

**CITY OF COTTLEVILLE, MISSOURI**  
**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

CITY OF COTTLEVILLE, MISSOURI

DECEMBER 31, 2021

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# BATES CPA

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### INDEPENDENT AUDITOR'S REPORT

Board of Aldermen  
City of Cottleville, Missouri

#### Report on the Audit of the Financial Statements

##### Opinions

I have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Cottleville, Missouri, as of and for the year ended December 31, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cottleville, Missouri, as of December 31, 2021, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

##### Basis for Opinions

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

##### Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My 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 these financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 of Cottleville, Missouri's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 the generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 of Cottleville, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cottleville, Missouri's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information, schedules of changes in net pension liability and related ratios and the schedule of pension contributions but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

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. My opinion on the basic financial statement is not affected by this missing information.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my reported dated June 7, 2022, on my consideration of the City of Cottleville's internal control over financial reporting and on my 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 my 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 of Cottleville, Missouri'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 City of Cottleville, Missouri's internal control over financial reporting and compliance.

***BATES CPA LLC***

St. Charles, Missouri  
June 7, 2022

CITY OF COTTLEVILLE, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	5,299,790
Investments	151,563
Performance escrows	99,709
Capital assets (net of accumulated depreciation):	
Land and improvements	5,720,363
Building	4,315,647
Equipment	909,071
Vehicles	106,816
Equipment under capital lease	86,373
Infrastructure	15,844,439
Construction in progress	216,985
	<u>27,199,694</u>
Total assets	<u>32,750,756</u>
<b>LIABILITIES</b>	
Court bonds	3,300
Performance deposits	99,709
Other liabilities	644
Noncurrent liabilities:	
Due within one year	447,780
Due in more than one year	5,622,067
	<u>6,173,500</u>
Total liabilities	<u>6,173,500</u>
<b>NET POSITION</b>	
Net investment in capital assets	
Restricted for:	
Capital improvements	279,737
Park and stormwater improvements	742,688
Road improvements	243,732
Unrestricted	25,311,099
Total net position	<u><u>26,577,256</u></u>

See Notes to Financial Statements

CITY OF COTTLEVILLE, MISSOURI  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

FUNCTIONS/PROGRAMS	Program Revenues				Governmental Activities Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	1,188,700	-	-	-	(1,188,700)
Public safety	1,498,009	339,847	145,699	-	(1,012,463)
Public works and road improvements	1,052,613	212,033	-	767,912	(72,668)
Parks	363,635	25,719	3,000	85,380	(249,536)
Stormwater	3,616	-	-	-	(3,616)
Waste hauling	667,883	709,759	-	-	41,876
Interest on long-term debt	178,009	-	-	-	(178,009)
Total governmental activities	<u>4,952,465</u>	<u>1,287,358</u>	<u>148,699</u>	<u>853,292</u>	<u>(2,663,116)</u>
		General revenues:			
		Property taxes			523,768
		Utility taxes			376,446
		Licenses			60,710
		Sales tax			2,522,852
		Investment income			4,526
		Insurance proceeds			33,394
		Miscellaneous			<u>479</u>
		Total general revenues			<u>3,522,175</u>
		Change in net position			859,059
		Net position, beginning of year			<u>25,718,197</u>
		Net position, end of year			<u><u>26,577,256</u></u>

See Notes to Financial Statements

CITY OF COTTLEVILLE, MISSOURI  
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
DECEMBER 31, 2021

	General	Capital Improvement Fund	Debt Service Fund	Road Fund	Park and Stormwater Fund	Waste Hauling Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	3,082,527	357,443	6	-	914,688	135,089	4,489,753
Cash restricted for road improvements	243,732	-	-	496	-	-	244,228
Cash restricted pursuant to American Rescue Plan Act	565,809	-	-	-	-	-	565,809
Investments	151,563	-	-	-	-	-	151,563
Performance escrows	99,709	-	-	-	-	-	99,709
Total assets	4,143,340	357,443	6	496	914,688	135,089	5,551,062
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Court bonds	3,300	-	-	-	-	-	3,300
Performance deposits	99,709	-	-	-	-	-	99,709
Other liabilities	644	-	-	-	-	-	644
Total liabilities	103,653	-	-	-	-	-	103,653
Fund balance:							
Restricted for:							
Capital improvements	-	279,737	-	-	-	-	279,737
Park and stormwater improvements	-	-	-	-	742,688	-	742,688
Road improvements	243,732	-	-	-	-	-	243,732
Committed to:							
Debt service	-	-	6	-	-	-	6
Waste hauling	-	-	-	-	-	135,089	135,089
Subsequent budget	-	77,706	-	496	172,000	-	250,202
Assigned to:							
Road improvement projects	239,717	-	-	-	-	-	239,717
American Rescue Plan Act projects	565,809	-	-	-	-	-	565,809
Unassigned	2,990,429	-	-	-	-	-	2,990,429
Total fund balance	4,039,687	357,443	6	496	914,688	135,089	5,447,409
Total liabilities and fund balance	4,143,340	357,443	6	496	914,688	135,089	

