
CITY OF SHREWSBURY, MISSOURI

FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2019

Contents

	Page
Independent Auditors' Report	1 - 2
Management's Discussion And Analysis - Required Supplementary Information	3 - 10
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement Of Net Position.....	11
Statement Of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation Of The Balance Sheet Of Governmental Funds To The Statement Of Net Position.....	14
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds.....	15
Reconciliation Of The Statement Of Revenues, Expenditures, And Changes In Fund Balances To The Statement Of Activities	16
Statement Of Fiduciary Assets And Liabilities - Municipal Court Agency Fund	17
Notes To Basic Financial Statements	18 - 37
Required Supplementary Information - Budgetary Comparison Information	
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - General Fund	38 - 39
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - Sewer Lateral Fund.....	40
Notes To Budgetary Comparison Information	41 - 42
LAGERS Retirement System - Pension Plan	43 - 44
Supplementary Information - Individual Fund Financial Schedules	
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - Capital Improvements Fund.....	45
Schedule Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual - Budget Basis - Debt Service Fund.....	46



RubinBrown LLP
Certified Public Accountants &
Business Consultants

Independent Auditors' Report

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300

F 314.290.3400

W rubinbrown.com

E info@rubinbrown.com

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of City of Shrewsbury, Missouri (the City), as of and for the year ended December 31, 2019, 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 from 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 remaining fund information of the City as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter Relating To Restatement

As discussed in Note 13, beginning-of-year net position and fund balance has been restated to correct a prior year misstatement related to tax revenue and taxes receivable. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, and the Pension Plan Schedules as listed in the table of contents are 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, which 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial schedules 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. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 25, 2020

Management's Discussion And Analysis

CITY OF SHREWSBURY, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Shrewsbury, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2019.

Financial Highlights

- The City of Shrewsbury's total liabilities and deferred inflows of resources exceeded the City's assets by \$(2,961,564) (*net position*) in 2019. The City's net position increased in 2019 from \$(4,462,300) to \$(2,961,564). This increase is attributed to an increase in the City's accounts receivables for taxes and increase in capital assets, net of depreciation. Additionally, there was an overall reduction in the City's liabilities in fiscal year 2019.
- As of December 31, 2019, the City's governmental funds reported combined fund balances of \$5,226,266, a decrease of \$117,917 in comparison with the prior year. Approximately 22% of this total, \$1,173,591 is unassigned and available for use within the City's designation and policies.
- At December 31, 2019, fund balance for the general fund was \$1,288,577 or 17% of total general fund operating expenditures.
- The City reduced its existing long-term debt by \$1,417,132 during the year ended December 31, 2019.

Using This Annual Report

This annual report has been prepared in accordance with the Government Accounting Standards Board (GASB) Statement No. 34. As such, the report includes financial statements that show information about the City as a whole and its significant funds. The Statement of Net Position and the Statement of Activities provide information about activities of the City as a whole and present a longer-term view of the City's finances. The fund financial statements present how the City financed its services in the short term, as well as the amounts that remain for future spending.

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 basic financial statements. Required supplementary information and other supplementary information are also included in addition to the basic financial statements.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Statement of Net Position presents information on all of the City's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as net position. Under accrual accounting, all revenues and expenses are recorded regardless of when cash is received or paid. Over time, increases or decreases in net position serves as an indicator of 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 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by the City's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services.

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 two categories--governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-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 current financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar 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 funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Fund - Fund financial statements also allow the City to present its Municipal Court Trust Fund. While this fund represents a trust responsibility, these assets are restricted in purpose and do not represent discretionary assets of the City. Therefore, these assets are not presented as part of the government-wide financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2019, the City's net position is \$(2,961,564).

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

There are three portions of the City's net position: invested in capital assets (e.g., land, infrastructure, building, vehicles, and equipment), net of related debt; restricted net position; and unrestricted net position which may be used to meet the government's ongoing obligation to citizens and creditors. Although the City's 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.

