

**ANNUAL REPORT OF  
CITY OF SEDALIA, MISSOURI  
YEAR ENDED MARCH 31, 2020**

# CITY OF SEDALIA, MISSOURI

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## INDEPENDENT AUDITOR'S REPORT

To The City Council  
City of Sedalia, Missouri

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### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sedalia, Missouri (the "City") as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Health Center Fund, which represent 46 percent, 56 percent, and 91 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Health Center Fund, is based solely on the report of the other auditors. 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 from material misstatement.

PARTNERS

*Fred W. Korte, Jr.*  
*Joseph E. Chitwood*  
*Travis W. Hundley*  
*Jeffrey A. Chitwood*  
*Amy L. Watson*

PARTNER EMERITUS

*Robert A. Gerding*

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

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

### **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of contributions, schedule of changes in net pension liability and related ratios, notes to required supplementary information, schedule of employer contributions, and notes to schedule of contributions on pages 4 through 12 and 100 through 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, detailed major governmental fund budgetary schedules, and fiduciary statements are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, detailed major governmental fund budgetary statements and fiduciary statements are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, the combining and individual nonmajor fund financial statements, detailed major governmental fund budgetary statements and fiduciary statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021, 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.



February 12, 2021

Gerding, Korte & Chitwood, P.C.  
Certified Public Accountants  
Boonville, Missouri

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

As management of the City of Sedalia, Missouri, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2020:

**Financial Highlights**

The assets and deferred outflows of the City of Sedalia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$185,999,275 (net position). Of this amount, \$25,257,947 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

The City's total net position decreased by \$6,332,189 during the year from its beginning net position.

As of the close of the current fiscal year, the City of Sedalia's governmental funds reported combined ending fund balances of \$16,164,995. Of this total, 47% is unassigned and available for use within the City's policies, and 45% is assigned to capital projects and special revenue purposes.

At the end of the fiscal year, unassigned fund balance for the general fund was \$8,312,991 which is 68% of the total general fund expenditures.

The City's revenue bonds payable decreased \$405,000 due to scheduled payments.

The City's certificates of participation debt decreased \$1,922,093 due to scheduled payments and other retirements through refinancing.

The City's capital lease debt decreased \$676,423 due to scheduled payments.

The City's beginning of the year note payable debt decreased \$687,087 due to scheduled payments, but was then increased by \$199,332 for the remaining portion owed on a note entered in the present fiscal year for a waterline upsizing paid for by a developer, resulting in an overall net decrease of \$487,755 in total net payable debt.

The City's other loan payable debt decreased by \$30,592 due to scheduled payments.

In total the City's long term debt decreased by \$3,521,863



**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**Overview of the Financial Statements**

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

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with the broad overview of the City's finances, in a manner similar to private-sector business.

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

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, transportation, cultural, parks and recreation and community development. The business-type activities of the City include Health, Water, Wastewater, and Sanitation operations. The government-wide financial statements can be found on page 13-16 of this report.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories - governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 12 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other 11 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 17-21.

**Proprietary Funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its health, water, wastewater, and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Health, Water, Wastewater, and Sanitation funds since they are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 22-26 of this report.

**Fiduciary Funds** - This report also includes information for fiduciary funds which are funds held in trust for others. The basic fiduciary fund financial statements can be found on pages 27-28 of this report. Combining statements can be found on pages 132-133 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-99.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 100-110 of this report.

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 111-114 of this report.

Schedules of Revenues, Expenditures and Changes in Fund Balance with comparisons to budgeted amounts are presented for each governmental fund on pages 115-131.

Please also refer to the separately issued financial statements for the individual component unit (Bothwell Regional Health Center); which may be obtained at said entity's administrative office.

**Governmental-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Sedalia, assets and deferred outflows exceeded liabilities and deferred inflows by \$185,999,275 as of March 31, 2020.

The largest portion of the City's net position (73%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, and construction in progress), less applicable allowances for depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves could not be used to liquidate these liabilities while still providing services with such assets.

The following provides a summary of net position at March 31, 2019 and 2020:

	March 31, 2020			March 31, 2019			Increase (Decrease)	% Change
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total		
Current assets	\$ 18,412,671	\$ 42,605,607	\$ 61,018,278	\$ 18,251,282	\$ 46,868,298	\$ 65,119,580	\$ (4,101,302)	(6.3%)
Restricted assets	488,005	20,162,266	20,650,271	1,034,648	21,369,729	22,404,377	(1,754,106)	(7.8%)
Capital assets	88,358,286	120,137,270	208,495,556	87,725,354	123,176,591	210,901,945	(2,406,389)	(1.1%)
Other assets	-	1,062,953	1,062,953	-	1,102,220	1,102,220	(39,267)	(3.6%)
Total Assets	<u>\$ 107,258,962</u>	<u>\$ 183,968,096</u>	<u>\$ 291,227,058</u>	<u>\$ 107,011,284</u>	<u>\$ 192,516,838</u>	<u>\$ 299,528,122</u>	<u>\$ (8,301,064)</u>	<u>(2.8%)</u>
Deferred Outflows	<u>\$ 1,944,046</u>	<u>\$ 6,064,037</u>	<u>\$ 8,008,083</u>	<u>\$ 2,685,672</u>	<u>\$ 4,723,969</u>	<u>\$ 7,409,641</u>	<u>\$ 598,442</u>	<u>8.1%</u>
Current liabilities	\$ 2,763,437	\$ 14,638,874	\$ 17,402,311	\$ 2,429,277	\$ 16,002,416	\$ 18,431,693	\$ (1,029,382)	(5.6%)
Long-term liabilities	22,404,816	66,922,697	89,327,513	25,284,194	65,174,097	90,458,291	(1,130,778)	(1.3%)
Total Liabilities	<u>\$ 25,168,253</u>	<u>\$ 81,561,571</u>	<u>\$ 106,729,824</u>	<u>\$ 27,713,471</u>	<u>\$ 81,176,513</u>	<u>\$ 108,889,984</u>	<u>\$ (2,160,160)</u>	<u>(2.0%)</u>
Deferred Inflows	<u>\$ 2,452,850</u>	<u>\$ 4,053,192</u>	<u>\$ 6,506,042</u>	<u>\$ 2,853,712</u>	<u>\$ 2,862,603</u>	<u>\$ 5,716,315</u>	<u>\$ 789,727</u>	<u>13.8%</u>
Net Position:								
Net investment in capital assets	\$ 75,467,325	\$ 63,187,122	\$ 138,654,447	\$ 73,257,924	\$ 64,200,091	\$ 137,458,015	\$ 1,196,432	0.9%
Restricted for debt service	490,357	69,351	559,708	603,858	3,344,309	3,948,167	(3,388,459)	(85.8%)
Restricted for other purposes	7,805,873	13,619,686	21,425,559	8,557,558	11,604,253	20,161,811	1,263,748	6.3%
Nonexpendable endowments	-	101,614	101,614	-	101,614	101,614	-	-
Unrestricted	(2,181,650)	27,439,597	25,257,947	(3,289,567)	33,951,424	30,661,857	(5,403,910)	(17.6%)
Total Net Position	<u>\$ 81,581,905</u>	<u>\$ 104,417,370</u>	<u>\$ 185,999,275</u>	<u>\$ 79,129,773</u>	<u>\$ 113,201,691</u>	<u>\$ 192,331,464</u>	<u>\$ (6,332,189)</u>	<u>(3.3%)</u>

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

As of March 31, 2020, the City is able to report positive balances in all three categories of net position for the government as a whole.

**Analysis of the City's Operations:** Overall the City had a decrease in net position of \$6,332,189 as of the year ending March 31, 2020 as compared to the previous year end.

**Governmental Activities:** Governmental activities increased the net position by \$2,452,132 from \$79,129,773 to \$81,581,905.

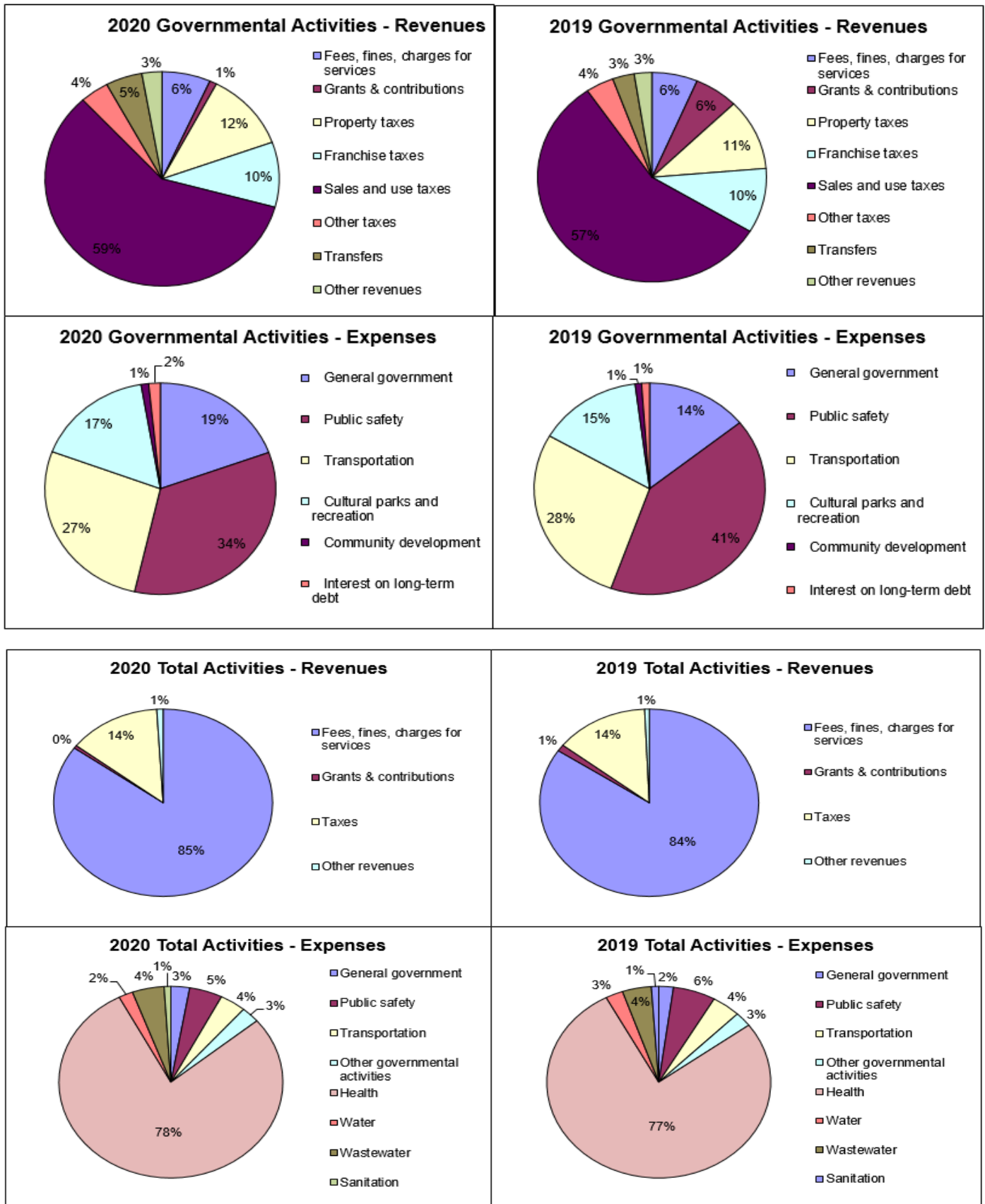
**Business-type Activities:** Net position from business-type activities decreased by \$8,784,321 from \$113,201,691 to \$104,417,370.

The following table and charts provide a summary and comparison of the City's operations for years ending March 31, 2019 and 2020.

**Changes In Net Position**

	March 31, 2020			March 31, 2019			Increase (Decrease)	% Change
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total		
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Fees, fines, charges for services	\$ 1,650,693	\$ 128,132,834	\$ 129,783,527	\$ 1,576,201	\$ 120,690,079	\$ 122,266,280	\$ 7,517,247	6.1%
Operating grants & contributions	243,823	47,114	290,937	158,073	-	158,073	132,864	84.1%
Capital grants and contributions	-	542,521	542,521	1,359,352	158,477	1,517,829	(975,308)	(64.3%)
<b>General Revenues:</b>								
Property taxes	2,898,360	-	2,898,360	2,687,744	-	2,687,744	210,616	7.8%
Franchise taxes	2,416,717	-	2,416,717	2,441,996	-	2,441,996	(25,279)	(1.0%)
Sales and use taxes	14,516,354	-	14,516,354	13,883,051	-	13,883,051	633,303	4.6%
Motor vehicle and fuel taxes	879,475	-	879,475	857,093	-	857,093	22,382	2.6%
Other taxes	104,097	-	104,097	110,920	-	110,920	(6,823)	(6.2%)
Investment earnings	365,858	690,385	1,056,243	284,963	262,048	547,011	509,232	93.1%
Transfers	1,242,988	(1,242,988)	-	751,693	(751,693)	-	-	-
Miscellaneous	321,070	1,475	322,545	324,794	106,210	431,004	(108,459)	(25.2%)
<b>Total Revenues</b>	<b>\$ 24,639,435</b>	<b>\$ 128,171,341</b>	<b>\$ 152,810,776</b>	<b>\$ 24,435,880</b>	<b>\$ 120,465,121</b>	<b>\$ 144,901,001</b>	<b>\$ 7,909,775</b>	<b>5.5%</b>
<b>Expenses:</b>								
General government	\$ 4,310,120	\$ -	\$ 4,310,120	\$ 3,073,859	\$ -	\$ 3,073,859	\$ 1,236,261	40.2%
Public safety	7,582,793	-	7,582,793	8,868,519	-	8,868,519	(1,285,726)	(14.5%)
Transportation	6,011,978	-	6,011,978	6,004,612	-	6,004,612	7,366	0.1%
Cultural parks and recreation	3,688,471	-	3,688,471	3,157,978	-	3,157,978	530,493	16.8%
Community development	235,329	-	235,329	192,968	-	192,968	42,361	22.0%
Interest on long-term debt	358,612	-	358,612	240,533	-	240,533	118,079	49.1%
Health	-	124,801,039	124,801,039	-	112,126,396	112,126,396	12,674,643	11.3%
Water	-	3,294,731	3,294,731	-	3,667,616	3,667,616	(372,885)	(10.2%)
Wastewater	-	7,324,507	7,324,507	-	6,065,696	6,065,696	1,258,811	20.8%
Sanitation	-	1,535,385	1,535,385	-	1,531,233	1,531,233	4,152	0.3%
<b>Total Expenses</b>	<b>\$ 22,187,303</b>	<b>\$ 136,955,662</b>	<b>\$ 159,142,965</b>	<b>\$ 21,538,469</b>	<b>\$ 123,390,941</b>	<b>\$ 144,929,410</b>	<b>\$ 14,213,555</b>	<b>9.8%</b>
<b>Change in Net Position</b>	<b>2,452,132</b>	<b>(8,784,321)</b>	<b>(6,332,189)</b>	<b>2,897,411</b>	<b>(2,925,820)</b>	<b>(28,409)</b>	<b>(6,303,780)</b>	<b>22189%</b>
<b>Net Position Beginning of Year</b>	<b>79,129,773</b>	<b>113,201,691</b>	<b>192,331,464</b>	<b>76,232,362</b>	<b>116,127,511</b>	<b>192,359,873</b>	<b>(28,409)</b>	<b>(0.0%)</b>
<b>Net Position End of Year</b>	<b>\$ 81,581,905</b>	<b>\$ 104,417,370</b>	<b>\$ 185,999,275</b>	<b>\$ 79,129,773</b>	<b>\$ 113,201,691</b>	<b>\$ 192,331,464</b>	<b>\$ (6,332,189)</b>	<b>(3.3%)</b>

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**



**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**Financial Analysis of the Government's Funds**

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

At the end of the current fiscal year, the City of Sedalia's governmental funds reported combined ending fund balances of \$16,164,995. This is a decrease of 4.9% from \$16,990,165. The actual fund balance increase from general activities for fiscal year 2020 was \$710,636. The resulting unassigned fund balance of \$8,312,991.

**Proprietary Funds** - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net positions of the respective proprietary funds are Health - \$23,657,894, Water - \$2,887,712, Wastewater - \$2,233,152 and Sanitation - (\$1,339,161). The funds had a net position increase from activities in 2020 as follows: Health - (\$8,427,630), Water - 1,738,750, Wastewater - (\$1,877,843), and Sanitation - (\$217,598).

**General Fund Budgetary Highlights** - The City spent \$965,245 less than the final budget for the General Fund.

**Capital Assets** - The City of Sedalia's investment in capital assets for its governmental and business-type activities as of March 31, 2020 amounts to \$208,495,556 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements and construction in progress.

**Capital Assets at Year End - Net of Accumulated Depreciation**

	March 31, 2020			March 31, 2019			Increase (Decrease)	% Change
	Government al Activities	Business Type Activities	Total	Government al Activities	Business Type Activities	Total		
Property, Plant and Equipment								
Land, rights, & improvements	\$ 3,811,455	\$ 5,835,963	\$ 9,647,418	\$ 3,782,821	\$ 5,850,459	\$ 9,633,280	\$ 14,138	0.1%
Structures, improvements, & plant equipment	30,755,852	34,791,440	65,547,292	31,311,109	35,213,731	66,524,840	(977,548)	(1.5%)
Distribution system	-	14,426,680	14,426,680	-	13,982,330	13,982,330	444,350	3.2%
Pumping & purification equipment	-	24,509,036	24,509,036	-	26,019,407	26,019,407	(1,510,371)	(5.8%)
Transmission mains	-	21,632,376	21,632,376	-	22,208,730	22,208,730	(576,354)	(2.6%)
General equipment	3,296,161	14,704,835	18,000,996	2,519,587	12,589,052	15,108,639	2,892,357	19.1%
Construction in progress	1,698,151	4,236,940	5,935,091	-	7,312,882	7,312,882	(1,377,791)	(18.8%)
Infrastructure	48,796,667	-	48,796,667	50,111,837	-	50,111,837	(1,315,170)	(2.6%)
Net Capital Assets	<u>\$ 88,358,286</u>	<u>\$ 120,137,270</u>	<u>\$ 208,495,556</u>	<u>\$ 87,725,354</u>	<u>\$ 123,176,591</u>	<u>\$ 210,901,945</u>	<u>\$ (2,406,389)</u>	<u>(1.1%)</u>

Additional information on the City of Sedalia's capital assets can be found in Note III-E and III-F on pages 51-54 of this report.

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**Debt Administration**

At the end of the current fiscal year, the City of Sedalia had a total bonded debt, certificate of participation debt, note payable, capital lease payable. Of this amount, \$4,185,000 comprises revenue bonded debt backed by the revenues of the Water Department; \$54,252,893 represents certificates of participation debt; \$3,121,734 represents capital lease obligations that are expected to be paid so long as the City appropriates funds for payment; \$7,910,659 represents the amount due on notes payable; \$321,651 represents the amount due on loans payable.

**Outstanding Debt at Year End**

	March 31, 2020			March 31, 2019			Increase (Decrease)	% Change
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total		
Revenue bonds payable	\$ -	\$ 4,185,000	\$ 4,185,000	\$ -	\$ 4,590,000	\$ 4,590,000	\$ (405,000)	(8.8%)
Certificates of participation	12,612,893	41,640,000	54,252,893	14,119,986	42,055,000	56,174,986	(1,922,093)	(3.4%)
Capital lease obligations	155,749	2,965,985	3,121,734	194,532	3,603,625	3,798,157	(676,423)	(17.8%)
Notes payable	-	7,910,659	7,910,659	-	8,597,746	8,597,746	(687,087)	(8.0%)
Loans payable	122,319	199,332	321,651	152,911	-	152,911	168,740	110.4%
Total Outstanding Debt	<u>\$ 12,890,961</u>	<u>\$ 56,900,976</u>	<u>\$ 69,791,937</u>	<u>\$ 14,467,429</u>	<u>\$ 58,846,371</u>	<u>\$ 73,313,800</u>	<u>\$ (3,521,863)</u>	<u>(4.8%)</u>

During the fiscal year, the City's total debt decreased by \$3,521,863.

Additional information on the City of Sedalia's long term-debt can be found in footnote III-G on pages 55-74 of this report.

**Economic Outlook**

While the effects of the global pandemic are far reaching, the local economy as a whole has weathered the storm fairly well and continues to be poised for a quick recovery. Since Sedalia is the major retail and jobs hub for the region, many parts of the retail sector actually saw increased activity that at least in part offset the downturns in the restaurant, bar, tourism, and entertainment sectors due to shutdowns. Similarly, the manufacturing firms were able to take precautions and were able to stay open for the most part. Some of these job creators are also in industries that are seeing increased demand, serving to keep jobs more stable than many surrounding areas. Many people were understandably staying closer to home during the pandemic, which in turn lead to them spending closer to home. While some of the surrounding retail districts were largely closed, this drove additional shoppers in need of supplies here. In total, the best measure the City has for economic activity is sales and use tax collections. These economic activity taxes continue the trend of, albeit slow but steady, increases year over year.

**CITY OF SEDALIA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Sedalia, Missouri, Attn: Dawn Jennings, Finance Director, 200 South Osage, Sedalia, Missouri 65301 or call (660) 827-3000.