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

Capital assets of \$34,296,960 net of accumulated depreciation of \$7,097,266 are not financial resources and therefore, not reported in the funds	27,199,694
Long-term liabilities are not due and payable in the current period and therefore, not reported in the funds	(6,069,847)
Net position of governmental activities	<u>26,577,256</u>

CITY OF COTTLEVILLE, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	General	Capital Improvement Fund	Debt Service Fund	Road Fund	Park and Stormwater Fund	Waste Hauling Fund	Total Governmental Funds
<b>REVENUES</b>							
Taxes	2,461,142	626,098	-	-	644,558	709,759	4,441,557
License and permits	272,744	-	-	-	-	-	272,744
Fines and forfeitures	202,092	-	-	-	-	-	202,092
Grants	17,361	-	-	-	66,696	-	84,057
CARES Act funding	20,520	-	-	-	-	-	20,520
American Rescue Plan Act funding	565,809	-	-	-	-	-	565,809
Investment income	3,773	-	-	-	601	151	4,525
Other revenue	139,064	-	-	29	29,715	-	168,808
Total revenues	3,682,505	626,098	-	29	741,570	709,910	5,760,112
<b>EXPENDITURES</b>							
Current expenditures:							
Administration	1,024,511	-	-	-	-	-	1,024,511
Police	1,437,323	-	-	-	-	-	1,437,323
Public works	297,343	-	-	-	-	-	297,343
Park	-	-	-	-	57,471	-	57,471
Stormwater	-	-	-	-	3,616	-	3,616
Waste hauling expense	-	-	-	-	-	664,694	664,694
Capital outlay	869	142,435	-	686,419	410,773	-	1,240,496
Debt service:							
Principal retirement	-	-	270,000	127,648	-	-	397,648
Interest and administrative fees	-	-	153,821	13,681	-	-	167,502
Capital lease:							
Obligation retirement	-	44,411	-	-	-	-	44,411
Interest	-	2,113	-	-	-	-	2,113
Total expenditures	2,760,046	188,959	423,821	827,748	471,860	664,694	5,337,128
REVENUES OVER (UNDER) EXPENDITURES	922,459	437,139	(423,821)	(827,719)	269,710	45,216	422,984

See Notes to Financial Statement

CITY OF COTTLEVILLE, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	General	Capital Improvement Fund	Debt Service Fund	Road Fund	Park and Stormwater Fund	Waste Hauling Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Operating transfers in	100,000	-	423,821	828,210	-	-	1,352,031
Operating transfers out	(828,210)	(423,821)	-	-	(70,000)	(30,000)	(1,352,031)
Insurance proceeds	19,180	14,064	-	-	-	-	33,244
Capital lease proceeds	-	65,244	-	-	-	-	65,244
Total other financing sources (uses)	(709,030)	(344,513)	423,821	828,210	(70,000)	(30,000)	98,488
NET CHANGES IN FUND BALANCE	213,429	92,626	-	491	199,710	15,216	521,472
FUND BALANCE, BEGINNING OF YEAR,	3,826,258	264,817	6	5	714,978	119,873	4,925,937
FUND BALANCE, END OF YEAR	4,039,687	357,443	6	496	914,688	135,089	5,447,409

See Notes to Financial Statement

CITY OF COTTLEVILLE, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

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

Net change in fund balance – total governmental funds	\$ 521,472
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the net effect of these differences:

Capital asset purchases	843,659	
Capital asset donations	18,684	
Depreciation	<u>( 891,064)</u>	
		( 28,721)

The issuance of long-term debt, including leases, provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. This amount is the net effect of these differences:

Lease purchase agreement principal payments	270,000	
Promissory note principal payments	83,189	
Reimbursement agreement payments	44,459	
Amortization of imputed interest discount	( 10,508)	
Capital lease proceeds	( 65,244)	
Capital lease principal payments	<u>44,412</u>	
		<u>366,308</u>

Change in net position of governmental activities	\$ <u>859,059</u>
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CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Cottleville, Missouri, (the City) was incorporated as a fourth-class city on August 6, 1992 and established a Mayor/Board of Aldermen form of government. The City provides various services including general administrative services, police, park management and improvements, road development and maintenance and waste hauling.

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City. Based on the criteria identified in GASB 61 there are no significant component units required to be included as part of the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position – modified cash basis and the statement of activities – modified cash basis. These statements report information on all of the nonfiduciary activities of the primary government and its component units. The material effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish *governmental activities*, which normally are supported by taxes and City general revenues, from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The City has no business-type activities.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

The City reports the following major governmental funds:

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

Capital Improvements Fund – is used to account for certain transfers and revenues restricted for acquisition, improvement, and maintenance of capital assets.

Debt Service Fund – is used to account for financial resources and transfers used to pay debt service related to long term debt.

Road Fund – is used to account for certain revenues restricted for road improvements.

Park and Storm Water Fund – is used to account for certain revenues restricted for park and storm water improvements.

Waste Hauling – is used to account for fees charged for waste hauling services.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide statement of net position – modified cash basis and the statement of activities – modified cash basis, governmental activities are presented using the “economic resources” measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the governmental funds utilize a “current financial resources” measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheet – modified cash basis. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balances are used as measures of available spendable financial resources at the end of the period in each fund.

