



CITY OF LEBANON, MISSOURI

FINANCIAL REPORT (Audited)

Year Ended June 30, 2020

CITY OF LEBANON, MISSOURI

FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

December 14, 2020

Honorable Mayor and Members of the City Council
CITY OF LEBANON, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF LEBANON, MISSOURI** (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3; this includes 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.

Auditor's Responsibility

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

- ☐ 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- ☐ 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

www.hbclp.com

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in the modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

Basis of Accounting

We draw attention to Note A-3 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. Our opinions are not modified with respect to this matter.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis and supplemental information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A-3.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 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 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 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.

Hochschild, Bloom + Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

Chesterfield, Missouri

Management Discussion and Analysis

This section of the City of Lebanon's annual financial report provides readers a narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements and notes to the financial statements that follow this section, to enhance their understanding of the activities and financial health of the City of Lebanon.

Financial Highlights

In the 2020 Fiscal Year the City continued to see an increase in economic development activity. New commercial and retail developments opened their doors and are anticipated to increase tax revenues in the coming year. In addition, the City continues to show recovery in the housing market as the construction of custom homes and multi-family developments are gradually increasing. Fiscal Year 2020 saw two major impacts for the City, the COVID-19 pandemic that began in March and a significant storm that impacted the community of Lebanon on May 4th. In Fiscal Year 2020, despite challenges presented all across the world, Lebanon continued to maintain and even saw an increase in sales tax numbers. Despite the major damage some of the City's buildings incurred, because of sound financial policies and practices, the City was able to work through this event with minimal impact.

During the 2020 Fiscal Year the City of Lebanon worked to make strategic investments in capital improvements for its governmental and enterprise-activity. This investment in capital assets includes land, buildings, machinery, streets and sidewalks, vehicles, equipment, furniture and fixtures, and enterprise-wide hardware as well as general improvements and upgrades. The City's investment in capital assets for the 2020 Fiscal Year was approximately \$7.4 million. Major capital asset investments occurring in the 2020 Fiscal Year included the following:

The Park Fund (79) saw multiple projects this year. Dog Park Equipment was installed for a cost of \$11,245. Investments in Nelson Park including bleachers totaled \$72,918.

At the Cowan Civic Center, a new roof was installed, totaling \$172,032. Repairs to the foundation were also made at a cost of \$125,471. Construction of the Cowan Civic Center Indoor Track began in Fiscal Year 2020 for a cost of \$205,677. Construction of the Farmers Market Pavilion was completed in 2020 for a total cost of \$335,370. Engineering and Design for the construction of the Public Safety Building began in 2020 for a total cost of \$143,529. New Nelson Park spanned two fiscal years and was completed in 2020, at a cost of \$739,954. Funding came from the Capital Improvement Fund (22).

The Electric Fund (80) saw improvements to the electrical system this year that included \$78,792 for replacing conductors to increase capacity limits, \$153,871 for replacement of 69kv steel poles, \$241,146 for distribution pole changes, \$775,334 in Feeder Improvements, \$1,289,130 in substation improvements and \$51,022 for the LED streetlight replacements.

Capital purchases made from the Wastewater fund (85) include improvements to several lift stations in the amount of \$133,271 and six manhole covers, totaling \$18,597. Sewer line extensions totaling \$36,734 were installed on Oak and Catlin Street to provide City wastewater services to additional city residents. Improvements to the Goodwin Hollow Pump Station in the amount of \$45,347 were also made.

Capital purchases made from the Water Fund (87) include \$16,887 to West Bland Water Main. Water tower renovations were made for Glencastle, Bowling, Spiller in Fiscal Year 2020 at a cost of \$310,512. Well betterments were made in the amount of \$72,730.

The airport invested \$421,365 on T-Hangars and the runway from the Airport Fund (73) These are offset by grant funds with a 90/10 match.

Rolling stock replacement was steady in the 2020 Fiscal Year. Fleet upgrades were made from various funds totaling \$861,250. This included a Ford Interceptor for Police and a Fire Truck that were purchased and fully equipped using proceeds from the Capital Improvement Fund (22). Electric Fund (80) purchased a 55 ft bucket truck at a cost of \$207,642. Water Fund (87) purchased a Dodge 4500 Truck at a cost of \$70,944.

Investments in specialized equipment and machinery to help assist staff in the field and better serve patrons were made from various funds totaling \$370,658. Purchases include an auto scrubber for the Cowan Civic Center out of the General Fund (01), a backhoe from the Street Fund (08), a truck lift from the Service Fund (60), a mower from the Parks and Recreation Fund (79) a drone, mini skid steer, and tree chipper from the Electric Fund (80), and a portable generator, and a standby generator from the Wastewater Fund (85).

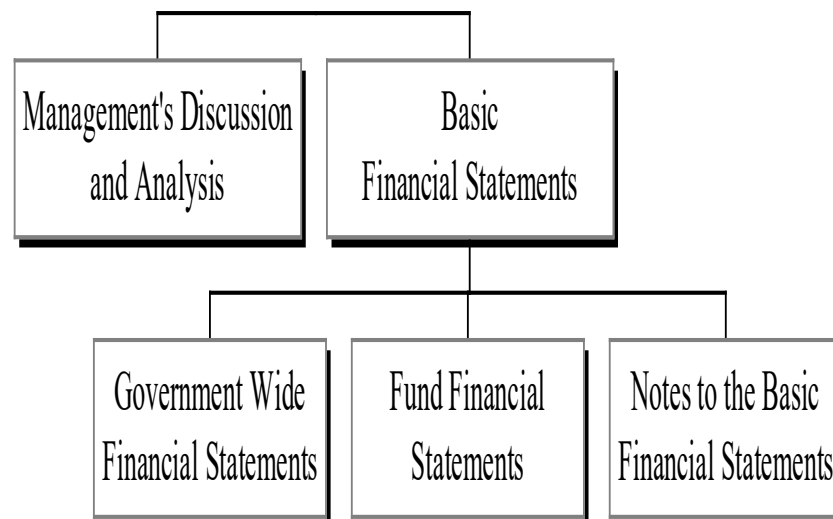
Investments were made in the City's street network for approximately \$1,017,039. These include the mill and overlay of Springfield, Texas, Ohio, Evergreen, Kansas and Utah. In addition, improvements to Ostrich, West Bland, and the Van Buren and Springfield realignment were also made.

Overview of Financial Statements

The financial reports consist of the management's discussion and analysis, the basic financial statements, and other supplemental information.

The basic financial statements include two kinds of statements that present different views of the City. The first statements are government-wide financials that provide both long-term and short-term information about the City's overall financial status. These statements are prepared on a modified cash basis of accounting (including limited capital assets and long-term debt) to present information in a more corporate-like presentation on individual parts of the government. The remaining statements are the fund financials that focus on individual parts of the City government and report more detail.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements (Statement of Net Position and the Statement of Activities). The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's overall financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements; and 2) the proprietary funds statements.

The next section of the basic financial statements is the Notes to the Basic Financial Statements. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, Other Supplemental Information is provided to show details about the City's performance relative to the budget.

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resources measurement focus using a modified cash basis of accounting. The statements present governmental activities and business-type activities separately. These statements do not include certain infrastructure but does state all known liabilities (including long-term debt). Additionally, certain elimination occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The statement of net position and statement of activities report the City's net position and the resulting changes. Net position is the difference between assets, deferred outflows, liabilities, and deferred inflows, which is one way to measure the City's financial health, or financial position. Over time increases and decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors to consider are changes in the City's sales tax base and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

The statement of activities distinguishes the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

Governmental activities - Most of the City's basic services are reported in this category, including General Fund, Capital Improvement Fund, Street Fund, and Other Governmental-Special Revenue Funds. Sales taxes, property tax, franchise fees, user fees, interest income, and grants finance these activities.

Business-type activities - The City charges a fee to customers to cover most of the cost of services it provides. The Economic Development, Water, Sewer, Fiber Operations, and Electric report this activity.

Fund Financial Statements

The City uses three types of funds to manage its resources: governmental funds, enterprise funds, and internal service funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

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

Enterprise Funds - When the City charges customers for the services it provides to cover the cost of operations, these activities are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the statement of net assets and the statement of revenues, expenses, and changes in fund net assets. In fact, the City's Enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information such as cash flows, for Enterprise funds.

Internal Services Funds - are used for the management of goods or services provided by one department or fund to another department or fund of the City on a cost reimbursement basis.

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

Other Supplemental Information - In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information concerning budgetary comparison schedules for the major governmental funds and pension information.

Government-Wide Financial Analysis

Net position, over time, may serve as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$103,699,203, which represents an increase of \$797,128 from Fiscal Year 2019's net position.

NET POSITION

The following table reflects the condensed Statement of Net Position as of June 30, 2020.

City of Lebanon Statement of Net Position				
	Governmental Activities	Business-type Activities	June 30, 2020 Totals	June 30, 2019 Totals
<u>ASSETS</u>				
Current and other assets	\$7,892,730	\$14,548,671	\$22,441,401	\$24,102,544
Restricted assets	\$-	\$952	\$952	\$158,683
Capital assets	\$40,702,787	\$44,822,428	\$85,525,215	\$83,292,403
Internal balances	\$(355,181)	\$355,181	\$-	\$-
Net pension asset	\$-	\$-	\$-	\$379,826
Customer service territory net of amortization	\$-	\$279,021	\$279,021	\$289,300
Total Assets	\$48,240,336	\$60,006,253	\$108,246,589	\$108,222,756
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	\$676,174	\$222,544	\$898,718	\$312,187
<u>LIABILITIES</u>				
Current liabilities	\$39,167	\$90,431	\$129,598	\$123,836
Short-term debt	\$222,308	\$517,008	\$739,316	\$546,411
Customer deposits	\$2,725	\$856,836	\$859,561	\$852,408
Long-term debt	\$60,143	\$1,656,085	\$1,716,228	\$2,361,429
Net pension liability	\$662,939	\$809,169	\$1,472,108	\$389,194
Total Liabilities	\$987,282	\$3,929,529	\$4,916,811	\$4,273,278
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred amounts related to pensions	\$466,025	\$63,268	\$529,293	\$1,359,590
<u>NET POSITION</u>				
Net investment in capital assets	\$40,420,336	\$40,510,598	\$80,930,934	\$77,878,813
Unrestricted	\$3,380,023	\$15,724,450	\$19,104,473	\$20,777,914
Restricted	\$3,662,844	\$952	\$3,663,796	\$4,245,348
Total Net Position	\$47,463,203	\$56,236,000	\$103,699,203	\$102,902,075

Total net position for the City was \$103,699,203 with \$47,463,203 attributed to governmental activities and \$56,236,000 attributed to business-type activities. The City's governmental activities saw an increase of \$890,648 over FY 2019 and the business-type activities saw a decrease of \$93,520 over FY 2019. The unrestricted net position for governmental activities was \$3,380,023 an increase of \$197,565 and for business-type activities was \$15,724,450 a decrease of \$1,871,006 over FY 2019. The increase in change in net position compared to prior years was attributed to an increase in capital assets.

The following table reflects the condensed revenue and expenses for the year ended June 30, 2020. These two main components are subtracted to yield the change in net position. The revenues and expenditures include the Governmental Funds (General, Street, Capital Improvement, Other Governmental, Special Revenue, and Internal Service Funds) and Enterprise Funds (Electric, Fiber Operations, Water, Sewer, and Economic Development Funds).

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes, PILOT (payment in lieu of taxes), and other unrestricted revenue sources.