**CITY OF SEDALIA, MISSOURI**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**MARCH 31, 2020**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 13,146,271	\$ 13,429,618	\$ 26,575,889
Short-term investments	-	3,691,873	3,691,873
Accrued interest receivable	17,250	3,940	21,190
Accounts receivable net of allowance for uncollectibles - \$8,028,000	1,089,944	21,262,239	22,352,183
Taxes receivable - net of allowance for uncollectible - \$10,000	4,014,277	-	4,014,277
Estimated third-party payor settlements receivable	-	455,023	455,023
Due from other governmental agencies	517	-	517
Due from other funds	(187,608)	191,340	3,732
Inventory	75,436	2,063,037	2,138,473
Prepaid expenses and other assets	256,584	1,508,537	1,765,121
Total Current Assets	<u>18,412,671</u>	<u>42,605,607</u>	<u>61,018,278</u>
<b>Restricted assets:</b>			
Cash and cash equivalents	488,005	4,517,245	5,005,250
Noncurrent cash and investments	-	15,645,021	15,645,021
Total Restricted Assets	<u>488,005</u>	<u>20,162,266</u>	<u>20,650,271</u>
<b>Noncurrent Assets:</b>			
<b>Capital Assets</b>			
Land, land rights and land improvements	3,811,455	5,795,476	9,606,931
Structures, improvements and plant equipment	51,736,620	100,551,398	152,288,018
Distribution system	-	20,235,915	20,235,915
Pumping and purification equipment	-	45,921,523	45,921,523
Transmission mains	-	32,171,899	32,171,899
Equipment	12,003,298	81,463,516	93,466,814
Infrastructure	165,530,401	-	165,530,401
Construction in progress	1,698,151	4,236,940	5,935,091
Accumulated depreciation	(146,421,639)	(170,239,397)	(316,661,036)
Total Capital Assets, net of accumulated depreciation	<u>88,358,286</u>	<u>120,137,270</u>	<u>208,495,556</u>
Net pension assets	-	70,204	70,204
Other Assets	-	992,749	992,749
Total Noncurrent Assets	<u>88,358,286</u>	<u>121,200,223</u>	<u>209,558,509</u>
<b>Total Assets</b>	<u><u>\$ 107,258,962</u></u>	<u><u>\$ 183,968,096</u></u>	<u><u>\$ 291,227,058</u></u>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows related to pension - LAGERS	\$ 1,020,585	\$ 5,542,100	\$ 6,562,685
Deferred outflows related to pension	859,800	-	859,800
Unamortized issuance cost and deferred loss on debt	63,661	521,937	585,598
<b>Total Deferred Outflows</b>	<u><u>\$ 1,944,046</u></u>	<u><u>\$ 6,064,037</u></u>	<u><u>\$ 8,008,083</u></u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION (Cont'd)**  
**MARCH 31, 2020**

<b>LIABILITIES</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Current Liabilities:</b>			
Accounts payable	\$ 958,543	4,459,704	\$ 5,418,247
Accrued expenses	530,029	4,375,628	4,905,657
Accrued long-term debt interest	-	349,427	349,427
Current maturities of long term debt	1,154,761	3,141,070	4,295,831
Estimated amounts due to third-party payers	-	116,000	116,000
Estimated self insurance costs	-	1,138,371	1,138,371
Court bonds payable	38,927	-	38,927
Protested taxes payable	81,177	-	81,177
<b>Payable from segregated funds:</b>			
Accrued bond interest	-	5,519	5,519
Current maturities of long term debt	-	415,000	415,000
Customer's deposits	-	638,155	638,155
<b>Total Current Liabilities</b>	<b>2,763,437</b>	<b>14,638,874</b>	<b>17,402,311</b>
<b>Noncurrent Liabilities:</b>			
Accrued expenses	1,842,914	-	1,842,914
Certificates of participation	11,527,509	39,920,000	51,447,509
Energy loans payable	91,727	-	91,727
Capital lease payable	116,965	2,441,546	2,558,511
Bonded debt due after one year	-	3,770,000	3,770,000
Notes payable to bank	-	7,213,360	7,213,360
Net pension liability - LAGERS	4,987,809	13,577,791	18,565,600
Net pension liability	3,837,892	-	3,837,892
<b>Total Noncurrent Liabilities</b>	<b>22,404,816</b>	<b>66,922,697</b>	<b>89,327,513</b>
<b>Total Liabilities</b>	<b>\$ 25,168,253</b>	<b>\$ 81,561,571</b>	<b>\$ 106,729,824</b>
<b>DEFERRED INFLOWS</b>			
Unavailable revenue - grants and contract services	\$ 998,116	\$ -	\$ 998,116
Deferred inflows related to pension - LAGERS	1,160,804	691,814	1,852,618
Deferred inflows related to pension	293,930	-	293,930
Unamortized premium on debt	-	3,361,378	3,361,378
<b>Total Deferred Inflows</b>	<b>\$ 2,452,850</b>	<b>\$ 4,053,192</b>	<b>\$ 6,506,042</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 75,467,325	\$ 63,187,122	\$ 138,654,447
<b>Restricted for:</b>			
Expendable for debt service	490,357	69,351	559,708
Expendable for other purposes	7,805,873	13,619,686	21,425,559
Nonexpendable permanent endowments	-	101,614	101,614
Unrestricted	(2,181,650)	27,439,597	25,257,947
<b>Total Net Position</b>	<b>\$ 81,581,905</b>	<b>\$ 104,417,370</b>	<b>\$ 185,999,275</b>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental Activities:							
General Government:							
General and administration	\$ 4,310,120	\$ 581,406	\$ 199,219	\$ -	\$ (3,529,495)	\$ -	\$ (3,529,495)
Total General Government	4,310,120	581,406	199,219	-	(3,529,495)	-	(3,529,495)
Public Safety:							
Police	3,454,009	249,887	33,091	-	(3,171,031)	-	(3,171,031)
Fire	3,384,218	13,800	-	-	(3,370,418)	-	(3,370,418)
Cemetery	303,366	119,090	-	-	(184,276)	-	(184,276)
Animal control	358,989	-	-	-	(358,989)	-	(358,989)
Municipal law	82,211	-	-	-	(82,211)	-	(82,211)
Total Public Safety	7,582,793	382,777	33,091	-	(7,166,925)	-	(7,166,925)
Transportation:							
Airport	712,956	237,280	-	-	(475,676)	-	(475,676)
Streets	2,947,515	-	-	-	(2,947,515)	-	(2,947,515)
Alley	204,643	-	-	-	(204,643)	-	(204,643)
Infrastructure	2,146,864	-	-	-	(2,146,864)	-	(2,146,864)
Total Transportation	6,011,978	237,280	-	-	(5,774,698)	-	(5,774,698)
Cultural, Parks and Recreation:							
Library	676,685	9,499	11,513	-	(655,673)	-	(655,673)
Park	3,011,786	439,731	-	-	(2,572,055)	-	(2,572,055)
Total Cultural, Parks and Recreation	3,688,471	449,230	11,513	-	(3,227,728)	-	(3,227,728)
Community/Economic Development:							
Planning, building and economic	235,329	-	-	-	(235,329)	-	(235,329)
Total Community/Economic	235,329	-	-	-	(235,329)	-	(235,329)
Debt Service							
Interest and fees	358,612	-	-	-	(358,612)	-	(358,612)
Total Debt Service	358,612	-	-	-	(358,612)	-	(358,612)
Total Governmental Activities	22,187,303	1,650,693	243,823	-	(20,292,787)	-	(20,292,787)
Business-Type Activities:							
Health	124,801,039	116,018,342	47,114	121,138	-	(8,614,445)	(8,614,445)
Water	3,294,731	4,970,958	-	132,994	-	1,809,221	1,809,221
Wastewater	7,324,507	5,773,677	-	155,165	-	(1,395,665)	(1,395,665)
Sanitation	1,535,385	1,369,857	-	133,224	-	(32,304)	(32,304)
Total Business-Type Activities	136,955,662	128,132,834	47,114	542,521	-	(8,233,193)	(8,233,193)
Total	\$ 159,142,965	\$ 129,783,527	\$ 290,937	\$ 542,521	\$ (20,292,787)	\$ (8,233,193)	\$ (28,525,980)

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Cont'd)  
YEAR ENDED MARCH 31, 2020**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	2,898,360	-	2,898,360
Franchise taxes	2,416,717	-	2,416,717
Sales and use taxes	14,516,354	-	14,516,354
Motor vehicle and fuel taxes	879,475	-	879,475
Other taxes	104,097	-	104,097
Unrestricted investment earnings	365,858	690,385	1,056,243
Transfers	1,242,988	(1,242,988)	-
Miscellaneous	321,070	1,475	322,545
Total general revenues	<u>22,744,919</u>	<u>(551,128)</u>	<u>22,193,791</u>
Change in net position	2,452,132	(8,784,321)	(6,332,189)
Net position - beginning	<u>79,129,773</u>	<u>113,201,691</u>	<u>192,331,464</u>
Net position - ending	<u>\$ 81,581,905</u>	<u>\$ 104,417,370</u>	<u>\$ 185,999,275</u>

**CITY OF SEDALIA, MISSOURI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2020**

<b>ASSETS</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash, including time deposits	\$ 7,494,401	\$ 6,310,522	\$ 13,804,923
Taxes receivable - net of allowance for uncollectible - \$10,000	1,849,402	2,164,875	4,014,277
Accrued interest receivable	7,217	10,033	17,250
Accounts receivable	989,136	100,808	1,089,944
Due from other governmental agencies	517	-	517
Inventory	37,345	38,091	75,436
Prepaid expenses	179,614	76,970	256,584
Due from other funds	242,705	-	242,705
Restricted cash and investments	-	488,005	488,005
<b>Total Assets</b>	<b>\$ 10,800,337</b>	<b>\$ 9,189,304</b>	<b>\$ 19,989,641</b>
<b>LIABILITIES</b>			
Bank overdraft	\$ -	\$ 658,652	\$ 658,652
Accounts payable	234,628	723,915	958,543
Accrued expenses	341,381	188,648	530,029
Court bonds payable	38,927	-	38,927
Due to other funds	-	430,313	430,313
Protested taxes payable	81,177	-	81,177
<b>Total Liabilities</b>	<b>696,113</b>	<b>2,001,528</b>	<b>2,697,641</b>
<b>DEFERRED INFLOWS</b>			
Unavailable revenue - property taxes, grants and contract services	1,127,005	-	1,127,005
<b>Total Deferred Inflows</b>	<b>1,127,005</b>	<b>-</b>	<b>1,127,005</b>
<b>FUND EQUITY</b>			
Nonspendable			
Inventory	37,345	38,091	75,436
Prepaid expenses	179,614	76,970	256,584
Restricted for cemetery	112,168	-	112,168
Restricted for debt service	-	490,357	490,357
Assigned for specific purposes	335,101	-	335,101
Assigned for special revenue purposes	-	6,517,930	6,517,930
Assigned for capital project purposes	-	725,613	725,613
Unassigned	8,312,991	(661,185)	7,651,806
<b>Total Fund Equity</b>	<b>8,977,219</b>	<b>7,187,776</b>	<b>16,164,995</b>
<b>Total Liabilities, Deferred Inflows and Fund Equity</b>	<b>\$ 10,800,337</b>	<b>\$ 9,189,304</b>	<b>\$ 19,989,641</b>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**MARCH 31, 2020**

Total fund balance - total governmental funds	\$ 16,164,995
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 funds, net of accumulated depreciation of \$146,421,639	88,358,286
The deferred outflows related to pension are not available resources and, therefore, are not reported in the funds.	1,880,385
The deferred inflows and net pension liability related to pension are not payable from available resources and, therefore, are not reported in the funds.	(10,280,435)
Unavailable revenue accounts are used by management to report revenues earned but not collected within 60 days of the fiscal year-end as deferred. These revenues are considered revenues of the government-wide statements when earned.	128,889
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Debt due within one year	(1,154,761)
Debt due in more than one year	(11,736,201)
Accrued compensated absences due in more than one year	(1,842,914)
Unamortized debt issuance costs are not financial resources and therefore are not reported in the funds, net of accumulated amortization.	<u>63,661</u>
Net position of governmental activities	<u><u>\$ 81,581,905</u></u>

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 9,900,914	\$ 10,019,671	\$ 19,920,585
Licenses and permits	581,406	-	581,406
Intergovernmental	216,225	907,073	1,123,298
Charges for services	243,686	700,310	943,996
Fines and penalties	125,291	-	125,291
Miscellaneous	339,408	356,090	695,498
Total Revenues	<u>11,406,930</u>	<u>11,983,144</u>	<u>23,390,074</u>
<b>EXPENDITURES</b>			
General and administrative	3,606,499	-	3,606,499
Public safety	7,917,037	8,668	7,925,705
Transportation	367,329	2,768,321	3,135,650
Library	-	577,638	577,638
Park	-	2,170,954	2,170,954
Planning, building and economic development	-	186,980	186,980
Capital outlay	406,928	5,522,860	5,929,788
Debt service	-	1,925,018	1,925,018
Total Expenditures	<u>12,297,793</u>	<u>13,160,439</u>	<u>25,458,232</u>
Excess (Deficit) of Revenues over Expenditures	<u>(890,863)</u>	<u>(1,177,295)</u>	<u>(2,068,158)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in (out)	<u>1,601,499</u>	<u>(358,511)</u>	<u>1,242,988</u>
Total Other Financing Sources (Uses)	<u>1,601,499</u>	<u>(358,511)</u>	<u>1,242,988</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	710,636	(1,535,806)	(825,170)
Fund Balance, beginning of year	<u>8,266,583</u>	<u>8,723,582</u>	<u>16,990,165</u>
Fund Balance, end of year	<u>\$ 8,977,219</u>	<u>\$ 7,187,776</u>	<u>\$ 16,164,995</u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2020**

Net change in fund balances - total governmental funds \$ (825,170)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases capitalized	4,880,254
Disposition of assets	(8,570)
Depreciation expense	<u>(4,238,752)</u>
	<u>632,932</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Deferred inflows - unavailable property taxes changes	<u>14,943</u>
	<u>14,943</u>

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:

Net pension expense	1,219,287
Increase in long-term accrued compensated absences	<u>(156,266)</u>
	<u>1,063,021</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Certificates of participation obligation principal payments	1,507,093
Note payable principal payments	30,592
Capital lease principal payments	38,783
Amortization expense	<u>(10,062)</u>
	<u>1,566,406</u>

Change in Net Position of Governmental Activities \$ 2,452,132



**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 9,950,676	\$ 9,950,676	\$ 9,900,914	\$ (49,762)
Licenses and permits	583,969	583,969	581,406	(2,563)
Intergovernmental	89,000	113,910	216,225	102,315
Charges for services	237,334	237,334	243,686	6,352
Fines and penalties	120,590	120,590	125,291	4,701
Miscellaneous	277,061	277,061	339,408	62,347
Total Revenues	<u>11,258,630</u>	<u>11,283,540</u>	<u>11,406,930</u>	<u>123,390</u>
<b>EXPENDITURES</b>				
General and administrative	3,687,557	3,997,982	3,606,499	391,483
Public safety	8,324,607	8,333,779	7,917,037	416,742
Transportation	396,680	396,680	367,329	29,351
Capital outlay	451,879	534,597	406,928	127,669
Total Expenditures	<u>12,860,723</u>	<u>13,263,038</u>	<u>12,297,793</u>	<u>965,245</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,602,093)</u>	<u>(1,979,498)</u>	<u>(890,863)</u>	<u>1,088,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	1,598,067	1,598,067	1,601,499	3,432
Total Other Financing Sources (Uses)	<u>1,598,067</u>	<u>1,598,067</u>	<u>1,601,499</u>	<u>3,432</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	<u>(4,026)</u>	<u>(381,431)</u>	<u>710,636</u>	<u>\$ 1,092,067</u>
Fund Balance, beginning of year	<u>8,266,583</u>	<u>8,266,583</u>	<u>8,266,583</u>	
Fund Balance, end of year	<u>\$ 8,262,557</u>	<u>\$ 7,885,152</u>	<u>\$ 8,977,219</u>	

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Health</b>	<b>Water</b>	<b>Wastewater</b>	<b>Sanitation</b>	
<b>ASSETS</b>					
Operating Funds					
Cash and cash equivalents	\$ 8,774,612	\$ 2,774,747	\$ 3,358,222	\$ -	\$ 14,907,581
Short-term investments	2,834,326	367,547	490,000	-	3,691,873
Accounts receivable:					
Consumers	18,726,593	828,357	-	40,494	19,595,444
Other	1,477,702	189,093	-	-	1,666,795
Estimated third-party payor settlements receivable	455,023	-	-	-	455,023
Due from other funds	-	(1,069,624)	1,077,864	183,100	191,340
Accrued interest	-	-	3,940	-	3,940
Inventories	1,838,045	224,992	-	-	2,063,037
Prepaid expenses and other assets	1,423,467	16,030	46,398	22,642	1,508,537
	<u>35,529,768</u>	<u>3,331,142</u>	<u>4,976,424</u>	<u>246,236</u>	<u>44,083,570</u>
<b>SEGREGATED FUNDS</b>					
Cash and cash equivalents	101,614	3,948,042	467,589	-	4,517,245
Noncurrent cash and investments	5,688,481	5,331,930	4,624,610	-	15,645,021
	<u>5,790,095</u>	<u>9,279,972</u>	<u>5,092,199</u>	<u>-</u>	<u>20,162,266</u>
Total Current Assets (Including Segregated Funds)	<u>41,319,863</u>	<u>12,611,114</u>	<u>10,068,623</u>	<u>246,236</u>	<u>64,245,836</u>
Noncurrent Assets					
Capital Assets					
Land, land rights and land improvements	3,084,255	176,240	2,409,349	125,632	5,795,476
Structures, improvements and plant equipment	87,210,459	13,283,025	-	57,914	100,551,398
Distribution system	-	20,235,915	-	-	20,235,915
Pumping and purification equipment	-	4,809,133	41,112,390	-	45,921,523
Transmission mains	-	964,302	31,207,597	-	32,171,899
Equipment	73,011,884	2,212,072	3,343,468	2,896,092	81,463,516
Construction in progress	92,635	4,113,081	31,224	-	4,236,940
Accumulated depreciation	(120,893,000)	(16,513,626)	(31,767,158)	(1,065,613)	(170,239,397)
Total Capital Assets, net of accumulated depreciation	<u>42,506,233</u>	<u>29,280,142</u>	<u>46,336,870</u>	<u>2,014,025</u>	<u>120,137,270</u>
Net pension asset	-	-	37,480	32,724	70,204
Other assets	992,749	-	-	-	992,749
Total Noncurrent Assets	<u>43,498,982</u>	<u>29,280,142</u>	<u>46,374,350</u>	<u>2,046,749</u>	<u>121,200,223</u>
Total Assets	<u>84,818,845</u>	<u>41,891,256</u>	<u>56,442,973</u>	<u>2,292,985</u>	<u>185,446,059</u>
<b>DEFERRED OUTFLOWS</b>					
Deferred outflows related to pension	4,630,357	575,261	195,070	141,412	5,542,100
Unamortized discount costs on debt	-	-	521,937	-	521,937
Total Deferred Outflows	<u>4,630,357</u>	<u>575,261</u>	<u>717,007</u>	<u>141,412</u>	<u>6,064,037</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 89,449,202</u>	<u>\$ 42,466,517</u>	<u>\$ 57,159,980</u>	<u>\$ 2,434,397</u>	<u>\$ 191,510,096</u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF NET POSITION (Cont'd)**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Health</b>	<b>Water</b>	<b>Wastewater</b>	<b>Sanitation</b>	
<b>LIABILITIES</b>					
<b>Operating Funds:</b>					
Bank overdraft	\$ -	\$ -	\$ -	\$ 1,477,963	\$ 1,477,963
Accounts payable	4,116,913	144,597	170,520	27,674	4,459,704
Accrued interest	-	23,581	325,846	-	349,427
Accrued payroll and related benefits	4,046,881	123,025	109,083	96,639	4,375,628
Estimated amounts due to third-party payers	116,000	-	-	-	116,000
Estimated self-insurance costs	1,138,371	-	-	-	1,138,371
Current maturities of capital lease obligations	-	673,892	1,398,688	280,673	2,353,253
Current maturities of long-term debt	787,817	-	-	-	787,817
	<u>10,205,982</u>	<u>965,095</u>	<u>2,004,137</u>	<u>1,882,949</u>	<u>15,058,163</u>
<b>Segregated Funds:</b>					
Accrued bond interest	-	5,519	-	-	5,519
Current portion of long-term debt due within one year	-	415,000	-	-	415,000
Consumer's deposits	-	638,155	-	-	638,155
	<u>-</u>	<u>1,058,674</u>	<u>-</u>	<u>-</u>	<u>1,058,674</u>
<b>Total Current Liabilities (Including Segregated Funds)</b>	<u>10,205,982</u>	<u>2,023,769</u>	<u>2,004,137</u>	<u>1,882,949</u>	<u>16,116,837</u>
<b>Long-Term Debt:</b>					
Bonded debt due after one year	-	3,770,000	-	-	3,770,000
Notes payable to bank	7,213,360	-	-	-	7,213,360
Capital lease obligations	47,936	1,548,597	51,675	793,338	2,441,546
Certificates of participation	-	12,305,000	27,615,000	-	39,920,000
Net pension liability	13,205,372	372,419	-	-	13,577,791
<b>Total Noncurrent Liabilities</b>	<u>20,466,668</u>	<u>17,996,016</u>	<u>27,666,675</u>	<u>793,338</u>	<u>66,922,697</u>
<b>Total Liabilities</b>	<u>30,672,650</u>	<u>20,019,785</u>	<u>29,670,812</u>	<u>2,676,287</u>	<u>83,039,534</u>
<b>DEFERRED INFLOWS</b>					
Unamortized premium on debt	609,096	57,290	2,694,992	-	3,361,378
Deferred inflows related to pension	-	337,239	197,318	157,257	691,814
<b>Total Deferred Inflows</b>	<u>609,096</u>	<u>394,529</u>	<u>2,892,310</u>	<u>157,257</u>	<u>4,053,192</u>
<b>NET POSITION</b>					
Net investment in capital assets	34,407,948	10,567,653	17,271,507	940,014	63,187,122
Restricted					
For debt service	-	69,072	279	-	69,351
For construction	-	8,527,766	5,091,920	-	13,619,686
Nonexpendable permanent endowments	101,614	-	-	-	101,614
Unrestricted	23,657,894	2,887,712	2,233,152	(1,339,161)	27,439,597
<b>Total Net Position</b>	<u>58,167,456</u>	<u>22,052,203</u>	<u>24,596,858</u>	<u>(399,147)</u>	<u>104,417,370</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 89,449,202</u>	<u>\$ 42,466,517</u>	<u>\$ 57,159,980</u>	<u>\$ 2,434,397</u>	<u>\$ 191,510,096</u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Health</b>	<b>Water</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Total</b>
Operating revenues:					
Charges for services	\$ 115,234,877	\$ 4,940,117	\$ 5,752,634	\$ 1,369,712	\$ 127,297,340
Miscellaneous	783,465	30,841	21,043	145	835,494
Total operating revenues	<u>116,018,342</u>	<u>4,970,958</u>	<u>5,773,677</u>	<u>1,369,857</u>	<u>128,132,834</u>
Operating expenses:					
Professional and purchased services	16,611,434	-	-	535,679	17,147,113
Personnel services	64,392,837	825,125	998,466	720,969	66,937,397
Transmission and distribution	-	1,192,447	1,247,616	-	2,440,063
Supplies	22,751,744	-	-	84,026	22,835,770
Other expenses	14,009,927	-	-	-	14,009,927
Depreciation and amortization	6,773,765	708,451	2,568,485	170,931	10,221,632
Total operating expenses	<u>124,539,707</u>	<u>2,726,023</u>	<u>4,814,567</u>	<u>1,511,605</u>	<u>133,591,902</u>
Net operating income	<u>(8,521,365)</u>	<u>2,244,935</u>	<u>959,110</u>	<u>(141,748)</u>	<u>(5,459,068)</u>
Nonoperating revenue (expense):					
Investment income	186,815	373,918	129,652	-	690,385
Interest expense	(261,332)	(568,708)	(2,328,394)	(23,780)	(3,182,214)
Noncapital contributions	47,114	-	-	-	47,114
Costs of issuance	-	-	(181,546)	-	(181,546)
Gain(loss) on disposal of capital assets	-	-	-	1,475	1,475
Total nonoperating revenue (expense)	<u>(27,403)</u>	<u>(194,790)</u>	<u>(2,380,288)</u>	<u>(22,305)</u>	<u>(2,624,786)</u>
Net Income before contributions and transfers	<u>(8,548,768)</u>	<u>2,050,145</u>	<u>(1,421,178)</u>	<u>(164,053)</u>	<u>(8,083,854)</u>
Capital contributions and grants	121,138	132,994	155,165	133,224	542,521
Transfers	-	(444,389)	(611,830)	(186,769)	(1,242,988)
Total capital contributions and transfers	<u>121,138</u>	<u>(311,395)</u>	<u>(456,665)</u>	<u>(53,545)</u>	<u>(700,467)</u>
Net income (loss)	<u>(8,427,630)</u>	<u>1,738,750</u>	<u>(1,877,843)</u>	<u>(217,598)</u>	<u>(8,784,321)</u>
Net position - beginning of year (deficit)	<u>66,595,086</u>	<u>20,313,453</u>	<u>26,474,701</u>	<u>(181,549)</u>	<u>113,201,691</u>
Net position - end of year (deficit)	<u>\$ 58,167,456</u>	<u>\$ 22,052,203</u>	<u>\$24,596,858</u>	<u>\$ (399,147)</u>	<u>\$ 104,417,370</u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	<b>Business Type Activities - Enterprise Funds</b>				
	<b>Health</b>	<b>Water</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from and on behalf of customers/patients	\$ 110,435,092	\$ 4,721,732	\$ 5,790,046	\$ 1,435,933	\$ 122,382,803
Payments to suppliers and contractors	(52,649,850)	(1,133,481)	(1,168,391)	(667,565)	(55,619,287)
Payments to and on behalf of employees	(63,075,760)	(975,007)	(1,018,364)	(724,765)	(65,793,896)
Other receipts and payments	266,812	-	-	-	266,812
Net cash provided (used) by operating activities	<u>(5,023,706)</u>	<u>2,613,244</u>	<u>3,603,291</u>	<u>43,603</u>	<u>1,236,432</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital contributions	47,114	-	-	-	47,114
Interfund transfer	-	(303,195)	(922,090)	(272,967)	(1,498,252)
Net cash provided by noncapital financing activities	<u>47,114</u>	<u>(303,195)</u>	<u>(922,090)</u>	<u>(272,967)</u>	<u>(1,451,138)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital grants and contributions	121,138	132,994	155,165	133,224	542,521
Proceeds from sale of assets	2,800	-	-	1,475	4,275
Acquisition and construction of capital assets	(2,844,396)	(3,997,150)	(406,067)	-	(7,247,613)
Proceeds from capital debt	-	212,157	28,950,000	-	29,162,157
Costs of debt issuance	-	-	(181,546)	-	(181,546)
Premium received on debt issuance	-	-	2,826,815	-	2,826,815
Discount paid on debt issuance	-	-	(253,313)	-	(253,313)
Repayment of long-term debt	(770,907)	(1,033,455)	(29,030,566)	(272,623)	(31,107,551)
Interest paid on capital debt	(261,332)	(562,664)	(2,670,463)	(23,780)	(3,518,239)
Net cash provided (used) by capital and related financing activities	<u>(3,752,697)</u>	<u>(5,248,118)</u>	<u>(609,975)</u>	<u>(161,704)</u>	<u>(9,772,494)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investment assets	7,468,468	11,774,924	2,833,124	-	22,076,516
Purchase of investment assets	(8,532,685)	(5,699,477)	(5,114,610)	-	(19,346,772)
Income from investments	186,815	374,648	126,275	-	687,738
Net cash provided by investing activities	<u>(877,402)</u>	<u>6,450,095</u>	<u>(2,155,211)</u>	<u>-</u>	<u>3,417,482</u>
Net increase (decrease) in cash and cash equivalents	(9,606,691)	3,512,026	(83,985)	(391,068)	(6,569,718)
Balances - beginning of year	18,489,113	3,210,763	3,909,796	(1,086,895)	24,522,777
Balances - end of year	<u>\$ 8,882,422</u>	<u>\$ 6,722,789</u>	<u>\$ 3,825,811</u>	<u>\$ (1,477,963)</u>	<u>\$ 17,953,059</u>
Cash and cash equivalents	\$ 8,774,612	\$ 2,774,747	\$ 3,358,222	\$ (1,477,963)	\$ 13,429,618
Segregated cash and cash equivalents	107,810	3,948,042	467,589	-	4,523,441
Total cash and cash equivalents, end of year	<u>\$ 8,882,422</u>	<u>\$ 6,722,789</u>	<u>\$ 3,825,811</u>	<u>\$ (1,477,963)</u>	<u>\$ 17,953,059</u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF CASH FLOWS (CONT'D)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	<b>Business Type Activities - Enterprise Funds</b>				
	<b>Health</b>	<b>Water</b>	<b>Wastewater</b>	<b>Sanitation</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>					
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (8,521,365)	\$ 2,244,935	\$ 959,110	\$ (141,748)	\$ (5,459,068)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Cash flows reported in other categories:					
Depreciation and amortization expense	6,773,765	708,451	2,568,485	170,931	10,221,632
Provision for bad debts	15,061,652	-	-	-	15,061,652
(Gain) Loss on sale of capital assets	10,241	-	-	-	10,241
Change in assets and liabilities:					
Receivables, net	(18,318,891)	(249,226)	16,369	66,076	(18,485,672)
Estimated third-party payor settlements	(1,542,546)	-	-	-	(1,542,546)
Inventory and other assets	-	28,246	-	-	28,246
Prepaid expenses	-	10,630	(27,886)	180	(17,076)
Deferred outflows related to pension	(239,914)	(373,431)	20,222	15,711	(577,412)
Deferred inflows related to pension	(1,973,185)	(50,517)	(10,780)	(8,375)	(2,042,857)
Net pension asset	-	-	(9,480)	(7,365)	(16,845)
Net pension liability	3,760,221	258,495	-	-	4,018,716
Accounts payable and accrued expenses	609,659	35,661	107,111	(51,807)	700,624
Other assets and liabilities	(413,298)	-	(19,860)	-	(433,158)
Estimated self-insurance liabilities	(230,045)	-	-	-	(230,045)
Accrued payroll, related taxes and benefits	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ (5,023,706)</u>	<u>\$ 2,613,244</u>	<u>\$ 3,603,291</u>	<u>\$ 43,603</u>	<u>\$ 1,236,432</u>
<b>Supplemental Cash Flow Information</b>					
Capital asset acquisition included in accounts payable	<u>\$ 49,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,172</u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**MARCH 31, 2020**

