

***CITY OF SHREWSBURY, MISSOURI
FOR THE YEAR ENDED
DECEMBER 31, 2020***

CITY OF SHREWSBURY, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and the Board of Aldermen
City of Shrewsbury, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shrewsbury, Missouri, as of and for the year ended December 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shrewsbury, Missouri, as of December 31, 2020, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

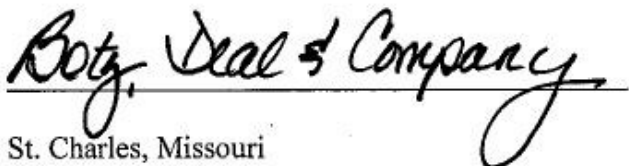
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension information on pages 3 through 8 and 35 through 38 be presented to supplement the basic financial statements. Such information, although not a required 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 inquires 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 of Shrewsbury, Missouri's basic financial statements as a whole. The combining nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental combining nonmajor fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



St. Charles, Missouri

July 16, 2021

**CITY OF SHREWSBURY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The discussion and analysis of the City of Shrewsbury, Missouri's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2020. It should be read in conjunction with the accompanying basic financial statement.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City's total net position increased by \$1,010,057 from a negative \$3,251,691 in 2019 to a negative \$2,241,634 in 2020.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,978,416, a decrease of \$957,723 or 19% in comparison to the prior year.
- During 2020, expenditures exceeded revenues in the General Fund by \$673,657.
- During 2020, the City paid down debt not related to the TIF by approximately \$646,000.

REPORT LAYOUT

The report consists of the Management's Discussion and Analysis (MD&A), government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as police, fire and ambulance, public works, parks and recreation and general government administration. The City currently does not have any business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operation. In simple terms, this statement presents a snap-shot view of the assets the City owns, the liabilities it owes, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Governmental activities are reported on the full accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own column and the remaining funds are combined into a column title "Other Non-major Funds." Budgetary comparisons for the General Fund and major special revenue funds are presented as required supplementary information.

- Fiduciary Funds track assets held by the City in a trustee capacity and are not available to the City to provide services to its citizens. The fiduciary fund of the City holds assets received through its police and court functions.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

The Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

THE CITY AS A WHOLE

Government-wide Financial Analysis

The City's net position was a negative \$2,241,634 as of December 31, 2020. This analysis focuses on the net position (table 1) and changes in net position (table 2) of the City's governmental activities.

The City's net position consists of its investment in capital assets (e.g., land, buildings, improvements, vehicles, infrastructure and equipment), less accumulated depreciation and any related debt used to acquire those assets that is still outstanding; restricted balances; and unrestricted balances. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment 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 cannot be used to liquidate these liabilities.

Table 1

	2020	2019	Variance
Current and other assets	\$ 5,237,720	\$ 7,640,576	\$ (2,402,856)
Capital assets, net of depreciation	7,558,489	7,639,478	(80,989)
Total assets	<u>12,796,209</u>	<u>15,280,054</u>	<u>(2,483,845)</u>
Deferred outflow of resources	<u>1,916,027</u>	<u>1,101,095</u>	<u>814,932</u>
Current and other liabilities	677,039	505,227	171,812
Long-term liabilities	16,114,311	17,851,520	(1,737,209)
Total liabilities	<u>16,791,350</u>	<u>18,356,747</u>	<u>(1,565,397)</u>
Deferred inflow of resources	<u>162,520</u>	<u>985,966</u>	<u>(823,446)</u>
Net position:			
Net invested in capital assets	4,742,029	4,087,108	654,921
Restricted	3,741,103	3,964,521	(223,418)
Unrestricted	(10,724,766)	(11,013,193)	288,427
Total net position	<u>\$ (2,241,634)</u>	<u>\$ (2,961,564)</u>	<u>\$ 719,930</u>

Net position, over time, may serve as a useful indicator of a government's financial position. Governmental activities increased the City's net position by \$1,010,057. The key elements of this increase are as follows:

Table 2

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Charges for service	\$ 1,175,191	\$ 1,715,814	\$ (540,623)
Operating grants and contributions	449,222	-	449,222
Capital grants and contributions	287,728	37,826	249,902
General revenues:			
Taxes	8,087,589	8,518,213	(430,624)
Investment income	12,734	43,051	(30,317)
Miscellaneous	24,295	41,668	(17,373)
Total revenues	<u>10,036,759</u>	<u>10,356,572</u>	<u>(319,813)</u>
Expenses:			
General government	1,531,331	1,635,240	(103,909)
Public safety	2,962,709	2,834,141	128,568
Public works and planning	707,343	650,495	56,848
Fire and ambulance	2,061,380	2,362,751	(301,371)
Parks and recreation	1,100,871	1,252,733	(151,862)
Interest and fiscal charges	663,068	403,663	259,405
Total expenses	<u>9,026,702</u>	<u>9,139,023</u>	<u>(112,321)</u>
Change in net position	1,010,057	1,217,549	(207,492)
Net position, beginning of year	(2,961,564)	(4,462,300)	1,500,736
Prior period adjustment	(290,127)	283,187	(573,314)
Net position, end of year	<u>\$ (2,241,634)</u>	<u>\$ (2,961,564)</u>	<u>\$ 719,930</u>

Total 2020 revenues of \$10,036,759 shown in Table 2, compared with total revenues of \$10,356,572 in 2019 represents a decrease in total revenues of \$319,813, an overall decrease of 3.1%. The decrease in revenues from 2019 to 2020 is mostly due to a decrease in property taxes and charges for services. The decrease in property taxes is due to the scheduled retirement of General Obligation Bonds in 2022 and a fund balance large enough in the Debt Service Fund to reduce the property tax rate dedicated to pay off the debt. Charges for services decreased due to the suspension of court and parks and recreation activities during much of 2020 due to the Covid restrictions. These decreases were offset to some degree by approximately \$430,000 passed through St. Louis County as part of the CARES Act as operating grants.

Total 2020 expenses decreased to \$112,321 from \$9,139,023 in 2019, an overall decrease of 1.2%. The most significant reason for the decrease was a decrease in expenses related to operations of programs and activities in the parks and recreation department due to covid restrictions and a decrease in expenses related to capital purchases in the fire department.

Governmental Funds

The focus of the City’s governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year. The following table presents the amount of governmental funds revenue from various sources on the modified accrual basis of accounting.

Table 3

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Taxes	\$ 8,222,922	\$ 8,650,073	\$ (427,151)
Licenses and permits	430,582	531,079	(100,497)
Fines and court costs	149,734	177,753	(28,019)
Investment income	12,734	81,101	(68,367)
Charges for service	525,476	940,610	(415,134)
Grants	449,222	37,826	411,396
Miscellaneous	2,283	65,877	(63,594)
Total	<u>\$ 9,792,953</u>	<u>\$ 10,484,319</u>	<u>\$ (691,366)</u>

The decrease in governmental fund total revenues of \$691,366 represents an overall decrease of 6.6%. The decrease in revenues from 2019 to 2020 is mostly due to a decrease in property taxes collected for the Debt Service Fund and a decrease in charges for services compared to 2019 due to the suspension of parks and recreation and court activities as a result of mandated COVID-19 restrictions. These decreases were offset to some degree by approximately \$430,000 passed through St. Louis County as part of the CARES Act as operating grants.