Statement Of Net Position

	Governmental Activities	
	2019	2018
Assets		
Current and other assets	\$ 7,640,576	\$ 7,767,279
Capital assets	7,639,478	7,414,721
Total Assets	15,280,054	15,182,000
Deferred Outflows Of Resources		
Deferred amount on refunding	—	—
Pension related amounts	1,101,095	1,295,778
Total Deferred Outflows Of Resources	1,101,095	1,295,778
Liabilities		
Current and other liabilities	505,227	499,717
Long-term liabilities	17,851,520	19,263,411
Total Liabilities	18,356,747	19,763,128
Deferred Inflow Of Resources		
Pension related amounts	985,966	1,176,950
Net Position		
Net investment in capital assets	4,087,108	3,826,299
Restricted	3,964,521	3,647,586
Unrestricted	(11,013,193)	(11,936,185)
Total Net Position	\$ (2,961,564)	\$ (4,462,300)

Unrestricted net position represents the accumulated results of all past years' operations. This means that if the City had to pay off all its liabilities today, there would be a negative balance of \$(2,961,564).

Changes in Net Position

In 2019, the City's total revenues on a government-wide basis were \$10,356,572 which represents a 15% increase in revenue compared to 2018. Of the City's revenues, taxes represent 83.1%, 16.6% is generated by charges for services and 0.4% comes from grants and contributions and other revenue.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

The increase in revenue can be attributed to an increase in property tax revenue in the amount of \$328,624, an increase in sales tax revenue in the amount of \$372,573, and an increase in charges for services in the amount of \$170,073. The increase in 2019 from charges for services program revenue is related to an increase in ambulance revenue of \$151,503, an increase in parks and recreation program revenue of \$11,419 and an increase in building permits compared to fiscal year 2018.

The total cost of all programs and services for 2019 was \$9,139,023. This represents a decrease of \$1,051,053 or approximately 10.3% less than the prior year. The decrease in expenses is due to a decrease in pension expense and capital asset depreciation expense recognized by the City in 2019. The City's expenses cover a range of typical city services - city administration, police, fire, court, public works, and parks. Of these, public safety (police and court) and the fire department functions together comprise approximately 56.9% of the total cost of programs and services. The parks and recreation department comprise approximately 13.7% of the total city expenses, likewise the general government activities comprise approximately 17.9% of the total city-wide expenses. The remaining 11.5% of city expenditures is generated from the activities of the public works department and interest and fiscal charge related expenses.

The following table provides a summary of the City's operations for the years ended December 31, 2019 and 2018:

Statement Of Activities

	Governmental Activities	
	2019	2018
Revenues		
Program Revenues		
Charges for services	\$ 1,715,814	\$ 1,545,741
Operating grants and contributions	—	667
Capital grants and contributions	37,826	17,391
General Revenues		
Property taxes	1,362,017	1,033,393
Sales taxes	5,695,940	5,323,367
Utility taxes	974,454	1,061,866
Other taxes	485,802	481,195
Other	84,719	133,807
Total Revenues	10,356,572	9,597,427
Expenses		
General government	1,635,240	2,533,600
Public safety	2,834,141	2,819,942
Public works	650,495	604,811
Fire and ambulance services	2,362,751	2,162,608
Parks	1,252,733	1,330,332
Interest and fiscal charges	403,663	738,783
Total Expenses	9,139,023	10,190,076
Change In Net Position	1,217,549	(592,649)
Net Position - Beginning Of Year	(4,462,300)	(3,869,651)
Prior Period Adjustment (Note 13)	283,187	—
Net Position - Beginning Of Year, As Restated	(4,179,113)	(3,869,651)
Net Position - End Of Year	\$ (2,961,564)	\$ (4,462,300)

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Overall, revenues exceeded expenditures by \$1,217,549 across all funds. Total revenues increased by 7.9% compared to 2018 and expenses decreased by 10.3%. Overall taxes (property and sales) increased by 11%, utility taxes decreased by 8.2% and other revenues were down by 7.2%. Sales tax receipts increased in 2019 due to the continued success of the overall economy and in particular, the increased economic activity in the newer retail shopping center where Walmart and Aldi are located. Revenue from service charges increased by 55% and is mostly due to the increase in revenue from PILOTS (payments in lieu of taxes) generated in the TIF District and reserved for the payoff of TIF Bonds. Additionally, license and permit revenue increased by 19.6% as a result of a large new construction project for an up-scale gym that is due to open in the summer of 2020. Operating and Capital Grants and Contributions increased in 2019 compared to 2018 due to the City receiving two new grants in 2019 that were not awarded to the City in 2018.