Cash	\$ 165,629
Receivables:	
Accrued interest and dividends	
Investments, at fair value	<u>8,834,316</u>
Total assets	<u>8,999,945</u>
 <b>LIABILITIES</b>	
Due to General Fund	<u>3,732</u>
Total Liabilities	<u>3,732</u>
 Net position - restricted for pension benefits	 <u><u>\$ 8,996,213</u></u>

See Notes to Financial Statements

**CITY OF SEDALIA, MISSOURI**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED MARCH 31, 2020**

**ADDITIONS**

Contributions

Property taxes	\$	424,188
Employer		704,750
Miscellaneous		9,243
Total contributions		1,138,181

Investment income (loss)

Investment income		173,136
Net depreciation in fair value of investments		(739,081)
Total investment loss		(565,945)

Investment expenses

		-
Net loss from investing activities		(565,945)

Total Additions		572,236
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**DEDUCTIONS**

Benefits		1,451,432
Transfer to LAGERS		3,307,321
Disability insurance		36,816
Administrative expense		78,595
Pension refunds		70
Miscellaneous		40,482
Total Deductions		4,914,716

Net decrease		(4,342,480)
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Net position - restricted for pension benefits

Beginning of year		13,338,693
End of year	\$	8,996,213



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

The City of Sedalia, Missouri (the “City”), was incorporated in February 1864 under the provisions of the State of Missouri. The City operates under a City Council - Mayor form of government and provides the following services: public safety (police and fire), streets, culture, recreation, public improvements, planning, and general administrative services. Other services include health care, water, sewer and sanitation operations. The City receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the City is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Bothwell Regional Health Center, (Health Center) is an acute care hospital located in Sedalia, Missouri. The Health Center is a component unit of the City of Sedalia (City), and the City Council appoints members to the Board of Trustees of the Health Center. The Health Center primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in the Pettis County, Missouri area. The Health Center has been designated as a sole community provider and a rural referral center for Medicare reimbursement purposes. It also operates various physician clinics in the same geographic area.

The Sedalia Water Department (the Department) was established by ordinance of the City of Sedalia (the City) in 1957 and provides service to approximately 10,000 customers. The Department is owned by and is a part of the primary government of the City because the City holds the corporate powers of the Department.

**B. Financial Reporting Entity**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Blended Component Unit

Bothwell Regional Health Center is governed by a board of trustees appointed by the City Council of Sedalia, Missouri. Bothwell Regional Health Center has a May 31 year end.

Complete financial statements for the individual component unit may be obtained at the entity's administrative office.

Bothwell Regional Health Center  
601 East 14<sup>th</sup> Street  
Sedalia, Missouri 65301

During 2003, the City adopted GASB Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – For State and Local Governments*, as amended. The City adopted the retroactive infrastructure provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* for the fiscal year ending March 31, 2007.

**C. Basis of Presentation**

*Government-Wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's net position is reported in three parts – net investment in capital assets; restricted net position, and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. When the Health Center has both restricted and unrestricted resources available to finance capital acquisitions, it is the Health Center's policy to use restricted resources before unrestricted resources.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The City distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from transaction providing services and producing and delivering goods in connection with the City's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund: The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund: The special revenue funds account for revenue sources that are legally restricted to expenditures for specified purposes. The Library, Park, Special Business City, Midtown Special Allocation, and Fire Academy Funds are Special Revenue Funds of the City.

Capital Projects Fund: The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The Capital Project and Capital Project #2 Funds are Capital Project Funds of the City.

**CITY OF SEDALIA, MISSOURI  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Fund**

*Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Health Center, Water, Sewer and Sanitation Funds.

**Fiduciary Funds (Not included in government-wide statements)**

*Trust Funds*

Trust funds account for assets held by the City in trust for cemetery upkeep and pension benefits. The trust funds are as follows:

- Fireman’s Pension Fund - Accounts for additions and deductions to the pension plan for firemen.
- Police Pension Fund - Accounts for additions and deductions for the pension plan for policemen.

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<b>Major:</b>	
General	See above for description
<b>Proprietary Fund:</b>	
Health Center, Water, Wastewater and Sanitation	Accounts for activities in providing health, water, wastewater and sanitation services to the public.
<b>Nonmajor:</b>	
<b>Special Revenue Funds:</b>	
Library	Accounts for revenues and expenditures of the library.
Park	Accounts for revenues and expenditures of the park.
Special Business District	Accounts for revenues and expenditures of the special business district.
Midtown Special Allocation	Accounts for revenues and expenditures of the midtown special allocation district.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fire Academy	Accounts for revenues and expenditures of the fire academy.
Transportation	Accounts for street and airport revenues and expenditures.
The Crossing CID Fund	Accounts for the revenues and expenditures of the Crossing CID fund.
Galaxy West CID Fund	Accounts for the revenues and expenditures of the Galaxy West CID fund.
MFA Sales Tax Sharing	Accounts for collection of sales tax revenue to be used to reimburse a developer for infrastructure improvements.
Capital Project Fund	Accounts for the revenues and expenditures of the capital projects fund #1.
Capital Projects Fund #2	Accounts for the revenues and expenditures of the capital projects fund #2.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. 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.
- b. 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 position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Patient Accounts Receivable: The Health Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Health Center provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Net Patient Service Revenue: The Health Center has agreements with third-party payers that provide for payments to the Health Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care: The Health Center provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Health Center does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. Charges excluded from revenue under the Health Center’s policy were approximately \$604,000 for the year ended May 31, 2019.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions: From time to time, the Health Center receives contributions from individuals and private organizations. Revenue contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Endowments: Endowments are provided to the Health Center on a voluntary basis by individuals. Permanent endowments require that the principal or corpus of the endowment be retained in perpetuity. Investment earnings from the permanent endowment are expendable to support the Health Center.

Electronic Health Records Incentive Program: The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR) technology. Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Health Center continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Health Center recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

**Assets, Liabilities and Equity**

**Cash and Investments**

Cash of all funds, except Health and Water, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments in debt and equity securities are reported at fair market value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned. Additional cash and investment disclosures are presented in Note III-A.

Noncurrent cash and investments consist of cash, short-term certificates of deposit, money markets and U.S. Treasury Obligations. These assets include assets restricted under a bond indenture agreement, restricted by contributors for capital acquisitions, principal of permanent endowment and internally designated unrestricted assets set aside by the Board of Trustees over which the Board retains control and may, at its discretion, use for other purposes. Amounts required to meet current liabilities of the Health Center are included in current assets.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Prepaid Items**

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

**Inventory**

The inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

**Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

With the implementation of GASB Statement No. 34, the City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems in its government-wide financial statements.

Capital assets are reported at cost, if purchased, or at fair market value on the date received if donated. The City's policy is to capitalize all expenditures with a useful life greater than one year and unit cost greater than \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the property. Useful lives are assigned based on estimated useful lives of depreciable assets. It is the City's policy to include amortization expense on assets acquired under capital leases with depreciation on owned assets.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of the assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of the capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the fixed assets.

*Government-Wide Statements*

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital 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 over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements	20-50 years
Machinery and Equipment	3-20 years
Utility System	25-75 years
Infrastructure	5-50 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to revenue bond trustee accounts and utility meter deposits.

When the Health Center has both restricted and unrestricted resources available to finance a particular program, it is the Health Center's policy to use restricted resources before unrestricted resources.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of certificates of participation, notes payable, revenue bonds payable and capital leases payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Deferred Charges**

*Bond Premiums, Discounts, and Issuance Costs*

In government-wide financial statements and the proprietary fund types in the fund financial statements, bond discounts are recorded as a reduction of the debt obligation and bond premiums are recorded as an addition to the debt obligation. Such amounts are amortized using the interest method or bonds-outstanding method over the term of the related revenue bonds. Bond issuance costs are recognized as an outflow of resources and expensed rather than amortized.

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

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences - City**

Under the terms of the City's personnel policy, City employees are granted vacation based upon length of service. In the event of termination, employees are paid for accumulated vacation days. Vested or accumulated vacation is recorded as an expenditure or expense and liability of those funds as the benefits accrue to the employee. Sick leave is granted at varying rates dependent upon department of employment. Upon retirement, employees are paid for one-third of accumulated sick leave.

**Compensated Absences – Health Center**

Health Center policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits when earned whether the employee is expected to realize benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

**Compensated Absences – Water Department**

Under the terms of the Department's personnel policy, employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days up to the equivalent of one year's vacation (maximum of three weeks). Employees are not paid for unused sick leave. The costs of vacation are accrued.

**Capital Leases**

Property, plant and equipment financed by capital leases are reflected as assets and corresponding liabilities of the Enterprise Funds and the related depreciation expense is provided on the same basis as assets financed with other resources.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Equity Classifications**

*Government-Wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position -
  - (1) Expendable - Net position whose use by the City is subject to externally imposed stipulations that can be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. The City's policy is to utilize specifically restricted net position, as required by revenue bond indentures, prior to unrestricted net position.
  - (2) Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the City. Such assets include the Health Center's permanent endowment funds.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."
- d. Net position of the Health Center is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the Health Center. Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Health Center, such as permanent endowments. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

*Fund Statements*

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Fund Equity – Fund Financial Statements:*

Governmental fund equity is classified as fund balance. Beginning with FY 2012, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable funds are as detailed in Note III-L.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources because they are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

The City's restricted funds are as detailed in Note III-L.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's board of aldermen, which is the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of aldermen removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the City's board of aldermen, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The City's management assigned funds during year as detailed in Note III-L.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund including any governmental fund in a deficit position.

When fund balance resources are available for a specific purpose in multiple classifications, the City would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Costs of Borrowing**

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During fiscal year 2020 the City capitalized interest of \$85,646.

Unamortized bond discounts and deferred financing fees are amortized over the lives of the bonds using the level yield method.

Amortization of deferred bond costs is capitalized during the period of construction of capital assets.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Function
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**Income Taxes**

As an essential government function of the City, the Health Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. The Health Center is also exempt from income taxes under 501 of the Internal Revenue Code and similar provision of the state law. However, the Health Center is subject to federal income tax on any unrelated business taxable income.

**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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first is the deferred loss on debt and unamortized insurance cost on the government-wide statement of net position. The second is for excess investment returns and contributions made subsequent to the measurement date, both relating to the City's pension on the government-wide 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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has four types of deferred inflows. The first, unavailable revenue, is reported for revenue not yet earned in the government-wide statements. The second is reported on the government-wide statement of net position and proprietary funds statement of net position and relates to differences in experience on the City's pension valuation. The third is reported on the government-wide statement of net position and proprietary statement of net position and relates to the unamortized premium on bonds. The fourth is unavailable revenue on the governmental fund statements for revenues deferred and recognized as inflows in the period they become available.



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deposits and Investment Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note III-A, all deposits were fully insured or collateralized.

**B. Budget Basis of Accounting**

The City of Sedalia prepares its annual budget on a basis (budget basis), which agrees with generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual to provide a meaningful comparison of actual results with the budget.

The City amended the budget twenty times during the fiscal year.

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, net position, revenues, and expenditures/expenses.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Deposits and Investments**

The City of Sedalia is governed by the deposit and investment limitations of state law. The deposits and investments held at March 31, 2020, are shown below:

	<u>Maturity Date</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 24,398,492
Time deposit	04/09/20	245,000
Time deposit	11/02/20	245,000
Time deposit	02/15/21	145,000
Time deposit	03/15/21	245,000
Time deposit	03/29/21	245,000
Time deposit	04/05/21	245,000
Time deposit	06/07/21	245,000
Time deposit	09/28/21	245,000
Time deposit	10/19/21	245,000
Time deposit	10/22/21	245,000
Time deposit	12/20/21	245,000
Time deposit	05/08/22	245,000
Time deposits	11/08/22	490,000
Time deposit	12/27/22	245,000
Time deposits	01/30/23	490,000
Total deposits		<u>28,463,492</u>
Investments:		
Fixed Income	08/31/20	\$ 4,595,508
Fixed Income	09/28/20	215,000
Fixed Income	10/05/20	245,000
Total investments		<u>5,055,508</u>
Health Center deposits and investments		<u>17,399,033</u>
Total deposits and investments		<u>\$ 50,918,033</u>
Reconciliation of Statement of Net Position:		
Current:		
Cash and cash equivalents		\$ 26,575,889
Short-term investments		3,691,873
Total Current		<u>30,267,762</u>
Restricted:		
Cash and cash equivalents		5,005,250
Noncurrent cash and investments		15,645,021
Total Restricted		<u>20,650,271</u>
Total		<u>\$ 50,918,033</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

***Custodial credit risk.*** Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$18,625,308 at March 31, 2020, which was fully insured by depository insurance or secured with collateral. This amount does not include the Health Center's deposits, which are discussed below.

***Investment interest rate risk.*** The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at March 31, 2020, are provided in the previous schedule.

***Investment credit risk.*** The City maintains cash deposits and investments which are authorized by City ordinances related to the long-term debt issuances. The Council has given the City Administrator and Finance Director the authority to invest idle funds of the City in low-risk investments such as United States government securities or collateralized certificates of deposit.

***Concentration of investment credit risk.*** The City places no limit on the amount it may invest in any one issuer. At March 31, 2020, the City had no concentration of credit risk.

**Bothwell Health Center Deposits and Investments**

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Health Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. Agencies or instrumentalities or the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At May 31, 2019, \$17,385,365 of the Health Center's bank balances of \$18,293,086 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution	<u>\$ 17,385,365</u>
	<u><u>\$ 17,385,365</u></u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Investments

The Health Center may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities. The Health Center did not have any such investments at May 31, 2019.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

Carrying value	
Deposits	<u>\$ 17,399,033</u>
Included in the following balance sheet captions:	
Cash	\$ 8,774,612
Certificates of deposit	2,834,326
Noncurrent cash and deposits	<u>5,790,095</u>
Total	<u>\$ 17,399,033</u>

Interest income for the year ended May 31, 2019 amounted to \$186,815.

**B. Net Patient Service Revenue - Health Center**

The Health Center has agreements with third party payors that provide for payments to the Health Center at amounts different from its established rates. These payment arrangements include:

- *Medicare.* Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology. The Health Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Health Center and audits thereof by the Medicare Administrative Contractor.
- *Medicaid.* Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The Health Center is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the Health Center and audits thereof by the Medicaid Administrative Contractor. Medicaid settlements are recognized each year based on estimated final settlements.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Approximately 65% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the year ended May 31, 2019. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

The Health Center receives additional reimbursement, for disproportionate share, from the Missouri Medicaid program in relation to the percentage of Medicaid and indigent population they serve. Beginning in 2011, funding received in excess of costs to provide these services was to be refunded to the state for reallocation to other health care systems. The estimated liability of \$1,838,000 was reduced in 2019 to \$0 due to settled litigation regarding the payments under this program. It is reasonably possible that circumstances related to the state's Medicaid program could change materially in the near term.

The Health Center grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at May 31, 2019, consisted of:

Medicare	\$	5,616,925
Medicaid		1,141,579
Other third-party payers		6,628,183
Patients		13,367,906
		26,754,593
Less: Allowance for uncollected accounts		(8,028,000)
		\$ 18,726,593

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**C. Accounts Receivable**

Accounts receivable of the business-type activities consists of patient and utilities receivable. Accounts receivable of the governmental activities consists of miscellaneous receivables. Receivables detail at March 31, 2020 is as follows:

	Governmental Activities	Business- Type Activities	Total
Accounts receivable	\$ 1,089,944	\$ 29,290,239	\$ 30,380,183
Allowance for doubtful accounts	-	(8,028,000)	(8,028,000)
Net accounts receivable	<u>\$ 1,089,944</u>	<u>\$ 21,262,239</u>	<u>\$ 22,352,183</u>

**D. Taxes Receivable**

Taxes receivable of the governmental activities consist of property, sales, franchise, gas and motor vehicle tax receivable. Receivables detail at March 31, 2020 was as follows:

	Governmental Activities	Business- Type Activities	Total
Taxes receivable	\$ 4,024,277	-	\$ 4,024,277
Allowance for doubtful accounts	(10,000)	-	(10,000)
Net taxes receivable	<u>\$ 4,014,277</u>	<u>\$ -</u>	<u>\$ 4,014,277</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**E. Capital Assets - Governmental Activities**

Capital asset activity for the year ended March 31, 2020, was as follows:

	Balance at April 1, 2019	Additions	Disposals	Transfers	Balance at March 31, 2020
Capital assets not being depreciated:					
Land and land rights	\$ 3,782,821	\$ 28,634	\$ -	\$ -	\$ 3,811,455
Construction work in process	-	1,698,151	-	-	1,698,151
Subtotal	<u>3,782,821</u>	<u>1,726,785</u>	<u>-</u>	<u>-</u>	<u>5,509,606</u>
Other capital assets being depreciated:					
Structures and improvements	32,464,387	642,328	-	-	33,106,715
Other improvements	18,239,159	390,746	-	-	18,629,905
General equipment	10,899,337	1,288,701	(169,053)	(15,687)	12,003,298
Infrastructure	164,698,707	831,694	-	-	165,530,401
Subtotal	<u>226,301,590</u>	<u>3,153,469</u>	<u>(169,053)</u>	<u>(15,687)</u>	<u>229,270,319</u>
Total capital assets at historical costs	<u>230,084,411</u>	<u>4,880,254</u>	<u>(169,053)</u>	<u>(15,687)</u>	<u>234,779,925</u>
Accumulated Depreciation					
Structures and improvements	(12,550,918)	(957,102)	-	-	(13,508,020)
Other improvements	(6,841,519)	(631,229)	-	-	(7,472,748)
General	(8,379,750)	(503,557)	176,170	-	(8,707,137)
Infrastructures	(114,586,870)	(2,146,864)	-	-	(116,733,734)
Subtotal	<u>(142,359,057)</u>	<u>(4,238,752)</u>	<u>176,170</u>	<u>-</u>	<u>(146,421,639)</u>
Net capital assets being depreciated	<u>83,942,533</u>	<u>(1,085,283)</u>	<u>7,117</u>	<u>(15,687)</u>	<u>82,848,680</u>
Governmental activities capital assets	<u>\$ 87,725,354</u>	<u>\$ 641,502</u>	<u>\$ 7,117</u>	<u>\$ (15,687)</u>	<u>\$ 88,358,286</u>

**F. Capital Assets - Business-Type Activities**

Capital assets of the Health, Water, and Wastewater Funds are stated at cost if purchased, or fair market value on the date of contribution (appraised value) if donated, adjusted for the cost of subsequent additions and disposals or retirements. The costs of normal maintenance and repairs are charged to operations as incurred. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized and depreciated over the remaining estimated useful lives of the related assets. The interest cost of borrowed funds used to finance construction projects is capitalized when material. Capital asset activity for the year ended March 31, Health Center year-end is May 31, 2019, was as follows:

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Health**

	Beginning Balance	Additions	Disposals	Adjustments/ Transfers	Ending Balance
Land	\$ 3,084,255	\$ -	\$ -	\$ -	\$ 3,084,255
Land improvements	1,172,928	-	(63,592)	-	1,109,336
Buildings and leasehold improvements	85,251,301	-	(2,080,561)	2,930,383	86,101,123
Equipment	76,787,959	1,746,711	(9,865,569)	4,342,783	73,011,884
Construction in progress	6,349,074	1,016,727	-	(7,273,166)	92,635
	<u>172,645,517</u>	<u>2,763,438</u>	<u>(12,009,722)</u>	<u>-</u>	<u>163,399,233</u>
Less Accumulated Depreciation					
Land improvements	1,076,722	13,490	(62,899)	-	1,027,313
Buildings and leasehold improvements	57,735,610	3,124,937	(2,077,457)	-	58,783,090
Equipment	67,434,993	3,503,929	(9,856,325)	-	61,082,597
Total Accumulated Depreciation	<u>126,247,325</u>	<u>6,642,356</u>	<u>(11,996,681)</u>	<u>-</u>	<u>120,893,000</u>
Capital Assets, Net	<u>\$ 46,398,192</u>	<u>\$ (3,878,918)</u>	<u>\$ (13,041)</u>	<u>\$ -</u>	<u>\$ 42,506,233</u>

**Water**

	Balance at April 1, 2019	Additions	Disposals	Balance at March 31, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 176,240	\$ -	\$ -	\$ 176,240
Construction in progress	936,111	3,600,898	(423,928)	4,113,081
Total capital assets not being depreciated	<u>1,112,351</u>	<u>3,600,898</u>	<u>(423,928)</u>	<u>4,289,321</u>
Other capital assets being depreciated:				
Structures and improvements	13,275,546	7,479	-	13,283,025
Pumping and purification equipment	4,809,133	-	-	4,809,133
Transmission mains	964,302	-	-	964,302
Distribution mains and equipment	19,449,963	785,952	-	20,235,915
General equipment	2,185,323	26,749	-	2,212,072
Total capital assets being depreciated	<u>40,684,267</u>	<u>820,180</u>	<u>-</u>	<u>41,504,447</u>
Total capital assets at historical cost	<u>41,796,618</u>	<u>4,421,078</u>	<u>(423,928)</u>	<u>45,793,768</u>
Accumulated Depreciation				
Structures and improvements	(5,592,118)	(231,719)	-	(5,823,837)
Pumping and purification equipment	(2,203,568)	(95,674)	-	(2,299,242)
Transmission mains	(521,972)	(9,643)	-	(531,615)
Distribution mains and equipment	(5,467,633)	(341,602)	-	(5,809,235)
General equipment	(2,014,659)	(35,038)	-	(2,049,697)
Total accumulated depreciation	<u>(15,799,950)</u>	<u>(713,676)</u>	<u>-</u>	<u>(16,513,626)</u>
Other capital assets, net	<u>24,884,317</u>	<u>106,504</u>	<u>-</u>	<u>24,990,821</u>
Business-Type Activities Capital Assets	<u>\$ 25,996,668</u>	<u>\$ 3,707,402</u>	<u>\$ (423,928)</u>	<u>\$ 29,280,142</u>