City of Lebanon
Statement of Changes in Net Position

	Governmental Activities	Business-type Activities	June 30, 2020 Totals	June 30, 2019 Totals
<u>REVENUES</u>				
Program revenue:				
Charges for services	\$910,599	\$30,577,312	\$31,487,911	\$32,247,101
Operating grants & contributions	\$603,695	\$-	\$603,695	\$706,107
Capital grants & contributions	\$534,989	\$10,000	\$544,989	\$74,999
General revenue:				
Real estate taxes	\$1,306,147	\$-	\$1,306,147	\$1,291,662
Sales tax	\$7,802,503	\$-	\$7,802,503	\$7,545,563
Franchise tax	\$602,440	\$-	\$602,440	\$648,840
Other taxes	\$60,459	\$-	\$60,459	\$63,190
PILOT	\$1,253,007	\$-	\$1,253,007	\$1,365,538
Interest and investment earnings	\$29,721	\$174,096	\$203,817	\$177,701
Federal interest subsidy	\$-	\$41,937	\$41,937	\$47,306
Miscellaneous	\$179,344	\$46,548	\$225,892	\$632,063
Transfers in (out)	\$345,596	\$(345,596)	\$-	\$-
Gain on sale of capital assets	\$33,977	\$40,804	\$74,781	\$102,784
Total Revenues	\$13,662,477	\$30,545,101	\$44,207,578	\$44,902,854
<u>EXPENSES</u>				
General government	\$2,139,985	\$-	\$2,139,985	\$1,998,822
Public safety	\$4,430,573	\$-	\$4,430,573	\$4,412,722
Parks and recreation	\$2,078,133	\$-	\$2,078,133	\$1,971,205
Transportation	\$3,746,033	\$-	\$3,746,033	\$2,916,550
Economic development	\$99,993	\$-	\$99,993	\$99,848
Community development	\$246,372	\$-	\$246,372	\$34,526
Interest on long-term debt	\$30,740	\$-	\$30,740	\$6,148
Electric	\$-	\$25,678,303	\$25,678,303	\$24,701,910
Fiber operations	\$-	\$115,996	\$115,996	\$73,902
Water	\$-	\$1,683,373	\$1,683,373	\$1,769,440
Sewer	\$-	\$2,357,112	\$2,357,112	\$2,239,831
Economic development	\$-	\$803,837	\$803,837	\$825,740
Total Expenses	\$12,771,829	\$30,638,621	\$43,410,450	\$41,050,644
INCREASE (DECREASE) IN NET POSITION	\$890,648	\$(93,520)	\$797,128	\$3,852,210
NET POSITION, beginning of year	\$46,572,555	\$56,329,520	\$102,902,075	\$99,049,865
NET POSITION, end of year	\$47,463,203	\$56,236,000	\$103,699,203	\$102,902,075

The following statement of activities shows the costs of each major activity of the City. The purpose of this statement is to measure gross expenses against charges for services and grants and other funding.

Net Costs of Lebanon's Governmental Activities

	<u>Total Costs of Services</u>	<u>Net Costs of Services</u>
General government	\$2,139,985	(\$2,108,174)
Public safety	\$4,430,573	(\$4,296,760)
Parks and recreation	\$2,078,133	(\$1,744,588)
Transportation	\$3,746,033	(\$2,370,056)
Economic development	\$99,993	(\$93,964)
Community development	\$246,372	(\$78,264)
Interest on long-term debt	\$30,740	(\$30,740)
TOTAL	\$12,771,829	\$(10,722,546)

For comparison in FY ending June 30, 2019, Total Cost of Services was \$11,439,821 and Net Cost of Services was \$(9,689,101).

Financial Analysis of the City's Major Funds

As noted earlier, the City of Lebanon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

General Fund - This fund is the chief governmental operating fund of the City of Lebanon. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The General Fund includes departments of Administration, Court, Police, Fire, Cowan Civic Center, Community Building, and Recycling. All of these activities are provided to, and benefit all of the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group. At the end of the current fiscal year, the total fund balance of the General Fund was \$2,828,406, a decrease of \$(72,825) over the beginning balance of \$2,901,231. This fund balance is forty percent (40%) of total fund expenditures.

General Fund Budget Highlights

- Total amended budgeted revenue was \$7,194,914 and actual revenue was \$6,847,351 a difference of \$(347,563).
- Actual expenditures were over the amended budgeted amount by \$298,659.
- Actual Expenditures exceeded actual revenue by \$107,179.

Public Safety Fund - This fund is established as required under the Revised Missouri Statutes 94.577. The monies collected here are from a ½ cent sales tax. It is used for public safety purposes within the City of Lebanon. This fund provides for additional resources of staff and capital projects to support public safety. At the end of the fiscal year, total fund balance of the Public Safety Fund was \$139,504. This tax passed in April of 2020. The balance represents collections of sales taxes received in May and June.

Street Fund - This fund is established pursuant to the Missouri Constitution Article IV, Section 30(a)(2) [State Gas Tax], Revised Missouri Statutes 94.745 (City ½ cent sales tax). It is used for transportation purposes within the City of Lebanon. This fund provides for the maintenance and expansion of transportation needs of our citizens. Included in this fund are repair and maintenance of existing public road system, upgrades to local transportation

system. At the end of the fiscal year, total fund balance of the Street Fund was \$1,586,273, a decrease of \$226,510 over the beginning balance of \$1,812,783. This fund balance represents sixty-three percent (63%) of total revenue. The balance will be used for reserves and committed projects.

Capital Improvement Fund - This fund is established as required under the Revised Missouri Statutes 94.577. The monies collected here are from a ½ cent sales tax. These funds are used for capital infrastructure and recreational projects. Public Safety, Civic Center improvements and Parks projects were financed from the Capital Improvement Fund. At the close of the current fiscal year, the City of Lebanon's Capital Improvement Fund reported an ending fund balance of \$1,145,648, a decrease of \$43,583 over the beginning balance of \$1,189,231. This fund has no requirement to have an operational reserve.

Other Governmental Funds - The Parks and Recreation, Tourism (Lodging Tax), Airport, and Downtown Business District, are nonmajor funds for the City. These funds have a dedicated revenue source and are required to be separated from other governmental activity. The funds combined have a beginning fund balance of \$1,089,295 and an ending fund balance of \$791,748, a decrease of \$297,547. An individual breakdown of the funds beginning and ending balances are listed below.

Fund	Fund Balance	Fund Balance
	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Airport	\$-	\$-
	Special Revenue Funds	
Downtown Business District	\$37,778	\$69,242
Parks and Recreation	\$857,796	\$622,687
Tourism (Lodging Tax)	\$193,721	\$99,819

Proprietary Funds

Electric Fund - This fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of these funds. At the end of the fiscal year, the total net position of the Electric Fund (80) was \$23,430,510 a decrease of \$726,702 over the beginning net position of \$24,157,212. The operating unrestricted cash and investments is \$11,548,870 a decrease of \$1,848,812 from Fiscal Year 2019 ending operating unrestricted cash and investments of \$13,397,682. The Due from Other Funds is \$399,080 and Advanced to Other Funds is \$1,752,947 for a total accounts receivable of \$2,152,027. Other assets include Capital Assets of \$10,899,776. The operating income for Fiscal Year 2019 was \$947,758. For Fiscal Year 2020 the Electric Fund (80) operating income showed a loss of \$1,026,716.

Fiber Operations Fund - The total net position of the Fiber Operations Fund (83) was \$241,677 a decrease of \$66,692 over a beginning net position of \$308,369.

Water Fund - The Water Fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the Water Fund. At the end of the fiscal year, the total net position of the Water Fund was \$6,776,430 an increase of \$83,414 over the beginning net position of \$6,693,016. The unrestricted cash and investments balance in the operating fund at year-end was \$803,293 a decrease from Fiscal Year 2019 cash balance of \$932,637. The other assets which make up the total assets are Customer service territory (PWSO #3) \$279,021; Restricted Investments of \$95; and Capital Assets \$6,285,330.

Sewer Fund - The Sewer Fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the Sewer Fund. At the end of the current fiscal year, the total net position of the Sewer Fund was \$11,009,852, an increase of \$680,350 over the beginning balance of \$10,329,502. The total liabilities are \$2,052,620 and the total unrestricted cash and investments balance is \$1,474,425. Other assets include Restricted Investments \$857 and Capital Assets \$11,543,351.

Economic Development Fund - The Economic Development Fund is based on rents received. At the end of the Fiscal Year 2020, the total assets of the Economic Development Fund were \$16,574,377 which consists of: 1) \$628,773 in cash and cash equivalents; and 2) \$15,945,604 in capitalized assets. The total net position ending balance is \$14,435,640, a decrease of \$93,872 over the beginning balance of \$14,529,512. The Due to other funds balance is \$385,790 and the Advance from other funds balance is \$1,752,947.

Internal Service Funds

Community Development and Internal Service Funds - These funds are made of the internal services to the City. These departments provide services not related to a fund, rather an activity. Community Development (Fund 50) is a general function of governmental activity and is mostly funded by the General Fund. The exception to this is any revenue generated for subdivision development as governed by the City Municipal Code. Additionally, charges for services will offset any expenditures and subsequent charges to other funds. The net position of this fund ending Fiscal Year 2020 is \$135,010 an increase of \$45,076 over the net position of \$89,934.

The Internal Service Fund (Fund 60) is made up of the following departments, Garage, Warehouse, Purchasing Information Technology, Facilities Management, and Janitorial. Charges for services are the offset to the expenses in this fund, and therefore do not maintain a cash fund balance; however, assets and pension liabilities are assigned to this fund which will impact the net position either positively or negatively. The ending net position is \$661,521. The operating expenditures in Fiscal Year 2020 were \$1,047,461 which represents an increase over last year's operating expenditures of \$1,012,203.

Employee Benefits Fund - The Fund is based on premiums collected through payroll deductions. This fund manages the City's health insurance program along with other benefits provided by the City. It does have a net position, as it collects revenue through premiums and pays claims and other liabilities. This is a balance that should be monitored when reviewing the rates for employee premiums. The fund had a beginning net position of \$1,159,347 and an ending net position of \$1,253,959 an increase of \$94,612. The City saw a higher claim utilization this year. The current net position is approximately thirty-six (36%) percent.

Capital Asset and Debt Administration

Long-term Contracts

The City of Lebanon as a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC) has a long-term agreement to purchase its full energy requirements but does not have any ownership in MJMEUC resources. In the event the City would cancel its agreement the City would remain responsible for its allocated share of MJMEUC's Direct Cost associated with all resource's obligations entered into by MJMEUC for MoPEP prior to the notice of cancellation.

Capital Asset

The City of Lebanon's investment in capital assets for its governmental and business-type activities for the year ending June 30, 2020 amounts to approximately \$7.4 million. This covers a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and electric, water and sewer facilities. The City's Fiscal Year 2021 capital budget calls for spending \$17.3 million for capital projects.

City of Lebanon Capital Assets Fiscal Year 2020

	Governmental			Business-type			Total		
	Activities			Activities			Activities		
	Beginning	Ending	% Change	Beginning	Ending	% Change	Beginning	Ending	% Change
Buildings	\$34,489,870	\$34,489,870	0.0%	\$49,297,662	\$49,297,662	0.0%	\$83,787,532	\$83,787,532	0.0%
Improvements other than buildings	\$5,107,688	\$5,107,688	0.0%	\$708,644	\$708,644	0.0%	\$5,816,332	\$5,816,332	0.0%
Land	\$346,341	\$346,341	0.0%	\$88,173	\$88,173	0.0%	\$434,514	\$434,514	0.0%
Machinery & equipment	\$2,355,763	\$2,564,073	8.8%	\$4,834,376	\$5,092,381	5.3%	\$7,190,139	\$7,656,454	6.5%
Vehicles	\$5,205,413	\$5,353,489	2.8%	\$3,419,182	\$3,528,423	3.2%	\$8,624,595	\$8,881,912	3.0%
Infrastructure	\$15,824,107	\$16,536,626	4.5%	\$15,119,428	\$15,119,428	0.0%	\$30,943,535	\$31,656,054	2.3%
Construction in progress	<u>\$2,926,755</u>	<u>\$4,749,374</u>	62.3%	<u>\$2,624,726</u>	<u>\$5,340,293</u>	103.5%	<u>\$5,551,481</u>	\$10,089,667	81.7%
Less Accumulated Depreciation	<u>\$26,762,860</u>	<u>\$28,444,674</u>	6.3%	<u>\$32,292,865</u>	<u>\$34,352,576</u>	6.4%	\$59,055,725	\$62,797,250	6.3%
Total	<u>\$39,493,077</u>	<u>\$40,702,787</u>	3.1%	<u>\$43,799,326</u>	<u>\$44,822,428</u>	2.3%	<u>\$83,292,403</u>	<u>\$85,525,215</u>	2.7%

Additional information on the City's capital assets can be found in Note C in the notes to the basic financial statements.