All grants received in 2019 were reimbursement grants, where the funds must be spent for specific purposes. During the year, the City received Community Development Block grant funds (\$20,000) from the St. Louis County Department of Planning. The City also received federal Department of Justice grant funds for the bulletproof vest program (\$819), the HMV Over-time Grant from MODOT (\$8,909), an HMV and Police Bike Program Grant from MODOT (\$8,100), a Local Law Enforcement Block Grant (\$9,999) and a Park Grant for the City to conduct a tree inventory (\$10,000).

Financial Analysis of The City's Funds

Governmental Funds - The focus of the City'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, 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.

At the end of the current year, the City's governmental funds reported a combined ending fund balance of \$5,226,266 a decrease of \$401,104 when compared to the prior year's restated fund balance. This decrease in the combined fund balance reflects a shortfall (expenditures over revenues) in the General fund of \$(466,002). The Sewer Lateral Fund also reported a deficit for the 2019 fiscal year in the amount of \$(36,382), while the Capital Improvements Fund and Debt Service Fund ended the year with surpluses.

Of the total combined fund balance, \$1,173,591 (22%) constitutes an unrestricted (unassigned) fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed as follows:

- 1) To pay for debt service (\$3,009,950);
- 2) To pay for capital improvements (\$728,119);
- 3) To pay for sewer repairs (\$199,620);
- 4) To pay for the 2020 budgeted deficit in the General Fund (\$42,999).

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Budgetary Highlights - In the total of all funds, the City budgeted for a decrease in its overall fund balance of (\$367,331) for fiscal year 2019. This anticipated decrease in fund balance primarily reflected the budgeted amount of capital expenditures over revenues in the Capital Improvement Fund and General Fund. At fiscal year end the City experienced a decrease in overall fund balance unfavorable to budget, with an overall decrease in fund balance of (\$401,104) or \$33,773 more than anticipated. This difference reflects revenue from sales taxes in the General Fund unfavorable to budget by \$229,218 and utility tax revenue unfavorable to budget by \$89,546. License and permit revenues were approximately \$132,084 more than budgeted for in 2019. Lastly, municipal court fines were unfavorable to budget by approximately \$149,247, charges for services were favorable to budget by \$26,505 and interest income was unfavorable to budget by \$11,698. Expenses in the Capital Improvement Fund were favorable to Budget by \$218,214 due to the deferment of several capital projects, and excluding the capital lease.

Actual overall expenditures across all funds were unfavorable to budget by \$74,210, excluding the capital lease.

Capital Assets. The City has invested \$7,639,478 in capital assets, net of accumulated depreciation. This investment in capital assets includes land, buildings, park facilities, roads, sidewalks, vehicles, and machinery and equipment. This amount represents a net increase of \$224,757 from fiscal year 2018.

	Capital Assets (Net Of Depreciation) Governmental Activities	
	2019	2018
Land	\$ 706,264	\$ 706,264
Land improvements	595,007	663,923
Buildings	4,085,824	4,273,023
Equipment	883,328	956,359
Furniture and fixtures	13,624	20,548
Vehicles	597,664	679,505
Infrastructure	103,666	115,099
Capital lease assets	654,101	—
Total	\$ 7,639,478	\$ 7,414,721

Additional information on the City's capital assets can be found in Note 4 of this report.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

Debt Administration

At the end of the current year, the City had total debt amounting to \$17,026,754. Of this amount \$1,181,754 is the Series 2007 general obligation capital appreciation bonds used to purchase equipment, construct capital assets and improve streets. The Series 2007 Capital Appreciation Bonds are secured solely by the debt service property tax levy. The City's 2015 Certificates of Participation outstanding amount as of December 31, 2019 is \$1,780,000 and is to be refunded by capital improvement and parks and stormwater sales taxes. Additionally, in September of 2016, Tax Increment Financing (TIF) Bonds were issued. The Series 2016A TIF Bonds in the amount of \$6,000,000 and the Series 2016B TIF Bonds in the amount of \$11,350,000 were issued to refund the Series 2013A and 2013B TIF Notes and are limited obligations of the City, payable solely from the incremental sales and real estate taxes generated by the related Kenrick Plaza Redevelopment area. Approximately \$14,065,000 of the TIF Bond debt is still outstanding. Additional information on the City's long-term debt can be found in Note 6 of this report.