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Wastewater**

	Balance at April 1, 2019	Additions	Disposals	Balance at March 31, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 2,409,349	\$ -	\$ -	\$ 2,409,349
Construction work in process	27,697	3,527	-	31,224
Subtotal	<u>2,437,046</u>	<u>3,527</u>	<u>-</u>	<u>2,440,573</u>
Capital assets being depreciated:				
Pumping and purification equipment	41,112,390	-	-	41,112,390
Transmission mains	30,811,690	395,907	-	31,207,597
General equipment	3,372,793	6,633	(35,958)	3,343,468
Subtotal	<u>75,296,873</u>	<u>402,540</u>	<u>(35,958)</u>	<u>75,663,455</u>
Total	<u>77,733,919</u>	<u>406,067</u>	<u>(35,958)</u>	<u>78,104,028</u>
Less accumulated depreciation and amortization:				
Pumping and purification equipment	(17,698,548)	(1,414,697)	-	(19,113,245)
Transmission mains	(9,045,290)	(962,618)	-	(10,007,908)
General equipment	(2,393,306)	(288,657)	35,958	(2,646,005)
Subtotal	<u>(29,137,144)</u>	<u>(2,665,972)</u>	<u>35,958</u>	<u>(31,767,158)</u>
Net capital assets being depreciated	<u>46,159,729</u>	<u>(2,263,432)</u>	<u>-</u>	<u>43,896,297</u>
Business-Type Activities Capital Assets	<u>\$ 48,596,775</u>	<u>\$ (2,259,905)</u>	<u>\$ -</u>	<u>\$ 46,336,870</u>

**Sanitation**

	Balance at April 1, 2019	Additions	Disposals	Transfers	Balance at March 31, 2020
Business-type activities:					
Capital assets not being depreciated:					
Land and land rights	\$ 125,632	\$ -	\$ -	\$ -	\$ 125,632
Construction work in process	-	-	-	-	-
Subtotal	<u>125,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,632</u>
Capital assets being depreciated:					
Structures and improvements	57,914	-	-	-	57,914
Transmission mains	-	-	-	-	-
General equipment	2,880,405	-	-	15,687	2,896,092
Subtotal	<u>2,938,319</u>	<u>-</u>	<u>-</u>	<u>15,687</u>	<u>2,954,006</u>
Total	<u>3,063,951</u>	<u>-</u>	<u>-</u>	<u>15,687</u>	<u>3,079,638</u>
Less accumulated depreciation and amortization:					
Land and land rights	(41,223)	(313)	-	-	(41,536)
Structures and improvements	(43,302)	(393)	-	-	(43,695)
General equipment	(794,470)	(170,225)	-	(15,687)	(980,382)
Subtotal	<u>(878,995)</u>	<u>(170,931)</u>	<u>-</u>	<u>(15,687)</u>	<u>(1,065,613)</u>
Net capital assets being depreciated	<u>2,059,324</u>	<u>(170,931)</u>	<u>-</u>	<u>-</u>	<u>1,888,393</u>
Business-Type Activities Capital Assets	<u>\$ 2,184,956</u>	<u>\$ (170,931)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,014,025</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General and administration	\$ 203,363
Sanitation	-
Total general government	<u>203,363</u>
Public safety:	
Police	452,369
Fire	216,523
Cemetery	21,481
Animal control	43,764
Total public safety	<u>734,137</u>
Transportation:	
Airport	266,423
Streets	186,155
Total transportation	<u>452,578</u>
Cultural, parks and recreation:	
Library	86,804
Park	577,406
Community center	-
Total cultural, parks and recreation	<u>664,210</u>
Planning	<u>37,600</u>
Infrastructure	<u>2,146,864</u>
Total depreciation expense - Governmental activity	<u><u>\$ 4,238,752</u></u>
Business-type activities:	
Health	\$ 6,642,356
Water	713,676
Sewer	2,665,972
Sanitation	170,931
Total depreciation expense - Business-type activity	<u><u>\$ 10,192,935</u></u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**G. Long-Term Debt**

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

	Beginning of Year	Additions	Retirements	End of Year	Amount Due Within One Year
Business-Type Activities:					
Revenue Bonds:					
Water	\$ 4,590,000	\$ -	\$ 405,000	\$ 4,185,000	\$ 415,000
Certificates of Participation:					
Sewer Department					
Series 2010A	455,000	-	455,000	-	-
Series 2010B	28,535,000	-	28,535,000	-	-
Series 2019	-	28,950,000	-	28,950,000	1,335,000
Water Department					
Series 2018	13,065,000	-	375,000	12,690,000	385,000
Other Debt:					
Health Center					
Note payable - Construction	8,597,746	-	687,087	7,910,659	697,299
Water Department					
Waterline Agreement	-	212,157	12,825	199,332	39,550
Capital Leases:					
Health Center	222,274	-	83,820	138,454	90,518
Water Department	1,878,788	-	240,631	1,638,157	249,342
Sewer Department	155,929	-	40,566	115,363	63,688
Sanitation Department	1,346,634	-	272,623	1,074,011	352,310
Total Business-Type Activities	<u>\$ 58,846,371</u>	<u>\$ 29,162,157</u>	<u>\$ 31,107,552</u>	<u>\$ 56,900,976</u>	<u>\$ 3,627,707</u>
Governmental Activities:					
Certificates of Participation:					
Series 2010A	455,000	-	455,000	-	-
Series 2012A	5,380,000	-	345,000	5,035,000	360,000
Series 2017	2,904,200	-	384,200	2,520,000	394,000
Series 2017B	5,380,786	-	322,893	5,057,893	331,385
DNR Energy Loan	152,911	-	30,592	122,319	30,592
Capital Leases	194,532	-	38,783	155,749	38,784
Total Governmental Activities	<u>\$ 14,467,429</u>	<u>\$ -</u>	<u>\$ 1,576,468</u>	<u>\$ 12,890,961</u>	<u>\$ 1,154,761</u>

**1. Certificates of Participation**

Certificates of participation for park and public works improvement projects at March 31, 2020, are comprised of the following individual issues:

**Series 2010A**

On December 22, 2010, the City entered into a lease/purchase agreement to advance refund the Series 2005 issue in the amount of \$2,630,000 and the remainder of \$5,080,000 to fund various improvements. The initial term of this Lease expired on March 31, 2011 (the "Initial Term"), subjected to the Lessee's option to extend the term of this Lease for successive one-year terms commencing April 1, of each year, and a final renewal term ending March 31, 2023. Each option shall be exercised by the appropriation by the City Council of the Lessee, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals and adequate moneys to pay the reasonably estimated Supplemental Rent for the next succeeding Renewal Term. Such appropriation shall automatically extend the term of this Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee. The terms of the lease set the interest rate at 2.00% to 4.10%.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

\$7,595,000 2010A series due in annual installments of \$185,000 to \$1,125,000 beginning June 1, 2011, to \$1,125,000 through June 1, 2022, interest at 2.00% to 4.10%.

\$ 0

This issue was refunded on June 12, 2019.

**Series 2010B**

On December 22, 2010, the City entered into a lease/purchase agreement to fund various improvements. The initial term of the lease commenced on December 22, 2010. The initial term of this Lease expired on March 31, 2011 (the "Initial Term"), subjected to the Lessee's option to extend the term of this Lease for successive one-year terms commencing April 1, of each year, and a final renewal term ending March 31, 2036. Each option shall be exercised by the appropriation by the City Council of the Lessee, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals and adequate moneys to pay the reasonably estimated Supplemental Rent for the next succeeding Renewal Term. Such appropriation shall automatically extend the term of this Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee. The terms of the lease set the interest rate at 4.800% to 7.300%.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

In lieu of issuing the Certificates as Tax-Exempt Obligations, the Issuer is electing (a) to issue the Certificates as taxable "Build America Bonds" (BAB) as defined in Code § 54AA ("Build America Bonds"), and (b) to treat the Certificates as "qualified" Build America Bonds, eligible to receive payments from the U.S. Treasury equal to 35% of each Interest Component payment on the Certificates in accordance with Code §54AA and 6431 ("BAB Interest Subsidy Payments").

\$29,480,000 2010B series due in annual installments of \$945,000 beginning June 1, 2018, to \$2,445,000 through June 1, 2035, interest at 4.800% to 7.300%.

\$ 0

This issue was refunded on June 12, 2019.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Series 2012A

On December 1, 2012, the City entered into a lease/purchase agreement to fund various improvements. The initial term of the lease commenced on December 1, 2012. The initial term of this Lease expired on March 31, 2013 (the “Initial Term”), subjected to the Lessee’s option to extend the term of this Lease for successive one-year terms commencing April 1, of each year, and a final renewal term ending March 31, 2032. Each option shall be exercised by the appropriation by the City Council of the Lessee, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals and adequate moneys to pay the reasonably estimated Supplemental Rent for the next succeeding Renewal Term. Such appropriation shall automatically extend the term of this Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee. The terms of the lease set the interest rate at 2.000% to 3.100%.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

\$6,235,000 2010B series due in annual installments of \$175,000 beginning May 1, 2017, to \$485,000 through May 1, 2032, interest at 2.000% to 3.100%. \$ 5,035,000

The annual debt service requirements to maturity for the 2012A certificates of participation outstanding at March 31, 2020, are as follows:

Year Ending March 31	Governmental Activities		
	Principal	Interest	Total
2021	\$ 360,000	\$ 148,348	\$ 508,348
2022	365,000	139,478	504,478
2023	380,000	129,310	509,310
2024	390,000	118,385	508,385
2025	400,000	106,685	506,685
2026-2030	2,180,000	346,375	2,526,375
2031-2032	960,000	44,320	1,004,320
	<u>\$ 5,035,000</u>	<u>\$ 1,032,901</u>	<u>\$6,067,901</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Series 2017

On March 15, 2017, the City entered into a lease/purchase agreement to advance refund the Series 2007 issue in the amount of \$3,638,100. The initial term of this Lease commenced on March 15, 2017 (the “Initial Term”), subjected to the Lessee’s option to extend the term of this Lease for successive one-year terms commencing April 1, of each year, and a final renewal term ending March 31, 2032. Each option shall be exercised by the appropriation by the City Council of the Lessee, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals and adequate moneys to pay the reasonably estimated Supplemental Rent for the next succeeding Renewal Term. Such appropriation shall automatically extend the term of this Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee. The terms of the lease set the interest rate at 2.550%.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

\$3,638,100 2017 series due in annual installments of \$359,300 to \$446,900 beginning March 15, 2017 through March 15, 2026, interest at 2.550% \$ 2,520,000

The annual debt service requirements to maturity for the 2017 certificates of participation outstanding at March 31, 2020, are as follows:

Year Ending March 31	Governmental Activities		
	Principal	Interest	Total
2021	\$ 394,000	\$ 64,260	\$ 458,260
2022	404,000	54,213	458,213
2023	414,400	43,911	458,311
2024	424,900	33,344	458,244
2025	435,800	22,509	458,309
2026	446,900	11,396	458,296
	<u>\$ 2,520,000</u>	<u>\$ 229,633</u>	<u>\$2,749,633</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Series 2017B

On September 14, 2017, the City entered into a lease/purchase agreement for the purpose of providing funds to pay the costs to acquire, construct, renovate, improve, furnish and equip buildings and facilities for the City. The initial term of this Lease commenced on April 14, 2017 (the “Initial Term”), subjected to the Lessee’s option to extend the term of this Lease for successive one-year terms commencing April 1, of each year, and a final renewal term ending March 31, 2033. Each option shall be exercised by the appropriation by the City Council of the Lessee, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals and adequate moneys to pay the reasonably estimated Supplemental Rent for the next succeeding Renewal Term. Such appropriation shall automatically extend the term of this Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee. The terms of the lease set the interest rate at 2.630%.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

\$5,695,000 2017B series due in annual installments of \$314,214 to \$452,507 beginning September 15, 2018 through September 15, 2032, interest at 2.630% \$ 5,057,893

The annual debt service requirements to maturity for the 2017B certificates of participation outstanding at March 31, 2020, are as follows:

Year Ending March 31	Governmental Activities		
	Principal	Interest	Total
2021	\$ 331,385	\$ 133,022	\$ 464,407
2022	340,101	124,307	464,408
2023	349,046	115,362	464,408
2024	358,226	106,183	464,409
2025	367,647	96,761	464,408
2026-2030	1,988,458	333,582	2,322,040
2031-2033	1,323,030	70,194	1,393,224
	<u>\$ 5,057,893</u>	<u>\$ 979,411</u>	<u>\$6,037,304</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Series 2019

On June 12, 2019, the City entered into a lease/purchase agreement to advance refund the Series 2010A issue in the amount of \$675,000, the 2010B issue in the amount of \$27,565,000 and the remainder of \$5,000,000 to fund various improvements. The initial term of this Lease expired on March 31, 2020 (the “Initial Term”), subjected to the Lessee’s option to extend the term of this Lease for successive one-year terms commencing April 1, of each year, and a final renewal term ending March 31, 2036. Each option shall be exercised by the appropriation by the City Council of the Lessee, in accordance with applicable law, of sufficient moneys (after taking into account any moneys legally available for such purpose) specifically designated for the payment of Base Rentals and adequate moneys to pay the reasonably estimated Supplemental Rent for the next succeeding Renewal Term. Such appropriation shall automatically extend the term of this Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee. The terms of the lease set the interest rate at 3.00% to 4.00%.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

\$28,950,000 2019 series due in annual installments of \$1,335,000 beginning July 15, 2020, to \$2,400,000 through July 15, 2035, interest at 3.00% to 4.00%. \$ 28,950,000

Year Ending March 31	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 1,335,000	\$ 1,110,875	\$ 2,445,875
2022	1,375,000	1,070,225	2,445,225
2023	1,425,000	1,021,100	2,446,100
2024	1,485,000	962,900	2,447,900
2025	1,545,000	902,300	2,447,300
2026-2030	8,725,000	3,512,100	12,237,100
2031-2035	10,660,000	1,580,000	12,240,000
2036	2,400,000	48,000	2,448,000
	<u>\$ 28,950,000</u>	<u>\$ 10,207,500</u>	<u>\$ 39,157,500</u>



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Advanced Refunding**

On June 12, 2019, the City entered into a lease/purchase agreement (Series 2019) of \$28,950,000 to advance refund COPS 2010A with an interest rate of 3.000% to 4.000% and a par value of \$675,000 and advance refund COPS 2010B with an interest rate of 4.800% to 7.300% and a par value of \$27,565,000. The Series 2010A COPS mature on June 1, 2022 and are callable on June 12, 2019, and the Series 2010B COPS mature on June 1, 2035 and are callable on June 12, 2019. The Series 2019 COPS were issued at a premium of \$2,826,815 and, after paying issuance costs of \$399,084, the net proceeds were \$31,372,731. The net proceeds from the issuance of the Series 2019 COPS less \$5,000,000 to fund current projects, plus \$2,508,924 from the City were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to prepay \$625,000 Series 2010A COPS callable on June 12, 2019 and \$27,565,000 Series 2010B COPS callable on June 12, 2019. The advance refunding does meet the requirements of an in-substance debt defeasance and the certificates of participation are removed from the City's financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$3,304,312, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,103,078.

The Capital Projects #2 Fund has pledged future revenues, net of specified operating expenses, to repay certificates of participation, loans and leases that were issued for the purpose of city improvements. The certificates, loans and leases are payable from Capital Projects #2 net revenues and are payable through 2033. Annual principal and interest payments in 2020 on the leases required 100% of net revenues. The total principal and interest remaining to be paid is \$15,134,129. Principal and interest paid for the current year and total Capital Projects #2 net revenues for the current year were \$1,822,619 and \$(637,538), respectively.

The Wastewater and Sanitation Funds have pledged future revenues, net of specified operating expenses, to repay certificates of participation and capital leases that were issued for wastewater and sanitation improvements. The certificates and leases are payable from wastewater and sanitation net revenues and are payable through 2036. Annual principal and interest payments in 2020 required 100% of net revenues. The total principal and interest remaining to be paid is \$39,778,463. Principal and interest paid for the current year and total wastewater and sanitation funds net revenues for the current year were \$31,655,363 and \$3,686,430, respectively.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

2. Bonds/Notes Payable - Bothwell Regional Health Center

Notes payable as of May 31, 2019, are as follows:

Note Payable – Construction

The City acting through the Board of Trustees of Bothwell Regional Health Center entered into an agreement dated December 31, 2009 for issuance of debt within the meaning of Section 103 of the Code.

The agreement allowed for the advancement of up to \$18,300,000 in proceeds to be utilized for construction projects through December 31, 2011. The agreement bears interest at 2.77% through December 2019 and thereafter is adjusted every five years to a rate equal to the Federal Home Loan Bank of Des Moines published interest rate for five-year fixed-rate advances, plus 0.7%. Interest only payments are required on a monthly basis. The maturity date of the agreement is the Health Center’s fiscal year end with the option of the Health Center to extend the agreement for an additional one year renewal term which is an automatic renewal unless the note is paid in full or upon reaching the final maturity date. The Health Center cannot extend the agreement past the final maturity date of January 1, 2030. The agreement does not contain terms for repayment of principal; however, future maturities are based on an internally determined repayment schedule. The debt is secured by real property and improvements.

The debt service requirements as of May 31, 2019 are as follows:

<u>Year Ending</u>	Total to be		
	<u>Paid</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 916,424	\$ 697,299	\$ 219,125
2021	907,706	707,896	199,810
2022	899,091	718,890	180,201
2023	890,587	730,299	160,288
2024	882,196	742,137	140,059
2025-2029	4,395,706	3,904,451	491,255
2030	421,035	409,687	11,348
	<u>\$ 9,312,745</u>	<u>\$ 7,910,659</u>	<u>\$ 1,402,086</u>

3. Capital Lease Obligations - Health Center

The Health Center leases an asset under a capital lease with monthly payments of \$8,170 at a rate of imputed interest of 7.71%.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Assets under capital leases at May 31, 2019 totaled:

Buildings and leasehold improvements	\$ 870,000
Less accumulated depreciation	<u>(778,958)</u>
Balance, end of year	<u><u>\$ 91,042</u></u>

The following is a schedule by year of future minimum lease payments under the capital lease including interest together with the present value of the future minimum lease payments as of May 31, 2019:

2020	\$ 98,040
2021	<u>49,020</u>
Total minimum lease payments	147,060
Less amount representing interest	<u>(8,606)</u>
Present value of future minimum lease payments	<u><u>\$ 138,454</u></u>

**4. Bonds/Capital Lease Payable - Water Department**

The following is a summary of changes in long-term debt transactions for the year ended March 31, 2020:

	Revenue Bonds	Capital Lease	COPS Lease	Waterline Agreement	Total
Balance, April 1, 2019	\$ 4,590,000	\$ 1,878,788	\$ 13,065,000	\$ 212,157	\$ 19,745,945
Issued	-	-	-	-	-
Paid	<u>(405,000)</u>	<u>(240,631)</u>	<u>(375,000)</u>	<u>(12,825)</u>	<u>(1,033,456)</u>
Balance, March 31, 2020	<u><u>\$ 4,185,000</u></u>	<u><u>\$ 1,638,157</u></u>	<u><u>\$ 12,690,000</u></u>	<u><u>\$ 199,332</u></u>	<u><u>\$ 18,712,489</u></u>
Current portion	<u><u>\$ 415,000</u></u>	<u><u>\$ 249,342</u></u>	<u><u>\$ 385,000</u></u>	<u><u>\$ 39,550</u></u>	<u><u>\$ 1,088,892</u></u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Revenue Bonds**

Revenue bonded debt as of March 31, 2020 is as follows:

Water refunding revenue bonds 2.000% to 3.000%, series of 2012, due in \$345,000 to \$545,000 annual installments to March 15, 2029	\$ 4,185,000
Less amounts due in one year	(415,000)
Long-term portion of debt	<u>\$ 3,770,000</u>

The annual debt service requirements to amortize the revenue bonds outstanding as of March 31, 2020 are as follows:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 415,000	\$ 125,550	\$ 540,550
2022	425,000	113,100	538,100
2023	425,000	100,350	525,350
2024	450,000	87,600	537,600
2025	455,000	74,100	529,100
2026-2029	2,015,000	154,500	2,169,500
	\$ 4,185,000	\$ 655,200	\$ 4,840,200

The City ordinance authorizing the issuance of the Waterworks Revenue Bonds requires that the Department be accounted for as a separate fund. It also requires the establishment of the following accounts:

1. *Waterworks System Project Account* - This account was established to make payments for bond-related planning, engineering, and construction costs of the project.
2. *Waterworks System Operation and Maintenance Account* - This account was established to account for funds set aside to pay estimated costs of operating and maintaining the Department during the ensuing month as long as the bonds remain outstanding.
3. *Debt Service Account for Waterworks Refunding Revenue Bonds Series 2012* - This account was established to account for principal and interest in the amounts specified in the Bond Agreement.

All amounts paid and credited to the Debt Service Account are expended and used for the purpose of paying the interest on and principal of the bonds as and when the same become due at maturity and on each interest payment date.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Restricted amounts and special reserves are reported on the accompanying balance sheets as restricted assets and reservations of retained earnings as follows:

<u>Account</u>	Restricted Assets	Restricted Retained Earnings	Liabilities Payable from Restricted Assets
Debt Service	\$ 69,072	\$ 69,072	\$ 5,519
Construction	8,527,766	8,527,766	-
Customer Deposits	683,134	-	638,155
	<u>\$ 9,279,972</u>	<u>\$ 8,596,838</u>	<u>\$ 643,674</u>

The revenue bond ordinances require that the systems be accounted for in separate Enterprise Funds. They also require that sufficient current assets have been set aside to operate the systems, all remaining monies held in the funds be segregated and restricted in separate special reserves and accounts, in the following sequence:

<u>Account</u>	<u>Purpose</u>
Principal and Interest (Debt Service) Account	Paying current principal and interest on bonds
Reserve Account	Paying principal and interest in the event of a deficiency in the principal and interest account
Renewal and Replacement Account	Paying the expenses of operating, maintaining and repairing the utility systems
Surplus Account	Recording all amounts remaining after accounts payment into the above.

Surplus account monies are reflected as unrestricted cash. Assets of all special reserves and accounts, along with assets restricted for repayment of customer deposits and for donor-specified purposes, consist of cash and investments and are reported in the accompanying combined balance sheet as follows:

<u>Account</u>	<u>Enterprise Funds</u>		
	Restricted Assets	Restricted Net Position	Liabilities Payable from Restricted Assets
Principal and interest accounts	\$ 69,351	\$ 69,351	\$ 420,519
Reserve account	-	-	-
Customer Deposits	683,134	-	638,155
Donor-specified purposes	101,614	101,614	-
Construction funds	19,308,167	13,619,686	-
	<u>\$ 20,162,266</u>	<u>\$ 13,790,651</u>	<u>\$ 1,058,674</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

The various bond ordinances and indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in compliance with all such significant financial limitations and restrictions.

**Certificates of Participation - Series 2018**

On March 27, 2018, the Department entered into a lease/purchase agreement to provide funds to pay the costs to acquire, construct, install and improve the City's waterworks system. The Series 2018 certificates were issued at par \$13,065,000; costs of issuance were \$402,897 and \$12,662,103 was transferred to a construction account.

The initial term of the lease commenced on March 8, 2018 and ended on March 31, 2020. Under the lease, the Department has the option of extending the lease for twenty-five consecutive one-year terms commencing April 1, 2018. The final renewal term will commence March 1, 2042, and end March 31, 2043. The terms of the lease set the interest rates at 2.000% to 3.700%.

The Department is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the Department will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

The annual debt service requirements to maturity for the Series 2018 certificates of participation outstanding at March 30, 2020 are as follows:

Year Ended March 31,	Principal	Interest	Total
2021	\$ 385,000	\$ 416,445	\$ 801,445
2022	395,000	406,670	801,670
2023	405,000	394,670	799,670
2024	415,000	382,370	797,370
2025	430,000	369,695	799,695
2026-2030	2,355,000	1,643,488	3,998,488
2031-2035	2,755,000	1,241,141	3,996,141
2036-2040	3,280,000	722,301	4,002,301
2041-2043	2,270,000	127,838	2,397,838
Total	<u>\$ 12,690,000</u>	<u>\$ 5,704,618</u>	<u>\$ 18,394,618</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Capital Leases**

On January 5, 2011, the Department entered into a lease/purchase agreement to fund water improvements. The initial term of the lease commenced on December 1, 2010 and ended on March 31, 2011. Payments under the Lease are subject to annual appropriation and are expected to be payable only from the funds maintained by the Department and the assets under control of the Department.