Debt Administration

At the end of the current fiscal year, the City of Lebanon had \$2,455,544 in outstanding debt consisting of Certificates of Participation (COP) Series 2020 and seven capital leases. All the debt was secured by specific revenue sources. The City of Lebanon has due within one year a total of \$739,316 of outstanding obligations.

City of Lebanon Outstanding Debt---June 30, 2020

Governmental Activities	
Certificate of participation	\$156,623
Capital Lease	\$125,828
Total Governmental Activities	\$282,451
Business-type Activities	
Certificates of Participation	\$1,967,495
Capital Lease	\$205,598
Total Business-type Activities	\$2,173,093
TOTAL INDEBTEDNESS	\$2,455,544

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

City of Lebanon Inter-fund Loans---June 30, 2020

Economic Development Activities

Project	Amount	Due	Payable Fund
DTMP Phase I	\$1,576,558	2024	Economic Development
DTMP Phase II	\$562,179	2028	Economic Development
Total Inter-fund loans outstanding for Economic Activities			\$2,138,737
<u>Governmental Activities</u>			
Airport Hangers	\$13,290	2021	Airport
Total Inter-fund loans outstanding for Governmental Activities			\$13,290

Economic Factors and next Year's Budget and Rates

The City's priorities remain focused on: 1) addressing traffic flow, 2) improving code enforcement services, and 3) maintenance of city streets and buildings. Lebanon's manufacturing base continues to thrive, and the City continues to put forth investment in economic development. The housing market continues to see a gradual increase in the construction of custom homes and multi-family developments. The City is exploring ways to provide more housing to our community. In the Fiscal Year 2021 budget, the City is planning conservatively, given the uncertainty with the global impact and local impact of COVID-19. The City projected a 5% decrease in revenue, particularly sales tax revenue, and adjusted expenses accordingly. The City is in a healthy position as our goal has focused on monitoring fund balances of all funds and sound fiscal practices. Fiscal Year 2021 will see a full year of a new tax, a half (1/2) cent Public Safety Tax, which will support the continued increasing costs of public safety delivery and expanding fire services. The Capital Improvement plan will experience a measurable shift during the 2021 fiscal year as we continue to work towards delivering projects, which the Community supported, as part of the Capital Improvement Sales Tax renewal, while remaining not only mindful of ongoing capital needs but the current pandemic. The City regularly monitors the net operating income of its major utilities to ensure fiscal responsibility in the management of these public assets. The City pursues maintaining adequate funding for health insurance to allow for maximum flexibility to offset any increases. The Fiscal Year 2021 budget reflects continued improvement of the health of the fund balance. The City continues to invest its resources in long-term, large scale projects; such as the investments in system improvements for electric, wastewater and water utilities, street improvements and expansion of our public safety resources. These investments should allow the City to see savings in operations and improved services in future years. Additionally, the City will continue the acquisition of certain capital equipment through lease purchase financing. Finally, the issuance of lease obligations to finance the improvement of flow capacity increases to our wastewater treatment system was passed at the end of 2020. The City began work on these improvements at the end of Fiscal Year 2020 and should see the project finished up in Fiscal Year 2021. With the passage of the financing the City was able to recognize savings by refunding the existing debt in wastewater and water. Additionally, financing for projects from the Capital Fund and maintenance of existing City buildings were financed as well. This allowed us to move forward with projects as promised. As we continue to form clear Council goals, formed through community engagement, and look at our financials on a long-term outlook, our ability to deliver the services our customers desire will vastly improve.

Request for Information

This financial report is designed to provide the reader a general overview to the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Kat Gill, Director of Finance, 401 South Jefferson, Lebanon, Mo 65536 or visit us on the web at www.lebanonmo.org

CITY OF LEBANON, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	2020 Total	2019 Total
ASSETS				
Cash and cash equivalents	\$ 7,508,966	6,937,975	14,446,941	16,221,652
Investments	317,410	7,610,696	7,928,106	7,790,400
Inventory	66,354	-	66,354	90,492
Restricted investments	-	952	952	158,683
Customer service territory, net of amortization	-	279,021	279,021	289,300
Internal balances	(355,181)	355,181	-	-
Net pension asset	-	-	-	379,826
Capital assets:				
Land and construction in progress	5,095,715	5,428,466	10,524,181	5,985,995
Other capital assets, net of accumulated depreciation	35,607,072	39,393,962	75,001,034	77,306,408
Total Assets	<u>48,240,336</u>	<u>60,006,253</u>	<u>108,246,589</u>	<u>108,222,756</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>676,174</u>	<u>222,544</u>	<u>898,718</u>	<u>312,187</u>
LIABILITIES				
Due to others	39,167	90,431	129,598	123,836
Customer deposits payable	2,725	856,836	859,561	852,408
Noncurrent liabilities:				
Due within one year	222,308	517,008	739,316	546,411
Due in more than one year	60,143	1,656,085	1,716,228	2,361,429
Due in more than one year - net pension liability	662,939	809,169	1,472,108	389,194
Total Liabilities	<u>987,282</u>	<u>3,929,529</u>	<u>4,916,811</u>	<u>4,273,278</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>466,025</u>	<u>63,268</u>	<u>529,293</u>	<u>1,359,590</u>
NET POSITION				
Net investment in capital assets	40,420,336	40,510,598	80,930,934	77,878,813
Restricted for:				
Debt service	-	952	952	158,683
Parks and recreation	622,358	-	622,358	853,152
Transportation	1,686,092	-	1,686,092	2,006,504
Economic development	69,242	-	69,242	37,778
Capital improvements	1,145,648	-	1,145,648	1,189,231
Public safety	139,504	-	139,504	-
Unrestricted	<u>3,380,023</u>	<u>15,724,450</u>	<u>19,104,473</u>	<u>20,777,914</u>
Total Net Position	<u>\$ 47,463,203</u>	<u>56,236,000</u>	<u>103,699,203</u>	<u>102,902,075</u>

CITY OF LEBANON, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) And Changes In Net Position		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		
					Governmental Activities	Business-type Activities	2020 Total
Primary Government							2019 Total
Governmental Activities							
General government	\$ 2,139,985	21,271	10,540	-	(2,108,174)	-	(2,108,174)
Public safety	4,430,573	123,142	10,671	-	(4,296,760)	-	(4,296,760)
Parks and recreation	2,078,133	333,545	-	-	(1,744,588)	-	(1,744,588)
Transportation	3,746,033	258,504	582,484	534,989	(2,370,056)	-	(2,370,056)
Economic development	99,993	6,029	-	-	(93,964)	-	(93,964)
Community development	246,372	168,108	-	-	(78,264)	-	(78,264)
Interest and issuance costs on long-term debt	30,740	-	-	-	(30,740)	-	(30,740)
Total Governmental Activities	12,771,829	910,599	603,695	534,989	(10,722,546)	-	(10,722,546)
Business-type Activities							
Electric	25,678,303	24,641,552	-	10,000	-	(1,026,751)	(1,026,751)
Water	1,683,373	1,731,964	-	-	-	48,591	48,591
Sewer	2,357,112	2,984,562	-	-	-	627,450	627,450
Economic development	803,837	1,169,930	-	-	-	366,093	366,093
Fiber operations	115,996	49,304	-	-	-	(66,692)	(66,692)
Total Business-type Activities	30,638,621	30,577,312	-	10,000	-	(51,309)	(51,309)
Total Primary Government	\$ 43,410,450	31,487,911	603,695	544,989	(10,722,546)	(51,309)	(10,773,855)
General Revenues							
Taxes:							
Sales tax					7,802,503	-	7,802,503
Property tax					1,306,147	-	1,306,147
Franchise fees					602,440	-	602,440
PILOTs					1,253,007	-	1,253,007
Other taxes					60,459	-	60,459
Investment income					29,721	174,096	203,817
Federal interest subsidy					-	41,937	41,937
Gain on sale of capital assets					33,977	40,804	74,781
Other					179,344	46,548	225,892
Transfers					345,596	(345,596)	-
Total General Revenues And Transfers					11,613,194	(42,211)	11,570,983
CHANGE IN NET POSITION					890,648	(93,520)	797,128
NET POSITION, JULY 1					46,572,555	56,329,520	102,902,075
NET POSITION, JUNE 30					\$ 47,463,203	56,236,000	103,699,203

See notes to financial statements

CITY OF LEBANON, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	<u>General</u>	<u>Street</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Totals</u>	
					<u>2020</u>	<u>2019</u>
ASSETS						
Cash and cash equivalents	\$ 2,464,883	1,586,285	1,145,350	931,523	6,128,041	6,548,634
Investments	317,112	-	298	-	317,410	311,616
Due from other funds	74,029	-	-	-	74,029	195,144
Inventory	-	-	-	27,304	27,304	55,791
	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,304</u>	<u>27,304</u>	<u>55,791</u>
Total Assets	<u>\$ 2,856,024</u>	<u>1,586,285</u>	<u>1,145,648</u>	<u>958,827</u>	<u>6,546,784</u>	<u>7,111,185</u>
LIABILITIES						
Due to others	\$ 27,618	12	-	4,483	32,113	69,800
Customer deposit payable	-	-	-	2,725	2,725	2,680
Due to other funds	-	-	-	20,367	20,367	32,875
Advance from other funds	-	-	-	-	-	13,290
Total Liabilities	<u>27,618</u>	<u>12</u>	<u>-</u>	<u>27,575</u>	<u>55,205</u>	<u>118,645</u>
FUND BALANCES						
Nonspendable:						
Inventory	-	-	-	27,304	27,304	55,791
Restricted for:						
Parks and recreation	-	-	-	622,358	622,358	853,152
Public safety	-	-	-	139,504	139,504	-
Transportation	-	1,586,273	-	99,819	1,686,092	2,006,504
Economic development	-	-	-	69,242	69,242	37,778
Capital improvements	-	-	1,145,648	-	1,145,648	1,189,231
Assigned for:						
Subsequent year's budget - appropriation of fund balance	950,125	-	-	-	950,125	835,497
Unassigned	1,878,281	-	-	(26,975)	1,851,306	2,014,587
Total Fund Balances	<u>2,828,406</u>	<u>1,586,273</u>	<u>1,145,648</u>	<u>931,252</u>	<u>6,491,579</u>	<u>6,992,540</u>
Total Liabilities And Fund Balances	<u>\$ 2,856,024</u>	<u>1,586,285</u>	<u>1,145,648</u>	<u>958,827</u>	<u>6,546,784</u>	<u>7,111,185</u>

See notes to financial statements

CITY OF LEBANON, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

Total Fund Balances - Governmental Funds	\$ 6,491,579
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 in the governmental funds. The cost of the assets is \$69,147,461 and the accumulated depreciation is \$28,444,674.	40,702,787
Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position - modified cash basis.	1,004,078
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension liability	(662,939)
Deferred outflows related to pensions	676,174
Deferred inflows related to pensions	(466,025)
Certain long-term liabilities 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:	
Bonds payable	(156,623)
Capital leases	(125,828)
Total Net Position Of Governmental Activities	<u>\$ 47,463,203</u>