The modified cash basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision of depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. As a result of the use of this modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as U.S. generally accepted accounting principles, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide statements would be presented on the accrual basis of accounting.

D. CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

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

Donated capital assets are recorded at estimated fair market value at the date of donation. 39 acres of wetland valued at \$18,684 was donated to the City during 2021.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City elected not to report general infrastructure assets retroactively. Therefore, no general infrastructure assets purchased or constructed prior to January 1, 2004 are included in the statement of net position – modified cash basis.

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.

Property, plant, equipment, and infrastructure of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-40
Buildings	40
Building improvements	20
Infrastructure	30-50
Vehicle, equipment	5
Computer equipment	5-10

Vehicles under capital lease are being amortized using straight-line method over a 5-year estimated useful life.

E. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2021, the City has no item which is considered a deferred outflow or deferred inflow.

F. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and capital lease obligations are reported as liabilities in the statement of net position – modified cash basis. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Long-term debt principal and capital lease payments are recognized as expenditures during the current period in the fund financial statements.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. PROPERTY TAXES

Property tax revenues are recorded when received. The City's property taxes are levied each September based on the assessed value at January 1 for all real and personal property located in the City. Taxes are due and payable on November 1 and delinquent after December 31. The City's property tax rate for 2021 was .2713 per \$100 assessed valuation, all of which was allocated to the General Fund.

All property tax assessment, billing, and collection functions are handled by St. Charles County. Taxes collected are remitted to the City by the St. Charles County Collector and recorded by the City in the month following the actual collection date.

H. PENSIONS

For purposes of measuring the disclosed net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS' fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments disclosed (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. LAGERS' investments disclosed are reported at fair value. Due to the modified cash basis method of accounting used, the City does not record the net pension liability (asset), deferred outflows of resources, or deferred inflows of resources for the pension plan.

I. EQUITY CLASSIFICATIONS

Government-Wide Statements

The government-wide financial statements utilize a net position presentation. Net position is displayed as three components:

- *Net investment in capital assets* represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. Also included in the calculation are related bond premiums and discounts and the deferred outflows or inflows of resources on refunding of bonds.
- *Restricted net position* consists of net position with constraints placed on their use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) through constitutional law provisions or enabling legislation. \$1,266,157 of the net position at December 31, 2021 is restricted by enabling legislation.
- *Unrestricted net position* represents the net position available for future operations.

It is the City's policy to use restricted resources before unrestricted resources.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental Funds

In the governmental fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

*Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* – This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City's Board of Aldermen has the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, which are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the City will spend amounts in the order of restricted, committed, then assigned.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

**Cash and Cash Equivalents**

The City's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. The surplus funds of the City may be legally invested in any of the securities identified as eligible in Section 30.270 of Missouri State Statutes.

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

Cash and cash equivalents are categorized into these three categories of credit risk:

1. Uninsured and uncollateralized.
2. Insured or collateralized by securities held by the pledging financial institution in the government's name.
3. Insured or collateralized by securities held by the pledging financial institution's trust department or agent, but not in the government's name.

At year end, the City's cash and cash equivalent balances were as follows:

<u>Category</u>			<u>Reported Amount</u>
<u>1</u>	<u>2</u>	<u>3</u>	
<u>\$ 141,906</u>	<u>\$ 5,257,593</u>	<u>\$ -</u>	<u>\$ 5,399,499</u>

**Investments**

At December 31, 2021, the City had the following investments:

Certificate of deposits bearing interest at .11% \$ 151,563

At December 31, 2021, all investments are fully insured or collateralized with securities or its agent in the City's name.

**Investment Policies**

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by prequalifying all institutions with which the City will do business and diversifying the portfolio so that potential losses on individual investments will be minimized.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market. Additionally, the City primarily invests in short-term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City requires collateralization of all certificates of deposits and repurchase agreements. Additionally, the City requires a deposit contract and pledge agreements with each safekeeping bank.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,678,713	\$ 18,684	\$ -	\$ 4,697,397
Construction in progress	<u>571,858</u>	<u>24,663</u>	<u>( 379,536)</u>	<u>216,985</u>
Total capital assets, not being depreciated	<u>5,250,571</u>	<u>43,347</u>	<u>( 379,536)</u>	<u>4,914,382</u>
Capital assets being depreciated				
Land improvements	1,544,710	-	-	1,544,710
Buildings and improvements	5,700,531	403,757	-	6,104,288
Equipment	1,279,931	17,459	-	1,297,390
Vehicles	447,884	77,297	-	525,181
Equipment under capital lease	71,990	65,244	( 35,875)	101,359
Infrastructure	<u>19,166,376</u>	<u>670,650</u>	<u>-</u>	<u>19,837,026</u>
Total capital assets being depreciated	<u>28,211,422</u>	<u>1,234,407</u>	<u>( 35,875)</u>	<u>29,409,954</u>
Less accumulated depreciation for:				
Land improvements	( 464,284)	( 57,460)	-	( 521,744)
Buildings and improvements	( 1,637,901)	( 150,740)	-	( 1,788,641)
Equipment	( 318,976)	( 69,343)	-	( 388,319)
Vehicles	( 375,654)	( 42,711)	-	( 418,365)
Equipment under capital lease	( 11,962)	( 14,384)	11,360	( 14,986)
Infrastructure	<u>( 3,424,801)</u>	<u>( 567,786)</u>	<u>-</u>	<u>( 3,992,587)</u>
Total accumulated depreciation	<u>( 6,233,578)</u>	<u>( 902,424)</u>	<u>11,360</u>	<u>( 7,124,642)</u>
Total capital assets being depreciated, net	<u>21,977,844</u>	<u>331,983</u>	<u>( 24,515)</u>	<u>22,285,312</u>
Governmental activities capital assets, net	<u>\$ 27,228,415</u>	<u>\$ 375,330</u>	<u>\$ ( 404,051)</u>	<u>\$ 27,199,694</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 144,350
Park	147,566
Public safety	28,639
Public works	567,320
Waste hauling	<u>3,189</u>
Total depreciation expense governmental activities	<u>\$ 891,064</u>

