u>1,608,598</u>	
Fund balances, ending		<u>\$ 2,458,889</u>			<u>\$ 1,655,594</u>	

City of Excelsior Springs, Missouri

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 September 30, 2021

	Golf	Airport	Refuse	Total
Assets				
Current assets:				
Cash, cash equivalents and investments	\$ 16,779	\$ -	\$ 224,291	\$ 241,070
Accounts receivable, net of allowance for uncollectibles	-	231	110,206	110,437
Prepaid items	21,441	-	1,581	23,022
Total current assets	38,220	231	336,078	374,529
Noncurrent assets:				
Net pension asset	69,851	-	23,284	93,135
Capital assets:				
Land	155,688	50,000	-	205,688
Land improvements	1,574,853	25,000	-	1,599,853
Buildings and improvements	1,812,767	48,624	-	1,861,391
Operating equipment	611,571	552,145	-	1,163,716
Furniture and office equipment	22,550	10,950	-	33,500
Total capital assets	4,177,429	686,719	-	4,864,148
Less accumulated depreciation	(2,246,896)	(250,297)	-	(2,497,193)
Net capital assets	1,930,533	436,422	-	2,366,955
Total noncurrent assets	2,000,384	436,422	23,284	2,460,090
Total assets	2,038,604	436,653	359,362	2,834,619
Deferred Outflows of Resources,				
Pension related amounts	2,162	-	721	2,883
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	2,208	229	132	2,569
Unearned revenues	15,025	-	-	15,025
Compensated absences	19,801	-	784	20,585
Total current liabilities	37,034	229	916	38,179
Noncurrent liabilities:				
Compensated absences	-	-	-	-
Due to other funds	-	70,558	-	70,558
Total noncurrent liabilities	-	70,558	-	70,558
Total liabilities	37,034	70,787	916	108,737
Deferred Inflows of Resources,				
Pension related amounts	37,672	-	12,557	50,229
Net Position				
Net investment in capital assets	1,930,533	436,422	-	2,366,955
Restricted for pension	69,851	-	23,284	93,135
Unrestricted	(34,324)	(70,556)	323,326	218,446
Total net position	\$ 1,966,060	\$ 365,866	\$ 346,610	\$ 2,678,536

City of Excelsior Springs, Missouri

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 Year Ended September 30, 2021

	Golf	Airport	Refuse	Total
Operating revenues:				
Charges for services	\$ 1,045,535	\$ -	\$ 1,047,216	\$ 2,092,751
Rental income	-	11,872	-	11,872
Other	(2,077)	-	43,863	41,786
Total operating revenues	1,043,458	11,872	1,091,079	2,146,409
Operating expenses:				
Personnel services	800,705	-	58,269	858,974
Contractual and professional services	38,337	-	845,724	884,061
Utilities	12,939	4,241	10,123	27,303
Maintenance and repairs	70,832	-	389	71,221
Cost of goods sold	13,680	-	-	13,680
Insurance	27,239	5,446	2,155	34,840
Supplies and materials (administrative)	11,023	134	20,828	31,985
Depreciation	138,014	28,823	-	166,837
Total operating expenses	1,112,769	38,644	937,488	2,088,901
Operating income (loss)	(69,311)	(26,772)	153,591	57,508
Nonoperating revenue, investment earnings	1,211	3	568	1,782
Income (loss) before transfers	(68,100)	(26,769)	154,159	59,290
Transfers in	997,236	-	-	997,236
Transfers out	(36,371)	(5,800)	(42,700)	(84,871)
	960,865	(5,800)	(42,700)	912,365
Change in net position	892,765	(32,569)	111,459	971,655
Total net position, beginning	1,073,295	398,435	235,151	1,706,881
Total net position, ending	\$ 1,966,060	\$ 365,866	\$ 346,610	\$ 2,678,536

City of Excelsior Springs, Missouri

**Combining Statement of Fiduciary Net Position—Custodial Funds
September 30, 2021**

	Hospital	Road District	Total
Assets			
Cash and cash equivalents	\$ 1,374,029	\$ 786,075	\$ 2,160,104
Taxes receivable	160	-	160
Total assets	\$ 1,374,189	\$ 786,075	\$ 2,160,264
Liabilities			
Accounts payable and accrued expenses	\$ -	\$ 40,501	\$ 40,501
Due to other governments	1,374,189	-	1,374,189
Total liabilities	1,374,189	40,501	1,414,690
Net position - restricted	\$ -	\$ 745,574	\$ 745,574

City of Excelsior Springs, Missouri

**Combining Statement of Changes in Fiduciary Net Position—Custodial Funds
Year Ended September 30, 2021**

	Hospital	Road District	Total
Additions			
Taxes	\$ 376,662	\$ 215,767	\$ 592,429
Deductions			
Payments to other organizations	376,662	284,593	661,255
Change in net position	-	(68,826)	(68,826)
Net position - beginning of year (as restated)	-	814,400	814,400
Net position - end of year	\$ -	\$ 745,574	\$ 745,574