CITY OF LEBANON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	General	Street	Capital Improvement	Other Governmental Funds	Totals	
					2020	2019
REVENUES						
Sales tax	\$ 3,822,615	1,852,452	1,851,994	275,442	7,802,503	7,545,563
Property tax	639,376	-	-	666,771	1,306,147	1,291,662
Franchise fees	602,440	-	-	-	602,440	648,840
PILOTs	1,253,007	-	-	-	1,253,007	1,365,538
Other taxes	60,459	570,852	-	-	631,311	642,983
Intergovernmental	21,211	110,598	-	436,023	567,832	151,186
Licenses and permits	16,187	-	-	-	16,187	26,518
Fines and forfeitures	122,381	-	-	-	122,381	153,046
Charges for services	201,791	-	-	402,132	603,923	663,571
Investment income	19,384	2,584	4,523	3,230	29,721	12,122
Other	88,500	866	-	50,548	139,914	252,346
Total Revenues	6,847,351	2,537,352	1,856,517	1,834,146	13,075,366	12,753,375
EXPENDITURES						
Current:						
General government	2,017,837	-	-	-	2,017,837	1,936,633
Public safety	4,304,632	-	-	-	4,304,632	4,257,915
Parks and recreation	448,367	-	-	717,535	1,165,902	1,196,233
Transportation	-	1,638,510	-	766,544	2,405,054	2,248,230
Economic development	35,943	-	-	21,742	57,685	62,238
Capital outlay	147,751	1,079,814	2,232,505	523,756	3,983,826	2,908,020
Debt service:						
Principal	-	63,817	-	-	63,817	64,763
Interest	-	5,536	-	986	6,522	6,148
Debt issuance costs	-	-	24,218	-	24,218	-
Total Expenditures	6,954,530	2,787,677	2,256,723	2,030,563	14,029,493	12,680,180
REVENUES OVER (UNDER) EXPENDITURES	(107,179)	(250,325)	(400,206)	(196,417)	(954,127)	73,195
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	-	-	156,623	-	156,623	-
Sale of capital assets	18,685	14,655	-	3,225	36,565	13,712
Insurance recoveries	18,300	9,160	-	11,922	39,382	306,834
Transfers in	-	-	200,000	223,227	423,227	475,664
Transfers out	(2,631)	-	-	(200,000)	(202,631)	(155,483)
Total Other Financing Sources (Uses)	34,354	23,815	356,623	38,374	453,166	640,727
NET CHANGE IN FUND BALANCES	(72,825)	(226,510)	(43,583)	(158,043)	(500,961)	713,922
FUND BALANCES, JULY 1	2,901,231	1,812,783	1,189,231	1,089,295	6,992,540	6,278,618
FUND BALANCES, JUNE 30	\$ 2,828,406	1,586,273	1,145,648	931,252	6,491,579	6,992,540

See notes to financial statements

CITY OF LEBANON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Net Change In Fund Balances - Governmental Funds \$ (500,961)

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

Capital outlays are reported in the governmental funds 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 is the amount by which capital outlays over the capitalization threshold (\$3,418,103) exceeded depreciation (\$2,203,558) in the current period. 1,214,545

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to increase (decrease) net position. (4,835)

Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The net revenues (expense) of the certain activities of the Internal Service Funds are reported with governmental activities in the statement of activities - modified cash basis. 208,417

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the 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. The net effect of the differences in the treatment of long-term debt and related items is as follows:

Issuances:

Proceeds from bond issuance (156,623)

Repayments:

Principal payments on capital leases 63,817

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.

Pension expense 66,288

Change In Net Position Of Governmental Activities \$ 890,648

CITY OF LEBANON, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	Business-type Activities						Governmental Activities	Totals	
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds	2020	2019
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 4,730,956	486,181	998,755	628,773	93,310	6,937,975	1,380,925	8,318,900	9,673,018
Investments	6,817,914	317,112	475,670	-	-	7,610,696	-	7,610,696	7,478,784
Due from other funds	399,080	-	-	-	-	399,080	-	399,080	378,778
Inventory	-	-	-	-	-	-	39,050	39,050	34,701
Total Current Assets	11,947,950	803,293	1,474,425	628,773	93,310	14,947,751	1,419,975	16,367,726	17,565,281
Noncurrent Assets									
Capital assets:									
Land and construction in progress	2,848,815	638,291	1,671,662	216,744	52,954	5,428,466	23,839	5,452,305	2,734,851
Other capital assets, net of accumulated depreciation	8,050,961	5,647,039	9,871,689	15,728,860	95,413	39,393,962	909,776	40,303,738	42,092,550
Total Capital Assets	10,899,776	6,285,330	11,543,351	15,945,604	148,367	44,822,428	933,615	45,756,043	44,827,401
Advance to other funds	1,752,947	-	-	-	-	1,752,947	-	1,752,947	2,152,027
Restricted investments	-	95	857	-	-	952	-	952	158,683
Customer service territory, net of amortization	-	279,021	-	-	-	279,021	-	279,021	289,300
Total Noncurrent Assets	12,652,723	6,564,446	11,544,208	15,945,604	148,367	46,855,348	933,615	47,788,963	47,427,411
Total Assets	24,600,673	7,367,739	13,018,633	16,574,377	241,677	61,803,099	2,353,590	64,156,689	64,992,692
DEFERRED OUTFLOWS OF RESOURCES									
Deferred amounts related to pensions	117,775	43,516	61,253	-	-	222,544	78,449	300,993	92,363
LIABILITIES									
Current Liabilities									
Customer deposits payable	649,537	207,299	-	-	-	856,836	-	856,836	849,728
Due to others	90,431	-	-	-	-	90,431	7,054	97,485	54,036
Due to other funds	-	-	-	385,790	-	385,790	66,952	452,742	541,047
Debt payable - current	27,934	56,897	432,177	-	-	517,008	-	517,008	482,595
Total Current Liabilities	767,902	264,196	432,177	385,790	-	1,850,065	74,006	1,924,071	1,927,406
Noncurrent Liabilities									
Advance from other funds	-	-	-	1,752,947	-	1,752,947	-	1,752,947	2,138,737
Net pension liability	428,230	158,225	222,714	-	-	809,169	285,240	1,094,409	520,718
Debt payable	58,323	200,033	1,397,729	-	-	1,656,085	-	1,656,085	2,235,600
Total Noncurrent Liabilities	486,553	358,258	1,620,443	1,752,947	-	4,218,201	285,240	4,503,441	4,895,055
Total Liabilities	1,254,455	622,454	2,052,620	2,138,737	-	6,068,266	359,246	6,427,512	6,822,461
DEFERRED INFLOWS OF RESOURCES									
Deferred amounts related to pensions	33,483	12,371	17,414	-	-	63,268	22,303	85,571	338,432
NET POSITION									
Net investment in capital assets	10,813,519	6,028,400	9,713,445	13,806,867	148,367	40,510,598	933,615	41,444,213	39,603,456
Restricted for debt service	-	95	857	-	-	952	-	952	158,683
Unrestricted	12,616,991	747,935	1,295,550	628,773	93,310	15,382,559	1,116,875	16,499,434	18,162,023
Total Net Position	\$ 23,430,510	6,776,430	11,009,852	14,435,640	241,677	55,894,109	2,050,490	57,944,599	57,924,162
Adjustment to reflect the consolidation of the Internal Service Funds' activities related to Enterprise Funds	160,769	78,252	102,870	-	-	341,891			
Net Position Of Business-type Activities	\$ 23,591,279	6,854,682	11,112,722	14,435,640	241,677	56,236,000			

See notes to financial statements

CITY OF LEBANON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities						Governmental Activities		
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds	Totals	
								2020	2019
OPERATING REVENUES									
Charges for services	\$ 24,641,552	1,731,964	2,984,562	1,169,930	49,304	30,577,312	4,992,491	35,569,803	35,952,810
Licenses and permits	-	-	-	-	-	-	89,624	89,624	72,032
Other	22,546	2,243	3,997	-	-	28,786	4,176	32,962	50,410
Total Operating Revenues	24,664,098	1,734,207	2,988,559	1,169,930	49,304	30,606,098	5,086,291	35,692,389	36,075,252
OPERATING EXPENSES									
PILOTs	1,168,549	81,993	-	-	2,465	1,253,007	-	1,253,007	1,365,538
Personnel costs	2,052,234	827,446	1,059,080	15,000	37,965	3,991,725	4,685,851	8,677,576	7,349,671
Operations and maintenance	21,789,248	447,038	527,017	-	69,057	22,832,360	291,592	23,123,952	22,530,090
Economic development	-	-	-	185,111	-	185,111	-	185,111	207,041
Depreciation	680,783	295,173	578,688	603,726	6,509	2,164,879	114,348	2,279,227	2,289,156
Total Operating Expenses	25,690,814	1,651,650	2,164,785	803,837	115,996	30,427,082	5,091,791	35,518,873	33,741,496
OPERATING INCOME (LOSS)	(1,026,716)	82,557	823,774	366,093	(66,692)	179,016	(5,500)	173,516	2,333,756
NONOPERATING REVENUES (EXPENSES)									
Investment income	150,939	7,965	12,608	2,584	-	174,096	10,982	185,078	165,579
Intergovernmental revenue	10,000	4,461	37,476	-	-	51,937	-	51,937	54,233
Insurance recoveries	14,322	2,455	-	-	-	16,777	-	16,777	66,369
Gain on disposal/transfer of capital assets	10,104	24,000	6,700	-	-	40,804	13,457	54,261	93,418
Interest income (expense) on interfund loan	117,938	-	-	(116,953)	-	985	-	985	1,558
Debt issuance costs	-	(10,830)	(70,053)	-	-	(80,883)	-	(80,883)	-
Interest expense and fees	(3,289)	(27,194)	(130,155)	-	-	(160,638)	-	(160,638)	(162,424)
Total Nonoperating Revenues (Expenses)	300,014	857	(143,424)	(114,369)	-	43,078	24,439	67,517	218,733
INCOME (LOSS) BEFORE TRANSFERS	(726,702)	83,414	680,350	251,724	(66,692)	222,094	18,939	241,033	2,552,489
Transfers in	-	-	-	-	-	-	125,000	125,000	-
Transfers out	-	-	-	(345,596)	-	(345,596)	-	(345,596)	(320,181)
CHANGE IN NET POSITION	(726,702)	83,414	680,350	(93,872)	(66,692)	(123,502)	143,939	20,437	2,232,308
NET POSITION, JULY 1	24,157,212	6,693,016	10,329,502	14,529,512	308,369	56,017,611	1,906,551	57,924,162	55,691,854
NET POSITION, JUNE 30	\$ 23,430,510	6,776,430	11,009,852	14,435,640	241,677	55,894,109	2,050,490	57,944,599	57,924,162
Adjustment to reflect the consolidation of the Internal Service Funds' activities related to Enterprise Funds	15,800	6,301	7,881	-	-	29,982			
Change In Net Position Of Business-type Activities	\$ (710,902)	89,715	688,231	(93,872)	(66,692)	(93,520)			

See notes to financial statements

CITY OF LEBANON, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities					Governmental Activities	
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
Cash flows from operating activities:							
Receipts from customers and users	\$ 24,629,260	1,751,364	2,984,562	1,169,930	49,304	30,584,420	168,108
Receipts from interfund charges	-	-	-	-	-	-	4,914,007
Payments to suppliers	(21,750,520)	(447,038)	(527,017)	(185,111)	(69,057)	(22,978,743)	(295,941)
Payments to employees for salaries and benefits	(1,978,381)	(829,507)	(1,054,089)	(15,000)	(37,965)	(3,914,942)	(4,645,713)
Payments to other funds for services provided	(1,168,549)	(81,993)	-	-	(2,465)	(1,253,007)	-
Other receipts	22,546	2,243	3,997	-	-	28,786	4,176
Net Cash Provided By (Used In) Operating Activities	(245,644)	395,069	1,407,453	969,819	(60,183)	2,466,514	144,637
Cash flows from noncapital financing activities:							
Due to/from other funds	(20,302)	-	-	18,777	-	(1,525)	(107,082)
Advance to/from other funds	399,080	-	-	(385,790)	-	13,290	-
Interest received (paid) on advance from other funds	117,938	-	-	(116,953)	-	985	-
Transfer from (to) other funds	-	-	-	(345,596)	-	(345,596)	125,000
Net Cash Provided By (Used In) Noncapital Financing Activities	496,716	-	-	(829,562)	-	(332,846)	17,918
Cash flows from capital and related financing activities:							
Insurance recoveries	14,322	2,455	-	-	-	16,777	-
Intergovernmental grants received	10,000	4,461	37,476	-	-	51,937	-
Acquisition and construction of capital assets	(2,256,808)	(495,027)	(372,545)	(34,135)	(31,462)	(3,189,977)	(19,888)
Proceeds from sale of capital assets	12,100	24,000	6,700	-	-	42,800	13,457
Proceeds from issuance of long-term debt	-	212,166	1,755,329	-	-	1,967,495	-
Principal payments on long-term debt	(27,148)	(268,876)	(2,216,573)	-	-	(2,512,597)	-
Debt issuance costs	-	(10,830)	(70,053)	-	-	(80,883)	-
Interest paid on long-term debt	(3,289)	(16,915)	(130,155)	-	-	(150,359)	-
Net Cash Used In Capital And Related Financing Activities	(2,250,823)	(548,566)	(989,821)	(34,135)	(31,462)	(3,854,807)	(6,431)
Cash flows from investing activities:							
Investment income	150,939	7,965	12,608	2,584	-	174,096	10,982
Change in investments	(118,171)	10,692	133,298	-	-	25,819	-
Net Cash Provided By Investing Activities	32,768	18,657	145,906	2,584	-	199,915	10,982
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,966,983)	(134,840)	563,538	108,706	(91,645)	(1,521,224)	167,106
CASH AND CASH EQUIVALENTS, JULY 1	6,697,939	621,021	435,217	520,067	184,955	8,459,199	1,213,819
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 4,730,956	486,181	998,755	628,773	93,310	6,937,975	1,380,925