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended December 31, 2021:

	Balance 12-31-20	Additions	Reductions	Balance 12-31-21	Amount Due Within One Year
<u>Governmental activities</u>					
Lease Purchase Agreement, June 1, 2020, 2.5% interest	\$ 5,525,000	\$ -	\$ ( 270,000)	\$ 5,255,000	\$ 295,000
Promissory Note, July 1, 2016, 2.75% interest	532,306	-	( 83,189)	449,116	85,328
Reimbursement Agreement, July 31, 2019, 3% imputed interest	400,131	-	( 44,459)	355,672	44,459
Reimbursement Agreement imputed interest discount	<u>( 54,639)</u>	<u>-</u>	<u>10,508</u>	<u>( 44,130)</u>	<u>( 9,476)</u>
Total direct borrowings	6,402,798	-	( 387,140)	6,015,658	415,311
Capital lease obligations	<u>33,357</u>	<u>65,244</u>	<u>( 44,412)</u>	<u>54,189</u>	<u>32,469</u>
Total long-term debt	<u>\$ 6,436,155</u>	<u>\$ 65,244</u>	<u>\$ ( 431,552)</u>	<u>\$ 6,069,847</u>	<u>\$ 447,780</u>

The Lease Purchase Agreement is liquidated by the Debt Service Fund funded with transfers from the Capital Improvement Fund. The Promissory Note and Reimbursement Agreement are liquidated by the Road Fund funded with transfers from the General Fund. The capital leases are liquidated by the Capital Improvement Fund.

Lease Purchase Agreement

During June 2020, the City authorized a Lease Purchase Agreement, for the purpose of (1) prepaying the City's outstanding Refunding Certificates of Participation, Series 2012 and (2) pay certain costs in connection with the execution of the Lease Purchase Agreement. As a result, the old debt is considered defeased and the related liability has been removed from the City's financial statements. The City decreased its aggregated debt service payments by \$957,094 over 16 years which resulted in an economic gain (difference between the payment value of the old and new debt service payments) of \$814,489. The annual principal and interest requirements to maturity of the Lease Purchase Agreement as of December 31, 2021, are:

For the Years Ended December 31	Principal	Interest	Total
2022	\$ 295,000	\$ 131,376	\$ 426,376
2023	300,000	124,000	424,000
2024	305,000	116,500	421,500
2025	315,000	108,875	423,875
2026	325,000	101,000	426,000
2027-2031	1,740,000	379,500	2,119,500
2032-2036	<u>1,975,000</u>	<u>150,625</u>	<u>2,125,625</u>
	<u>\$ 5,255,000</u>	<u>\$ 1,111,876</u>	<u>\$ 6,366,876</u>

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM DEBT, Continued

Promissory Note, July 1, 2016

To fund a portion of its financial obligation towards the construction of Route N between Eagle Hill Road and Weiss Road, the City borrowed \$843,018 July 1, 2016, with interest at 2.75%. The annual principal and interest requirements to maturity of the promissory note as of December 31, 2021, are:

For the Years Ended December 31	Principal	Interest	Total
2022	\$ 85,328	\$ 11,542	\$ 96,870
2023	87,520	9,350	96,870
2024	89,750	7,120	96,870
2025	92,076	4,794	96,870
2026	94,442	2,428	96,870
	<u>\$ 449,116</u>	<u>\$ 35,234</u>	<u>\$ 484,350</u>

Agreement for Reimbursement of Construction Costs

On July 31, 2019, the City agreed to reimburse DCM Land, LLC for construction costs related to certain subdivision entrances from Highway N. Pursuant to the \$444,590 non-interest-bearing agreement, the City shall pay DCM Land, LLC \$44,459 annually for ten years beginning January 15, 2020. Interest has been imputed using a 3% rate. The annual principal and interest requirements to maturity of the agreement as of December 31, 2021, are:

For the Years Ended December 31	Principal	Interest	Total
2022	\$ 34,983	\$ 9,476	\$ 44,459
2023	36,047	8,412	44,459
2024	37,144	7,315	44,459
2025	38,273	6,186	44,459
2026	39,438	5,021	44,459
2027-2030	125,657	7,721	133,378
	<u>\$ 311,542</u>	<u>\$ 44,131</u>	<u>\$ 355,673</u>

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM DEBT, Continued

Capital Leases

The City leases vehicles pursuant to leases, which meet the criteria for capitalization. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, are as follows:

Governmental activities:

Year ending  
December

2022	35,841
2023	<u>23,078</u>
	58,919
Less amount representing interest	<u>4,730</u>
	54,189
Due within one year	<u>32,469</u>
Due in more than one year	<u>\$ 21,720</u>

\$2,111 of interest paid during 2021 is included in public safety expenses in the statement of activities.