The Department is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the Department will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

Future payments as of March 31, 2020 are as follows assuming noncancellation:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 249,342	\$ 59,301	\$ 308,643
2022	258,368	50,275	308,643
2023	267,721	40,922	308,643
2024	277,412	31,230	308,642
2025	287,454	21,188	308,642
2026	297,860	10,782	308,642
	<u>\$ 1,638,157</u>	<u>\$ 213,698</u>	<u>\$ 1,851,855</u>

Property, plant and equipment includes the following amounts for leases which have been capitalized at March 31, 2020:

Distribution mains	\$ 3,725,942
Less accumulated amortization	<u>(749,927)</u>
	<u>\$ 2,976,015</u>

Amortization of capital leases was \$93,831 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
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**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Waterline Agreement**

On May 17, 2019, the Department entered into an agreement with a developer to provide funds to pay the costs to upsize the water line to provide for future development.

The initial term of the agreement commenced on May 17, 2019 and ended on March 31, 2020. Under the agreement, the Department has the option of extending the agreement for five consecutive one-year terms commencing April 1, 2020. The final renewal term will commence March 1, 2024, and end March 31, 2025. The terms of the agreement set the interest rate at 4.125%.

The Department is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the Department will not abandon this agreement, and accordingly, the agreement obligation is shown as long-term debt.

The annual debt service requirements to maturity for this agreement outstanding at March 30, 2020 are as follows:

Year Ended March 31,	Principal	Interest	Total
2021	\$ 39,550	\$ 7,480	\$ 47,030
2022	41,213	5,817	47,030
2023	42,945	4,085	47,030
2024	44,750	2,280	47,030
2025	30,874	480	31,354
Total	<u>\$ 199,332</u>	<u>\$ 20,142</u>	<u>\$ 219,474</u>

Property, plant and equipment includes the following amounts for agreements which have been capitalized at March 31, 2020:

Distribution mains	\$ 212,157
Less accumulated amortization	<u>(4,116)</u>
	<u>\$ 208,041</u>

Amortization of the agreement was \$4,116 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**Pledged Revenues**

The Water Fund pledged future revenues, net of specified operating expenses, to repay revenue bonds, certificates of participation and capital lease obligations that were issued for the purpose of water improvements. The bonds, certificates of participation and capital lease obligations are payable from water net revenues and are payable through 2043. Annual principal and interest payments in 2020 required 48% of net revenues. The total principal and interest remaining to be paid on the bonds and leases is \$25,306,147. Principal and interest paid for the current year was \$1,602,164 and total net revenues for the current year were \$3,327,304.

5. Capital Lease – City (Sewer Fund)

On August 1, 2015, the City entered into a lease/purchase agreement to fund the purchase of equipment. The initial term of the lease commenced on August 1, 2015 and ended on August 1, 2016. Payments under the Lease are subject to annual appropriation and are expected to be payable only from the funds maintained by the City and the assets under control of the City.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

Future payments as of March 31, 2020 are as follows assuming noncancellation:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 47,757	\$ 1,422	\$ 49,179
	\$ 47,757	\$ 1,422	\$ 49,179

Property, plant and equipment includes the following amounts for leases which have been capitalized at March 31, 2020:

Equipment	\$ 170,166
Less accumulated amortization	(55,805)
	\$ 114,361

Amortization of the capital lease was \$11,161 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

On April 13, 2017, the City entered into a lease/purchase agreement to fund the purchase of equipment. The initial term of the lease commenced on April 13, 2017 and ended on March 31, 2020. Payments under the Lease are subject to annual appropriation and are expected to be payable only from the funds maintained by the City and the assets under control of the City.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

Future payments as of March 31, 2020 are as follows assuming noncancellation:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 15,932	\$ -	\$ 15,932
2022	15,931	-	15,931
2023	35,743	-	35,743
	<u>\$ 67,606</u>	<u>\$ -</u>	<u>\$ 67,606</u>

Property, plant and equipment includes the following amounts for leases which have been capitalized at March 31, 2020:

Equipment	\$ 115,400
Less accumulated amortization	<u>(30,897)</u>
	<u>\$ 84,503</u>

Amortization of the capital lease was \$10,299 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

On October 15, 2018, the City entered into a lease/purchase agreement to fund the purchase of equipment. The initial term of the lease commenced on October 15, 2018. Payments under the Lease are subject to annual appropriation and are expected to be payable only from the funds maintained by the City and the assets under control of the City.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Future payments as of March 31, 2020 are as follows assuming noncancellation:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 137,198	\$ 6,949	\$ 144,147
2022	139,445	4,702	144,147
2023	141,729	2,418	144,147
2024	71,733	341	72,074
	<u>\$ 490,105</u>	<u>\$ 14,410</u>	<u>\$ 504,515</u>

Property, plant and equipment includes the following amounts for leases which have been capitalized at March 31, 2020:

Equipment	\$ 625,091
Less accumulated amortization	<u>(187,527)</u>
	<u>\$ 437,564</u>

Amortization of the capital lease was \$125,018 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

6. Capital Leases – City

On December 13, 2018, the City entered into a lease/purchase agreement to fund the purchase of equipment. The initial term of the lease commenced on December 13, 2018. Payments under the Lease are subject to annual appropriation and are expected to be payable only from the funds maintained by the City and the assets under control of the City.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Future payments as of March 31, 2020 are as follows assuming noncancellation:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 143,475	\$ 21,585	\$ 165,060
2022	149,562	15,498	165,060
2023	156,193	8,867	165,060
2024	134,676	2,875	137,551
	<u>\$ 583,906</u>	<u>\$ 48,825</u>	<u>\$ 632,731</u>

Property, plant and equipment includes the following amounts for leases which have been capitalized at March 31, 2020:

Equipment	\$ 721,542
Less accumulated amortization	<u>(180,385)</u>
	<u>\$ 541,157</u>

Amortization of the capital lease was \$144,308 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

On April 3, 2017, the City entered into two lease/purchase agreement to fund the purchase of equipment. The initial term of the lease commenced on April 3, 2017 and ended on March 31, 2020. Payments under the Lease are subject to annual appropriation and are expected to be payable only from the funds maintained by the City and the assets under control of the City.

The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year. It is expected that the City will not abandon this lease, and accordingly, the lease obligation is shown as long-term debt.

Future payments as of March 31, 2020 are as follows assuming noncancellation:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 38,783	\$ -	\$ 38,783
2022	116,966	-	116,966
	<u>\$ 155,749</u>	<u>\$ -</u>	<u>\$ 155,749</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

Property, plant and equipment includes the following amounts for leases which have been capitalized at March 31, 2020:

Equipment	\$	272,100
Less accumulated amortization		(72,852)
		\$ 199,248
		\$ 199,248

Amortization of the capital lease was \$24,284 for the fiscal year ending March 31, 2020. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

7. Loans

DNR Energy Construction Loan:

On April 2, 2007, the City approved a loan agreement with the Missouri Department of Natural Resources and the State Environmental Improvement Energy Resources Authority to provide financing for the installation and construction of energy conservation measures. The financing is to be repaid from energy cost savings realized by the City as a result of implementation of such energy conservation measures.

The amount of the loan received was \$489,424. The loan proceeds were received by the City on May 19, 2010.

The interest rate is 0.00% plus a 1% loan origination fee and semi-annual payments are \$15,449 for 15 years.

The annual debt service requirements to amortize the principal on the loan outstanding at March 31, 2020, are as follows:

Year Ending March 31,	Governmental Funds		
	Principal	Interest/Fee	Total
2021	\$ 30,592	\$ 306	\$ 30,898
2022	30,592	306	30,898
2023	30,592	306	30,898
2024	30,543	305	30,848
	\$ 122,319	\$ 1,223	\$ 123,542

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

8. Legal Debt Limit

The State Constitution permits a City, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for “City purposes” not to exceed 10% of the assessed value of taxable tangible property. The State Constitution also permits a City, by vote of two-thirds of the voting electorate, to incur additional assessed value of taxable tangible property, for the purpose of acquiring right-of-way, constructing, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric or other light and plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

At March 31, 2020, based on the total assessed valuation as of December 31, 2019, of \$264,463,540 the constitutional general obligation debt limit was \$52,892,708.

**H. Taxable Industrial Revenue Bonds**

The City of Sedalia, Missouri (the “City”), is authorized pursuant to the provisions of Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended (the “Act”), to issue its revenue bonds for the carrying out of a project under the Act, such revenue bonds to be paid solely from revenue received from such project, and to enter into a lease of the facilities financed with the proceeds of such revenue bonds with any person, firm or corporation.

The City Council adopted an Ordinance on May 7, 2018, expressing the intent of the City to issue its industrial development revenue bonds in a principal amount not to exceed \$400,650,000, for the purpose of financing the costs of a steel mill facility (the “Project”), and authorizing the City to lease the Project to Nucor Steel Sedalia, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Company”).

The City is authorized to issue and sell its Taxable Industrial Revenue Bonds (Nucor Steel Sedalia, LLC) Series 2018, in an aggregate principal amount not to exceed \$400,650,000, for the purpose of providing funds to finance the costs of the Project. The Bonds shall be issued and secured pursuant to the herein authorized Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall bear interest at such rates, shall be subject to redemption and other terms and conditions, and shall be issued in such manner, subject to such provisions, covenants and agreements, as are set forth in the Indenture.

The Bonds and interest thereon shall be limited obligations of the City payable solely out of certain payments, revenues and receipts derived by the City from the lease and such payments, revenues and receipts shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri, and neither the City nor said State shall be liable thereon. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction and are not payable in any manner by taxation.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**I. Interfund Transfers**

Interfund transfers during the year ended March 31, 2020, were as follows:

Disbursing Fund	Receiving Fund	Amount
Transportation (Non-Major)	General (Major)	\$ 360,079
Sanitation (Major)	General (Major)	186,769
Wastewater (Major)	General (Major)	611,830
Water (Major)	MFA Sales Tax Sharing (Non-Major)	15,677
General (Major)	MFA Sales Tax Sharing (Non-Major)	1,568
Capital Projects (Non-Major)	MFA Sales Tax Sharing (Non-Major)	784
Water (Major)	General (Major)	444,389

From the Transportation to General (\$360,079) – This was for allocation of administrative expenses associated with the salaries, overhead, utility billing, payroll, financial report, and management of the enterprise funds.

From Sanitation to General (\$186,769) – This was for allocation of administrative expenses associated with the salaries, overhead, utility billing, payroll, financial report, and management of the enterprise funds.

From Wastewater to General Fund (\$611,830) - This was for allocation of administrative expenses associated with the salaries, overhead, utility billing, payroll, financial report, and management of the enterprise funds.

From Water to MFA Sales Tax Sharing (\$15,677) – This was to satisfy the portion of the obligation due in the present fiscal year.

From General to MFA Sales Tax Sharing (\$1,568) – This was to satisfy the obligations of the agreement due in the present fiscal year.

From Capital Projects to MFA Sales Tax Sharing (\$784) – This was to satisfy the obligations of the agreement due in the present fiscal year.

From Water to General (\$444,389) – This was for allocation of administrative expenses associated with the salaries, overhead, utility billing, payroll, financial report, and management of the enterprise funds.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**J. Restricted Net Position**

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

Activity	Governmental Activities	
	Restricted By	Amount
Library	Council action	\$ 1,101,609
Park	Council action	3,244,696
Special Business District	Council action	91,017
Midtown Special Allocation	Council action	336,426
Fire Academy	Council action	8,048
The Crossings CID	Council action	15,929
MFA Sales Tax Sharing	Council action	2,352
Transportation	Council action	1,876,861
Capital Project #2	Council action	725,613
Cemetery	Council action	112,168
DARE Program	Council action	103,214
Court Clerk Training	Council action	4,649
Police Seizure	Council action	76,834
Trooper	Council action	5,506
Fire Insurance	Council action	62,195
Court Bonds	Council action	38,756
Debt Service	Council action	490,357
		\$ 8,296,230

**K. Accounts Payable**

Payables in the governmental funds are composed of payables to vendors (64%) and accrued salaries and benefits (36%). Payables of Enterprise Funds are composed of payables to vendors (50%) and accrued salaries and benefits (50%).

**Accounts Payable – Bothwell Regional Health Center**

Accounts payable and accrued expenses included in current liabilities at May 31, 2019 consisted of:

Payable to suppliers and contractors	\$ 4,327,644
Payable to employees (including payroll taxes and benefits)	3,836,150
Payable for self-insurance	1,138,371
	\$ 9,302,165



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)**

**L. Fund Balance**

Classifications of fund balances at March 31, 2020 are as follows:

	General Fund	Other Governmental Funds	Total
Fund Balances:			
Nonspendable			
Inventory	\$ 37,345	\$ 38,091	\$ 75,436
Prepaid expenses	179,614	76,970	256,584
Restricted for debt service	-	490,357	490,357
Restricted for construction	-	-	-
Restricted for cemetery	112,168	-	112,168
Assigned for:			
DARE program	103,214	-	103,214
Court clerk training	4,649	-	4,649
Police seizure	76,834	-	76,834
Trooper	5,506	-	5,506
Fire insurance proceeds	62,195	-	62,195
Court bonds	38,756	-	38,756
Inmate security	42,145	-	42,145
Fire relief	1,802	-	1,802
Assigned for special revenue purposes	-	6,517,930	6,517,930
Assigned for capital project purposes	-	725,613	725,613
Unassigned	8,312,991	(661,185)	7,651,806
	\$ 8,977,219	\$ 7,187,776	\$ 16,164,995

The City has not adopted a policy that sets forth a minimum fund balance amount.

The City had an ending fund balance deficit of \$658,850 in the Capital Project Fund and \$2,335 in the Galaxy West CID Fund.

**IV. OTHER INFORMATION**

**A. Related Organization**

The Sedalia-Pettis County Development Corporation was created on July 8, 1975, as a “General Not-For-Profit Corporation” under Missouri Statutes and has been recognized by the Internal Revenue Service as a tax-exempt corporation operating under Internal Revenue Code Section 501(c)(6). The Corporation promotes industrial and business opportunities in Sedalia, Missouri. The Corporation solicits new businesses and manufacturers, develops industrial parks and other facilities, and acts as an information clearing house for existing businesses. The City has paid \$135,400 to the Corporation for the year ended March 31, 2020.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**B. Pension Plans**

1. City Employee Pension Plan

Summary of Significant Accounting Policies

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

General Information about the 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, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

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

	<u>2019 Valuation</u>
Benefit Multiplier:	2% for life
Final Average Salary:	3 years
Member Contributions:	0%

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	179
Inactive employees entitled to but not yet receiving benefits	82
Active employees	192
	453

**Contributions.** The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 16.0% for general, 15.0% for police, 26.2% for library, and 16.5% for the water department.

**Net Pension Liability.** The employer’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

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

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

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 healthy annuitant mortality tables for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality tables 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.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

The actuarial assumptions used in the February 28, 2019 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	35.0%	4.78%
Fixed Income	31.0%	1.41%
Real Assets	36.0%	3.29%
Strategic Assets	8.0%	5.25%
Alpha	15.0%	3.67%
Cash	10.0%	0.00%
Leverage	-35.0%	-0.51%

**Discount rate.** The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<b>Balances at 3/31/19</b>	\$ 37,378,190	\$ 36,995,961	\$ 382,229
<b>Changes for the year:</b>			
Service Cost	902,275	-	902,275
Interest	2,678,197	-	2,678,197
Difference between expected and actual experience	310,072	-	310,072
Changes in terms	8,553,204	-	8,553,204
Contributions - employer	-	4,635,073	(4,635,073)
Contributions - employee	-	-	-
Net investment income	-	2,445,604	(2,445,604)
Benefit payments, including refunds	(1,792,940)	(1,792,940)	-
Administrative expense	-	(46,487)	46,487
Other changes	-	501,763	(501,763)
<b>Net changes</b>	<u>10,650,808</u>	<u>5,743,013</u>	<u>4,907,795</u>
<b>Balances at 3/31/20</b>	<u>\$ 48,028,998</u>	<u>\$ 42,738,974</u>	<u>\$ 5,290,024</u>

***Sensitivity of the net pension liability to changes in the discount rate.*** The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 54,449,773	\$ 48,028,998	\$ 42,681,425
Plan Fiduciary Net Position	42,738,974	42,738,974	42,738,974
Net Position Liability (Asset)	<u>\$ 11,710,799</u>	<u>\$ 5,290,024</u>	<u>\$ (57,549)</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

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

For the year ended March 31, 2020 the employer recognized pension expense of \$1,103,310. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 535,570	\$ 977,812
Differences in assumptions	315,643	-
Excess (deficit) investment returns	7,005	874,806
Contributions subsequent to the measurement date*	984,182	-
Total	\$ 1,842,400	\$ 1,852,618

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2020.

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

Year Ended	Net Deferred Outflows of Resources
2021	\$ (103,407)
2022	(550,024)
2023	(266,136)
2024	33,584
2025	(9,957)
Thereafter	(8,532)

Payable to the Pension Plan

At March 31, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended March 31, 2020.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

2. Firemen’s Pension Trust Fund

Plan Description

The Firemen’s Pension Trust Fund is administered by the Fire Pension Fund Board of Trustees. The single-employer, defined benefit pension plan was established by City ordinance with the City charter and state statutes.

Benefits Provided

The Firemen’s Pension Trust Fund provides retirement, death and disability benefits. All employees of the fire department earning \$100 or more per calendar year are covered under the plan. Reserve and voluntary firemen are not eligible to participate in the plan. Employees of the fire department become eligible for the plan immediately upon employment and are fully vested after ten years of full-time service. Employees completing twenty-two years of service are entitled to a monthly benefit of 50% of a base amount which increases 3% per year (\$57,796 for the 2019 plan year). Any employee hired after July 1, 1989 must also attain age 55. Participants who become disabled prior to retirement or separation from service are entitled to the greater of his or her accrued benefit payable as a monthly benefit commencing at his or her normal retirement date, of his or her employee contribution benefit. Death benefits are paid at a greater of 75% of the participant’s accrued benefit payable commencing at date of death, or 100% of the participant’s employee contribution benefit payable as a lump sum. If a participant terminates employment prior to their normal retirement date, the participant is entitled to the greater of his or her employee contribution benefit credited with interest, or a deferred payable for life on his or her normal retirement date equal to his or her vested accrued benefits.

Employees Covered by Benefit Terms

At March 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	3
Active employees	40
	91
	91

Contributions

As required by City ordinance, each member historically contributed 7.5% of a base compensation amount, which was matched by the City. Effective, April 1, 2012, employee contributions to the plan were discontinued, and all contributions to the plan are now being made by the City. Participants are 100% vested in their contributions. Included in net position are employee contributions totaling \$742,947.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

The City makes contributions to the plan based on the recommendation of the independent actuary. In addition, contributions to the plan are made by the City from a \$0.0495 per \$100 assessed valuation property tax levy established by City ordinance. Total City-paid contributions for the year ended March 31, 2020 were \$266,040. Total contributions provided from the property tax levy were \$147,166.

***Net Pension Liability***

The employer's net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019.

Actuarial Assumptions

The total pension liability in the April 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.2%
Salary Increase	3%
Investment rate of return	7%

The change in the actuarial assumptions from April 1, 2018 valuation included mortality rates being based on different tables. For the April 1, 2019 valuation, mortality rates were based on the MP-2018 Blue Collar tables.

The plan had an experience study completed in November 2017. This experience study was completed for the period 2010 through 2017. Recommendations from this study have yet to be implemented.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Equity	65.00%	6.00%
Fixed Income	35.00%	3.00%



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

Discount rate

The discount rate used to measure the total pension liability is 7.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
<b>Balances at 3/31/19</b>	\$ 11,263,908	\$ 7,528,975	\$ 3,734,933
<b>Changes for the year:</b>			
Service Cost	160,454	-	160,454
Interest	761,117	-	761,117
Difference between expected and actual experience	(82,067)	-	(82,067)
Changes in Assumptions	(23,976)	-	(23,976)
City contributions	-	245,427	(245,427)
Property tax revenues	-	122,386	(122,386)
Net investment income	-	402,513	(402,513)
Benefit payments, including refunds	(1,102,512)	(1,102,512)	-
Administrative expense	-	(57,757)	57,757
<b>Net changes</b>	<b>(286,984)</b>	<b>(389,943)</b>	<b>102,959</b>
<b>Balance at 3/31/20</b>	<b>\$ 10,976,924</b>	<b>\$ 7,139,032</b>	<b>\$ 3,837,892</b>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 7.0%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	Current Single Discount		
	1% Decrease (6.0%)	Rate Assumption (7.0%)	1% Increase (8.0%)
Total Pension Liability	\$ 12,315,231	\$ 10,976,924	\$ 9,867,553
Plan Fiduciary Net Position	7,139,032	7,139,032	7,139,032
Net Position Liability	<u>\$ 5,176,199</u>	<u>\$ 3,837,892</u>	<u>\$ 2,728,521</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

Pension Plan Fiduciary Net Position

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

For the year ended March 31, 2020 the City recognized pension expense of \$562,104. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between:		
Expected and actual experience	\$ 89,660	\$ 217,792
Changes in assumptions	353,211	76,138
Projected and actual earnings on investments	150,889	-
Contributions subsequent to the measurement date*	<u>259,193</u>	<u>-</u>
Total	<u>\$ 852,953</u>	<u>\$ 293,930</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending March 31, 2021.

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

<u>Year Ending</u>	
2020	\$ 201,197
2021	59,159
2022	49,048
2023	8,477
2024	(10,516)
Thereafter	<u>(7,535)</u>
Total	<u>\$ 299,830</u>

***Payable to the Pension Plan***

At March 31, 2020, the City had a payable totaling \$3,733 to the pension fund for outstanding contributions.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

3. Police Pension Trust Fund

The Police Pension Trust Fund was transferred to LAGERS for fiscal year 2020.

4. Bothwell Regional Health Center Employee Pension Plan

**Plan Description.** The Health Center sponsors a single-employer defined benefit pension plan (the plan) covering eligible employees. The plan provides retirement and death benefits to plan members and their beneficiaries. The plan is administered by the Retirement Committee, appointed by the Board of Trustees. Benefit provisions are contained in the plan document and were established and can be amended by action of the Health Center’s governing body. The plan does not issue a separate report that includes financial statements and required supplementary information for the plan.

Effective June 1, 2006, the plan was amended such that no employee whose employment date is after May 31, 2006, shall become a member of the plan. Effective January 1, 2017, the plan was again amended to allow one member of the Health Center’s management team to become added as a new member of the plan.

**Benefits Provided.** The plan provides retirement and death benefits to plan members and their beneficiaries. For members whose age and years of continuous service equal at least 65 as of October 1, 1998, retirement benefits are calculated as 1.35% of employee’s final 5-year average salary times the employee’s years of service. For members whose age and years of continuous service do not equal at least 65 as of October 1, 1998, retirement benefits are calculated as the sum of: (1) 1.35% of the employee’s 5-year average salary as of October 1, 1998 times the employee’s years of service and (2) 1.20% of the employee’s 5-year average salary times the employee’s years of service earned after September 30, 1998 through the employee’s retirement date. Death benefits are equal to 50% of the employee’s accrued retirement benefit. Disability retirement benefits are determined in a similar manner as retirement benefits. Employees must earn 15 years of credited service to be eligible for the disability benefits described above.

The terms of the plan provide for annual cost-of-living adjustments to each employee’s retirement allowance subsequent to the employee’s retirement date. The annual adjustments are based upon section 401(a)(17)(B) of the Internal Revenue Code.

The employees covered by the Plan at May 31, 2019 are:

Active participants	206
Retired participants, beneficiaries and disableds	265
Participants with deferred benefits	311
	782
	782

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**Contributions.** The contribution requirements of participants and the Health Center are established and may be amended by the Health Center. Plan members are not required or permitted to contribute any of their annual covered salary. The Health Center contributes to the plan at a level that meets the minimum funding requirements as determined by independent actuarial valuation. Contribution rate for the Health Center expressed as a percentage of covered payroll was 10% for 2019. The Health Center’s contribution to the plan for 2019 was \$1,530,291, which equaled the required contributions for the year.