See notes to financial statements

(Continued)

CITY OF LEBANON, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities					Governmental Activities	
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income (loss)	\$ (1,026,716)	82,557	823,774	366,093	(66,692)	179,016	(5,500)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	680,783	295,173	578,688	603,726	6,509	2,164,879	114,348
(Increase) decrease in:							
Inventory	-	-	-	-	-	-	(4,349)
Deferred outflows related to pensions	(85,242)	(27,960)	(40,308)	-	-	(153,510)	(55,120)
Increase (decrease) in:							
Due to others	38,728	-	-	-	-	38,728	4,721
Customer deposits payable	(12,292)	19,400	-	-	-	7,108	-
Net pension liability	244,818	70,526	104,631	-	-	419,975	153,716
Deferred inflows related to pensions	(85,723)	(44,627)	(59,332)	-	-	(189,682)	(63,179)
Total Adjustments	781,072	312,512	583,679	603,726	6,509	2,287,498	150,137
Net Cash Provided By (Used In) Operating Activities	\$ (245,644)	395,069	1,407,453	969,819	(60,183)	2,466,514	144,637
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Amortization of customer service territory	\$ -	10,279	-	-	-	10,279	-

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF LEBANON, MISSOURI** (the City) was incorporated in 1877 and established as a Mayor/City Council form of government. The City's major operations include general government administration, public safety, parks and recreation, planning and community development, airport, street maintenance, electric, water, and sewer.

The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities - modified cash basis 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

3. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Measurement Focus

In the government-wide statement of net position - modified cash basis and the statement of activities - modified cash basis, both governmental and business-type 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 “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues 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 accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

would use the modified accrual basis of accounting while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide statements would be presented on the accrual basis of accounting.

The City reports the following major governmental funds:

General Fund -- This 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.

Street Fund -- This fund accounts for financial resources restricted for street construction and operations and maintenance.

Capital Improvement Fund -- This fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The City reports the following major proprietary funds:

Electric Fund -- This fund accounts for the City's electric utility services. The costs (expenses) of providing the services to the general public is financed primarily through user charges.

Water Fund -- This fund accounts for the City's water utility services. The costs (expenses) of providing the services to the general public is financed primarily through user charges.

Sewer Fund -- This fund accounts for the City's sewer utility services. The costs (expenses) of providing the services to the general public is financed primarily through user charges.

Economic Development Fund -- This fund is used to report financial resources used for the promotion of economic development including capital acquisitions and the rental operations of those facilities.

Additionally, the City reports the following fund types:

Internal Service Funds -- These funds are used to account for services provided to other departments or agencies of the City on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 contribution, including special assessments. 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 and Internal Service Funds are charges for sales and services. Operating expenses for Enterprise Funds and Internal Service 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.

4. Cash, Cash Equivalents, and Investments

The City maintains a cash money-market pool that is used by all funds except for certain restricted and special funds which have their own accounts. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are carried at cost, which approximates fair value.

5. Inventories

Inventories in the Internal Service Funds and governmental funds are valued at lower of cost or market (first-in, first-out) and the expense is recognized when inventory items are consumed in operations. Inventories consist of fuel and supplies.

6. Restricted Assets

Certain cash and investments are classified as restricted assets on the balance sheet because their use is limited for debt service.

7. Customer Deposits

The City collects a refundable deposit from customers prior to initiating metered utility service.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased and capitalized in the proprietary fund statements. All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The City has chosen not to capitalize existing infrastructure before July 1, 2012 but will capitalize any future infrastructure that it acquires.

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

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Building and improvements	5 - 40
Vehicles	3 - 10
Infrastructure	5 - 40
Furniture and fixtures	5 - 40
Machinery and equipment	3 - 20

9. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension on the statement of net position.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to the pension reported on the statement of net position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-term Liabilities

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 discount 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, governmental fund types recognize bond premiums and discounts 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.

11. Compensated Absences

The City's policy on vacation and sick leave permits limited accruals of each type that can be used in a future year. No provision has been made to record this liability in the year incurred, but rather, when paid.

12. Property Taxes

The City's property taxes are levied September 1 based on the assessed valuation as of the previous January 1. Taxes are due upon receipt of billing and become delinquent after December 31. Taxes paid after December 31 are subject to penalties. Laclede County bills and collects the City's property taxes.

The assessed value at January 1, 2019 upon which the 2019 levy was based for real estate, personal property, and railroads and utilities taxes was \$215,200,339.

The City's tax rate was levied at 0.5216 per \$100 of assessed valuation which is used 50% for General Fund operations and 50% for Parks and Recreation Fund operations.

13. Interfund Transactions

The City has the following types of transactions among funds:

Transfers -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Interfund Transactions (Continued)

Due To/From Other Funds -- Current portions of long-term interfund loans receivable/payable are considered “available spendable resources” and are reported as assets and liabilities of the appropriate funds.

Advance To/From Other Funds -- Long-term portions of interfund loans receivable/payable are reported as assets and liabilities of the appropriate funds.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

14. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the City Council. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restrictive amounts before the least restricted.

15. Use of Estimates

Financial statements prepared on the modified cash basis of accounting requires the City to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Pensions

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

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

2. Investments

As of June 30, 2020, the City had the following investments:

Investments	Fair Value	Maturities				Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	
Primary Government						
Money market funds	\$ 3,463,232	-	3,463,232	-	-	Not rated
Government securities:						
Federal Home Loan Mortgage Corporation	982,782	-	-	982,782	-	AAA
Federal National Mortgage Association	3,483,044	-	992,327	2,490,717	-	AAA
Total Investments	<u>\$ 7,929,058</u>	<u>-</u>	<u>4,455,559</u>	<u>3,473,499</u>	<u>-</u>	

Investment Policies

The City's formal investment policies are as follows:

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

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 diversifying the portfolio to reduce potential losses on individual securities.

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 prior to maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At June 30, 2020, the City had the following investment concentrations:

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Total Investments</u>
Primary Government		
Money market funds - certain banks greater than 5%	\$ 3,460,983	43.65 %
Federal Home Loan Mortgage Corporation	982,782	12.39
Federal National Mortgage Association	3,483,044	43.93

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of the risk associated with investing in those securities.

The City has the following recurring fair value level measurements:

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements (Continued)

	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Primary Government				
Investments by fair value level:				
Government securities:				
Federal Home Loan				
Mortgage Corporation	\$ 982,782	-	982,782	-
Federal National Mortgage				
Association	3,483,044	-	3,483,044	-
Total Investments By				
Fair Value Level	4,465,826	-	4,465,826	-
Investments not subject to fair				
value classification:				
Money market funds	3,463,232			
Total	\$ 7,929,058			

NOTE C - CAPITAL ASSETS

Capital asset activity for governmental activities was as follows:

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

For The Year Ended June 30, 2020

	Balance June 30 2019	Increases	Decreases	Balance June 30 2020
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 346,341	-	-	346,341
Construction in progress	2,926,755	2,638,380	815,761	4,749,374
Total Capital Assets Not Being Depreciated	3,273,096	2,638,380	815,761	5,095,715
Capital assets being depreciated:				
Buildings	34,489,870	-	-	34,489,870
Improvements other than buildings	5,107,688	-	-	5,107,688
Vehicles	5,205,413	668,814	520,738	5,353,489
Infrastructure	15,824,107	712,519	-	16,536,626
Machinery and equipment	2,355,763	214,151	5,841	2,564,073
Total Capital Assets Being Depreciated	62,982,841	1,595,484	526,579	64,051,746
Less - Accumulated depreciation for:				
Buildings	14,886,260	893,236	-	15,779,496
Improvements other than buildings	1,702,114	219,507	-	1,921,621
Vehicles	4,341,322	322,248	520,738	4,142,832
Infrastructure	4,647,205	581,309	-	5,228,514
Machinery and equipment	1,185,959	187,258	1,006	1,372,211
Total Accumulated Depreciation	26,762,860	2,203,558	521,744	28,444,674
Total Capital Assets Being Depreciated, Net	36,219,981	(608,074)	4,835	35,607,072
Governmental Activities Capital Assets, Net	<u>\$ 39,493,077</u>	<u>2,030,306</u>	<u>820,596</u>	<u>40,702,787</u>

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

	For The Year Ended June 30 2020
Governmental Activities	
General government	\$ 210,595
Public safety	201,644
Parks and recreation	829,205
Transportation	915,364
Community development	11,871
Economic development	34,879
Total	<u>\$ 2,203,558</u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities was as follows:

	For The Year Ended June 30, 2020		
	Balance June 30 2019	Increases	Decreases
Business-type Activities			
Capital assets not being depreciated:			
Land	\$ 88,173	-	-
Construction in progress	2,624,726	2,715,567	-
Total Capital Assets Not Being Depreciated	2,712,899	2,715,567	-
Capital assets being depreciated:			
Buildings	49,297,662	-	-
Improvements other than buildings	708,644	-	-
Vehicles	3,419,182	207,641	98,400
Infrastructure	15,119,428	-	-
Machinery and equipment	4,834,376	266,769	8,764
Total Capital Assets Being Depreciated	73,379,292	474,410	107,164
Less - Accumulated depreciation for:			
Buildings	20,622,062	1,174,583	-
Improvements other than buildings	391,971	34,456	-
Vehicles	2,375,097	224,362	98,400
Infrastructure	7,644,268	512,921	-
Machinery and equipment	1,259,467	218,557	6,768
Total Accumulated Depreciation	32,292,865	2,164,879	105,168
Total Capital Assets Being Depreciated, Net	41,086,427	(1,690,469)	1,996
Business-type Activities Capital Assets, Net	\$ 43,799,326	1,025,098	1,996

Depreciation expense was charged to functions/programs of the business-type activities as follows:

	For The Year Ended June 30 2020
Business-type Activities	
Electric	\$ 680,783
Fiber operations	6,509
Sewer	578,688
Water	295,173
Economic development	603,726
Total	\$ 2,164,879

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE D - CUSTOMER SERVICE TERRITORY

In 2008, the City was in a lawsuit over boundary issues of its service territory. In 2012 the lawsuit was settled and the City agreed to purchase the service territory plus future rights for specific undeveloped land for \$850,000. From January 1, 2010 through June 30, 2013, the City imposed a rate increase for customers to help pay legal costs incurred. The City decreased the customer service territory asset by the revenues received from the rate increase. The customer service territory asset is being amortized over 35 years, which is equal to the terms of the agreement.

NOTE E - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

	For The Year Ended June 30, 2020			Amounts Due Within One Year
	Balance June 30 2019	Additions	Reductions	Balance June 30 2020
Governmental Activities				
Certificates of participation	\$ -	156,623	-	156,623
Capital leases	189,645	-	63,817	125,828
Total Governmental Activities	<u>\$ 189,645</u>	<u>156,623</u>	<u>63,817</u>	<u>282,451</u>
Business-type Activities				
Certificates of participation	\$ 2,395,000	1,967,495	2,395,000	1,967,495
Capital leases	323,195	-	117,597	205,598
Total Business-type Activities	<u>\$ 2,718,195</u>	<u>1,967,495</u>	<u>2,512,597</u>	<u>2,173,093</u>

2020 Certificates of Participation

In May 2020, the City issued \$10,000,000 in certificates of participation (Series 2020A and B) to fund certain improvements to the City's sewer treatment plant, waterworks system and Civic Center. These are draw down certificates, with two banks. The draw down period starts on the closing date and ends May 27, 2022. These are private placement issues with two banks. The certificates are due in varying amounts through May 1, 2040 with interest rates of 3.0875%. In the event of default, the banks may accelerate payment or tax possession of the property. A maturity schedule will be provided upon final draw down. As of June 30, 2020, the outstanding balance is \$2,124,118.