Economic Factors and Year 2020 Budget

There are a number of factors that affect the budget over which the City has little or no control. Sales taxes are the single largest category of revenue for the City and they fall into this category. In recent years, there has been a trend in our country by consumers to engage in sales with online retailers as opposed to shopping at the traditional "brick and mortar" stores. The City asked voters in the spring of 2020 to approve a use tax on out-of-state online purchases that would generate the same amount of sales tax a consumer would be charged if they were to make the same purchase at a store within the City. The 2020 budget reflects an anticipated increase in tax revenue from this tax. Unfortunately, the tax did not pass and the City will not receive the additional revenue in sales tax that was budgeted for. Fortunately, the majority of large retailers in Shrewsbury are grocery stores and are considered essential businesses. The City's grocery stores have continued to do well over the years and the City's sales tax revenue has continued to increase from year to year. However, expenditures in other areas of the budget continue to increase and are outpacing the increase in revenue the City has been experiencing. The 2020 Shrewsbury Budget continues to fund all current City services, albeit with a smaller workforce at times. The City has delayed the hiring of certain positions where vacancies have recently occurred due to the retirement or resignation of employees in order to help drive down expenditures. Furthermore, with the continuing increase in health insurance costs, the City is exploring ways to change the structure of its employee benefit plan to help reduce expenses in that area. The City's elected officials are committed to continuing to build its relationship with the business community and looking for alternative ways to generate new revenue and divert existing revenue toward other areas of the budget that are feeling financial pressure. The City has also put a lot of effort into drafting a new comprehensive plan that will retain a strong economic base with its business community while at the same time focusing on opportunities to enhance its residential community.

CITY OF SHREWSBURY, MISSOURI

Management's Discussion And Analysis (*Continued*)

For the Future

The City of Shrewsbury, like many other local governments in the area, is under economic pressure due to a decline in utility tax revenue, court revenue, parks and recreation revenue and a lack of new economic development within the City. The City will respond to the financial pressure it is experiencing by implementing a short-term hiring freeze and examining expenditures to determine which can be eliminated or minimized and which can be delayed. Strong action will be taken to not only preserve the reserves in the operating fund, but to also begin to increase its reserves so that we can operate over a long period of time as we eventually move into a period of recovery.

Requests for Information

This discussion and analysis is intended to provide the City's taxpayers and other constituents with an overview of the financial condition of the City. If you wish to request additional financial information or have any questions, please contact the Finance Director, at City of Shrewsbury, 5200 Shrewsbury Avenue, Shrewsbury, Missouri 63119

Basic Financial Statements

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 2,224,571
Cash and investments - restricted	1,039,015
Receivables:	
Taxes	2,009,861
Other	535,166
Prepays	71,987
Net pension asset	1,759,976
Capital assets:	
Nondepreciable	706,264
Depreciable, net	6,933,214
Total Assets	<u>15,280,054</u>
Deferred Outflows Of Resources	
Difference between expected and actual earnings	
on pension investments	307,077
Difference between expected and actual experience - pension	529,431
Assumption changes - pension	106,592
Pension contributions subsequent to measurement date	157,995
	<u>1,101,095</u>
Liabilities	
Accounts payable	238,223
Accrued interest	88,328
Accrued wages	159,911
Refundable deposits	18,765
Long-term liabilities:	
Due within one year	1,455,751
Due in more than one year	16,395,769
Total Liabilities	<u>18,356,747</u>
Deferred Inflows Of Resources	
Difference between expected and actual earnings	
on pension investments	755,293
Difference between expected and actual experience - pension	230,673
	<u>985,966</u>
Net Position	
Net investment in capital assets	4,087,108
Restricted for:	
Capital improvements	643,119
Debt service	3,121,782
Sewer repairs	199,620
Unrestricted	(11,013,193)
Total Net Position	<u>\$ (2,961,564)</u>