The fund balance in the General Fund decreased in 2020 compared to 2019 by \$673,657. The General Fund balance decreased significantly in 2018, 2019 and 2020, and is now far below the City’s target fund balance of 25%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2020, the City had invested in a broad range of capital assets, including police, fire and ambulance and public works equipment, buildings, park facilities, and roads (See Table 4). This amount represents a net decrease (including additions and deductions) of \$80,989 over the prior fiscal year. The following table presents the cost of capital assets, net of accumulated depreciation as of December 31, 2020:

Table 4

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Land	\$ 706,264	\$ 706,264	\$ -
Construction in progress	287,728	-	287,728
Land improvements	513,894	595,007	(81,113)
Infrastructure	92,233	103,666	(11,433)
Buildings and improvements	3,853,430	4,085,824	(232,394)
Machinery and equipment	836,761	883,328	(46,567)
Furniture and fixtures	4,900	13,624	(8,724)
Vehicles	1,263,279	1,251,765	11,514
Total, net of depreciation	<u>\$ 7,558,489</u>	<u>\$ 7,639,478</u>	<u>\$ (80,989)</u>

The most significant additions to capital assets this fiscal year was the purchase of two police vehicles, a truck and playground equipment. More detailed information on the City's capital assets is presented in Note 5 of the financial statements.

Debt

At the end of the current year, the City had total outstanding debt of \$15,876,460. Of this amount there was \$675,006 outstanding on the 2007 general obligation capital appreciation bonds used to purchase equipment, construct capital assets and improve street. These bonds are paid by the City's debt service tax. The City has \$1,640,000 outstanding certificates of participation which is services by the Capital Improvements Fund. The City also purchased a fire truck with a lease purchase agreement. The outstanding balance at year-end was \$501,454. In 2016, the City issued TIF bonds Series 2016A and 2016B. The outstanding balance at year-end was \$13,060,000 and all resources for debt service are provided by dedicated taxes generated within the TIF District. More detailed information on the City's long-term liabilities is presented in Note 6 of the financial statements.

Budgetary Highlights

For 2020, actual revenues in the General Fund were \$6,905,497 as compared to the budgeted amount of \$7,461,535. No amendments were made to budgeted revenues. Taxes, fines and court costs, and charges for service were all affected by the Covid-19 pandemic. Some of the decrease in these categories were offset by CARES Act funding passed through St. Louis County to the City.

For 2020, actual expenditures in the General Fund were \$7,579,154 compared to the amended budget amount of \$7,612,343. The City amended the budget in order to account for increased personnel costs associated the need for first responders to respond to the Covid-19 pandemic. This was offset by a decrease in expenditures in the parks and recreation department as numerous activities were cancelled due to the pandemic.

The Capital Improvement Fund revenue was under budget by \$406,705, because the City did not receive grants in 2020 that were budgeted. Some of the grant funds were received in 2021 as progress on the construction of new playground was slowed by the pandemic. Total expenditures were \$291,526 under budget as projects were slowed by the pandemic.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Sales taxes are the largest category of revenue for the City. In recent years, there has been a trend by consumers to engage in sales with online retailers as opposed to shopping in traditional “brick and mortar” stores. The City asked voters to approve a use tax charged for online purchases in 2020. The use tax would generate a significant amount of revenue to help off-set the revenue the City anticipates losing due to the ongoing trend in online shopping. The proposition failed and the City will not be able to capture sales tax on online purchases and could not budget for this revenue in 2021. Additionally, due to the COVID-19 pandemic and the uncertainty of a “return to normal”, the City remained conservative in its revenue estimates and did not budget for an increase in salaries in 2021. The City’s revenues are projected to remain flat or even decrease in the future due to a trend it has seen in recent years of declining utility tax revenue, municipal court revenue and very little new economic activity in its business district. While revenue remains flat and declining, expenditures and costs for commodities continues to rise at a rate surpassing City revenue streams. Recognizing expenditures have outpaced revenues in 2018, 2019 and 2020, the City asked the voters in November of 2020 to approve a property tax increase for general operating costs, while at the same time reducing the overall property tax rate for taxpayers. The proposition failed and the City did not budget for the potential revenue the property tax would have generated. City leaders are committed to engaging the public in the upcoming budget cycle for 2022 and developing a strategic plan and budget based on community priorities. Several community engagement events will be held, and a strong social media campaign will begin in the summer of 2021 to determine the most efficient way to utilize taxpayer funds and provide services that align with the needs and desires of the community. The result of the City’s campaign to engage its citizens will be to develop a budget that is priority based and allow for a sustainable future for the City of Shrewsbury.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the Finance Director at City of Shrewsbury, 5200 Shrewsbury Avenue, Shrewsbury, Missouri 63119.

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,442,895
Restricted cash and investments	1,046,944
Receivables:	
Taxes	1,700,534
Other, net of allowance of \$173,540	657,240
Interest	5,282
Prepaid expenses	187,515
Net pension asset	197,310
Capital assets:	
Nondepreciable	993,992
Depreciable, net of accumulated depreciation	6,564,497
TOTAL ASSETS	<u>12,796,209</u>
DEFERRED OUTFLOWS	
Related to pension benefits	<u>1,916,027</u>
LIABILITIES	
Accounts payable	307,950
Accrued interest	96,286
Accrued wages	25,082
Other liabilities	228,039
Refundable deposits	19,682
Noncurrent liabilities:	
Due in one year	990,695
Due in more than one year	15,123,616
TOTAL LIABILITIES	<u>16,791,350</u>
DEFERRED INFLOWS	
Related to pension benefits	<u>162,520</u>
NET POSITION	
Net investment in capital assets	4,742,029
Restricted:	
Police	95,927
Capital improvements	399,453
Debt service	846,753
Tax increment financing	2,234,230
Sewer repairs	164,740
Unrestricted	(10,724,766)
TOTAL NET POSITION	<u>\$ (2,241,634)</u>

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

CITY OF SHREWSBURY, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 1,531,331	\$ 529,148	\$ 430,094	\$ -	\$ (572,089)
Public safety	2,962,709	151,604	10,815	-	(2,800,290)
Public works and planning	707,343	54,998	3,213	-	(649,132)
Fire and ambulance services	2,061,380	282,394	-	-	(1,778,986)
Parks and recreation	1,100,871	157,047	5,100	287,728	(650,996)
Interest and fiscal charges	663,068	-	-	-	(663,068)
TOTAL GOVERNMENTAL ACTIVITIES	9,026,702	1,175,191	449,222	287,728	(7,114,561)
General revenues:					
Taxes:					
Sales					5,209,972
Utility					889,826
Property					768,988
Other					1,218,803
Earnings on investments					12,734
Other miscellaneous revenue					24,295
TOTAL GENERAL REVENUES					8,124,618
CHANGE IN NET POSITION					1,010,057
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED					(2,961,564)
Prior period adjustment - ambulance					(290,127)
NET POSITION - BEGINNING OF YEAR, AS RESTATED					(3,251,691)
NET POSITION - END OF YEAR					\$ (2,241,634)