In May 2020, the City used \$1,910,000 of the Series 2020A and B certificates of participation to refund the Series 2010 certificates of participation. The net proceeds (after payment of issuance costs) were used to purchase securities for deposit in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old debt. As a result the old debt is considered to be defeased and the liability for this debt issue has

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

been removed from the City's financial statements. As of June 30, 2020, \$2,030,000 of debt is considered de-feased. The City decreased its aggregated debt service payments by \$34,623 over 4.5 years which resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$31,495.

In May 2020, the City authorized \$2,600,000 in certificates of participation (Series 2021) which will not be issued until 2021.

Capital Leases

In October 2016, the City entered into a capital lease agreement to finance a street sweeper. The lease is for 5 years requiring annual installments of \$37,972 through January 2021. The original cost of the street sweeper is \$197,709 and the accumulated depreciation is \$70,846 as of June 30, 2020.

In March 2018, the City entered into a capital lease agreement to finance a dump truck. The lease is for 5 years requiring annual installments of \$31,381 through July 2022, interest rate at 2.9%. The original cost of the dump truck is \$146,900 and the accumulated depreciation is \$26,932 as of June 30, 2020.

The future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

**For The
Years Ending
June 30**

2021	\$ 69,353
2022	31,381
2023	<u>31,381</u>
Total Minimum Lease Payments	132,115
Less - Amount representing interest	<u>6,287</u>
Present Value Of Future Minimum Lease Payments	<u>\$ 125,828</u>

In July 2016, the City entered into a capital lease agreement to finance a sewer truck. The lease is for 5 years requiring annual installments of \$79,274 through October 2020, interest rate 1.89%. The original cost of the sewer truck is \$377,076 and the accumulated depreciation is \$141,404 as of June 30, 2020.

In March 2018, the City entered into a capital lease agreement to finance a mini excavator, mini digger with a trailer, and a compact track loader for the Electric and Water Funds. The lease is for 5 years requiring annual installments of \$46,231 through July 2022, interest rate 2.9%. The original cost of the equipment is \$216,414 and the accumulated depreciation is \$46,200 as of June 30, 2020.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2020, is as follows:

For The Years Ending June 30	
2021	\$ 122,461
2022	46,231
2023	<u>46,231</u>
Total Minimum Lease Payments	214,923
Less - Amount representing interest	<u>9,325</u>
Present Value Of Future Minimum Lease Payments	<u>\$ 205,598</u>

NOTE F - PENSION PLAN

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, state-wide 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 supplemental 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>2020 Valuation</u>
Benefit multiplier	1.5% for life
Final average salary	5 years
Member contributions	Noncontributory for employees

NOTE F - PENSION PLAN (Continued)

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.

Employees Covered By Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	75
Active employees	<u>150</u>
 Total	 <u>340</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 City do not contribute to the pension plan. The City contribution rates are 13.1% (General), 13.8% (Police), and 4.2% (Fire) of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020. The pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing procedures incorporating the actuarial assumptions.

Actuarial Assumptions

The total pension liability in the February 29, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation, 2.50% price inflation
Salary increase	3.25% to 7.15% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables for post-retirement mortality were 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 tables for males and females.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

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

The actuarial assumptions used in the February 29, 2020 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Real Rate Of Return</u>
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 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rate 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 LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2019	<u>\$ 23,109,380</u>	<u>23,100,012</u>	<u>9,368</u>
Changes for the year:			
Service cost	552,058	-	552,058
Interest	1,660,856	-	1,660,856
Difference between expected and actual experience	153,093	-	153,093
Contributions - employer	-	817,110	(817,110)
Net investment income	-	297,053	(297,053)
Benefit payments, including refunds	(961,260)	(961,260)	-
Administrative expense	-	(42,356)	42,356
Other	-	(168,540)	168,540
Net Changes	<u>1,404,747</u>	<u>(57,993)</u>	<u>1,462,740</u>
Balances at June 30, 2020	<u><u>\$ 24,514,127</u></u>	<u><u>23,042,019</u></u>	<u><u>1,472,108</u></u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net pension liability (asset)	<u>\$ 5,140,006</u>	<u>1,472,108</u>	<u>(1,529,632)</u>

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

For the year ended June 30, 2020, the City recognized pension expense of \$863,023. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	Outflows	Inflows	Net Outflows
Difference in experience	\$ 178,643	(524,641)	(345,998)
Changes of assumptions	86,767	(4,652)	82,115
Net difference between projected and actual earnings on pension plan investments	<u>633,308</u>	<u>-</u>	<u>633,308</u>
Total	<u><u>\$ 898,718</u></u>	<u><u>(529,293)</u></u>	<u><u>369,425</u></u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

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

For The Plan Years Ending June 30	
2021	\$ (150,110)
2022	20,211
2023	264,006
2024	233,359
2025	<u>1,959</u>
Total	<u><u>\$ 369,425</u></u>

NOTE G - DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

The City offers its employees a deferred compensation plan under IRS Code Section 457. Participation is on a voluntary payroll deduction basis. According to the plan, the deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. All deferred amounts are the property of the City and participant's interest in the plan is that of a general creditor of the City. It is the opinion of the City's management that the City and Council have no liability for losses under the plan but do have the duty of due care that would be required of an ordinary prudent investor. In accordance with the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the deferred compensation plan are not included in the City's basic financial statements.

NOTE H - INTERFUND TRANSACTIONS

Interfund transfers are as follows:

Transfers In	Transfers Out	For The Year Ended June 30 2020
Capital Improvement Fund	Parks and Recreation Fund	\$ 200,000
Community Development Fund	Economic Development Fund	125,000
Airport Fund	Economic Development Fund	160,596
Tourism Fund	Economic Development Fund	60,000
Airport Fund	General Fund	<u>2,631</u>
Total		<u><u>\$ 548,227</u></u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - INTERFUND TRANSACTIONS (Continued)

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE I - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2020</u>
Electric Fund	Airport Fund	\$ 13,290
Electric Fund	Economic Development Fund	385,790
General Fund	Service Fund	66,952
General Fund	Airport Fund	<u>7,077</u>
Total		<u><u>\$ 473,109</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2021.

Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2020</u>
Electric Fund	Economic Development Fund	<u><u>\$ 1,752,947</u></u>

To improve cash flow and minimize financing fees, the City has loaned money between funds for capital projects. The City charges a 5% interest rate on each loan and loans are to be paid in monthly installments. The amount due within one year is included in the due to/from balances and the long-term portion is included in the advances from/to other funds. At June 30, 2020, the interfund loans were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2020</u>	<u>Project</u>	<u>Maturity</u>
Electric Fund	Airport Fund	\$ 13,290	Hangers	06/15/21
Electric Fund	Economic Development Fund	1,576,558	Detroit Tool Building	11/15/24
Electric Fund	Economic Development Fund	<u>562,179</u>	Detroit Tool Building	06/01/28
Total		<u><u>\$ 2,152,027</u></u>		

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - INTERFUND ASSETS/LIABILITIES (Continued)

The annual payment requirements are as follows:

For The Years Ending June 30	Interfund Loans		
	Principal	Interest	Total
2021	\$ 399,080	98,559	497,639
2022	405,528	78,438	483,966
2023	426,276	57,690	483,966
2024	448,084	35,881	483,965
2025	235,590	15,882	251,472
2026 - 2028	237,469	18,749	256,218
Total	<u>\$ 2,152,027</u>	<u>305,199</u>	<u>2,457,226</u>

NOTE J - OPERATING LEASES

The City owns various properties that are leased to businesses. The City currently has two such leases in the Economic Development Fund. The leases expire on December 31, 2020 and January 31, 2021. The properties have a capitalized cost of \$11,811,144 and accumulated depreciation of \$3,474,790 at June 30, 2020. The rent income for these leases for the year ended June 30, 2020 amounted to \$1,169,930. The future minimum lease income is as follows:

For The Year Ending June 30	
2021	<u>\$ 636,154</u>

NOTE K - LONG-TERM CONTRACTS

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC manages a power pool known as Missouri Public Energy Pool #1 (MoPEP). The City is a member of MoPEP. All MoPEP members (including the City) have an agreement (the MoPEP Agreement) with MJMEUC for the purchase of electric capacity and energy from MJMEUC. The MoPEP Agreement requires MJMEUC to supply the full energy requirements of the City and includes a procedure for the City to dedicate its capacity to MoPEP.

MoPEP operations are governed by a committee (Pool Committee) consisting of one representative from each MoPEP member and was comprised of 35 members as of December 31, 2012. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all MJMEUC's costs (the Direct Costs) incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease or loan agreement, or other

NOTE K - LONG-TERM CONTRACTS (Continued)

financial contract in order to procure, deliver, or finance resources intended to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP member. Direct Costs also includes amounts required to fund MoPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

The rates are established so as to charge each MoPEP member (including the City) its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement. Charges based on such rates are assessed and billed monthly. Rates are required to be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months.

To meet the power and energy requirements of the City and the other MoPEP members, MJMEUC presently obtains power and energy from the following resources: 1) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts, 2) MJMEUC owned generation, 3) member capacity, and 4) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MoPEP Agreement but does not have any ownership interest in MJMEUC's resources.

In the event a MoPEP member would cancel the MoPEP Agreement, the member would remain responsible for its allocated share of MJMEUC's Direct Costs associated with all resource obligations entered into by MJMEUC for MoPEP prior to the notice of cancellation. MJMEUC would utilize or sell the member's allocated share of output in exchange for providing the member a credit or offset equal to the fair market value of the output up to the amount of the member's obligation. As a result, the member would have a financial obligation after cancellation in the event that the fair market value of the output is less than the member's allocated share of MJMEUC's Direct Costs with respect to the resource obligations at the time of cancellation. Since the amount of the cancelling member's obligation would depend on MJMEUC's Direct Costs after cancellation and the fair market value of the output at such times in the future, the amount of the obligation is not reasonably determinable. Currently, the City has no plans or intentions to begin cancellation proceedings.

NOTE L - RISK MANAGEMENT

The City's risk management activities are recorded in the Health Insurance Trust Fund. The purpose of the fund is to administer employee health insurance programs on a cost-reimbursement basis. This fund accounts for the risk financing of the City but does not constitute a transfer of risk from the City. Commercial insurance is carried for this fund for claims exceeding \$1,740,373 aggregate and \$70,000 individually. The City retains risk of loss up to these deductibles. No claims liabilities are recorded since the City reports its financial statements using a modified cash basis method. At June 30, 2020, \$0 is available in cash to cover claims.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting in these risks have not exceeded coverage in the past three years.

NOTE M - COMMITMENTS AND CONTINGENCIES

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, the City believes the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE N - RESTRICTED NET POSITION

The government-wide statements of net position reports \$3,663,796 of restricted net position, of which \$3,662,844 is restricted by enabling legislation.

NOTE O - TAX ABATEMENT AGREEMENTS

The City utilizes two types of tax abatement programs to attract jobs and industrial investments in the City. They are Enhanced Enterprise Zone and Chapter 353.

Enhanced Enterprise Zone -- Under Chapter 135 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available through an Enhanced Enterprise Zone program. The purpose is to encourage business development and job creation. Zone boundaries are established in conjunction with the Missouri Department of Economic Development and are based on areas of low income and high unemployment, the potential to create sustainable jobs in a targeted industry and the impact on local industry cluster development.

The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The business receives a 50% abatement level for 10 years for meeting the minimum qualifications of two new full-time employees and \$100,000 minimum in capital investment in the community. The amount of the abatement is deducted from the recipient's property tax bill. This gave the City the ability to maintain and expand business located in the City and create new jobs by abating to reduce assessed valuation of the property. The amount of tax abated for June 30, 2020 for this program was \$10,148.

Chapter 353 -- Under Chapter 353 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available within "blighted areas". Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible an Urban Redevelopment Corporation must be formed and must take title to the property to be redeveloped. During the terms of the program, a certain percentage of the property tax amount for the assessed value of the eligible property is abated. At June 30, 2020, the City had two active Chapter 353 projects. The taxes can be abated up to 100% but the City abates 50% to 80% of the taxes for a period of 10 to 15 years. For the fiscal year ended June 30, 2020, \$4,894 of City real estate property taxes was abated through the Chapter 353 Program.