NOTE 5: EMPLOYEE RETIREMENT PLAN

**Plan description**

The City of Cottleville 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](http://www.molagers.org).

**Benefits provided**

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

2021 Valuation

Benefit Multiplier:	2% for life
Final Average Salary:	5 Years
Rule of 80 adopted	Yes
Member Contributions:	6%

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

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLAN, Continued

**Employees covered by benefit terms**

At February 28, 2021, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	2	5
Inactive employees entitled to but not yet receiving benefits	0	4
Active employees	<u>6</u>	<u>13</u>
Total	<u>8</u>	<u>22</u>

**Contributions**

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. The employer contribution rate at January 1, 2021, was 11.6% and 12.5% of annual covered payroll for the general and police divisions, respectively. Effective May 1, 2021, the employer contribution rate changed to 16.10% and 17.2% of annual covered payroll for the general and police divisions, respectively.

**Net Pension Liability**

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

**Actuarial assumptions**

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

February 28, 2021

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

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

Actuarial assumptions used in the February 29, 2020 actuarial valuation were different as follows:

February 29, 2020

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

Mortality rates used for the 2020 actuarial valuation were based on different mortality tables.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLAN, Continued

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	Target Allocation	Weighted Average Long-term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	(25.00)%	(0.29)%

**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.

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92% (based on the weekly rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity); and the resulting single discount rate is 7.00% for General and 7.00% for Police.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) – (b)
Balance at 6/30/2020	\$ 2,150,622	\$ 1,397,739	\$ 752,883
Changes for the year:			
Service Cost	116,817	-	116,817
Interest	158,101	-	158,101
Change in benefit terms	439,818	-	439,818
Difference between expected and actual experience	( 45,721)	-	( 45,721)
Changes of assumptions	( 14,890)	-	( 14,890)
Contributions – employer	-	141,077	( 141,077)
Contributions – employee	-	48,428	( 48,428)
Net investment income	-	429,002	( 429,002)
Benefit payments, including refunds	( 55,588)	( 55,588)	-
Administrative expense	-	( 2,878)	2,878
Other (Net transfer)	-	9,496	( 9,496)
Net changes	598,537	569,537	29,000
Balance at 6/30/2021	\$ 2,749,159	\$ 1,967,276	\$ 781,883

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLAN, Continued

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net pension liability would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Total Pension Liability	\$ 3,252,404	\$ 2,749,159	\$ 2,343,860
Plan Fiduciary Net Position	<u>1,967,276</u>	<u>1,967,276</u>	<u>1,967,276</u>
Net Pension Liability/(Asset)	<u>\$ 1,285,128</u>	<u>\$ 781,883</u>	<u>\$ 376,584</u>

**Pension Expense**

In the year ended June 30, 2021 (measurement date) the actuarially determined pension expense was \$509,861.

Pension expense included in the December 31, 2021, modified cash basis financial statements totaled \$181,525.

**Contributions made after June 30, 2021 measurement date**

\$101,890 of contributions were made July 1, 2021 through December 31, 2021.

**Deferred Outflows of Resources and Deferred Inflows of Resources to be Recognized in Future Pension Expense**

LAGERS reported employer deferred outflows and inflows of resources related to pension from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences between expected and actual experience	\$ 123,033	\$ ( 64,440)	\$ 58,593
Assumption changes	11,629	( 13,007)	( 1,378)
Net difference between projected and actual earnings on pension plan investments	-	( 216,378)	( 216,378)
Employer contributions subsequent to the measurement date	<u>101,890</u>	<u>-</u>	<u>101,890</u>
Total	<u>\$ 236,552</u>	<u>\$ ( 293,825)</u>	<u>\$ ( 57,273)</u>

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLAN, Continued

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

For The  
Years Ending  
December 31

2022	\$( 36,256)
2023	( 29,135)
2024	( 34,378)
2025	( 52,093)
2026	( 388)
Thereafter	<u>( 6,913)</u>
Total	<u>\$(159,163)</u>

NOTE 6: INTERFUND TRANSACTIONS

Interfund transfer transactions are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>December 31, 2021</u>
Debt Service Fund	Capital Improvement Fund	<u>\$ 423,821</u>
General Fund	Park Fund	<u>\$ 70,000</u>
General Fund	Waste Hauling Fund	<u>\$ 30,000</u>
Road Fund	General Fund	<u>\$ 828,210</u>

Interfund transfers were made for debt service payments, administrative expense reimbursements and road improvements.

NOTE 7: CONTINGENCIES

Extended Leave Bank

Full-time employees are allowed to place up to 336 hours of paid time off into an extended leave bank that may be carried over from year to year. Amounts accumulated in the extended leave bank are forfeited upon the employee's termination or separation. The extended leave bank totaled \$25,584 at December 31, 2021.