**Net Pension Liability.** The Health Center’s net pension liability was measured as of May 31, 2019, for the year then ended, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Liabilities are then projected to the May 31 measurement date by using actuarial assumptions to increase the liabilities for interest and a partial year’s normal cost and also decreasing the liabilities for benefit payments expected to be made between January 1 and the measurement date.

The total pension liability in the June 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	1.70% - 2.90%
Salary Increase – graded table pared back	3.00% - 4.50%
Investment rate of return	7.75%

Mortality rates were based on the *MP-2018 Mortality Table* with the *Pub G – 2010 Table* for 2019.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	66.50%	5.3%-7.1%
Fixed Income	28.50%	2.2%-2.6%
Alternatives	5.00%	3.4%-6.9%
	<u>100.00%</u>	

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**Discount Rate.** The discount rate used to measure the total pension liability is 7.75% for the year ended May 31, 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the rates equal to the actuarially determined contribution rates. 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 plan members. 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.

Changes in the total pension liability, plan fiduciary net position and the net pension liability for 2019 are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance, beginning of year	\$ 55,249,805	\$ 45,804,654	\$ 9,445,151
Changes for the year:			
Service Cost	510,404	-	510,404
Interest	4,162,629	-	4,162,629
Difference between expected and actual experience	195,104	-	195,104
Contributions - employer	-	1,407,293	(1,407,293)
Net investment income	-	911,231	(911,231)
Assumption changes	1,210,608	-	1,210,608
Benefit payments	(4,097,747)	(4,097,747)	-
Net changes	1,980,998	(1,779,223)	3,760,221
Balance, end of year	<u>\$ 57,230,803</u>	<u>\$ 44,025,431</u>	<u>\$ 13,205,372</u>

The net pension liability of the Health Center has been calculated using the discount rate of 7.75%. The following presents the net pension liability at May 31, 2019 using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Hospital's net pension liability	\$ 18,722,055	\$ 13,205,372	\$ 8,492,908

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

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

For the year ended May 31, 2019 the Health Center recognized pension expense of \$3,261,236. At May 31, 2019 the Health Center reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,279,391	\$ 512,923
Changes of assumptions	1,037,664	96,173
Net difference between projected and actual earnings on pension plan investments	2,192,141	-
Contributions made subsequent to the measurement date of the net pension liability	121,161	-
Total	<u>\$ 4,630,357</u>	<u>\$ 609,096</u>

Amounts reported as deferred outflows and inflows of resources at May 31, 2019, related to pensions will be recognized in pension expense as follows:

2020	\$ 1,362,052
2021	392,114
2022	909,344
2023	739,185
2024	296,589
Thereafter	200,816
	<u>\$ 3,900,100</u>

**C. Defined Contribution Plan – Bothwell Regional Health Center**

The Health Center sponsors a defined contribution requirement plan covering substantially all employees. Retirement expense is recorded for the amount of the Health Center's required contributions, determined in accordance with the terms of the plan. The plan is administered by the Retirement Committee, appointed by the Board of Trustees. Benefit provisions are contained in the plan document and were established and can be amended by the Retirement Committee. The Health Center's contribution to the plan is dependent on the employee's date of hire and participation in the Health Center's Defined Benefit Pension Plan described above. For employees whose employment date is prior to June 1, 2006, the Health Center contributes at the rate of 20% of the employee's voluntary contribution up to a 4% employee contribution. For those whose employment date is after May 31, 2006, the Health Center contributes an amount equal to the employee's voluntary contribution up to 4% of compensation.

Contribution rates for plan members and the Health Center expressed as a percentage of covered payroll was 5.8% for 2019. Contributions actually made by plan members totaled \$1,947,618 in 2019. The Health Center's contributions aggregated \$916,988 during 2019.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**D. Employee Health Claims – Bothwell Regional Health Center**

Substantially all of the Health Center’s employees and their dependents are eligible to participate in the Health Center’s employee health insurance plan. Costs resulting from noninsured losses are charged to expense when incurred. The Health Center has purchased commercial stop-loss insurance coverage that limits its exposure for individual claims up to \$100,000 and limits its aggregate exposure to the greater of \$8,599,769 or 100% of the first month’s covered units, times the number of months of coverage times the monthly stop-loss limit factors. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Health Center’s estimate will change by a material amount in the near term.

Activity in the Health Center’s accrued employee health claims liability during 2019 is summarized as follows:

Balance, beginning of year	\$ 1,051,462
Current year claims incurred and changes in estimates for claims incurred in prior years	(7,570,715)
Claims and expenses paid	<u>7,231,597</u>
Balance, end of year	<u><u>\$ 712,344</u></u>

**E. Workers’ Compensation Insurance – Bothwell Regional Health Center**

The Health Center is self-insured with respect to workers’ compensation. Losses from asserted claims are accrued based on estimates that incorporate the Health Center’s experience and from unasserted claims that are accrued based on the Health Center’s experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Health Center’s estimate will change by a material amount in the near term. The Health Center has purchased commercial stop-loss insurance coverage that limits its exposure for individual claims up to \$400,000 and \$1,823,379 aggregate per policy period, and each incident individually up to \$1,000,000 and \$5,000,000 aggregate per policy period.

Activity in the Health Center’s accrued workers compensation liability during 2019 is summarized as follows:

Balance, beginning of year	\$ 316,954
Current year claims incurred and changes in estimates for claims incurred in prior years	(85,314)
Claims and expenses paid	<u>194,387</u>
Balance, end of year	<u><u>\$ 426,027</u></u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**F. Funds Held in Trust by Others**

The Health Center is the sole beneficiary of a trust established by John H. Bothwell in 1926. The trust is administered by an independent board of trustees and proceeds from the Trust are restricted for capital acquisitions. Distributions from the Trust during the year ended May 31, 2019, amounted to \$0. The proceeds from the trust are held by the Foundation. The assets and liabilities of the Trust are not included in the financial statements of the Health Center.

**G. Related Party Transactions**

Bothwell Regional Health Center Foundation

The Bothwell Regional Health Center Foundation (the Foundation) is an independent non-profit corporation established in 2005 with a purpose to support the programs and services of charitable non-profit healthcare institutions located in Pettis County and surrounding areas. The Foundation is governed by a Board of Directors that includes several Health Center Board members and members of management. The Board of Directors of the Foundation determines the amount, timing and purpose of the distribution of Foundation funds.

During the year ending May 31, 2010, the Foundation completed a capital campaign to assist with the raising of funds to complete a medical office building and cancer center. The total amount pledged was \$3.5 million. During the year ended May 31, 2019, \$121,138 was contributed to the Health Center in relation to the pledged contributions and other projects. The Foundation is expected to make additional contributions to the Health Center in future years as pledges are received. The Foundation also has funds for the benefit of specific Health Center departments. The Health Center has not recorded an interest in the Foundation due to the lack of control and direction of the funds.

**H. Commitments and Contingencies**

**1. Risk Management**

The Health Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than workers compensation and employee health claims. Settled claims have not exceeded commercial coverage in any of the three preceding years.

The Health Center is self-insured for a portion of its exposure to risk of loss from workers compensation claims and employee health claims. Annual estimated provisions are accrued for the self-insured portion of workers compensation and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.



**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

2. Healthcare Laws & Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services. As part of the Health Center's compliance efforts, the Health Center investigates and attempts to resolve and remedy all reported or suspected incidents of material noncompliance with applicable laws, regulations or policies on a timely basis.

The Health Center is in various stages of responding to inquiries and investigations. These various inquiries and investigations could result in fines and/or financial penalties, which could be material. At this time, the Health Center is unable to estimate the possible liability, if any, that may be incurred as a result of these inquiries and investigations, but the Health Center does not believe it would materially affect the financial position of the Health Center.

3. Medical Malpractice Claims

The Health Center purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Health Center's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

4. Litigation

In the normal course of business, the Health Center is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Health Center's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Health Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each claim. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

5. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is administered by a third-party administrator, is available to all City employees who qualify under the plan terms and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets carried in an agency fund, totaling \$2,554,542 at March 31, 2020, to satisfy the claims of general creditors in the future.

6. Grants

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of March 31, 2020, significant amounts of grant expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

7. Health Center

Medicare and Medicaid laws are very complex in nature and such laws are subject to interpretations. Management believes that they are in compliance with the applicable laws and regulations; however, the possibility of future government review and interpretation exists.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**I. Postclosure Care Cost**

State and federal laws and regulations require the City to place a final cover on its Cherry Tree Street site as it has stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure in 1989.

The City has filed a contract of obligation with the Department of Natural Resources authorizing the state to collect from future revenues due the City of Sedalia, primarily sales tax revenue, should the City fail to meet its postclosure care obligations.

In a letter dated May 6, 2004 the Missouri Department of Natural Resources has determined that the landfill no longer poses a detrimental impact to either the environment or public health and the post-closure care financial assurance obligation is no longer required.

**J. Taxes**

The City's real estate tax is levied each November 1 on the assessed value as of the prior January 1 for all real property located in the City. Real estate taxes are due on December 31 following the levy date. On January 1, a lien attaches to all property for which taxes are unpaid. Taxes remaining unpaid for two years after that date are submitted to Pettis County for collection through foreclosure proceedings.

Assessed values are established by the Pettis County Assessor subject to review by the County's Board of Equalization and State Tax Commission. The assessed value for property located in the City as of January 1, 2019 on which the fiscal year 2019 levy was based was as follows:

Real estate	\$ 212,054,860
Personal property	52,408,680
	<u>\$ 264,463,540</u>

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

The City is permitted by Missouri State Statutes, which encompass certain limitations, to levy taxes for various general governmental services and in unlimited amounts for the payment of principal and interest on general obligation bonded debt. Property tax levies per \$100 assessed valuation for the year ended March 31, 2020, are as follows:

Fund	Levy
General Fund	\$ 0.4761
Public Library	0.2326
Library - temp	0.0691
Public Parks	0.1656
Firemen's Pension	0.0495
Police Pension	0.0932
Total City-Wide Levy	1.0861
Special Business District	0.8500
Total	\$ 1.9361

**K. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

**L. Litigation**

The City currently has several lawsuits pending, the outcomes of which are not known at this time. Management believes there are no outstanding matters which will have a material effect on the financial statements of the City.

**M. Contingent Liabilities**

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 government expects such amounts, if any, to be immaterial.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**N. Missouri Department of Natural Resources Consent Order**

The City and the Missouri Department of Natural Resources have agreed on a consent order to address problems with the City's sanitary sewer system. The City had until June 2016 to comply with the terms of the order. The estimated cost to comply with the order is over \$24 million. Additional improvements to the system may be necessary after the order has been complied with, which will cost an additional \$24 - \$30 million. The City has obtained a COPS issue and has increased wastewater user fees to comply with the order. The total improvements have been completed.

**O. Tax Abatement**

The City entered into a Tax Increment Financing (TIF) agreement in 2015 with a developer for the development of property in the City of Sedalia. The TIF plan includes a private investment of over Eleven Million Dollars in a redevelopment project with the potential of reimbursement of captured incremental taxes generated by the project of up to Two Million Six Hundred Thousand One Hundred Seventy-Six Dollars of qualifying expenditures, representing approximately Thirty Four Percent of the total project costs. This is a "pay as you go" arrangement in that the developer bears all the risk and is only reimbursed for costs incurred at the stated ratio if, and only if, incremental taxes are generated by the redevelopment project, and then only as they are collected. A baseline of current taxes has been set at the levels before the adoption of the plan. Increases in real estate property taxes (if any) along with Fifty Percent of any increased sales taxes over a twenty-three year period beginning with the enactment of the TIF plan will be captured and deposited into a segregated fund for allowable reimbursements in accordance with the plan.

Pettis County has also enacted enterprise zones which allow for abatement of real estate taxes for business developments that meet the criteria of such enterprise zone. There have been several businesses inside the city limits of Sedalia awarded tax abatements by the County under this program. The County has reported to the City that \$261,784 of city real estate taxes were abated for 2019.

In May of 2018 the City entered into an Industrial Development Project agreement with Nucor Steel Sedalia LLC (Nucor) under the provision of and in accordance with chapter 100 of the Missouri statutes. Under the development agreement, Nucor will build a new micro mill in the City that will employ approximately 255 new employees with an average wage of \$65,000. Additionally, the capital investment by Nucor over the life of the agreement is anticipated to be \$400,650,000. To entice the development the City issued Chapter 100 Bonds that effectively provides a tax abatement of real and personal property covered by the agreement for the first 3 years and then 85% for the next 20 years. Payments In Lieu Of Taxes (PILOTs) will begin in 2021 at 15% of the assessed valuation for the project.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

Because Chapter 100 properties are owned by a public entity, they are not normally assessed. However, the City entered into an agreement with the County Assessor to determine what the assessed valuation would have been if not owned by a public entity. This assessed valuation will be used each year to determine the PILOT payments.

The re-assessment of the property after construction was completed has not been performed as of the audit report date. The amount of taxes abated in 2019 (based on the 2018 assessment) related to the project was \$71,185.

**Sales Tax Reimbursement Agreement Between the City and Oil Investments N65, LLC**

As allowed for under the Revised Missouri Statutes Section 70.220 et seq, the City entered into a Sales Tax Reimbursement Agreement between the City and J A Lamy Manufacturing Company on December 20, 2019 for infrastructure improvements to Pacific Street. The total certified costs to be reimbursed are \$344,496.28, plus interest at the rate of 5%. Pursuant to the terms of the agreement, payment of the infrastructure costs shall be paid from Net New City Sales Tax. This is a fixed amount incurred for the infrastructure improvements, however pursuant to II(I) of the agreement this obligation is not to be construed as debt and is subject to annual appropriation.

**P. Fines**

Fines and penalties revenues as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances is \$125,291 for the year ended March 31, 2020, which is 1% of general fund revenues.

**CITY OF SEDALIA, MISSOURI**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**

**IV. OTHER INFORMATION (continued)**

**Q. Fair Value Measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurement as of March 31, 2020 and 2019:

March 31, 2020:

- Fixed income securities of \$5,055,508 are valued using quoted prices in an active market for identical assets (Level 1 inputs).

March 31, 2019:

- Fixed income securities of \$11,409,910 are valued using quoted prices in an active market for identical assets (Level 1 inputs);
- Corporate debt of \$5,564,721 is valued using quoted prices in an active market for identical assets (Level 1 inputs);
- U.S. governmental obligations of \$1,292,873 are valued using quoted prices in an active market for identical assets (Level 1 inputs).

**R. Consideration of Subsequent Events**

Subsequent events have been evaluated through February 12, 2021, which is the date the financial statements are available to be issued. The Health Center has received \$13.3 million in relief payments from the federal government from April 1, 2020 to the audit report date. No other events requiring disclosure were identified as a result of this review.

**REQUIRED SUPPLEMENTARY INFORMATION**



CITY OF SEDALIA, MISSOURI  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS (UNAUDITED)  
(MISSOURI LAGERS)  
YEAR ENDED MARCH 31, 2020

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2010	\$ 645,983.93	\$ 645,983.92	\$ 0.01	\$4,965,559.33	13.01%
2011	1,342,311.10	1,174,605.27	167,705.83	8,337,562.29	14.09%
2012	916,213.32	782,723.29	133,490.03	5,229,085.14	14.97%
2013	1,275,626.91	1,112,422.19	163,204.72	7,185,982.34	15.48%
2014	1,292,083.14	1,185,379.12	106,704.02	7,319,766.86	16.19%
2015	1,326,135.96	1,310,266.51	15,869.45	7,706,885.21	17.00%
2016	1,348,489.24	1,348,489.46	(0.22)	8,159,971.90	16.53%
2017	1,373,351.26	1,368,344.92	5,006.34	8,479,660.06	16.14%
2018	1,361,515.90	1,346,179.55	15,336.35	8,111,546.82	16.60%
2019	1,316,890.97	1,316,889.87	1.10	7,999,884.88	16.46%
2020	1,276,866.31	1,276,866.29	0.04	7,924,360.54	16.11%

CITY OF SEDALIA, MISSOURI  
 NOTES TO SCHEDULE OF CONTRIBUTIONS  
 (MISSOURI LAGERS)  
 YEAR ENDED MARCH 31, 2020

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

**Methods and Assumptions Used to Determine Contribution Rates:**

<b>Actuarial Cost Method</b>	Entry Age Normal and Modified Terminal Funding
<b>Amortization Method</b>	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.
<b>Remaining Amortization Period</b>	Multiple bases from 12 to 15 years (General); 11 to 21 years (Police); 10 to 19 years (Library); 15 to 17 years (Water)
<b>Asset Valuation Method</b>	5-Year smoothed market; 20% corridor
<b>Inflation</b>	3.25% wage inflation; 2.50% price inflation
<b>Salary Increases</b>	3.25% to 6.55% including wage inflation
<b>Investment Rate of Return</b>	7.25%, net of investment expenses
<b>Retirement Age</b>	Experience-based table of rates that are specific to the type of eligibility condition.
<b>Mortality</b>	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.</p> <p>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.</p>
<b>Other Information:</b>	None

CITY OF SEDALIA, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS (UNAUDITED)  
(MISSOURI LAGERS)  
YEAR ENDED MARCH 31, 2020

	Fiscal Year Ending March 31,		
	2020	2019	2018
<b>Total Pension Liability</b>			
Service Cost	\$ 902,275	\$ 943,047	\$ 925,695
Interest on the Total Pension Liability	2,678,197	2,582,202	2,458,561
Changes in Terms	8,553,204	-	-
Difference between expected and actual experience	310,072	(512,054)	(295,433)
Assumption Changes	-	-	-
Benefit Payments	(1,792,940)	(1,549,496)	(1,239,846)
Refunds	-	-	-
<b>Net Change in Total Pension Liability</b>	<u>10,650,808</u>	<u>1,463,699</u>	<u>1,848,977</u>
<b>Total Pension Liability beginning</b>	<u>37,378,190</u>	<u>35,914,491</u>	<u>34,065,514</u>
<b>Total Pension Liability ending</b>	<u><u>\$ 48,028,998</u></u>	<u><u>\$ 37,378,190</u></u>	<u><u>\$ 35,914,491</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 4,635,073	\$ 1,351,827	\$ 1,339,378
Contributions - employee	-	-	-
Pension Plan Net Investment Income	2,445,604	4,165,124	3,477,302
Benefit Payments	(1,792,940)	(1,549,496)	(1,239,846)
Refunds	-	-	-
Pension Plan Administrative expense	(46,487)	(30,902)	(30,428)
Other	501,763	(77,724)	19,016
<b>Net Change in Plan Fiduciary Net Position</b>	<u>5,743,013</u>	<u>3,858,829</u>	<u>3,565,422</u>
<b>Plan Fiduciary Net Position beginning</b>	<u>36,995,961</u>	<u>33,137,132</u>	<u>29,571,710</u>
<b>Plan Fiduciary Net Position ending</b>	<u><u>\$ 42,738,974</u></u>	<u><u>\$ 36,995,961</u></u>	<u><u>\$ 33,137,132</u></u>
<b>Employer Net Pension Liability</b>	<u><u>\$ 5,290,024</u></u>	<u><u>\$ 382,229</u></u>	<u><u>\$ 2,777,359</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.99%	98.98%	92.27%
Covered Employee Payroll	\$ 7,450,908	\$ 7,804,788	\$ 8,160,150
Employer's Net Pension Liability as a percentage of covered employee payroll	71.00%	4.90%	34.04%

CITY OF SEDALIA, MISSOURI  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS (UNAUDITED) (CONT'D)  
(MISSOURI LAGERS)  
YEAR ENDED MARCH 31, 2020

	Fiscal Year Ending March 31, 2017	Fiscal Year Ending March 31, 2016
<b>Total Pension Liability</b>		
Service Cost	\$ 903,633	\$ 882,185
Interest on the Total Pension Liability	2,273,967	2,151,926
Benefit Changes	-	-
Difference between expected and actual experience	(867,612)	(60,704)
Assumption Changes	1,480,790	-
Benefit Payments	(1,270,596)	(1,329,632)
Refunds	-	-
<b>Net Change in Total Pension Liability</b>	<u>2,520,182</u>	<u>1,643,775</u>
<b>Total Pension Liability beginning</b>	<u>31,545,332</u>	<u>29,901,557</u>
<b>Total Pension Liability ending</b>	<u>\$ 34,065,514</u>	<u>\$ 31,545,332</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,336,154	\$ 1,328,515
Contributions - employee	-	-
Pension Plan Net Investment Income	(64,387)	579,949
Benefit Payments	(1,270,596)	(1,329,632)
Refunds	-	-
Pension Plan Administrative expense	(30,035)	(32,435)
Other	(388,745)	(52,522)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(417,609)</u>	<u>493,875</u>
<b>Plan Fiduciary Net Position beginning</b>	<u>29,989,319</u>	<u>29,495,444</u>
<b>Plan Fiduciary Net Position ending</b>	<u>\$ 29,571,710</u>	<u>\$ 29,989,319</u>
<b>Employer Net Pension Liability</b>	<u>\$ 4,493,804</u>	<u>\$ 1,556,013</u>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	86.81%	95.07%
<b>Covered Employee Payroll</b>	\$ 8,507,302	\$ 8,088,666
<b>Employer's Net Pension Liability as a percentage of covered employee payroll</b>	52.82%	19.24%

Data prior to 2016 is not available.

CITY OF SEDALIA, MISSOURI  
 BOTHWELL REGIONAL HEALTH CENTER  
 (A Component Unit of the City of Sedalia, Missouri)  
 SCHEDULES OF HEALTH CENTER CONTRIBUTIONS  
 FOR THE YEAR ENDED MARCH 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,530,291	\$ 1,912,105	\$ 1,847,945	\$ 1,625,285	\$ 2,145,553
Contributions in relation to the actuarially determined contribution	\$ 1,407,293	\$ 1,901,998	\$ 1,847,945	\$ 1,625,285	\$ 2,145,553
Contribution deficiency	(122,998)	(10,107)	-	-	-
Covered payroll (calendar year compensation)	\$ 14,047,149	\$ 14,865,584	\$ 15,391,581	\$ 16,438,236	\$ 17,059,939
Contributions as a percentage of covered-employee payroll	10.0%	12.8%	12.0%	9.9%	12.6%

**Notes to Schedule**

Valuation date:	January 1, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry Age Normal Cost
Amortization method:	Level Dollar Closed Amortization
Remaining amortization period:	16 years
Asset valuation method:	Smoothed Market Value of Assets
Inflation:	1.70%-2.90%
Salary increases:	3.0%-4.5%
Investment rate of return:	7.75%
Retirement age:	65
Mortality tables:	MP-2018 Mortality Table

CITY OF SEDALIA, MISSOURI  
 BOTHWELL REGIONAL HEALTH CENTER  
 (A Component Unit of the City of Sedalia, Missouri)  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 YEAR ENDED MARCH 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Pension Liability</b>			
Service cost	\$ 510,404	\$ 606,010	\$ 605,012
Interest	4,162,629	4,088,544	4,048,326
Difference between expected and actual experience	195,104	670,399	(452,424)
Changes of assumptions	1,210,608	-	-
Benefit payments	<u>(4,097,747)</u>	<u>(4,529,085)</u>	<u>(2,836,860)</u>
<b>Net Change in Total Pension Liability</b>	1,980,998	835,868	1,364,054
<b>Total Pension Liability beginning</b>	<u>55,249,805</u>	<u>54,413,937</u>	<u>53,049,883</u>
<b>Total Pension Liability ending</b>	<u><u>\$ 57,230,803</u></u>	<u><u>\$ 55,249,805</u></u>	<u><u>\$ 54,413,937</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 1,407,293	\$ 1,901,998	\$ 1,847,945
Net investment income (loss)	911,231	3,572,988	4,842,199
Benefit payments, including refunds of employee contributions	<u>(4,097,747)</u>	<u>(4,529,085)</u>	<u>(2,836,860)</u>
Net Change in Plan Fiduciary Net Position	(1,779,223)	945,901	3,853,284
Plan Fiduciary Net Position - Beginning	<u>45,804,654</u>	<u>44,858,753</u>	<u>41,005,469</u>
Plan Fiduciary Net Position - Ending	<u><u>\$ 44,025,431</u></u>	<u><u>\$ 45,804,654</u></u>	<u><u>\$ 44,858,753</u></u>
Net Pension Liability - Ending	<u><u>\$ 13,205,372</u></u>	<u><u>\$ 9,445,151</u></u>	<u><u>\$ 9,555,184</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	76.9%	82.9%	82.4%
Covered Employee Payroll	\$ 14,047,149	\$ 14,865,584	\$ 15,391,581
Employer's Net Pension Liability as a percentage of covered employee payroll	94.0%	63.5%	62.1%

CITY OF SEDALIA, MISSOURI  
 BOTHWELL REGIONAL HEALTH CENTER  
 (A Component Unit of the City of Sedalia, Missouri)  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONT'D)  
 YEAR ENDED MARCH 31, 2020

	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 634,623	\$ 1,007,317
Interest	3,872,320	4,108,554
Difference between expected and actual experience	1,477,702	(890,375)
Changes of assumptions	-	(336,603)
Benefit payments	(4,531,124)	(5,284,267)
<b>Net Change in Total Pension Liability</b>	1,453,521	(1,395,374)
<b>Total Pension Liability beginning</b>	51,596,362	52,991,736
<b>Total Pension Liability ending</b>	\$ 53,049,883	\$ 51,596,362
 <b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 1,625,285	\$ 2,145,553
Net investment income (loss)	(1,447,831)	1,213,819
Benefit payments, including refunds of employee contributions	(4,531,124)	(5,284,267)
<b>Net Change in Plan Fiduciary Net Position</b>	(4,353,670)	(1,924,895)
Plan Fiduciary Net Position - Beginning	45,359,139	47,284,034
Plan Fiduciary Net Position - Ending	\$ 41,005,469	\$ 45,359,139
 Net Pension Liability - Ending	\$ 12,044,414	\$ 6,237,223
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.3%	87.9%
 Covered Employee Payroll	\$ 16,438,236	\$ 17,059,939
Employer's Net Pension Liability as a percentage of covered employee payroll	73.3%	36.6%

Note to Schedule

GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the Health Center will present information for those years for which information is available.