NOTE P - FUTURE ACCOUNTING PRONOUNCEMENTS

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:

- In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 87, *Leases* has been postponed 18 months, GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 91, *Conduit Debt Obligations* have been postponed one year.
- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the informational 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.
- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of GASB 91 are to provide a single method of 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.

The effects on the City's financial statements as a result of the adoption of these new pronouncements are unknown.

NOTE Q - SUBSEQUENT EVENTS

As a result of COVID-19 coronavirus, the ongoing spread continues to lead to economic uncertainty. Financial markets have since recovered. The duration of these uncertainties and the ultimate effects cannot be reasonably estimated at this time. In addition, the amount of tax collections after year-end and other factors could be significantly affected by the COVID-19 pandemic due to economic slowdown issues.

On June 23, 2020, the City entered into a Lease/Purchase Agreement with U.S. Bancorp Government Leasing and Finance, Inc to acquire police vehicles for \$266,178 with an interest rate of 2.177%. The proceeds for the vehicles was not received until July 2020, therefore the vehicles and corresponding liability have not been recorded by the City for the year ended June 30, 2020.

On October 13, 2020, the City entered into a Lease/Purchase Agreement with U.S. Bancorp Government Leasing and Finance, Inc. to acquire equipment for \$1,056,756 with an interest rate of 1.83%.

On November 23, 2020, the City entered into a Lease/Purchase Agreement with U.S. Bancorp Government Leasing and Finance, Inc. to acquire a fire truck and chassis for \$329,817 with an interest rate of 1.56%.

SUPPLEMENTAL INFORMATION SECTION

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 3,600,000	4,190,000	3,822,615	(367,385)
Property tax	615,000	643,000	639,376	(3,624)
Franchise fees	605,000	603,000	602,440	(560)
PILOTs	1,296,750	1,253,750	1,253,007	(743)
Other taxes	59,000	60,400	60,459	59
Intergovernmental	35,774	27,174	21,211	(5,963)
Licenses and permits	25,000	16,200	16,187	(13)
Fines and forfeitures	133,000	121,030	122,381	1,351
Charges for services	142,200	172,420	201,791	29,371
Investment income	8,000	19,300	19,384	84
Other	79,000	88,640	88,500	(140)
Total Revenues	<u>6,598,724</u>	<u>7,194,914</u>	<u>6,847,351</u>	<u>(347,563)</u>
EXPENDITURES				
Current:				
General government	2,082,769	1,792,447	2,017,837	225,390
Public safety	4,400,803	4,195,188	4,304,632	109,444
Parks and recreation	434,412	457,552	448,367	(9,185)
Economic development	28,390	36,975	35,943	(1,032)
Capital outlay	87,794	173,709	147,751	(25,958)
Total Expenditures	<u>7,034,168</u>	<u>6,655,871</u>	<u>6,954,530</u>	<u>298,659</u>
REVENUES OVER (UNDER) EXPEN-				
DITURES	<u>(435,444)</u>	<u>539,043</u>	<u>(107,179)</u>	<u>(646,222)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	18,600	18,685	85
Insurance recoveries	-	18,200	18,300	100
Transfer out	-	-	(2,631)	(2,631)
Total Other Financing Sources (Uses)	<u>-</u>	<u>36,800</u>	<u>34,354</u>	<u>(2,446)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (435,444)</u>	<u>575,843</u>	<u>(72,825)</u>	<u>(648,668)</u>
FUND BALANCE, JULY 1			<u>2,901,231</u>	
FUND BALANCE, JUNE 30			<u>\$ 2,828,406</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - STREET FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,775,000	2,030,000	1,852,452	(177,548)
Other taxes	583,000	618,500	570,852	(47,648)
Intergovernmental	-	118,500	110,598	(7,902)
Investment income	-	2,500	2,584	84
Other	-	800	866	66
Total Revenues	<u>2,358,000</u>	<u>2,770,300</u>	<u>2,537,352</u>	<u>(232,948)</u>
EXPENDITURES				
Current:				
Transportation	1,849,297	1,764,752	1,638,510	(126,242)
Capital outlay	1,035,895	1,212,240	1,079,814	(132,426)
Debt service:				
Principal	-	-	63,817	63,817
Interest	-	-	5,536	5,536
Total Expenditures	<u>2,885,192</u>	<u>2,976,992</u>	<u>2,787,677</u>	<u>(189,315)</u>
REVENUES UNDER EXPENDITURES	<u>(527,192)</u>	<u>(206,692)</u>	<u>(250,325)</u>	<u>(43,633)</u>
OTHER FINANCING SOURCES				
Sale of capital assets	-	14,600	14,655	55
Insurance recoveries	-	9,100	9,160	60
Total Other Financing Sources	<u>-</u>	<u>23,700</u>	<u>23,815</u>	<u>115</u>
NET CHANGE IN FUND BALANCE	<u>\$ (527,192)</u>	<u>(182,992)</u>	<u>(226,510)</u>	<u>(43,518)</u>
FUND BALANCE, JULY 1			<u>1,812,783</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,586,273</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,775,000	2,031,535	1,851,994	(179,541)
Investment income	-	4,500	4,523	23
Total Revenues	<u>1,775,000</u>	<u>2,036,035</u>	<u>1,856,517</u>	<u>(179,518)</u>
EXPENDITURES				
Capital outlay	1,820,210	2,616,545	2,232,505	(384,040)
Debt issuance costs	-	24,220	24,218	(2)
Total Expenditures	<u>1,820,210</u>	<u>2,640,765</u>	<u>2,256,723</u>	<u>(384,042)</u>
REVENUES UNDER EXPENDITURES	<u>(45,210)</u>	<u>(604,730)</u>	<u>(400,206)</u>	<u>204,524</u>
OTHER FINANCING SOURCES				
Issuance of long-term debt	-	156,600	156,623	23
Transfers in	-	200,000	200,000	-
Total Other Financing Sources	<u>-</u>	<u>356,600</u>	<u>356,623</u>	<u>23</u>
NET CHANGE IN FUND BALANCE	<u>\$ (45,210)</u>	<u>(248,130)</u>	<u>(43,583)</u>	<u>204,547</u>
FUND BALANCE, JULY 1			<u>1,189,231</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,145,648</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	Parks And Recreation	Public Safety	Tourism	Airport	Downtown Business District	Totals	
						2020	2019
ASSETS							
Cash and cash equivalents	\$ 622,958	139,504	99,819	-	69,242	931,523	1,084,663
Inventory	329	-	-	26,975	-	27,304	55,791
Total Assets	<u>\$ 623,287</u>	<u>139,504</u>	<u>99,819</u>	<u>26,975</u>	<u>69,242</u>	<u>958,827</u>	<u>1,140,454</u>
LIABILITIES							
Due to others	\$ 600	-	-	3,883	-	4,483	2,314
Customer deposits payable	-	-	-	2,725	-	2,725	2,680
Due to other funds	-	-	-	20,367	-	20,367	32,875
Advance from other funds	-	-	-	-	-	-	13,290
Total Liabilities	<u>600</u>	<u>-</u>	<u>-</u>	<u>26,975</u>	<u>-</u>	<u>27,575</u>	<u>51,159</u>
FUND BALANCES							
Nonspendable:							
Inventory	329	-	-	26,975	-	27,304	55,791
Restricted for:							
Parks and recreation	622,358	-	-	-	-	622,358	853,152
Public safety	-	139,504	-	-	-	139,504	-
Transportation	-	-	99,819	-	-	99,819	193,721
Economic development	-	-	-	-	69,242	69,242	37,778
Unassigned	-	-	-	(26,975)	-	(26,975)	(51,147)
Total Fund Balances	<u>622,687</u>	<u>139,504</u>	<u>99,819</u>	<u>-</u>	<u>69,242</u>	<u>931,252</u>	<u>1,089,295</u>
Total Liabilities And Fund Balances	<u>\$ 623,287</u>	<u>139,504</u>	<u>99,819</u>	<u>26,975</u>	<u>69,242</u>	<u>958,827</u>	<u>1,140,454</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Parks And Recreation	Public Safety	Tourism	Airport	Downtown Business District	Totals	
						2020	2019
REVENUES							
Sales tax	\$ -	139,504	135,938	-	-	275,442	147,017
Property tax	639,376	-	-	-	27,395	666,771	659,473
Intergovernmental	-	-	11,632	424,391	-	436,023	17,276
Charges for services	137,599	-	-	258,504	6,029	402,132	410,893
Investment income	3,230	-	-	-	-	3,230	-
Other	27,866	-	85	397	22,200	50,548	13,209
Total Revenues	808,071	139,504	147,655	683,292	55,624	1,834,146	1,247,868
EXPENDITURES							
Current:							
Parks and recreation	717,535	-	-	-	-	717,535	692,551
Transportation	-	-	299,566	466,978	-	766,544	649,711
Economic development	-	-	-	-	21,742	21,742	27,666
Capital outlay	140,792	-	1,991	378,555	2,418	523,756	429,982
Debt service:							
Interest	-	-	-	986	-	986	1,558
Total Expenditures	858,327	-	301,557	846,519	24,160	2,030,563	1,801,468
REVENUES OVER (UNDER) EXPENDITURES	(50,256)	139,504	(153,902)	(163,227)	31,464	(196,417)	(553,600)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	3,225	-	-	-	-	3,225	3,400
Insurance recoveries	11,922	-	-	-	-	11,922	-
Transfers in	-	-	60,000	163,227	-	223,227	475,664
Transfers out	(200,000)	-	-	-	-	(200,000)	-
Total Other Financing Sources (Uses)	(184,853)	-	60,000	163,227	-	38,374	479,064
NET CHANGE IN FUND BALANCES	(235,109)	139,504	(93,902)	-	31,464	(158,043)	(74,536)
FUND BALANCES, JULY 1	857,796	-	193,721	-	37,778	1,089,295	1,163,831
FUND BALANCES, JUNE 30	\$ 622,687	139,504	99,819	-	69,242	931,252	1,089,295