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

CITY OF SHREWSBURY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	GENERAL	CAPITAL IMPROVEMENTS	DEBT SERVICE	TIF	Nonmajor Funds	TOTAL
ASSETS						
Cash and investments	\$ -	\$ -	\$ 23,014	\$ 1,147,514	\$ 272,367	\$ 1,442,895
Restricted cash and investments	95,927	-	-	951,017	-	1,046,944
Receivables:						
Taxes	1,078,260	113,304	146,639	352,684	9,647	1,700,534
Other, net of allowance of \$173,540	657,238	2	-	-	-	657,240
Interest	3,148	1,147	-	-	987	5,282
Due from other funds	-	417,643	677,100	-	-	1,094,743
Prepaid items	187,515	-	-	-	-	187,515
TOTAL ASSETS	<u>\$ 2,022,088</u>	<u>\$ 532,096</u>	<u>\$ 846,753</u>	<u>\$ 2,451,215</u>	<u>\$ 283,001</u>	<u>\$ 6,135,153</u>
LIABILITIES						
Accounts payable	\$ 111,607	\$ 132,643	\$ -	\$ -	\$ 63,700	\$ 307,950
Other liability:	11,054	-	-	216,985	-	228,039
Due to other funds	1,094,743	-	-	-	-	1,094,743
Accrued wages	25,082	-	-	-	-	25,082
Refundable deposits	19,682	-	-	-	-	19,682
TOTAL LIABILITIES	<u>1,262,168</u>	<u>132,643</u>	<u>-</u>	<u>216,985</u>	<u>63,700</u>	<u>1,675,496</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	97,983	-	46,114	-	-	144,097
Other taxes	22,012	-	-	-	-	22,012
Grants	287,728	-	-	-	-	287,728
Ambulance	27,404	-	-	-	-	27,404
TOTAL DEFERRED INFLOW OF RESOURCES	<u>435,127</u>	<u>-</u>	<u>46,114</u>	<u>-</u>	<u>-</u>	<u>481,241</u>
FUND BALANCE						
Fund Balances:						
Non-spendable	187,515	-	-	-	-	187,515
Restricted:						
Police	95,927	-	-	-	-	95,927
Debt service	-	-	800,639	-	-	800,639
Sewer lateral repair:	-	-	-	-	164,740	164,740
Capital improvements:	-	399,453	-	-	-	399,453
Road projects	-	-	-	2,234,230	-	2,234,230
Assigned to:						
Capital replacement	-	-	-	-	54,561	54,561
Unassigned	41,351	-	-	-	-	41,351
TOTAL FUND BALANCE	<u>324,793</u>	<u>399,453</u>	<u>800,639</u>	<u>2,234,230</u>	<u>219,301</u>	<u>3,978,416</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 2,022,088</u>	<u>\$ 532,096</u>	<u>\$ 846,753</u>	<u>\$ 2,451,215</u>	<u>\$ 283,001</u>	<u>\$ 6,135,153</u>

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

CITY OF SHREWSBURY, MISSOURI
RECONCILIATION OF THE STATEMENT OF NET POSITION
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF DECEMBER 31, 2020

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

Total fund balance per balance sheet	\$ 3,978,416
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	7,558,489
The net pension liability reported in governmental activities does not require the use of current financial resource and, therefore, is not reported in the funds.	197,310
Certain deferred outflows and inflows of resources represent a consumption or acquisition of net position in a future period and, therefore, are not reported in the funds:	
Deferred outflow of resources - related to pension	1,916,027
Deferred inflow of resources - related to pension	(162,520)
Receivables not collected in the current period are not available to pay current expenditures and, therefore, are deferred in the funds.	481,241
Accrued interest payable recorded in the statement of net position does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(96,286)
Long-term liabilities, including certificates of participation, general obligation bonds, tax increment financing bonds, capital leases and accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(16,114,311)</u>
Net position of governmental activities	<u><u>\$ (2,241,634)</u></u>

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

CITY OF SHREWSBURY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	GENERAL	CAPITAL IMPROVEMENTS	DEBT SERVICE FUND	TIF FUND	NONMAJOR FUNDS	TOTAL
REVENUES						
Taxes	\$ 5,348,200	\$ 720,497	\$ 283,180	\$ 1,829,050	\$ 41,995	\$ 8,222,922
Licenses and permits	430,582	-	-	-	-	430,582
Fines and court costs	149,734	-	-	-	-	149,734
Investment income	-	7,468	-	4,125	1,141	12,734
Charges for services	525,476	-	-	-	-	525,476
Grants	449,222	-	-	-	-	449,222
Miscellaneous	2,283	-	-	-	-	2,283
TOTAL REVENUES	6,905,497	727,965	283,180	1,833,175	43,136	9,792,953
EXPENDITURES						
Current:						
General government	1,267,115	-	-	-	-	1,267,115
Public safety	2,670,125	-	-	-	-	2,670,125
Public works and planning	558,986	-	-	-	-	558,986
Fire and ambulance services	2,247,895	-	-	-	-	2,247,895
Parks and recreation	793,536	-	-	-	-	793,536
Capital outlay	41,497	596,134	-	-	224,455	2,247,895
Debt service:						
Principal, interest and fiscal charges	-	302,538	540,200	1,551,195	-	2,393,933
TOTAL EXPENDITURES	7,579,154	898,672	540,200	1,551,195	224,455	12,179,485
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(673,657)	(170,707)	(257,020)	281,980	(181,319)	(1,000,723)
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	-	(116,000)	-	-	116,000	-
Proceeds from the sale of capital assets	-	43,000	-	-	-	43,000
TOTAL OTHER FINANCING SOURCES (USES)	-	(73,000)	-	-	116,000	43,000
CHANGE IN FUND BALANCES	(673,657)	(243,707)	(257,020)	281,980	(65,319)	(957,723)
FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY STATED						
	1,288,577	643,160	1,057,659	1,952,250	284,620	5,226,266
Prior period adjustment - ambulance	(290,127)	-	-	-	-	(290,127)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	998,450	643,160	1,057,659	1,952,250	284,620	4,936,139
FUND BALANCES - END OF YEAR	\$ 324,793	\$ 399,453	\$ 800,639	\$ 2,234,230	\$ 219,301	\$ 3,978,416

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

CITY OF SHREWSBURY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Amounts reported for governmental activities in the statement of revenues, expenses,
and changes in net position are different because:

Change in fund balance-total governmental funds	\$ (957,723)
Revenues that do not provide current financial resources are not included in the fund financial statements.	243,806
The acquisition of capital assets requires the use of current financial resources but has no effect on net position.	702,461
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities.	(690,597)
Other transactions involving capital assets which do not affect the funds.	(92,853)
Interest is reported as an expenditure when due in the governmental funds but is accrued in the statement of activities.	(10,045)
Expenses related to providing pension benefits are reported using a different measurement focus in the statement of activities compared to the the governmental fund statements. Therefore, expenditures in the governmental fund were different from the expense reported in the statement of activities.	75,712
The costs of providing employee benefits in future periods are recognized as a expense in the statement of activities when the benefit is earned, however it is not recognized as an expenditure until paid in the funds.	(1,614)
Repayment of long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.	<u>1,740,910</u>
Change in net position of governmental activities	<u><u>\$ 1,010,057</u></u>