Health Reimbursement Arrangement (HRA)

During 2021, the City reimburses employees for deductibles not to exceed \$1,500 annually per individual policy deductible of \$2,500 or \$4,500 annually per family policy deductible of \$7,500.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 8: OLD TOWN COTTLEVILLE COMMUNITY IMPROVEMENT DISTRICT AGREEMENT

Pursuant to an Intergovernmental Cooperation Agreement with the Old Town Cottleville Community Improvement District (CID) dated August 18, 2001, the City agreed to construct certain public improvements costing \$478,332 and the CID agreed to reimburse the City for the \$478,332 costs over a period of five years. Interest only at .5% is payable annually beginning October 4, 2022 until October 4, 2026, at which time the entire balance is due and payable. The City will record the reimbursement as grant income when received.

NOTE 9: COURT FINES

Total court fine revenues of \$202,092 represent 7.3% of general operating revenues.

NOTE 10: COMMITMENTS

CARES Act and American Rescue Plan Act (ARPA)

During 2021 the City received funds pursuant to the CARES Act and the American Rescue Plan Act totaling \$20,520 and \$565,809, respectfully. At December 31, 2021, \$565,809 has not been spent and is included as restricted cash in the financial statements. In accordance with ARPA provisions, these funds must be obligated to eligible costs by December 31, 2024 and spent by December 31, 2026.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters. The City purchases commercial insurance for all risks of loss. There was no significant reduction in insurance coverage during 2021 and settlement amounts have not exceeded insurance coverage for the current or three prior years.

NOTE 12: PENDING GOVERNMENTAL ACCOUNTING STANDARDS

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

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The Statements which might impact the City are as follows:

- GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this statement is to provide a single method reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for fiscal year beginning after June 15, 2022.

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO FINANCIAL STATEMENTS

NOTE 13:     SUBSEQUENT EVENTS

Management Review

Subsequent events have been evaluated through June 7, 2022, which is the date the financial statements were available to be issued.

## **OTHER INFORMATION SECTION**

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL- MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	2,270,905	2,270,905	2,461,142	190,237
Licenses and Permits	329,450	329,450	272,744	(56,706)
Fines and Forfeitures	173,750	173,750	202,092	28,342
Grants	2,000	2,000	17,361	15,361
CARES Act funding	-	-	20,520	20,520
American Rescue Plan Act funding	-	-	565,809	565,809
Investment income	10,000	10,000	3,773	(6,227)
Other Revenue	154,346	154,346	139,064	(15,282)
Total revenues	2,940,451	2,940,451	3,682,505	742,054
<b>EXPENDITURES</b>				
Administration				
Salaries	445,097	445,097	437,440	7,657
Payroll tax	35,608	35,608	29,741	5,867
Health, dental and life	131,000	131,000	93,645	37,355
Pension	47,421	47,421	56,834	(9,413)
Other	461,851	461,851	406,851	55,000
Total administration	1,120,977	1,120,977	1,024,511	96,466
Police				
Salaries	898,089	898,089	868,973	29,116
Payroll taxes	71,847	71,847	69,518	2,329
Health, dental and life	174,500	174,500	169,019	5,481
Pension	107,250	107,250	124,691	(17,441)
Other	211,600	211,600	205,122	6,478
Total police	1,463,286	1,463,286	1,437,323	25,963
Public Works	270,501	270,501	298,212	(27,711)
Total expenditures	2,854,764	2,854,764	2,760,046	94,718
REVENUES OVER EXPENDITURES	85,687	85,687	922,459	836,772
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	-	-	19,180	19,180
Operating transfers in	100,000	100,000	100,000	-
Operating transfers out	(875,330)	(875,330)	(828,210)	47,120
Total other financing sources (uses)	(775,330)	(775,330)	(709,030)	66,300
NET CHANGES IN FUND BALANCE	(689,643)	(689,643)	213,429	903,072
FUND BALANCE, BEGINNING OF	3,826,258	3,826,258	3,826,258	-
FUND BALANCE, END OF YEAR	3,136,615	3,136,615	4,039,687	903,072

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	565,000	565,000	626,098	61,098
Investment income	100	100	-	(100)
Total revenues	565,100	565,100	626,098	60,998
EXPENDITURES				
Capital outlay	63,372	63,372	142,435	(79,063)
Capital lease:				
Obligation retirement	44,411	44,411	44,411	-
Interest	1,846	1,846	2,113	(267)
Total expenditures	109,629	109,629	188,959	(79,330)
REVENUES OVER EXPENDITURES	455,471	455,471	437,139	(18,332)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(421,938)	(421,938)	(423,821)	(1,883)
Capital lease proceeds	-	-	65,244	65,244
Insurance proceeds	-	-	14,064	14,064
Total other financing sources (uses)	(421,938)	(421,938)	(344,513)	77,425
NET CHANGE IN FUND BALANCE	33,533	33,533	92,626	59,093
FUND BALANCE, BEGINNING OF YEAR	264,817	264,817	264,817	-
FUND BALANCE, END OF YEAR	298,350	298,350	357,443	59,093