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PARKS AND RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Property tax	\$ 620,000	643,600	639,376	(4,224)
Charges for services	78,900	92,395	137,599	45,204
Investment income	-	3,230	3,230	-
Other	1,600	27,850	27,866	16
Total Revenues	<u>700,500</u>	<u>767,075</u>	<u>808,071</u>	<u>40,996</u>
EXPENDITURES				
Current:				
Parks and recreation	631,238	670,883	717,535	46,652
Capital outlay	319,306	158,391	140,792	(17,599)
Total Expenditures	<u>950,544</u>	<u>829,274</u>	<u>858,327</u>	<u>29,053</u>
REVENUES UNDER EXPENDITURES	<u>(250,044)</u>	<u>(62,199)</u>	<u>(50,256)</u>	<u>11,943</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	11,920	11,922	2
Sale of capital assets	1,000	3,225	3,225	-
Transfers out	-	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>(184,855)</u>	<u>(184,853)</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>\$ (249,044)</u>	<u>(247,054)</u>	<u>(235,109)</u>	<u>11,945</u>
FUND BALANCE, JULY 1			<u>857,796</u>	
FUND BALANCE, JUNE 30			<u>\$ 622,687</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ -	-	139,504	139,504
 NET CHANGE IN FUND BALANCE	 \$ -	 -	 139,504	 139,504
 FUND BALANCE, JULY 1			 -	
 FUND BALANCE, JUNE 30			 \$ 139,504	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - TOURISM FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 135,000	135,940	135,938	(2)
Intergovernmental	30,000	13,100	11,632	(1,468)
Other	70	85	85	-
Total Revenues	165,070	149,125	147,655	(1,470)
EXPENDITURES				
Current:				
Transportation	294,821	315,036	299,566	(15,470)
Capital outlay	1,204	1,994	1,991	(3)
Total Expenditures	296,025	317,030	301,557	(15,473)
REVENUES UNDER EXPENDITURES	(130,955)	(167,905)	(153,902)	14,003
OTHER FINANCING SOURCES				
Transfers in	-	-	60,000	60,000
NET CHANGE IN FUND BALANCE	<u>\$ (130,955)</u>	<u>(167,905)</u>	(93,902)	<u>74,003</u>
FUND BALANCE, JULY 1			193,721	
FUND BALANCE, JUNE 30			<u>\$ 99,819</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 2,268,899	424,399	424,391	(8)
Charges for services	241,500	226,710	258,504	31,794
Other	-	105	397	292
Total Revenues	<u>2,510,399</u>	<u>651,214</u>	<u>683,292</u>	<u>32,078</u>
EXPENDITURES				
Current:				
Transportation	417,509	463,019	466,978	3,959
Capital outlay	2,385,999	381,529	378,555	(2,974)
Debt service:				
Interest	-	-	986	986
Total Expenditures	<u>2,803,508</u>	<u>844,548</u>	<u>846,519</u>	<u>1,971</u>
REVENUES UNDER EXPENDITURES	<u>(293,109)</u>	<u>(193,334)</u>	<u>(163,227)</u>	<u>30,107</u>
OTHER FINANCING SOURCES				
Sale of capital assets	1,000	-	-	-
Transfers in	-	-	163,227	163,227
Total Other Financing Sources	<u>1,000</u>	<u>-</u>	<u>163,227</u>	<u>163,227</u>
NET CHANGE IN FUND BALANCE	<u>\$ (292,109)</u>	<u>(193,334)</u>	<u>-</u>	<u>193,334</u>
FUND BALANCE , JULY 1			<u>-</u>	
FUND BALANCE, JUNE 30			<u>\$ -</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - DOWNTOWN BUSINESS DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Property tax	\$ 27,900	27,600	27,395	(205)
Charges for services	-	1,200	6,029	4,829
Other	-	24,700	22,200	(2,500)
Total Revenues	27,900	53,500	55,624	2,124
EXPENDITURES				
Current:				
Economic development	52,281	24,391	21,742	(2,649)
Capital outlay	-	6,990	2,418	(4,572)
Total Expenditures	52,281	31,381	24,160	(7,221)
NET CHANGE IN FUND BALANCE	\$ (24,381)	22,119	31,464	9,345
FUND BALANCE, JULY 1			37,778	
FUND BALANCE, JUNE 30			\$ 69,242	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF NET POSITION -
MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	Community Development	Employee Benefits	Service Fund	Totals	
				2020	2019
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 119,912	1,261,013	-	1,380,925	1,213,819
Inventory	36,623	-	2,427	39,050	34,701
Total Current Assets	156,535	1,261,013	2,427	1,419,975	1,248,520
Noncurrent Assets					
Capital assets:					
Land and construction in progress	23,839	-	-	23,839	21,952
Other capital assets, net of accumulated depreciation	45,091	-	864,685	909,776	1,006,123
Total Capital Assets	68,930	-	864,685	933,615	1,028,075
Total Assets	225,465	1,261,013	867,112	2,353,590	2,276,595
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	30,975	-	47,474	78,449	23,329
LIABILITIES					
Current Liabilities					
Due to others	-	7,054	-	7,054	2,333
Due to other funds	-	-	66,952	66,952	174,034
Total Current Liabilities	-	7,054	66,952	74,006	176,367
Noncurrent Liabilities					
Net pension liability	112,624	-	172,616	285,240	131,524
Total Liabilities	112,624	7,054	239,568	359,246	307,891
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	8,806	-	13,497	22,303	85,482
NET POSITION					
Net investment in capital assets	68,930	-	864,685	933,615	1,028,075
Unrestricted	66,080	1,253,959	(203,164)	1,116,875	878,476
Total Net Position	\$ 135,010	1,253,959	661,521	2,050,490	1,906,551

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Community Development	Employee Benefits	Service Fund	Totals	
				2020	2019
OPERATING REVENUES					
Licenses and permits	\$ 89,624	-	-	89,624	72,032
Charges for services:					
Internal	336,741	3,540,892	1,036,374	4,914,007	4,620,876
Service charges and fees	43,394	-	-	43,394	22,009
Subdivision revenue	35,090	-	-	35,090	39,365
Other	48	-	4,128	4,176	2,342
Total Operating Revenues	<u>504,897</u>	<u>3,540,892</u>	<u>1,040,502</u>	<u>5,086,291</u>	<u>4,756,624</u>
OPERATING EXPENSES					
Personnel costs	460,330	3,454,574	770,947	4,685,851	3,715,740
Operations and maintenance	114,867	2,688	174,037	291,592	233,219
Depreciation	11,871	-	102,477	114,348	111,334
Total Operating Expenses	<u>587,068</u>	<u>3,457,262</u>	<u>1,047,461</u>	<u>5,091,791</u>	<u>4,060,293</u>
OPERATING INCOME (LOSS)	<u>(82,171)</u>	<u>83,630</u>	<u>(6,959)</u>	<u>(5,500)</u>	<u>696,331</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	-	10,982	-	10,982	-
Gain on disposal/transfer of capital assets	2,247	-	11,210	13,457	4,346
Total Nonoperating Revenues (Expenses)	<u>2,247</u>	<u>10,982</u>	<u>11,210</u>	<u>24,439</u>	<u>4,346</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(79,924)</u>	<u>94,612</u>	<u>4,251</u>	<u>18,939</u>	<u>700,677</u>
Transfer in	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
CHANGE IN NET POSITION	<u>45,076</u>	<u>94,612</u>	<u>4,251</u>	<u>143,939</u>	<u>700,677</u>
NET POSITION, JULY 1	<u>89,934</u>	<u>1,159,347</u>	<u>657,270</u>	<u>1,906,551</u>	<u>1,205,874</u>
NET POSITION, JUNE 30	<u><u>\$ 135,010</u></u>	<u><u>1,253,959</u></u>	<u><u>661,521</u></u>	<u><u>2,050,490</u></u>	<u><u>1,906,551</u></u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Community Development	Employee Benefits	Service Fund	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash flows from operating activities:				
Receipts from customers and users	\$ 168,108	-	-	168,108
Receipts from interfund charges	336,741	3,540,892	1,036,374	4,914,007
Payments to suppliers	(128,501)	(2,688)	(164,752)	(295,941)
Payments to employees for salaries and benefits	(433,983)	(3,449,853)	(761,877)	(4,645,713)
Other receipts	48	-	4,128	4,176
Net Cash Provided By (Used In) Operating Activities	(57,587)	88,351	113,873	144,637
Cash flows from noncapital financing activities:				
Due to other funds	-	-	(107,082)	(107,082)
Transfer from other funds	125,000	-	-	125,000
Net Cash Provided By (Used In) Noncapital Financing Activities	125,000	-	(107,082)	17,918
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,887)	-	(18,001)	(19,888)
Proceeds from sale of capital assets	2,247	-	11,210	13,457
Net Cash Provided By (Used In) Capital And Related Financing Activities	360	-	(6,791)	(6,431)
Cash flows provided by investing activities:				
Investment income	-	10,982	-	10,982
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,773	99,333	-	167,106
CASH AND CASH EQUIVALENTS, JULY 1	52,139	1,161,680	-	1,213,819
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 119,912</u>	<u>1,261,013</u>	<u>-</u>	<u>1,380,925</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (82,171)	83,630	(6,959)	(5,500)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	11,871	-	102,477	114,348
(Increase) decrease in:				
Inventory	(13,634)	-	9,285	(4,349)
Deferred outflows related to pensions	(23,253)	-	(31,867)	(55,120)
Increase (decrease) in:				
Due to others	-	4,721	-	4,721
Net pension liability	69,089	-	84,627	153,716
Deferred inflows related to pensions	(19,489)	-	(43,690)	(63,179)
Total Adjustments	24,584	4,721	120,832	150,137
Net Cash Provided By (Used In) Operating Activities	<u>\$ (57,587)</u>	<u>88,351</u>	<u>113,873</u>	<u>144,637</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

Budgetary Data

Annual budgets are adopted on a modified cash basis of accounting where revenues are reported as collected and expenditures when paid. All annual appropriations lapse at year-end.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level.

All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made several times throughout the year.

Expenditures Exceeding Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the General Fund by \$298,659, the Parks and Recreation Fund by \$29,053, and the Airport Fund by \$1,971. These over expenditures were covered by additional current year revenues, available fund balance, or will be recovered by future year's revenues.

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service cost	\$ 552,058	527,876	501,368	478,534	476,033	487,493
Interest on the total pension liability	1,660,856	1,609,614	1,530,581	1,470,428	1,372,505	1,334,980
Difference between expected and actual experience	153,093	(504,839)	(82,807)	(209,391)	(389,970)	(514,580)
Changes of assumptions	-	-	-	(18,844)	816,527	-
Benefit payments, including refunds	<u>(961,260)</u>	<u>(915,035)</u>	<u>(830,560)</u>	<u>(1,007,820)</u>	<u>(809,971)</u>	<u>(760,255)</u>
Net Change In Total Pension Liability	1,404,747	717,616	1,118,582	712,907	1,465,124	547,638
Total Pension Liability Beginning	<u>23,109,380</u>	<u>22,391,764</u>	<u>21,273,182</u>	<u>20,560,275</u>	<u>19,095,151</u>	<u>18,547,513</u>
Total Pension Liability Ending (a)	<u>\$ 24,514,127</u>	<u>23,109,380</u>	<u>22,391,764</u>	<u>21,273,182</u>	<u>20,560,275</u>	<u>19,095,151</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 817,110	748,080	740,380	690,403	697,196	700,379
Net investment income	297,053	1,417,646	2,408,797	2,139,702	(21,201)	345,385
Benefit payments, including refunds	<u>(961,260)</u>	<u>(915,035)</u>	<u>(830,560)</u>	<u>(1,007,820)</u>	<u>(809,971)</u>	<u>(760,255)</u>
Administrative expense	<u>(42,356)</u>	<u>(36,708)</u>	<u>(25,952)</u>	<u>(25,370)</u>	<u>(24,227)</u>	<u>(26,283)</u>
Other	<u>(168,540)</u>	<u>(147,493)</u>	<u>(125,678)</u>	<u>(14,178)</u>	<u>100,036</u>	<u>(34,231)</u>
Net Change In Plan Fiduciary Net Position	(57,993)	1,066,490	2,166,987	1,782,737	(58,167)	224,995
Plan Fiduciary Net Position Beginning	<u>23,100,012</u>	<u>22,033,522</u>	<u>19,866,535</u>	<u>18,083,798</u>	<u>18,141,965</u>	<u>17,916,970</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 23,042,019</u>	<u>23,100,012</u>	<u>22,033,522</u>	<u>19,866,535</u>	<u>18,083,798</u>	<u>18,141,965</u>
Net Pension Liability Ending (a)-(b)	<u>\$ 1,472,108</u>	<u>9,368</u>	<u>358,242</u>	<u>1,406,647</u>	<u>2,476,477</u>	<u>953,186</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.99 %	99.96	98.40	93.39	87.96	95.01
Covered Payroll (for February 28/29 Valuation)	\$ 6,508,811	5,926,095	5,864,105	5,517,956	5,281,969	4,405,930
Net Pension Liability as a Percentage of Covered Payroll	22.62 %	0.16	6.11	25.49	46.89	21.63

Note: Information is not available for fiscal years prior to 2015.

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined pension contribution	\$ 815,582	746,987	\$ 754,226	689,745	697,227	704,038	741,081	756,869	740,700	496,554
Contributions in relation to the actuarially determined contribution	815,582	746,987	741,832	689,745	697,227	700,735	734,473	734,691	719,627	435,348
Contribution Deficiency	<u>\$ -</u>	<u>-</u>	<u>12,394</u>	<u>-</u>	<u>-</u>	<u>3,303</u>	<u>6,608</u>	<u>22,178</u>	<u>21,073</u>	<u>61,206</u>
Covered Payroll	\$ 6,643,285	6,100,280	5,957,085	5,822,109	5,415,542	5,386,916	5,511,006	5,441,024	5,512,325	3,611,203
Contributions as a Percentage of Covered Payroll	12.28 %	12.25	12.45	11.85	12.87	13.01	13.33	13.50	13.05	12.06

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal and modified terminal funding
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
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Multiple bases from 9 to 16 years
5 years smoothed market; 20% corridor
3.25% wage inflation; 2.50% price inflation
3.25% to 7.15% including wage inflation
7.25%, net of investment expenses
Experience-based table of rates that are specific to the type of eligibility condition
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 tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.