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

CITY OF SHREWSBURY, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash

\$ 12,251

NET POSITION

NET POSITION HELD IN TRUST FOR:

Municipal court

\$ 12,251

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

CITY OF SHREWSBURY, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

ADDITIONS	<u>\$146,917</u>
DEDUCTIONS	<u>172,568</u>
NET INCREASE (DECREASE)	(25,651)
NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>37,902</u>
NET POSITION HELD IN TRUST - END OF YEAR	<u><u>\$ 12,251</u></u>

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

CITY OF SHREWSBURY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Shrewsbury, Missouri (the City) was incorporated in 1913 under the provisions of the Missouri State Statutes as a Fourth Class city. The City Operates under a Mayor-Board of Aldermen form of government, consisting of the Mayor and six Aldermen. The City's major operations include public safety (police and fire), public works, municipal court, planning and zoning, parks and recreation, and general administrative services. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The significant accounting policies applied by the City in the preparation of the accounting financial statements are summarized below.

The City defines its financial reporting entity in accordance with Accounting Standards Board Statements. The criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, the City has determined that its financial reporting entity consists of the City (primary government) and a blended component unit: the City of Shrewsbury, Missouri Improvement Corporation (the Corporation). The Corporation's purpose is to act on behalf of the City in its acquisition, construction, improvement, execution, repair, remodeling, renovation, and financing of capital improvement projects. The financial information of the Corporation has been incorporated into the City's financial statements using the blending method and has been reported in the City's Capital Improvement Fund. Under the blending method, transactions of a component unit are presented as if they were executed by the primary government. The Corporation did not have any activity in 2020.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements, and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities of the Primary Government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not included among program revenues are reported instead as general revenues.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

B. **BASIC FINANCIAL STATEMENTS** - continued

Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined, if applicable, in a column in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

For the governmental fund financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

The City reports the following major governmental funds:

The General Fund - The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The Capital Improvements Fund - The City uses this fund to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital expenditures.

The Debt Service Fund - The City uses this fund to account for the accumulation of resources for the retirement (payment of principal and interest) of the outstanding bonded debt of the City and the usual and customary expenses related to such debt.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

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

The Tax Increment Financing (TIF) Fund - The City uses this fund to account for the incremental sales and property taxes generated by the Kenrick Plaza redevelopment area that are used for payment of the TIF bonds (special limited obligation of the City).

The other governmental funds of the City are considered nonmajor. The Sewer Lateral Fund, which accounts for funds collected from taxpayers for the City's sewer lateral repair program and the Capital Replacement Fund, which is used to account for funds set aside for replacement for significant repairs and maintenance.

The City reports the following fiduciary fund type:

Custodial Fund - Municipal Court - this fund is used to account for assets held by the City in a trustee capacity or as an agent for activities of the municipal court.

D. **NET POSITION AND FUND BALANCE**

The City's net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt. Net investment in capital assets does not include the unspent proceeds of capital debt. Restricted net position represents net position restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All other net position is considered unrestricted. It is the City's policy to use restricted funds before unrestricted funds.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making (ordinance), and that remain binding unless removed in the same manner.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

D. **NET POSITION AND FUND BALANCE** - continued

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Alderman or an official to which the Board of Alderman has delegated the authority to assign amounts for specific purposes. Currently, the Board of Alderman has not delegated this authority to anyone.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The City would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

The City's fund balance policy has identified unassigned fund balance as a percentage of annual operating expenditures of 25% to 35% as its target. The policy has identified unassigned fund balance under 20% as cause for concern. At December 31, 2020, unassigned fund balance was approximately 1% of 2020 expenditures.

E. **PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items using the consumption method.

F. **CAPITAL ASSETS**

Capital assets, which include land, construction in process, buildings and improvements, equipment, furniture and fixtures, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$500 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	7 - 40 years
Improvements other than buildings	15 - 20 years
Machinery and equipment	4 - 20 years
Furniture and fixtures	5 - 20 years
Vehicles	3 - 15 years
Infrastructure	20 - 30 years

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

F. **CAPITAL ASSETS** - continued

As a result of the implementation of GASB 34, the City has accounted for infrastructure assets on its financial statements. The government-wide financial statements do not reflect those infrastructure assets completed prior to January 1, 2004. From that point forward, new infrastructure has been added to the records while the retroactive historical value of the City's infrastructure assets has not been added.

G. **ESTIMATES**

Management of the City use estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure or nondisclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that management use.

H. **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND UNEARNED REVENUE**

In addition to assets, the financial statements 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports Deferred Outflows/Inflows of Resources as follows:

Unavailable Revenues - Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues for property and other taxes as well as ambulance fees and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pension - Deferred outflows and inflows of resources are reported in the government-wide statement of net position related to the pension plan. Deferred outflows represent the deferral of the City's employer contributions subsequent to the net pension liability measurement date of June 30, 2020, as well as the difference between expected and actual plan experience. A deferred inflow of resources is reported for the difference between expected and actual plan experience and the net difference between projected and actual earnings on pension plan investments.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

I. **COMPENSATED ABSENCES**

Under terms of the City's personnel policy, employees are granted vacation time based on the length of service. Vacation time accrued during one fiscal year may be carried over with written approval, to a maximum of 280 hours (or 371 hours for firemen) plus the current year accrual. Upon termination, the employee is paid for unused vacation or is required to repay the City for used and unearned vacation of the current year. Vacation time earned but unused at year-end has been recorded as a liability in the government-wide financial statements. A liability for unused vacation compensation is reported in the governmental funds financial statements when due. Compensated absences are generally liquidated by the General Fund.

Sick leave is not something to which the employee is automatically entitled and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination and, therefore, has not been reflected in the financial statements.

J. **PENSIONS**

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

K. **LONG-TERM LIABILITIES**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts and deferred amounts on refunding, if any, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums and discounts.

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

2. **BUDGETARY DATA**

The Board of Alderman adopts an annual budget which covers all funds. The budget includes proposed expenditures and means of financing and is approved at the conclusion of numerous proceedings with input from citizens and City personnel. All amendments to the budget are approved by the Board of Alderman. Legal budget control is maintained at the fund level. The budget is maintained on a basis consistent with generally accepted accounting principles.

3. CASH AND INVESTMENTS

Cash - The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is shown on the balance sheet as cash and investments. Money deposited with fiscal agents in accordance with related bond indentures and funds that are required to be maintained in separate accounts are not held in pooled cash and investments.

Restricted Cash and Investments - Cash and investments are restricted for bond reserve fund in accordance with bond indentures as well as police related expenditures based on sources of revenue.

Custodial credit risk - This is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be collateralized by the deposit of certain securities in an amount at least equal to the uninsured deposits with the financial institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporations. As of December 31, 2020, the City's bank deposits totaled \$828,800. The bank balances in the amount of \$1,190,733 were covered by federal depository insurance or by collateral pledged in the name of the City and held by the pledging bank's trust department or agent.