The improvements scale applied to the mortality table was updated to the MP-2017 scale. The effect on the plan liabilities from this change was relatively small, so was comingled with experience gains and losses.

CITY OF SEDALIA, MISSOURI  
FIREMEN'S PENSION TRUST FUND  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
YEAR ENDED MARCH 31, 2020

	2019	2018	2017
<b>Total Pension Liability</b>			
Service cost	\$ 160,454	\$ 148,232	\$ 138,608
Interest cost	761,117	750,063	741,030
Difference between actual and expected experience	(82,067)	22,165	(10,253)
Benefit payments, including refunds of member contributions	(1,102,512)	(625,207)	(672,768)
Effect on assumption changes or inputs	(23,976)	89,091	(100,970)
<b>Net Change in Total Pension Liability</b>	(286,984)	384,344	95,647
<b>Total Pension Liability beginning</b>	11,263,908	10,879,564	10,783,917
<b>Total Pension Liability ending</b>	<u>\$ 10,976,924</u>	<u>\$ 11,263,908</u>	<u>\$ 10,879,564</u>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	\$ 245,427	\$ 328,018	\$ 220,408
Property tax revenues	122,386	122,127	133,018
Net investment return	402,513	499,240	605,999
Benefit payments, including refunds of member contributions	(1,102,512)	(625,207)	(672,768)
Administrative and other expenses	(57,757)	(34,704)	(33,340)
<b>Net Change in Plan Fiduciary Net Position</b>	(389,943)	289,474	253,317
<b>Plan Fiduciary Net Position - beginning of year</b>	7,528,975	7,239,501	6,986,184
<b>Plan Fiduciary Net Position - end of year</b>	<u>7,139,032</u>	<u>7,528,975</u>	<u>7,239,501</u>
<b>Net Pension Liability - end of year</b>	<u>\$ 3,837,892</u>	<u>\$ 3,734,933</u>	<u>\$ 3,640,063</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	65%	67%	67%
Covered Employee Payroll	\$ 2,076,144	\$ 2,020,044	\$ 1,906,721
Employer's Net Pension Liability as a percentage of covered employee payroll	185%	185%	191%



CITY OF SEDALIA, MISSOURI  
 FIREMEN'S PENSION TRUST FUND  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (CONT'D)  
 YEAR ENDED MARCH 31, 2020

	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 138,948	\$ 133,713
Interest cost	703,414	671,001
Difference between actual and expected experience	(340,276)	291,541
Benefit payments, including refunds of member contributions	(649,155)	(627,757)
Effect on assumption changes or inputs	696,590	-
<b>Net Change in Total Pension Liability</b>	549,521	468,498
<b>Total Pension Liability beginning</b>	10,234,396	9,765,898
<b>Total Pension Liability ending</b>	\$10,783,917	\$10,234,396
 <b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 197,176	\$ 239,610
Property tax revenues	134,275	127,619
Net investment return	(141,491)	483,075
Benefit payments, including refunds of member contributions	(649,155)	(627,757)
Administrative and other expenses	(32,548)	(29,183)
<b>Net Change in Plan Fiduciary Net Position</b>	(491,743)	193,364
Plan Fiduciary Net Position - beginning of year	7,477,927	7,284,563
Plan Fiduciary Net Position - end of year	6,986,184	7,477,927
Net Pension Liability - end of year	\$ 3,797,733	\$ 2,756,469
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	65%	73%
 Covered Employee Payroll	\$ 1,745,386	\$ 1,694,537
 Employer's Net Pension Liability as a percentage of covered employee payroll	218%	163%

*Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

CITY OF SEDALIA, MISSOURI  
 FIREMEN'S PENSION TRUST FUND  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED MARCH 31, 2020

The information presented in the required supplementary information was determined as part of the most recent actuarial valuation as of April 1, 2019. Additional information as of this actuarial valuation follows.

*Actuarial methods and assumptions:* The actuarially determined contribution rates in the schedule of employers' contributions are calculated as of April 1 of the respective fiscal year.

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule as of April 1, 2019.

Actuarially cost method	Entry age normal
Amortization method:	
Level percent or dollar	Level percent of indexed earnings
Closed, open, or layered periods	Open
Amortization period	Rolling 30 years
Asset valuation method	Market value
Investment rate of return	7%
Inflation	2.2%
Compensation increases	3%
Retirement age	Rates vary by age as shown in Section 4 of the April 1, 2019 Actuarial Valuation Report
Turnover	Rates vary by age as shown in Section 4 of the April 1, 2019 Actuarial Valuation Report
Mortality rates	MP-2018 Blue Collar report

CITY OF SEDALIA, MISSOURI  
PENSION TRUST FUNDS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED MARCH 31, 2020

Firemen's Pension Trust Fund

<u>Year Ended March 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/ Deficiency</u>	<u>Actual Covered Employee Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2015	\$ 331,814	\$ 367,229	\$ (35,415)	\$ 1,694,537	21.67%
2016	358,679	331,451	27,228	1,745,386	18.99%
2017	439,494	353,426	86,068	1,906,721	18.54%
2018	362,295	450,145	(87,850)	2,020,044	22.28%
2019	385,272	367,813	17,459	2,076,144	17.72%

*Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

## **OTHER SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds**

Library	Accounts for revenues and expenditures of the library.
Park	Accounts for revenues and expenditures of the park.
Special Business District	Accounts for revenues and expenditures of the special business district.
Midtown Special Allocation	Accounts for revenues and expenditures of the midtown special allocation district.
Fire Academy	Accounts for revenues and expenditures of the fire academy.
Transportation	Accounts for street and airport revenues and expenditures.
The Crossing CID Fund	Accounts for the revenues and expenditures of the Crossing CID fund.
Galaxy West CID Fund	Accounts for the revenues and expenditures of the Galaxy West CID fund.
MFA Sales Tax Sharing	Accounts for collection of sales tax revenue to be used to reimburse a developer for infrastructure improvements.

**Capital Project Funds**

Capital Project Fund	Accounts for resources restricted for the acquisition or construction of specified capital projects or items.
Capital Project Fund #2	Accounts for the revenues and expenditures of the capital project fund #2.

**CITY OF SEDALIA, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2020**

	Special Revenue Funds					
	Library	Park	Special Business District	Midtown Special Allocation	Fire Academy	The Crossings CID
<b>ASSETS</b>						
Cash including time deposits	\$ 1,106,608	\$ 2,665,063	\$ 91,017	\$ 340,974	\$ 8,048	\$ 15,929
Taxes receivable, net of allowance	-	695,837	-	-	-	-
Receivables, net of allowance	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-	-
Accrued interest receivable	3,783	3,420	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid expenses	9,155	24,375	-	-	-	-
Restricted cash	-	-	-	-	-	-
<b>Total Assets</b>	<b>1,119,546</b>	<b>3,388,695</b>	<b>91,017</b>	<b>340,974</b>	<b>8,048</b>	<b>15,929</b>
<b>LIABILITIES</b>						
Bank overdraft	-	-	-	-	-	-
Accounts payable	4,655	119,283	-	4,548	-	-
Accrued expenses	13,282	24,716	-	-	-	-
Sales tax overpayment payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>17,937</b>	<b>143,999</b>	<b>-</b>	<b>4,548</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>						
Total Deferred Inflows	-	-	-	-	-	-
<b>FUND EQUITY</b>						
Nonspendable						
Inventory	-	-	-	-	-	-
Prepaid expenses	9,155	24,375	-	-	-	-
Restricted for debt service	-	-	-	-	-	-
Restricted for construction	-	-	-	-	-	-
Assigned for special revenue purposes	1,092,454	3,220,321	91,017	336,426	8,048	15,929
Assigned for capital project purposes	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
<b>Total Fund Equity</b>	<b>1,101,609</b>	<b>3,244,696</b>	<b>91,017</b>	<b>336,426</b>	<b>8,048</b>	<b>15,929</b>
<b>Total Liabilities, Deferred Inflows and Fund Equity</b>	<b>\$ 1,119,546</b>	<b>\$ 3,388,695</b>	<b>\$ 91,017</b>	<b>\$ 340,974</b>	<b>\$ 8,048</b>	<b>\$ 15,929</b>

**CITY OF SEDALIA, MISSOURI  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2020**

	<b>Galaxy West CID</b>	<b>Transportation</b>	<b>MFA Sales Tax Sharing Fund</b>	<b>Capital Project</b>	<b>Capital Projects Fund #2</b>	<b>Totals (Memorandum Only)</b>
<b>ASSETS</b>						
Cash including time deposits	\$ -	\$ 1,492,461	\$ 2,352	\$ -	\$ 588,070	\$ 6,310,522
Taxes receivable, net of allowance	-	763,782	-	-	705,256	2,164,875
Receivables, net of allowance	204	9,254	-	-	91,350	100,808
Due from other governmental agencies	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	2,830	10,033
Due from other funds	-	-	-	-	-	-
Inventory	-	38,091	-	-	-	38,091
Prepaid expenses	-	43,440	-	-	-	76,970
Restricted cash	-	-	-	-	488,005	488,005
Total Assets	<u>204</u>	<u>2,347,028</u>	<u>2,352</u>	<u>-</u>	<u>1,875,511</u>	<u>9,189,304</u>
<b>LIABILITIES</b>						
Bank overdraft	2,539	-	-	656,113	-	658,652
Accounts payable	-	119,738	-	2,737	472,954	723,915
Accrued expenses	-	61,701	-	-	88,949	188,648
Sales tax overpayment payable	-	-	-	-	-	-
Due to other funds	-	330,323	-	-	99,990	430,313
Total Liabilities	<u>2,539</u>	<u>511,762</u>	<u>-</u>	<u>658,850</u>	<u>661,893</u>	<u>2,001,528</u>
<b>DEFERRED INFLOWS</b>						
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND EQUITY</b>						
Nonspendable						
Inventory	-	38,091	-	-	-	38,091
Prepaid expenses	-	43,440	-	-	-	76,970
Restricted for debt service	-	-	2,352	-	488,005	490,357
Restricted for construction	-	-	-	-	-	-
Assigned for special revenue purposes	-	1,753,735	-	-	-	6,517,930
Assigned for capital project purposes	-	-	-	-	725,613	725,613
Unassigned (deficit)	(2,335)	-	-	(658,850)	-	(661,185)
Total Fund Equity	<u>(2,335)</u>	<u>1,835,266</u>	<u>2,352</u>	<u>(658,850)</u>	<u>1,213,618</u>	<u>7,187,776</u>
Total Liabilities, Deferred Inflows and Fund Equity	<u>\$ 204</u>	<u>\$ 2,347,028</u>	<u>\$ 2,352</u>	<u>\$ -</u>	<u>\$ 1,875,511</u>	<u>\$ 9,189,304</u>



**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Special Revenue Funds and Capital Project Fund**

**CITY OF SEDALIA, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	Special Revenue Funds					
	Library	Park	Special Business District	Midtown Special Allocation	Fire Academy	The Crossings CID
REVENUES						
Taxes	\$ 718,409	\$2,874,315	\$ 40,573	\$ 173,139	\$ -	\$ 14,232
Intergovernmental	11,513	-	-	-	-	-
Charges for services	9,499	439,731	-	-	13,800	-
Miscellaneous	19,469	95,770	1,699	86,644	149	44
Total Revenues	<u>758,890</u>	<u>3,409,816</u>	<u>42,272</u>	<u>259,783</u>	<u>13,949</u>	<u>14,276</u>
EXPENDITURES						
Library	577,638	-	-	-	-	-
Park	-	2,170,954	-	-	-	-
Planning, building and economic development	-	-	26,711	43	-	-
Public safety	-	-	-	-	8,668	-
Transportation	-	-	-	-	-	-
Capital outlay	24,330	760,258	10,749	3,722	-	-
Debt service	102,399	-	-	-	-	-
Total Expenditures	<u>704,367</u>	<u>2,931,212</u>	<u>37,460</u>	<u>3,765</u>	<u>8,668</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	<u>54,523</u>	<u>478,604</u>	<u>4,812</u>	<u>256,018</u>	<u>5,281</u>	<u>14,276</u>
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	54,523	478,604	4,812	256,018	5,281	14,276
Fund Balance, beginning of year (deficit)	<u>1,047,086</u>	<u>2,766,092</u>	<u>86,205</u>	<u>80,408</u>	<u>2,767</u>	<u>1,653</u>
Fund Balance, end of year (deficit)	<u>\$1,101,609</u>	<u>\$3,244,696</u>	<u>\$ 91,017</u>	<u>\$ 336,426</u>	<u>\$ 8,048</u>	<u>\$ 15,929</u>

**CITY OF SEDALIA, MISSOURI**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	Special Revenue Funds					Totals (Memorandum Only)
	Galaxy West CID	Transportation	MFA Sales Tax Sharing Fund	Capital Project	Capital Project Fund #2	
<b>REVENUES</b>						
Taxes	\$ 24,107	\$ 2,871,117	\$ -	\$ -	\$ 3,303,779	\$ 10,019,671
Intergovernmental	-	879,475	-	16,085	-	907,073
Charges for services	-	237,280	-	-	-	700,310
Miscellaneous	4	59,298	-	-	93,013	356,090
Total Revenues	<u>24,111</u>	<u>4,047,170</u>	<u>-</u>	<u>16,085</u>	<u>3,396,792</u>	<u>11,983,144</u>
<b>EXPENDITURES</b>						
Library	-	-	-	-	-	577,638
Park	-	-	-	-	-	2,170,954
Planning, building and economic development	38,046	-	-	2,835	119,345	186,980
Public safety	-	-	-	-	-	8,668
Transportation	-	2,768,321	-	-	-	2,768,321
Capital outlay	-	316,366	-	492,450	3,914,985	5,522,860
Debt service	-	-	-	-	1,822,619	1,925,018
Total Expenditures	<u>38,046</u>	<u>3,084,687</u>	<u>-</u>	<u>495,285</u>	<u>5,856,949</u>	<u>13,160,439</u>
Excess (Deficit) of Revenues over Expenditures	<u>(13,935)</u>	<u>962,483</u>	<u>-</u>	<u>(479,200)</u>	<u>(2,460,157)</u>	<u>(1,177,295)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Capital lease proceeds	-	-	-	-	-	-
Operating transfers in (out)	-	(360,079)	2,352	(784)	-	(358,511)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(360,079)</u>	<u>2,352</u>	<u>(784)</u>	<u>-</u>	<u>(358,511)</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	(13,935)	602,404	2,352	(479,984)	(2,460,157)	(1,535,806)
Fund Balance, beginning of year (deficit)	<u>11,600</u>	<u>1,232,862</u>	<u>-</u>	<u>(178,866)</u>	<u>3,673,775</u>	<u>8,723,582</u>
Fund Balance, end of year (deficit)	<u>\$ (2,335)</u>	<u>\$ 1,835,266</u>	<u>\$ 2,352</u>	<u>\$ (658,850)</u>	<u>\$ 1,213,618</u>	<u>\$ 7,187,776</u>

**CITY OF SEDALIA, MISSOURI**  
**LIBRARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Property	\$ 645,620	\$ 645,620	\$ 679,276	\$ 33,656
Payment in-lieu-of	795	795	1,351	556
Financial institution	5,000	5,000	3,662	(1,338)
Railroad and utilities	36,950	36,950	34,120	(2,830)
Total Taxes	<u>688,365</u>	<u>688,365</u>	<u>718,409</u>	<u>30,044</u>
Intergovernmental				
State and federal grants	10,565	10,565	11,513	948
Total Intergovernmental	<u>10,565</u>	<u>10,565</u>	<u>11,513</u>	<u>948</u>
Charges for Services				
Library fees	10,200	10,200	9,499	(701)
Total Charges for Services	<u>10,200</u>	<u>10,200</u>	<u>9,499</u>	<u>(701)</u>
Miscellaneous				
Interest	13,450	13,450	19,469	6,019
Miscellaneous	-	-	-	-
Total Miscellaneous	<u>13,450</u>	<u>13,450</u>	<u>19,469</u>	<u>6,019</u>
<b>TOTAL REVENUES</b>	<u>722,580</u>	<u>722,580</u>	<u>758,890</u>	<u>36,310</u>
<b>EXPENDITURES</b>				
Personnel services	411,467	411,467	401,790	9,677
Other charges and services	90,425	90,425	82,439	7,986
Operating supplies	92,605	92,605	93,409	(804)
Capital outlay	25,570	39,970	24,330	15,640
Debt service	102,513	102,513	102,399	114
<b>TOTAL EXPENDITURES</b>	<u>722,580</u>	<u>736,980</u>	<u>704,367</u>	<u>32,613</u>
Excess (Deficit) of Revenues over Expenditures	-	(14,400)	54,523	<u>\$ 68,923</u>
Fund Balance, beginning of year	<u>1,047,086</u>	<u>1,047,086</u>	<u>1,047,086</u>	
Fund Balance, end of year	<u>\$ 1,047,086</u>	<u>\$ 1,032,686</u>	<u>\$ 1,101,609</u>	

**CITY OF SEDALIA, MISSOURI**  
**PARK FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Property	\$ 446,309	\$ 446,309	\$ 472,758	\$ 26,449
Payment in-lieu-of	430	430	741	311
Railroad and utility	19,193	19,193	18,728	(465)
General sales and use	2,127,979	2,127,979	2,382,088	254,109
Total Taxes	<u>2,593,911</u>	<u>2,593,911</u>	<u>2,874,315</u>	<u>280,404</u>
Charges for Services				
Park and recreation fees	430,000	430,000	439,731	9,731
Total Charges for Services	<u>430,000</u>	<u>430,000</u>	<u>439,731</u>	<u>9,731</u>
Miscellaneous				
Interest	38,669	38,669	57,645	18,976
Miscellaneous	2,500	2,500	38,125	35,625
Total Miscellaneous	<u>41,169</u>	<u>41,169</u>	<u>95,770</u>	<u>54,601</u>
<b>TOTAL REVENUES</b>	<u>3,065,080</u>	<u>3,065,080</u>	<u>3,409,816</u>	<u>344,736</u>
<b>EXPENDITURES</b>				
Personnel services	1,244,753	1,262,710	1,213,358	49,352
Other charges and services	491,374	570,250	532,095	38,155
Operating supplies	312,955	451,480	425,501	25,979
Capital outlay	735,000	838,000	760,258	77,742
<b>TOTAL EXPENDITURES</b>	<u>2,784,082</u>	<u>3,122,440</u>	<u>2,931,212</u>	<u>191,228</u>
Excess (Deficit) of Revenues over Expenditures	<u>280,998</u>	<u>(57,360)</u>	<u>478,604</u>	<u>153,508</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	(72,491)	(72,491)	-	72,491
Total Other Financing Sources (Uses)	<u>(72,491)</u>	<u>(72,491)</u>	<u>-</u>	<u>72,491</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	208,507	(129,851)	478,604	<u>\$ 225,999</u>
Fund Balance, beginning of year	<u>2,766,092</u>	<u>2,766,092</u>	<u>2,766,092</u>	
Fund Balance, end of year	<u>\$ 2,974,599</u>	<u>\$ 2,636,241</u>	<u>\$ 3,244,696</u>	

**CITY OF SEDALIA, MISSOURI  
SPECIAL BUSINESS DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property	\$ 41,390	\$ 41,390	\$ 40,573	\$ (817)
Financial institution	-	-	-	-
Total Taxes	<u>41,390</u>	<u>41,390</u>	<u>40,573</u>	<u>(817)</u>
Miscellaneous				
Interest	1,141	1,141	1,449	308
Miscellaneous	-	14,600	250	(14,350)
Total Miscellaneous	<u>1,141</u>	<u>15,741</u>	<u>1,699</u>	<u>(14,042)</u>
TOTAL REVENUES	<u>42,531</u>	<u>57,131</u>	<u>42,272</u>	<u>(14,859)</u>
EXPENDITURES				
Other charges and services	41,396	74,596	26,711	47,885
Operating supplies	-	23,900	-	23,900
Capital outlay	11,000	23,800	10,749	13,051
TOTAL EXPENDITURES	<u>52,396</u>	<u>122,296</u>	<u>37,460</u>	<u>84,836</u>
Excess (Deficit) of Revenues over Expenditures	(9,865)	(65,165)	4,812	<u>\$ 69,977</u>
Fund Balance, beginning of year	<u>86,205</u>	<u>86,205</u>	<u>86,205</u>	
Fund Balance, end of year	<u>\$ 76,340</u>	<u>\$ 21,040</u>	<u>\$ 91,017</u>	

**CITY OF SEDALIA, MISSOURI  
MIDTOWN SPECIAL ALLOCATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Taxes				
Property	\$ 151,889	\$ 151,889	\$ 173,139	\$ 21,250
Total Taxes	<u>151,889</u>	<u>151,889</u>	<u>173,139</u>	<u>21,250</u>
Miscellaneous				
Interest	-	-	1,510	1,510
Miscellaneous	-	-	85,134	85,134
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>86,644</u>	<u>86,644</u>
Total Revenues	<u>151,889</u>	<u>151,889</u>	<u>259,783</u>	<u>107,894</u>
<b>EXPENDITURES</b>				
Other charges and services	2,607	2,607	43	2,564
Capital outlay	5,000	5,000	3,722	1,278
Total Expenditures	<u>7,607</u>	<u>7,607</u>	<u>3,765</u>	<u>3,842</u>
Excess (Deficit) of Revenues over Expenditures	<u>144,282</u>	<u>144,282</u>	<u>256,018</u>	<u>111,736</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	-	-	-
Operating transfers in (out)	(509,327)	(509,327)	-	509,327
Total Other Financing Sources (Uses)	<u>(509,327)</u>	<u>(509,327)</u>	<u>-</u>	<u>509,327</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	<u>(365,045)</u>	<u>(365,045)</u>	<u>256,018</u>	<u>\$ 621,063</u>
Fund Balance, beginning of year	<u>80,408</u>	<u>80,408</u>	<u>80,408</u>	
Fund Balance, end of year	<u>\$ (284,637)</u>	<u>\$ (284,637)</u>	<u>\$ 336,426</u>	

**CITY OF SEDALIA, MISSOURI  
FIRE ACADEMY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services				
Tuition and fees	\$ 28,800	\$ 28,800	\$ 13,800	\$ (15,000)
Total Charges for Services	<u>28,800</u>	<u>28,800</u>	<u>13,800</u>	<u>(15,000)</u>
Miscellaneous				
Interest income	-	-	149	149
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>149</u>	<u>149</u>
 Total Revenues	 <u>28,800</u>	 <u>28,800</u>	 <u>13,949</u>	 <u>(14,851)</u>
<b>EXPENDITURES</b>				
Personnel services	12,988	12,988	5,022	7,966
Other charges and services	8,350	8,350	1,803	6,547
Operating supplies	<u>6,081</u>	<u>6,081</u>	<u>1,843</u>	<u>4,238</u>
Total Expenditures	<u>27,419</u>	<u>27,419</u>	<u>8,668</u>	<u>18,751</u>
Excess (Deficit) of Revenues over Expenditures	1,381	1,381	5,281	<u>\$ 3,900</u>
Fund Balance, beginning of year	<u>2,767</u>	<u>2,767</u>	<u>2,767</u>	
Fund Balance, end of year	<u>\$ 4,148</u>	<u>\$ 4,148</u>	<u>\$ 8,048</u>	