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Other	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal retirement	270,000	270,000	270,000	-
Interest and administrative fees	151,938	151,938	153,821	(1,883)
Total expenditures	421,938	421,938	423,821	(1,883)
REVENUES OVER (UNDER) EXPENDITURES	(421,938)	(421,938)	(423,821)	(1,883)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	421,938	421,938	423,821	1,883
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	6	6	6	-
FUND BALANCE, END OF YEAR	6	6	6	-

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
ROAD FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Other	-	-	29	29
Total revenues	-	-	29	29
EXPENDITURES				
Capital outlay	734,000	734,000	686,419	47,581
Debt service:				
Principal retirement	127,648	127,648	127,648	-
Interest	13,682	13,682	13,681	1
Total expenditures	875,330	875,330	827,748	47,582
REVENUES OVER (UNDER) EXPENDITURES	(875,330)	(875,330)	(827,719)	47,611
OTHER FINANCING SOURCES				
Operating transfers in	875,330	875,330	828,210	(47,120)
NET CHANGE IN FUND BALANCE	-	-	491	491
FUND BALANCE, BEGINNING OF YEAR	5	5	5	-
FUND BALANCE, END OF YEAR	5	5	496	491

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
PARK AND STORMWATER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Taxes	576,700	576,700	644,558	67,858
Grants	95,000	95,000	66,696	(28,304)
Donations	-	-	2,000	2,000
Investment income	3,000	3,000	601	(2,399)
Other	23,100	23,100	27,715	4,615
Total revenues	697,800	697,800	741,570	43,770
EXPENDITURES				
Current:				
Park	81,850	81,850	57,471	24,379
Stormwater	25,000	25,000	3,616	21,384
Capital outlay:				
Park	918,000	918,000	410,773	507,227
Total expenditures	1,024,850	1,024,850	471,860	552,990
REVENUES OVER (UNDER) EXPENDITURES	(327,050)	(327,050)	269,710	596,760
OTHER FINANCING USES				
Operating transfers out	(70,000)	(70,000)	(70,000)	-
NET CHANGE IN FUND BALANCE	(397,050)	(397,050)	199,710	596,760
FUND BALANCE, BEGINNING OF YEAR	714,978	714,978	714,978	-
FUND BALANCE, END OF YEAR	317,928	317,928	914,688	596,760

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
WASTE HAULING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Charges for services	622,840	622,840	709,910	87,070
Investment income	-	-		-
Total revenues	622,840	622,840	709,910	87,070
EXPENDITURES				
Current:				
Waste hauling	628,840	628,840	664,694	(35,854)
Total expenditures	628,840	628,840	664,694	(35,854)
REVENUES OVER EXPENDITURES	(6,000)	(6,000)	45,216	51,216
OTHER FINANCING USES				
Operating transfers out	(30,000)	(30,000)	(30,000)	-
NET CHANGE IN FUND BALANCE	(36,000)	(36,000)	15,216	51,216
FUND BALANCE, BEGINNING OF YEAR	119,873	119,873	119,873	-
FUND BALANCE, END OF YEAR	83,873	83,873	135,089	51,216

CITY OF COTTLEVILLE, MISSOURI  
NOTES TO BUDGETARY OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

BUDGET POLICY AND PRACTICE

The City's policy is to adopt annual budgets for all funds in accordance with the modified cash basis of accounting. All budget appropriations lapse at year-end. The City follows these procedures in establishing its annual budgets as reflected in the financial statements.

1. Prior to December each year, the budget committee which is composed of the Mayor, the City Administrator and the City Treasurer, after receiving input from each department head, submits to the Board of Aldermen the annual operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and means of financing them.
2. Prior to December 31, the budget is legally adopted and enacted through passage of an ordinance.
3. Formal budgetary integration is employed as a management control device during the year at the fund level.
4. Budgeted amounts included in the financial statements are as originally adopted or as subsequently amended by the Board of Aldermen.
5. All appropriations not legally spent at year-end lapse.

EXPENDITURES EXCEEDING BUDGET APPROPRIATIONS

Expenditures exceeded budgetary appropriations for the year ended December 31, 2021, as follows:

<u>Fund</u>	<u>Expenditures In Excess of Appropriation</u>
Capital Improvements	\$ 79,330
Debt Service	\$ 1,883
Waste Hauling	\$ 35,854

These expenditures were funded by cash reserves or other financing sources.

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
GENERAL DIVISION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED DECEMBER 31