Custodial credit risk for investments is the risk that the City would not be able to recover the value of its investments or collateral securities in the possession of an outside party, in the event of the failure of the counterparty to a transaction. In accordance with its policy, the City addresses custodial credit risk by prequalifying institutions with which the City places investments and diversifying its investment portfolio.

Investments - Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certain commercial paper, and certificates of deposit if the depository selected has deposited securities under the provisions of Sections 110.010 and 110.020, RSMo. Investments related to bond issues are guided by the related bond indentures.

Interest rate risk - This is the risk that the fair value of securities will fall due to changes in general interest rates. Information about the sensitivity of the fair values of the City's investment to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	0-1 Years	1-5 Years	Rating by Moody's Investors Service
Money Market Funds	\$ 1,562,346	\$ 1,562,346	\$ -	Aaa-mf
Negotiable certificates of deposit	545,089	342,230	202,859	N/A
Tennessee Valley Authority Bonds	97,630	-	97,630	Aaa
Total	\$ 2,205,065	\$ 1,904,576	\$ 300,489	

3. **CASH AND INVESTMENTS** - continued

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City places no limit on the amount that it may invest in any one issuer. However, it is the City’s policy to diversify the portfolio so potential losses on individual securities will be minimized. At December 31, 2020, excluding investments issued or explicitly guaranteed by the U.S. government, insured certificates of deposit and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments:

	<u>Percentage of Total Investments</u>	<u>Fair Value</u>
Tennessee Valley Authority Bonds	5%	\$ 97,630

Fair Value

The City measures and records its investments, other than money market accounts, using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- **Level 1 input:** Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.
- **Level 2 input:** Quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are observable.
- **Level 3 input:** Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

The City had the following recurring fair value measurements as of December 31, 2020:

	<u>Total</u>	<u>Fair Value Measurement Using</u>		
		<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>
Investments Measured at Fair Value:				
Debt securities:				
Money market funds	\$ 1,562,346	\$ 1,562,346	\$ -	\$ -
Negotiable certificates of deposit	545,089	-	545,089	-
Tennessee Valley Authority Bonds	97,630	-	97,630	-
Total	<u>\$ 2,205,065</u>	<u>\$ 1,562,346</u>	<u>\$ 642,719</u>	<u>\$ -</u>

Negotiable certificates of deposit and Tennessee Valley Authority Bonds classified as Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

4. **PROPERTY TAX**

The City’s property tax is levied in October each year on the assessed value listed as of the previous January 1 for all real and personal property located in the City. Property taxes attach as an enforceable lien on property as of January 1. Taxes levied in September or October are due and payable prior to December 31. All unpaid taxes become delinquent after December 31. Property tax levied for 2020 and prior years which remain uncollected at December 31, 2020 are recorded as receivables. The assessed value of all taxable property within the City was \$148,396,133.

4. **PROPERTY TAX** - continued

The City's tax rate was levied as follows:

	Real Estate		Personal
	Residential	Commercial	Property
General Fund	\$.398	\$.410	\$.577
Debt Service	.164	.164	.164

Under article VI, Sections 26(b) and 26(c) of the Constitution of the State of Missouri, the City by vote of the qualified electors thereof and voting thereon, may incur general obligation bonded indebtedness for City purposes in an amount not to exceed ten percent (10%) of the assessed valuation of the taxable tangible property within the City, ascertained by the last completed assessment for State or County purposes. The Missouri Constitution permits cities to become indebted for an additional ten percent (10%) of the value of taxable, tangible property for the purposes of acquiring rights-of-way; constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system. A computation of the legal debt margin at December 31, 2020 is as follows:

City Purposes

Assessed valuation	\$ <u>149,396,133</u>
Debt limit - 10% of assessed value	14,939,613
General obligation bonds payable	(675,006)
Amount available in debt service fund	<u>800,639</u>
Legal debt margin	\$ <u>15,065,246</u>

5. **CAPITAL ASSETS**

Capital asset activity for the primary government for the year ended December 31, 2020 is as follows:

	Balance, Beginning Of Year	Additions	Transfers And Deletions	Balance End Of Year
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 706,264	\$ -	\$ -	\$ 706,264
Construction in progress	-	287,728	-	287,728
Total capital assets, not being depreciated	<u>706,264</u>	<u>287,728</u>	<u>-</u>	<u>993,992</u>
Capital assets, being depreciated				
Land improvements	1,546,229	-	30,648	1,515,581
Infrastructure	228,661	-	-	228,661
Buildings and improvements	11,450,905	-	-	11,450,905
Machinery and equipment	2,433,958	125,924	214,627	2,345,255
Furniture and fixtures	270,789	-	5,640	265,149
Vehicles	<u>2,834,247</u>	<u>288,809</u>	<u>424,334</u>	<u>2,698,722</u>
Total capital assets, being depreciated	<u>18,764,789</u>	<u>414,733</u>	<u>675,249</u>	<u>18,504,273</u>
Less accumulated depreciation for:				
Land improvements	951,222	67,438	16,973	1,001,687
Infrastructure	124,995	11,433	-	136,428
Buildings and improvements	7,365,081	232,394	-	7,597,475
Machinery and equipment	1,550,630	164,104	206,240	1,508,494
Furniture and fixtures	257,165	5,900	2,816	260,249
Vehicles	<u>1,582,482</u>	<u>209,328</u>	<u>356,367</u>	<u>1,435,443</u>
Total accumulated depreciation	<u>11,831,575</u>	<u>690,597</u>	<u>582,396</u>	<u>11,939,776</u>
Total capital assets, being depreciated, net	<u>6,933,214</u>	<u>(275,864)</u>	<u>92,853</u>	<u>6,564,497</u>
Total governmental activities	<u>\$ 7,639,478</u>	<u>\$ 11,864</u>	<u>\$ 92,853</u>	<u>\$ 7,558,489</u>

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

Governmental Activities	
General government	\$ 92,782
Public safety	124,238
Public works and planning	77,672
Fire and ambulance services	149,679
Parks	<u>246,226</u>
Total Depreciation	<u>\$ 690,597</u>

6. LONG-TERM DEBT

Long-term debt at December 31, 2020 includes the following:

Series 2007 general obligation capital appreciation bonds original principal amount of \$3,200,000, net of discount of \$1,141,265, used to purchase equipment, construct assets and improve streets, accretion rates range from 4% to 4.4%, maturing March 1, 2022	\$ 675,006
Series 2015 Certificates of Participation Bonds originally \$1,920,000, used to purchase equipment and construct capital assets, interest rates range form 2.0% to 3.55%, maturing April 1, 2030	1,640,000
Series 2016A tax increment financing (TIF) bonds originally \$6,000,000, used to refund the Series 2013A TIF notes, interest rate of 3.0%, maturing November 1, 2026	1,710,000
Series 2016B tax increment financing (TIF) bonds originally \$11,350,000, used to refund the Series 2013A and Series 2013B TIF notes, interest rate of 4.0%, maturing May 1, 2036	<u>11,350,000</u>
	<u>\$ 15,375,006</u>

On September 7, 2016, Tax Increment Financing (TIF) bonds were issued representing special, limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza redevelopment area. The TIF bonds issued consist of Taxable Sales Tax Increment and Improvement District Revenue Bonds, Series 2016A (Series 2016A) which totaled \$6,000,000 and Taxable Sales Tax Increment and Improvement District Revenue Bonds, Seres 2016B (Series 2016B) which totaled \$11,350,000. The Series 2016A and Series 2016B bonds bear interest at 3.0% and 4.0%, respectively, with final maturities on November 1, 2026, and May 1, 2036, respectively. The TIF bond proceeds were used to refund \$15,048,981 of the Series 2013A and Series 2013B notes payable and \$1,147,908 of interest due, pay cost of issuance, and fund the Debt Service Reserve. The annual debt service repayments of the TIF bonds are contingent upon the amounts of payments in lieu of taxes collected by the special allocation fund. The proceeds from the original TIF notes, refunded by the TIF bonds, were used to construct capital assets that are not the property of the City and therefore, the notes and subsequent bonds are excluded from the investment in capital assets, net of related debt as December 31, 2020.