**CITY OF SEDALIA, MISSOURI  
THE CROSSINGS CID FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
General sales and use	\$ -	\$ -	\$ 14,232	\$ 14,232
Total Taxes	-	-	14,232	14,232
Miscellaneous				
Interest income	-	-	44	44
Total Miscellaneous	-	-	44	44
Total Revenues	-	-	14,276	14,276
<b>EXPENDITURES</b>				
Other charges and services	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficit) of Revenues over Expenditures	-	-	14,276	<u>\$ 14,276</u>
Fund Balance, beginning of year	1,653	1,653	1,653	
Fund Balance, end of year	<u>\$ 1,653</u>	<u>\$ 1,653</u>	<u>\$ 15,929</u>	

**CITY OF SEDALIA, MISSOURI  
GALAXY WEST CID  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ 14,365	\$ 14,365	\$ -
General sales and use	-	35,250	9,742	(25,508)
Total Taxes	<u>-</u>	<u>49,615</u>	<u>24,107</u>	<u>(25,508)</u>
Miscellaneous				
Interest income	-	-	4	4
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Total Revenues	<u>-</u>	<u>49,615</u>	<u>24,111</u>	<u>(25,504)</u>
<b>EXPENDITURES</b>				
Other charges and services	-	49,615	38,046	11,569
Total Expenditures	<u>-</u>	<u>49,615</u>	<u>38,046</u>	<u>11,569</u>
Excess (Deficit) of Revenues over Expenditures	-	-	(13,935)	<u>\$ (13,935)</u>
Fund Balance, beginning of year	<u>11,600</u>	<u>11,600</u>	<u>11,600</u>	
Fund Balance, end of year (deficit)	<u>\$ 11,600</u>	<u>\$ 11,600</u>	<u>\$ (2,335)</u>	

**CITY OF SEDALIA, MISSOURI**  
**TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
City sales and use tax	\$ 2,837,820	\$ 2,837,820	\$ 2,871,117	\$ 33,297
Total Taxes	<u>2,837,820</u>	<u>2,837,820</u>	<u>2,871,117</u>	<u>33,297</u>
Intergovernmental				
State gasoline tax	584,216	584,216	583,238	(978)
Motor vehicle sales tax	297,517	297,517	296,237	(1,280)
Total Intergovernmental	<u>881,733</u>	<u>881,733</u>	<u>879,475</u>	<u>(2,258)</u>
Charges for Services				
Airport fees	244,000	244,000	237,280	(6,720)
Total Charges for Services	<u>244,000</u>	<u>244,000</u>	<u>237,280</u>	<u>(6,720)</u>
Miscellaneous				
Interest	13,643	13,643	28,292	14,649
Rental	66,000	66,000	29,382	(36,618)
Miscellaneous			1,624	1,624
Total Miscellaneous	<u>79,643</u>	<u>79,643</u>	<u>59,298</u>	<u>(20,345)</u>
Total Revenues	<u>4,043,196</u>	<u>4,043,196</u>	<u>4,047,170</u>	<u>3,974</u>
<b>EXPENDITURES</b>				
Airport Maintenance				
Personnel services	165,731	167,958	181,862	(13,904)
Other charges and services	60,532	60,532	76,600	(16,068)
Operating supplies	227,460	227,460	198,532	28,928
Total Airport Maintenance	<u>453,723</u>	<u>455,950</u>	<u>456,994</u>	<u>(1,044)</u>
Street Maintenance				
Personnel services	1,126,757	1,134,914	1,090,867	44,047
Other charges and services	742,523	742,523	672,998	69,525
Operating supplies	357,754	357,754	342,819	14,935
Total Street Maintenance	<u>2,227,034</u>	<u>2,235,191</u>	<u>2,106,684</u>	<u>128,507</u>
Alley and ROW Maintenance				
Personnel services	182,549	183,635	171,552	12,083
Other charges and services	23,180	29,980	15,735	14,245
Operating supplies	19,350	19,351	17,356	1,995
Total Alley and ROW Maintenance	<u>225,079</u>	<u>232,966</u>	<u>204,643</u>	<u>28,323</u>
Capital Expenditures				
Capital outlay	504,994	498,194	316,366	181,828
Total Capital Expenditures	<u>504,994</u>	<u>498,194</u>	<u>316,366</u>	<u>181,828</u>
Total Expenditures	<u>3,410,830</u>	<u>3,422,301</u>	<u>3,084,687</u>	<u>337,614</u>

**CITY OF SEDALIA, MISSOURI  
TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (CONT'D)  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficit) of Revenues over Expenditures	632,366	620,895	962,483	341,588
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds				-
Operating transfers in (out)	(567,379)	(567,379)	(360,079)	207,300
Total Other Financing Sources (Uses)	(567,379)	(567,379)	(360,079)	207,300
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	64,987	53,516	602,404	<u>\$ 548,888</u>
Fund Balance, beginning of year	1,232,862	1,232,862	1,232,862	
Fund Balance, end of year	<u>\$ 1,297,849</u>	<u>\$ 1,286,378</u>	<u>\$ 1,835,266</u>	

**CITY OF SEDALIA, MISSOURI**  
**MFA SALES TAX SHARING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Total Taxes	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Other charges and services	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficit) of Revenues over Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds				-
Operating transfers in (out)	-	45,737	2,352	(43,385)
Total Other Financing Sources (Uses)	-	45,737	2,352	(43,385)
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	-	45,737	2,352	<u>\$ (43,385)</u>
Fund Balance, beginning of year	-	-	-	
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 45,737</u>	<u>\$ 2,352</u>	

**CITY OF SEDALIA, MISSOURI  
CAPITAL PROJECT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental				
State and federal grants	\$ 3,112,624	\$ 3,177,624	\$ 16,085	\$ (3,161,539)
Total Intergovernmental	<u>3,112,624</u>	<u>3,177,624</u>	<u>16,085</u>	<u>(3,161,539)</u>
Miscellaneous				
Interest	-	-	-	-
Miscellaneous	331,000	75,000	-	(75,000)
Total Miscellaneous	<u>331,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
 Total Revenues	 <u>3,443,624</u>	 <u>3,252,624</u>	 <u>16,085</u>	 <u>(3,236,539)</u>
<b>EXPENDITURES</b>				
Other charges and services	700	700	2,835	(2,135)
Capital outlay	4,219,753	3,964,753	492,450	3,472,303
Total Expenditures	<u>4,220,453</u>	<u>3,965,453</u>	<u>495,285</u>	<u>3,470,168</u>
 Excess (Deficit) of Revenues over Expenditures	 <u>(776,829)</u>	 <u>(712,829)</u>	 <u>(479,200)</u>	 <u>233,629</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in (out)	780,627	796,627	(784)	(797,411)
Total Other Financing Sources (Uses)	<u>780,627</u>	<u>796,627</u>	<u>(784)</u>	<u>(797,411)</u>
 Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	 3,798	 83,798	 (479,984)	 <u>\$ (563,782)</u>
 Fund Balance, beginning of year (Deficit)	 <u>(178,866)</u>	 <u>(178,866)</u>	 <u>(178,866)</u>	
 Fund Balance, end of year (Deficit)	 <u>\$ (175,068)</u>	 <u>\$ (95,068)</u>	 <u>\$ (658,850)</u>	

**CITY OF SEDALIA, MISSOURI**  
**CAPITAL PROJECT FUND #2**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Sales and use	\$ 3,249,741	\$ 3,249,741	\$ 3,303,779	\$ 54,038
Total Taxes	<u>3,249,741</u>	<u>3,249,741</u>	<u>3,303,779</u>	<u>54,038</u>
<b>Intergovernmental</b>				
State and federal grants	-	-	-	-
Total Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous</b>				
Interest income	53,368	53,368	93,013	39,645
Total Miscellaneous	<u>53,368</u>	<u>53,368</u>	<u>93,013</u>	<u>39,645</u>
Total Revenues	<u>3,303,109</u>	<u>3,303,109</u>	<u>3,396,792</u>	<u>93,683</u>
<b>EXPENDITURES</b>				
Other charges and services	88,544	88,544	119,345	(30,801)
Capital outlay	2,569,984	4,380,503	3,914,985	465,518
Debt service	1,688,023	1,688,023	1,822,619	(134,596)
Total Expenditures	<u>4,346,551</u>	<u>6,157,070</u>	<u>5,856,949</u>	<u>300,121</u>
Excess (Deficit) of Revenues over Expenditures	<u>(1,043,442)</u>	<u>(2,853,961)</u>	<u>(2,460,157)</u>	<u>393,804</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
COPS lease proceeds	-	-	-	-
Operating transfers in (out)	13,491	157,491	-	(157,491)
Total Other Financing Sources (Uses)	<u>13,491</u>	<u>157,491</u>	<u>-</u>	<u>(157,491)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	<u>(1,029,951)</u>	<u>(2,696,470)</u>	<u>(2,460,157)</u>	<u>\$ 236,313</u>
Fund Balance, beginning of year	<u>3,673,775</u>	<u>3,673,775</u>	<u>3,673,775</u>	
Fund Balance, end of year	<u>\$ 2,643,824</u>	<u>\$ 977,305</u>	<u>\$ 1,213,618</u>	

SUPPLEMENTARY INDIVIDUAL FUND  
FINANCIAL SCHEDULE

General Fund

This supplementary schedule is included to provide management additional information for financial analysis.



**CITY OF SEDALIA, MISSOURI  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ 1,283,310	\$ 1,283,310	\$ 1,360,319	\$ 77,009
Interest and penalties	32,012	32,012	32,073	61
Payment-in-lieu-of taxes	4,001	4,001	2,131	(1,870)
Railroad and utilities	55,164	55,164	53,843	(1,321)
Financial institution	10,427	10,427	5,071	(5,356)
General sales and use	5,866,886	5,866,886	5,935,396	68,510
Franchise	2,598,596	2,598,596	2,416,717	(181,879)
Cigarette	100,280	100,280	95,364	(4,916)
Total Taxes	<u>9,950,676</u>	<u>9,950,676</u>	<u>9,900,914</u>	<u>(49,762)</u>
<b>Licenses and Permits</b>				
Occupational	414,087	414,087	392,713	(21,374)
Building	166,108	166,108	184,321	18,213
Street cuts	200	200	875	675
Other licenses	3,574	3,574	3,497	(77)
Total Licenses and Permits	<u>583,969</u>	<u>583,969</u>	<u>581,406</u>	<u>(2,563)</u>
<b>Intergovernmental</b>				
State and federal grants	89,000	113,910	216,225	102,315
Total Intergovernmental	<u>89,000</u>	<u>113,910</u>	<u>216,225</u>	<u>102,315</u>
<b>Charges for Services</b>				
Cemetery fees and lot sales	112,738	112,738	119,090	6,352
Dispatch fees	124,596	124,596	124,596	-
Total Charges for Services	<u>237,334</u>	<u>237,334</u>	<u>243,686</u>	<u>6,352</u>

**CITY OF SEDALIA, MISSOURI  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONT'D)  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES (cont'd)				
Fines and Forfeitures	120,590	120,590	125,291	4,701
Total Fines and Forfeitures	<u>120,590</u>	<u>120,590</u>	<u>125,291</u>	<u>4,701</u>
Miscellaneous				
Interest income	119,015	119,015	164,283	45,268
Miscellaneous	158,046	158,046	175,125	17,079
Total Miscellaneous	<u>277,061</u>	<u>277,061</u>	<u>339,408</u>	<u>62,347</u>
<b>TOTAL REVENUES</b>	<u>11,258,630</u>	<u>11,283,540</u>	<u>11,406,930</u>	<u>123,390</u>
EXPENDITURES				
General and Administrative				
Administrative				
Personnel services	582,188	582,188	593,422	(11,234)
Other charges and services	236,769	500,244	494,239	6,005
Operating supplies	6,788	6,788	7,241	(453)
Total Administrative	<u>825,745</u>	<u>1,089,220</u>	<u>1,094,902</u>	<u>(5,682)</u>
Finance				
Personnel services	523,402	523,402	463,695	59,707
Other charges and services	198,295	235,295	250,047	(14,752)
Operating supplies	4,300	4,300	4,885	(585)
Total Finance	<u>725,997</u>	<u>762,997</u>	<u>718,627</u>	<u>44,370</u>
Records				
Personnel services	200,403	200,403	178,832	21,571
Other charges and services	55,437	55,437	44,433	11,004
Repairs and maintenance	1,200	1,200	1,169	31
Total Records	<u>257,040</u>	<u>257,040</u>	<u>224,434</u>	<u>32,606</u>

**CITY OF SEDALIA, MISSOURI  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONT'D)  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (cont'd)				
Code Enforcement				
Personnel services	574,436	574,436	524,180	50,256
Other charges and services	44,545	49,545	58,508	(8,963)
Repairs and maintenance	389,100	389,100	142,611	246,489
Total Code Enforcement	<u>1,008,081</u>	<u>1,013,081</u>	<u>725,299</u>	<u>287,782</u>
Building Maintenance				
Personnel services	249,188	249,188	226,931	22,257
Other charges and services	72,758	77,708	96,044	(18,336)
Operating supplies	7,800	7,800	12,642	(4,842)
Total Building Maintenance	<u>329,746</u>	<u>334,696</u>	<u>335,617</u>	<u>(921)</u>
Information Solutions				
Personnel services	135,124	135,124	132,796	2,328
Other charges and services	56,098	56,098	54,793	1,305
Operating supplies	545	545	393	152
Total Information Solutions	<u>191,767</u>	<u>191,767</u>	<u>187,982</u>	<u>3,785</u>
Management of Public Works				
Personnel services	274,845	274,845	250,868	23,977
Other charges and services	73,046	73,046	67,613	5,433
Operating supplies	1,290	1,290	1,157	133
Total Management of Public Works	<u>349,181</u>	<u>349,181</u>	<u>319,638</u>	<u>29,543</u>
Total General and Administrative	<u>3,687,557</u>	<u>3,997,982</u>	<u>3,606,499</u>	<u>391,483</u>

**CITY OF SEDALIA, MISSOURI  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONT'D)  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (cont'd)				
Public Safety				
Police				
Personnel services	4,210,793	4,210,793	3,837,334	373,459
Other charges and services	433,223	438,290	447,912	(9,622)
Operating supplies	108,446	109,051	103,407	5,644
Total Police	<u>4,752,462</u>	<u>4,758,134</u>	<u>4,388,653</u>	<u>369,481</u>
Fire				
Personnel services	2,662,719	2,662,719	2,647,972	14,747
Other charges and services	160,839	160,839	166,278	(5,439)
Operating supplies	39,620	39,620	36,614	3,006
Total Fire	<u>2,863,178</u>	<u>2,863,178</u>	<u>2,850,864</u>	<u>12,314</u>
Cemetery				
Personnel services	259,535	259,535	241,367	18,168
Other charges and services	26,182	26,182	28,519	(2,337)
Operating supplies	10,000	10,000	10,190	(190)
Total Cemetery	<u>295,717</u>	<u>295,717</u>	<u>280,076</u>	<u>15,641</u>
Animal Control				
Personnel services	205,832	205,832	205,875	(43)
Other charges and services	81,914	81,914	68,989	12,925
Operating supplies	45,347	45,347	40,369	4,978
Total Animal Control	<u>333,093</u>	<u>333,093</u>	<u>315,233</u>	<u>17,860</u>
Municipal Law Adjudication				
Personnel services	69,264	72,764	72,702	62
Other charges and services	9,953	9,953	8,455	1,498
Operating supplies	940	940	1,054	(114)
Total Municipal Law Adjudication	<u>80,157</u>	<u>83,657</u>	<u>82,211</u>	<u>1,446</u>
Total Public Safety	<u>8,324,607</u>	<u>8,333,779</u>	<u>7,917,037</u>	<u>416,742</u>

**CITY OF SEDALIA, MISSOURI  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONT'D)  
YEAR ENDED MARCH 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Transportation				
Streets and Alleys				
Personnel services	318,352	318,352	295,533	22,819
Other charges and services	32,178	32,178	28,309	3,869
Operating supplies	46,150	46,150	43,487	2,663
Total Streets and Alleys	<u>396,680</u>	<u>396,680</u>	<u>367,329</u>	<u>29,351</u>
Total Transportation	<u>396,680</u>	<u>396,680</u>	<u>367,329</u>	<u>29,351</u>
Capital Expenditures				
Capital outlay	451,879	534,597	406,928	127,669
Total Capital Expenditures	<u>451,879</u>	<u>534,597</u>	<u>406,928</u>	<u>127,669</u>
Debt Service				
Total Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>12,860,723</u>	<u>13,263,038</u>	<u>12,297,793</u>	<u>965,245</u>
Excess (Deficit) of Revenues over Expenditures	(1,602,093)	(1,979,498)	(890,863)	1,088,635
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	1,598,067	1,598,067	1,601,499	3,432
Total Other Financing Sources (Uses)	<u>1,598,067</u>	<u>1,598,067</u>	<u>1,601,499</u>	<u>3,432</u>
Excess (Deficit) of Revenues Over (Under) Expenditures and Other Sources (Uses)	(4,026)	(381,431)	710,636	<u>\$ 1,092,067</u>
Fund Balance, beginning of year	<u>8,266,583</u>	<u>8,266,583</u>	<u>8,266,583</u>	
Fund Balance, end of year	<u>\$ 8,262,557</u>	<u>\$ 7,885,152</u>	<u>\$ 8,977,219</u>	

**COMBINING FINANCIAL STATEMENTS**

**Fiduciary Funds**

**CITY OF SEDALIA, MISSOURI  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 YEAR ENDED MARCH 31, 2020**

	<u>Pension Trust</u>		<u>Agency Fund</u>	<u>Total</u>
	<u>Firemen's Pension</u>	<u>Police Pension</u>	<u>Deferred Compensation</u>	
<b>ASSETS</b>				
Cash	\$ -	\$ 165,629	\$ -	\$ 165,629
Receivables:				
Accrued interest and dividends	-	-		-
Investments, at fair value	6,279,774	-	2,554,542	8,834,316
Total Assets	<u>6,279,774</u>	<u>165,629</u>	<u>2,554,542</u>	<u>8,999,945</u>
<b>LIABILITIES</b>				
Due to General Fund	<u>3,732</u>	-	-	<u>3,732</u>
Total Liabilities	<u>3,732</u>	<u>-</u>	<u>-</u>	<u>3,732</u>
Net Position	<u>\$ 6,276,042</u>	<u>\$ 165,629</u>	<u>\$ 2,554,542</u>	<u>\$ 8,996,213</u>

**CITY OF SEDALIA, MISSOURI**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED MARCH 31, 2020**

	<b>Pension Trust Fund</b>		<b>Agency Fund</b>	<b>Total</b>
	<b>Firemen's</b>	<b>Police</b>	<b>Deferred Compensation</b>	
<b>ADDITIONS</b>				
Contributions				
Taxes	\$ 147,165	\$ 277,023	\$ -	\$ 424,188
Employer/employee	266,040	308,750	129,960	704,750
Miscellaneous	4,637	4,606	-	9,243
Total contributions	<u>417,842</u>	<u>590,379</u>	<u>129,960</u>	<u>1,138,181</u>
Investment earnings				
Investment income	166,517	6,619	-	173,136
Net appreciation in fair value of investments	(578,665)	(48,464)	(111,952)	(739,081)
Total investment loss	<u>(412,148)</u>	<u>(41,845)</u>	<u>(111,952)</u>	<u>(565,945)</u>
Investment expenses	-	-	-	-
Net gain/(loss) from investing activities	<u>(412,148)</u>	<u>(41,845)</u>	<u>(111,952)</u>	<u>(565,945)</u>
Total Additions	<u>5,694</u>	<u>548,534</u>	<u>18,008</u>	<u>572,236</u>
<b>DEDUCTIONS</b>				
Benefits	774,207	514,619	162,606	1,451,432
Transfer to LAGERS	-	3,307,321	-	3,307,321
Disability insurance	36,816	-	-	36,816
Administrative expense	49,385	9,563	19,647	78,595
Pension refunds	-	70	-	70
Miscellaneous	23,896	16,586	-	40,482
Total Deductions	<u>884,304</u>	<u>3,848,159</u>	<u>182,253</u>	<u>4,914,716</u>
Net decrease	(878,610)	(3,299,625)	(164,245)	(4,342,480)
Net position - restricted for pension benefits				
Beginning of year	<u>7,154,652</u>	<u>3,465,254</u>	<u>2,718,787</u>	<u>13,338,693</u>
End of year	<u>\$ 6,276,042</u>	<u>\$ 165,629</u>	<u>\$ 2,554,542</u>	<u>\$ 8,996,213</u>



## **COMPLIANCE AND INTERNAL CONTROL**



GERDING, KORTE & CHITWOOD CPAS  
Professional Corporation  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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To The City Council  
City of Sedalia, Missouri

We have audited, in accordance with the 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, the financial statements of the governmental activities – modified cash basis, each major fund, and the discretely presented component unit of the City of Sedalia, Missouri (the “City”), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 12, 2021.

PARTNERS

*Fred W. Korte, Jr.*  
*Joseph E. Chitwood*  
*Travis W. Hundley*  
*Jeffrey A. Chitwood*  
*Amy L. Watson*

PARTNER EMERITUS

*Robert A. Gerding*

Internal Control Over Financial Reporting

In planning and performing our audit of financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (2020-001 and 2020-002).

#### City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



February 12, 2021

Gerding, Korte & Chitwood, P.C.  
Certified Public Accountants  
Boonville, Missouri

CITY OF SEDALIA, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
MARCH 31, 2020

2020-001	Budgeting
Criteria:	Section 67.010 of the Missouri Revised Statutes states that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance plus any balance estimated for the beginning of the budget year.
Condition:	Budgeted expenditures in the midtown special allocation fund and capital projects fund exceeded budgeted revenues plus the estimated cash balance at the beginning of the fiscal year.
Context:	During our audit, we reviewed the midtown special allocation fund and capital projects fund budgets and noted a deficit fund balance was budgeted in each fund.
Effect:	Expenditures were made from the midtown special allocation fund and capital projects fund during the fiscal year without being done in compliance with the political subdivision budgetary requirements.
Cause:	Deficit midtown special allocation fund and capital projects fund beginning cash balances and budgeted revenues for the fiscal year were less than budgeted expenditures.
Recommendation:	We recommend the City prepare their annual budgets for each fund taking into consideration the beginning of the year bank balances. If transfers are required to cause the City to be in compliance with budgetary statutes, we recommend the transfers be done such that they are not in violation of state statutes or local policies.
View of Responsible Officials & Planned Corrective Action:	In the case of the Midtown Special Allocation Fund, Council made the conscious decision to advance from the General Fund sufficient funds to complete a project rather than waiting on available revenues. Staff reported the advance from the general fund simply as a due to / due from account rather than a transfer of funds out of convenience for tracking. It was staff's intent to correct the reporting to reflect the true actions of Council which were within the statute and City policy. In the case of the Capital Projects Fund, changes and budget variances in grant supported projects affected both the previous fiscal year and the current fiscal year. These changes resulted in changes to the amount of local matching funds required. We were also waiting on the Federal Government to grant the Katy Trail Connect grant. This fund is typically budgeted to a Zero fund balance to show clearly the grant revenues offsetting the expenditures and where the resulting match is coming from. Staff should have caught this and recommended an additional transfer of available funds from its capital improvement revenue streams. Staff will watch budget variances and changes more closely and as budget amendments are presented to Council include a recommendation for rebalancing the fund.

CITY OF SEDALIA, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)  
MARCH 31, 2020

2020-002	Fund Deficit
Criteria:	No funds should have a negative ending fund balance.
Condition:	The Galaxy West CID and Capital Projects Funds had negative ending fund balances of \$2,335 and \$658,850, respectively.
Context:	During our audit we reviewed the Galaxy West CID and Capital Projects Funds financial statements and noted negative fund balances existed.
Effect:	A negative fund balance exists in the Galaxy West CID and Capital Projects Funds.
Cause:	Current year revenues and transfers in plus the beginning fund balance are less than current year expenditures plus transfers out.
Recommendations:	We recommend the City ensure a deficit fund balance does not exist.
View of Responsible Officials & Planned Corrective Action:	Staff will review the fund balances prior to the end of the fiscal year and make such transfers and/or budget amendments necessary to ensure a deficit fund balance does not exist.