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	35,664	36,207	35,307	26,055	24,916	21,837	19,947
Interest on the total pension liability	51,108	45,067	39,076	26,497	21,660	16,946	14,399
Changes of benefit terms	206,024	-	-	112,637	-	-	-
Difference between expected and actual experience	(15,030)	10,823	12,517	8,332	22,559	10,847	(143)
Change in assumptions	(13,384)	-	-	-	-	14,619	-
Benefit payments	(12,396)	(4,760)	(4,638)	(4,503)	(1,501)	-	-
Net Changes in Total Pension Liability	251,986	87,337	82,262	169,018	67,634	64,249	34,203
Total Pension Liability Beginning	693,506	606,169	523,907	354,889	287,255	223,006	188,803
Total Pension Liability, Ending (a)	945,492	693,506	606,169	523,907	354,889	287,255	223,006
Plan Fiduciary Net Position							
Contributions - employer	43,684	42,898	40,792	31,487	20,528	18,727	17,033
Contributions - employee	14,975	15,052	14,319	13,891	12,661	12,182	10,493
Net investment income(loss)	132,692	5,205	21,377	30,707	30,140	1,073	2,565
Benefit payments	(12,396)	(4,760)	(4,638)	(4,503)	(1,501)	-	-
Administrative expense	(925)	(1,076)	(967)	(683)	(590)	(505)	(559)
Other	(1,645)	(815)	(169)	2,529	(2,280)	(1,473)	6,464
Net Change in Plan Fiduciary Net Position	176,385	56,504	70,714	73,428	58,958	30,004	35,996
Plan Fiduciary Net Position Beginning	440,784	384,280	313,566	240,138	181,180	151,176	115,180
Plan Fiduciary Net Position Ending (b)	617,169	440,784	384,280	313,566	240,138	181,180	151,176
Net Pension Liability (Asset) Ending (a-b)	328,323	252,722	221,889	210,341	114,751	106,075	71,830
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	65.27%	63.56%	63.39%	59.85%	67.67%	63.07%	67.79%
Covered Payroll (for February 28/29 Actuarial Valuation)	334,122	375,627	359,506	354,130	300,046	302,177	253,095
Net Pension Liability (Asset) as a Percentage of Covered Payroll	98.26%	67.28%	61.72%	59.40%	38.24%	35.10%	28.38%

Note: GASB 68 required supplemental information is not available for fiscal years prior to 2015.

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
POLICE DIVISION  
SCHEDULE OF CHANGES IN  
NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED DECEMBER 31

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	81,153	72,646	55,147	51,107	50,311	48,346	43,469
Interest on the total pension liability	106,993	90,635	80,327	70,527	62,869	55,503	48,326
Changes of benefit terms	233,794	-	-	72,369	-	-	-
Difference between expected and actual experience	(30,691)	104,640	30,361	(46,142)	4,729	(14,754)	10,889
Change in assumptions	(1,506)	-	-	-	-	22,516	-
Benefit payments	(43,192)	(49,651)	(15,431)	(13,949)	(11,445)	(10,527)	(1,807)
Net Changes in Total Pension Liability	346,551	218,270	150,404	133,912	106,464	101,084	100,877
Total Pension Liability Beginning	1,457,116	1,238,846	1,088,442	954,530	848,066	746,982	646,105
Total Pension Liability, Ending (a)	1,803,667	1,457,116	1,238,846	1,088,442	954,530	848,066	746,982
Plan Fiduciary Net Position							
Contributions - employer	97,393	87,460	76,204	48,670	52,572	46,432	48,707
Contributions - employee	33,453	29,502	25,359	20,275	26,686	23,924	25,261
Net investment income(loss)	296,310	11,734	53,046	76,858	60,133	3,033	7,541
Benefit payments	(43,192)	(49,651)	(15,431)	(13,949)	(11,445)	(10,527)	(1,807)
Administrative expense	(1,953)	(2,421)	(2,175)	(1,452)	(1,265)	(1,347)	(1,212)
Other	11,141	(3,341)	5,102	(3,753)	(2,884)	(5,608)	4,217
Net Change in Plan Fiduciary Net Position	393,152	73,283	142,105	126,649	123,797	55,907	82,707
Plan Fiduciary Net Position Beginning	956,955	883,672	741,567	614,918	491,121	435,214	352,507
Plan Fiduciary Net Position Ending (b)	1,350,107	956,955	883,672	741,567	614,918	491,121	435,214
Net Pension Liability (Asset) Ending (a-b)	453,560	500,161	355,174	346,875	339,612	356,945	311,768
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	74.85%	65.67%	71.33%	68.13%	64.42%	57.91%	58.26%
Covered Payroll (for February 28/29 Actuarial Valuation)	784,529	746,031	654,523	464,204	659,099	570,568	610,136
Net Pension Liability (Asset) as a Percentage of Covered Payroll	57.81%	67.04%	54.26%	74.72%	51.53%	62.56%	51.10%

Note: GASB 68 required supplemental information is not available for fiscal years prior to 2015.

CITY OF COTTLEVILLE, MISSOURI  
OTHER INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS

	For the Year Ending December 31									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined pension contribution	179,211	126,983	130,206	97,527	75,429	65,923	66,087	60,294	51,643	59,863
Contribution in relation to the actuarially determined contribution	179,211	126,983	130,206	97,527	74,198	65,923	66,087	60,294	51,643	59,863
Contribution Deficiency (Excess)	-	-	-	-	1,231	-	-	-	-	-
Covered Payroll	1,187,147	1,101,056	1,097,708	851,002	936,863	950,648	879,717	837,643	748,785	843,250
Contributions as a Percentage of Covered Payroll	15.10%	11.53%	11.86%	11.46%	7.92%	6.93%	7.51%	7.20%	6.90%	7.10%

Valuation date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 9 to 19 years
Asset valuation method	5 year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.55% including wage inflation
Investment rate of return	7.00%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.