General obligation capital appreciation bonds are liquidated by the Debt Service Fund. The certificates of participation and the capital lease are liquidated by the Capital Improvement Fund. The tax increment financing bonds are liquidated by the TIF Fund.

6. **LONG-TERM DEBT** - continued

Future maturities are as follows:

Years	Capital Appreciation Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 536,217	\$ 3,783	\$ 145,000	\$ 46,752	\$ 681,217	\$ 50,535
2022	138,789	6,211	150,000	43,505	288,789	49,716
2023	-	-	150,000	39,905	150,000	39,905
2024	-	-	155,000	35,976	155,000	35,976
2025	-	-	160,000	31,522	160,000	31,522
2026-2030	-	-	880,000	77,250	880,000	77,250
	<u>\$ 675,006</u>	<u>\$ 9,994</u>	<u>\$ 1,640,000</u>	<u>\$ 274,910</u>	<u>\$ 2,315,006</u>	<u>\$ 284,904</u>

In August 2019, the City entered into a seven-year agreement for a service pumper truck. The agreement terminates on July 15, 2025 with ownership transferring to the City. The lease carries an interest rate of 3.68% based on the present value of the future minimum lease payments. The truck is recorded in the statement of net position at a cost of \$677,950 and accumulated depreciation of \$64,525 at December 31, 2020. The following are future payments under the lease:

Year	Payment
2021	\$ 111,602
2022	111,602
2023	111,602
2024	111,602
2025	111,602
Total future minimum payments	558,010
Less: amount representing interest	(56,556)
Net present value of lease payments	<u>\$ 501,454</u>

The following is a summary of changes in long-term debt:

	Beginning Of Year	Additions	Reductions	End Of Year	Amounts Due in One Year
2007 General obligation capital appreciation bonds	\$ 1,181,754	\$ 33,252	\$ 540,000	\$ 675,006	\$ 536,217
2015 Certificates of participation	1,780,000	-	140,000	1,640,000	145,000
2016A Tax Increment Financing Bonds	2,715,000	-	1,005,000	1,710,000	-
2016B Tax Increment Financing Bonds	11,350,000	-	-	11,350,000	-
Bond premium/discount	(34,648)	-	(2,087)	(32,561)	-
Capital lease	590,616	-	89,162	501,454	93,148
Compensated absences	268,798	245,387	243,773	270,412	216,330
	<u>\$ 17,851,520</u>	<u>\$ 278,639</u>	<u>\$ 2,015,848</u>	<u>\$ 16,114,311</u>	<u>\$ 990,695</u>

Funds to pay accrued compensated absences are expected to be provided by the General Fund.

7. **INTERFUND TRANSACTIONS**

The City uses pooled cash which results in interfund receivables and payable from time to time. As of December 31, 2020, the General Fund owes the Capital Improvement Fund and Debt Service Fund for funds advanced to the General Fund to cover expenditures. The interfund balances at December 31, 2020 are as follows:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund	\$ 1,094,743	\$ -
Capital Improvement Fund		417,643
Road Fund	-	677,100

Interfund transfers are used to move resources from a fund budgeted to collect the revenue to the fund through which the resources are to be expended; to provide additional resources for debt service; and to provide funding for certain capital improvement projects. Such transfers are reported as other financing sources and uses. The following transfers were made during the fiscal year ending December 31, 2020:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
Major Governmental Funds:		
Capital Improvement Fund	\$ -	\$ 116,000
Capital Replacement Fund	116,000	-

8. **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.

8. **PENSION PLAN** - continued

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 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 and receive a reduced allowance.

	2019
Benefit Program	1.50% for life, plus 0.5% to age 65
Final Average Salary	3 years
Member Contribution Rate	4%

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

Employees Covered By Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	27
Active employees	53
TOTAL	123

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 the pension plan. For the year ended December 31, 2020, employer contribution rates were 8.7% (General), 14.9% (Police) and 2.8% (Fire) of annual covered payroll.

Net Pension Liability (Asset) - The employer’s net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2020.

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

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

8. **PENSION PLAN** - continued

The healthy retiree mortality rates, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality tables for males and females.

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

The actuarial assumptions used in the February 29, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00	2.86
Real Assets	21.00	3.23
Strategic Assets	10.00	5.59

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.

8. **PENSION PLAN** - continued

Changes in the Net Pension Liability (Asset)

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a) - (b)</u>
Balanace as of June 30, 2019	\$ 16,655,793	\$ 18,415,769	\$ (1,759,976)
Changes for the year:			
Service cost	409,981	-	409,981
Interest	1,189,964	-	1,189,964
Differences between expected and actual experience	985,390	-	985,390
Contributions - employer		325,904	(325,904)
Net investment income		256,051	(256,051)
Benefit payments	(903,603)	(903,603)	-
Administrative expense		(15,194)	15,194
Other (net transfers)		455,908	(455,908)
Net changes	<u>1,681,732</u>	<u>119,066</u>	<u>1,562,666</u>
Balance as of June 30, 2020	<u>\$ 18,337,525</u>	<u>\$ 18,534,835</u>	<u>\$ (197,310)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>(6.25%) 1% Decrease</u>	<u>(7.25%) Current</u>	<u>(8.25%) 1% Increase</u>
Net Pension Liability (Asset)	\$ 2,467,566	\$ (197,310)	\$ (2,385,469)

8. **PENSION PLAN** - continued

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

For the year ended June 30, 2020 the employer recognized pension expense of \$281,846. The employer reported deferred outflows and inflows of resources related to the pension from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 1,214,984	\$ 162,520
Changes in assumptions	45,742	-
Net difference between projected and actual earnings on pension plan investments	465,656	-
Contributions subsequent to the measurement date	<u>189,645</u>	<u>-</u>
Totals	<u>\$ 1,916,027</u>	<u>\$ 162,520</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 (Asset) in the next fiscal year.

The other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense for the year ended December 31, as follows:

<u>Year</u>	
2021	\$ 235,660
2022	323,028
2023	466,719
2024	405,295
2025	133,161

9. **COMMITMENTS AND CONTINGENCIES**

From time to time, the City is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the City.

10. **RISK MANAGEMENT**

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

11. **EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the year ended December 31, 2020, expenditures exceeded appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Sewer Lateral Fund	\$ 66,000	\$ 78,016	\$ 12,016

12. **UNCERTAINTY DUE TO COVID-19**

During the first quarter of 2020, there was a global outbreak of a novel strain of the coronavirus (COVID-19), which resulted in a significant disruption to businesses and individuals throughout the world. This outbreak of COVID 19, could significantly affect the operations and future revenue of the City. At the time these financial statements were issued, the City is unable to fully quantify the current and future effects of COVID-19 on its financial position and future revenues and expenses. The accompanying financial statements do not include any adjustments due to the risk of uncertainty as a result of Covid-19.

13. **SUBSEQUENT EVENT**

Management has evaluated subsequent events through the date of the audit report which is the date the financial statements were available to be issued.

14. **PENDING GOVERNMENTAL ACCOUNTING STANDARDS**

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

This report does not incorporate GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, and GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The effects of the City's financial statements as a result of adoption of these new pronouncements are unknown. The City will adopt and implement these statements at the required time.

15. **RESTATEMENT**

The City has restated it beginning fund balance in the General Fund and net position in the government-wide statements to correct an error in the reporting of ambulance revenue, accounts receivable and deferred inflows of resources. As a result, the beginning fund balance in the General Fund and the beginning net position was reduced by \$290,127.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$5,783,985	\$5,783,985	\$5,348,200	\$ (435,785)
Licenses and permits	407,225	407,225	430,582	23,357
Fines and court costs	316,000	316,000	149,734	(166,266)
Investment income	25,000	25,000	-	(25,000)
Charges for service	907,325	907,325	525,476	(458,103)
Grants	8,000	8,000	449,222	441,222
Miscellaneous	14,000	14,000	2,283	(11,717)
TOTAL REVENUES	<u>7,461,535</u>	<u>7,461,535</u>	<u>6,905,497</u>	<u>(632,292)</u>
EXPENDITURES				
Current:				
General government	1,083,833	1,084,305	1,267,115	(182,810)
Public safety	2,626,050	2,802,956	2,670,125	132,831
Public works and planning	547,749	555,889	558,986	(3,097)
Fire and ambulance services	2,174,020	2,274,252	2,247,895	26,357
Parks and recreation	1,029,380	845,216	793,536	51,680
Capital outlay	49,725	49,725	41,497	8,228
TOTAL EXPENDITURES	<u>7,510,757</u>	<u>7,612,343</u>	<u>7,579,154</u>	<u>33,189</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,222)	(150,808)	(673,657)	<u>\$ (599,103)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>998,450</u>	<u>998,450</u>	<u>998,450</u>	
FUND BALANCE - END OF YEAR	<u>\$ 949,228</u>	<u>\$ 847,642</u>	<u>\$ 324,793</u>	

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

1. BUDGETARY INFORMATION

In accordance with City ordinance, the City's Board of Aldermen (Board) adopts an annual budget for its General, Sewer Lateral, Capital Improvements, TIF Fund, and Debt Service Funds. The City's budgets are prepared on the modified accrual basis of accounting. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- * The Director of Finance, with the assistance of the department heads, prepares a budget of estimated revenues and expenditures for the forthcoming year and delivers the budget to the City
- * The City Administrator reviews the proposed expenditures with the Director of Finance and the department heads and, after necessary revisions have been made, submits the budget and the accompanying written narrative at least 90 days prior to the beginning of each fiscal year to the
- * After appropriate public notice, the Board holds a public hearing on the proposed budget.
- * After the public hearing, the Board may adopt the budget with or without amendments. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law, for debt service, or for estimated cash deficits, provided that no amendments to the budget shall increase the authorized expenditures to an amount greater than the total of the estimated revenues and unencumbered or undesignated fund balance from any previous fiscal year.
- * The budget shall be adopted by the affirmative vote of a majority of the members of the Board on or before the last day of the current fiscal year. The legal level of budgetary control for the City is at the fund level for all funds.
- * If the Board fails to adopt the budget by this date, amounts appropriated for existing City operations during the current fiscal year shall be deemed adopted for the ensuing fiscal year on a prorated month-to-month basis until the Board adopts a budget.
- * The City Administrator may transfer all or any part of any unencumbered appropriation balance within a department. The Board may, by ordinance, transfer all or part of unencumbered appropriation balance from one department to another. Monies held in reserve, contingency or undesignated funds shall be transferred or encumbered only by ordinance of the Board.
- * The Board may, by ordinance, make supplemental appropriations, if the City Administrator certifies that funds will be available for such expenditures.
- * At the end of each budget period, all unexpended appropriated balances lapse and may be reappropriated in the next budget period.

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
YEARS ENDING JUNE 30,

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 409,981	\$ 391,919	\$ 315,365	\$ 285,591	\$ 267,912	\$ 274,125
Interest on the total pension liability	1,189,964	1,124,826	945,341	888,642	819,814	788,225
Change of benefit terms	-	-	1,475,992	-	-	-
Difference between expected and actual experience	985,390	102,200	292,270	146,594	(33,237)	(152,010)
Changes of assumptions	-	-	-	-	349,977	-
Benefit payments, including refunds	(903,603)	(561,119)	(619,668)	(489,445)	(439,006)	(503,033)
Net change in total pension liability	<u>1,681,732</u>	<u>1,057,826</u>	<u>2,409,300</u>	<u>831,382</u>	<u>965,460</u>	<u>407,307</u>
Total pension liability - beginning	<u>16,655,793</u>	<u>15,597,967</u>	<u>13,188,667</u>	<u>12,357,285</u>	<u>11,391,825</u>	<u>10,984,518</u>
Total pension liability - ending	<u><u>\$ 18,337,525</u></u>	<u><u>\$ 16,655,793</u></u>	<u><u>\$ 15,597,967</u></u>	<u><u>\$ 13,188,667</u></u>	<u><u>\$ 12,357,285</u></u>	<u><u>\$ 11,391,825</u></u>
Plan Fiduciary Net Position						
Contributions-employer	\$ 325,904	\$ 308,173	\$ 166,102	\$ 146,382	\$ 151,264	\$ 182,097
Net investment income	256,051	1,151,512	1,955,348	1,711,321	(39,348)	289,772
Benefit payments, including refunds	(903,603)	(561,119)	(619,668)	(489,445)	(439,006)	(503,033)
Pension plan administrative expense	(15,194)	(13,524)	(9,476)	(8,849)	(8,582)	(9,600)
Other (net transfer)	455,908	30,843	66,006	26,985	226,265	(6,429)
Net change in plan fiduciary net position	<u>119,066</u>	<u>915,885</u>	<u>1,558,312</u>	<u>1,386,394</u>	<u>(109,407)</u>	<u>(47,193)</u>
Plan fiduciary net position - beginning	<u>18,415,769</u>	<u>17,499,884</u>	<u>15,941,572</u>	<u>14,555,178</u>	<u>14,664,585</u>	<u>14,711,778</u>
Plan fiduciary net position - ending	<u><u>\$ 18,534,835</u></u>	<u><u>\$ 18,415,769</u></u>	<u><u>\$ 17,499,884</u></u>	<u><u>\$ 15,941,572</u></u>	<u><u>\$ 14,555,178</u></u>	<u><u>\$ 14,664,585</u></u>
Employer net pension liability (asset)	<u><u>\$ (197,310)</u></u>	<u><u>\$ (1,759,976)</u></u>	<u><u>\$ (1,901,917)</u></u>	<u><u>\$ (2,752,905)</u></u>	<u><u>\$ (2,197,893)</u></u>	<u><u>\$ (3,272,760)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	101.08 %	110.57 %	112.19 %	120.87 %	117.79 %	128.73 %
Covered payroll	\$ 3,806,199	\$ 3,768,437	\$ 3,491,515	\$ 3,412,864	\$ 3,079,803	\$ 3,037,408
Employer's net pension liability (asset) as a percentage of covered payroll	(5.18) %	(46.70) %	(54.47) %	(80.66) %	(71.36) %	(107.75) %

Notes to schedule:

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

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

Year ended December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 153,096	\$ 153,096	\$ -	\$ 3,107,218	4.9 %
2016	154,453	153,202	1,251	3,282,427	4.7
2017	135,222	135,222	-	3,542,835	3.8
2018	247,783	246,203	1,580	3,766,172	6.5
2019	367,715	318,075	49,640	3,980,109	8.0
2020	387,147	356,568	30,579	4,041,778	8.8

Notes to Schedule of Contributions

Valuation date: 02/29/20

Notes: The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal and Modified Terminal Funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 15 to 17 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% - 7.15% including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

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

Other information: None

SUPPLEMENTARY INFORMATION

CITY OF SHREWSBURY, MISSOURI
 COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	Special Revenue	Capital Projects	
	Sewer Lateral	Capital Replacement	Total
ASSETS			
Cash and investments	\$ 217,806	54,561	\$ 272,367
Taxes receivable	9,647	-	9,647
Interest receivable	987	-	987
TOTAL ASSETS	<u>\$ 228,440</u>	<u>\$ 54,561</u>	<u>\$ 283,001</u>
LIABILITIES			
Accounts payable	<u>\$ 63,700</u>	<u>\$ -</u>	<u>\$ 63,700</u>
FUND BALANCE			
Fund Balances:			
Restricted:			
Sewer lateral repairs	164,740	-	164,740
Assigned:			
Capital replacement	-	54,561	54,561
TOTAL FUND BALANCE	<u>164,740</u>	<u>54,561</u>	<u>219,301</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 228,440</u>	<u>\$ 54,561</u>	<u>\$ 283,001</u>

CITY OF SHREWSBURY, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Sewer Lateral</u>	<u>Capital Replacement</u>	<u>Total</u>
REVENUES			
Taxes	\$ 41,995	\$ -	\$ 41,995
Investment income	<u>1,141</u>	<u>-</u>	<u>1,141</u>
TOTAL REVENUES	<u>43,136</u>	<u>-</u>	<u>43,136</u>
 EXPENDITURES			
Capital outlay	<u>78,016</u>	<u>146,439</u>	<u>224,455</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (34,880)	 (146,439)	 (181,319)
 OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>-</u>	<u>116,000</u>	<u>116,000</u>
 CHANGE IN FUND BALANCE	 (34,880)	 (30,439)	 (65,319)
 FUND BALANCES - BEGINNING OF YEAR	 <u>199,620</u>	 <u>85,000</u>	 <u>284,620</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 164,740</u>	 <u>\$ 54,561</u>	 <u>\$ 219,301</u>

CITY OF SHREWSBURY, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 722,670	\$ 722,670	\$ 720,497	\$ (2,173)
Grants	400,000	400,000	-	(400,000)
Investment income	12,000	12,000	7,468	(4,532)
TOTAL REVENUES	<u>1,134,670</u>	<u>1,134,670</u>	<u>727,965</u>	<u>(406,705)</u>
EXPENDITURES				
Capital outlay	889,898	889,898	596,134	293,764
Debt service:				
Principal, interest and fiscal charges	300,300	300,300	302,538	(2,238)
TOTAL EXPENDITURES	<u>1,190,198</u>	<u>1,190,198</u>	<u>898,672</u>	<u>291,526</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(55,528)</u>	<u>(55,528)</u>	<u>(170,707)</u>	<u>(115,179)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(30,000)	(30,000)	(116,000)	(86,000)
Proceeds from the sale of capital assets	-	-	43,000	43,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(73,000)</u>	<u>(43,000)</u>
CHANGE IN FUND BALANCE	(85,528)	(85,528)	(243,707)	<u>\$ (158,179)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>643,160</u>	<u>643,160</u>	<u>643,160</u>	
FUND BALANCE - END OF YEAR	<u>\$ 557,632</u>	<u>\$ 557,632</u>	<u>\$ 399,453</u>	

CITY OF SHREWSBURY, MISSOURI
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 667,085	\$ 667,085	\$ 283,180	\$ (383,905)
Investment income	7,500	7,500	-	(7,500)
TOTAL REVENUES	<u>674,585</u>	<u>674,585</u>	<u>283,180</u>	<u>(391,405)</u>
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	<u>540,200</u>	<u>540,200</u>	<u>540,200</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	134,385	134,385	(257,020)	<u>\$ (391,405)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,057,659</u>	<u>1,057,659</u>	<u>1,057,659</u>	
FUND BALANCE - END OF YEAR	<u>\$1,192,044</u>	<u>\$ 1,192,044</u>	<u>\$ 800,639</u>	

CITY OF SHREWSBURY, MISSOURI
BUDGETARY COMPARISON SCHEDULE
TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 1,747,000	\$ 1,747,000	\$ 1,829,050	\$ 82,050
END OF YEAR	-	-	4,125	4,125
TOTAL REVENUES	<u>1,747,000</u>	<u>1,747,000</u>	<u>1,833,175</u>	<u>86,175</u>
EXPENDITURES				
Debt service:				
Principal, interest and fiscal charges	<u>1,917,000</u>	<u>1,917,000</u>	<u>1,551,195</u>	<u>365,805</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(170,000)	(170,000)	281,980	<u>\$ (279,630)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,952,250</u>	<u>1,952,250</u>	<u>1,952,250</u>	
FUND BALANCE - END OF YEAR	<u>\$ 1,782,250</u>	<u>\$ 1,782,250</u>	<u>\$ 2,234,230</u>	

CITY OF SHREWSBURY, MISSOURI
BUDGETARY COMPARISON SCHEDULE
SEWER LATERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Sewer lateral fees	\$ 42,000	\$ 42,000	\$ 41,995	\$ (5)
Investment income - interest	5,000	5,000	1,141	(3,859)
TOTAL REVENUES	<u>47,000</u>	<u>47,000</u>	<u>43,136</u>	<u>(3,864)</u>
EXPENDITURES				
Current:				
Capital outlay	<u>66,000</u>	<u>66,000</u>	<u>78,016</u>	<u>(12,016)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,000)	(19,000)	(34,880)	<u>\$ (15,880)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>199,620</u>	<u>199,620</u>	<u>199,620</u>	
FUND BALANCE - END OF YEAR	<u>\$ 180,620</u>	<u>\$ 180,620</u>	<u>\$ 164,740</u>	