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 1,635,240	\$ 641,546	\$ —	\$ 27,009	\$ (966,685)
Public safety	2,834,141	177,753	—	10,817	(2,645,571)
Public works and planning	650,495	55,715	—	—	(594,780)
Fire and ambulance services	2,362,751	375,430	—	—	(1,987,321)
Parks and recreation	1,252,733	465,370	—	—	(787,363)
Interest and fiscal charges	403,663	—	—	—	(403,663)
<hr/>					
Total Governmental Activities	\$ 9,139,023	\$ 1,715,814	\$ —	\$ 37,826	\$ (7,385,383)

General Revenues

Property taxes levied for:

General purposes

\$ 1,362,017

Sales tax levied for:

General purposes

1,746,131

Park and stormwater purposes

827,981

Capital improvements

704,300

Fire district improvements

413,944

Public safety

347,105

Tax increment financing

1,656,479

Utility taxes

974,454

Other taxes

485,802

Earnings on investments

43,051

Miscellaneous

41,668

Total General Revenues

8,602,932

Change in net position

1,217,549

Net Position - Beginning Of Year

(4,462,300)

Prior Period Adjustment (Note 13)

283,187

Net Position - Beginning Of Year, As Restated

(4,179,113)

Net Position - End Of Year

\$ (2,961,564)

CITY OF SHREWSBURY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2019

	Major Funds					Non-Major Fund Capital Replacement Fund	Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	TIF Fund		
Assets							
Cash and investments	\$ 9,680	\$ 251,300	\$ 526,718	\$ 787,026	\$ 649,847	\$ —	\$ 2,224,571
Restricted cash and investments	—	—	41	—	953,974	85,000	1,039,015
Receivables:							
Taxes	1,148,986	11,033	118,948	382,465	348,429	—	2,009,861
Grants	—	—	1,269	—	—	—	1,269
Other	532,910	987	—	—	—	—	533,897
Due from other funds	317	—	—	—	—	—	317
Prepays	71,987	—	—	—	—	—	71,987
Total Assets	\$ 1,763,880	\$ 263,320	\$ 646,976	\$ 1,169,491	\$ 1,952,250	\$ 85,000	\$ 5,880,917
Liabilities And Fund Balances							
Liabilities							
Accounts payable	\$ 171,024	\$ 63,700	\$ 3,499	\$ —	\$ —	\$ —	\$ 238,223
Due to other funds	—	—	317	—	—	—	317
Accrued wages	159,911	—	—	—	—	—	159,911
Refundable deposits	18,765	—	—	—	—	—	18,765
Total Liabilities	349,700	63,700	3,816	—	—	—	417,216
Deferred Inflows Of Resources							
Property taxes	125,603	—	—	111,832	—	—	237,435
Fund Balances							
Nonspendable:							
Prepays	71,987	—	—	—	—	—	71,987
Restricted for:							
Debt service	—	—	41	1,057,659	1,952,250	—	3,009,950
Sewer repairs	—	199,620	—	—	—	—	199,620
Capital improvements	—	—	643,119	—	—	—	643,119
Total Restricted	—	199,620	643,160	1,057,659	1,952,250	—	3,852,689
Assigned to:							
Capital replacement	—	—	—	—	—	85,000	85,000
Committed to:							
Budgetary deficit	42,999	—	—	—	—	—	42,999
Unassigned	1,173,591	—	—	—	—	—	1,173,591
Total Fund Balances	1,288,577	199,620	643,160	1,057,659	1,952,250	85,000	5,226,266
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 1,763,880	\$ 263,320	\$ 646,976	\$ 1,169,491	\$ 1,952,250	\$ 85,000	\$ 5,880,917

CITY OF SHREWSBURY, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2019**

Total Fund Balance - Governmental Funds \$ 5,226,266

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$20,149,003 and the accumulated depreciation is \$11,831,575. 7,639,478

Net pension asset is not a current financial resources and therefore is not reported in the fund financial statements, but is reported in the Statement of Net Position. 1,759,976

Certain changes in the net pension asset are deferred and amortized over time. 115,129

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued compensated absences, vacation	\$ (268,798)	
Bonds payable	(2,961,754)	
Unamortized bond premium	(3,495)	
Unamortized bond discount	38,143	
TIF bonds payable	(14,065,000)	
Capital lease liability	(590,616)	
Accrued interest	(88,328)	
		(17,939,848)

Property taxes assessed by the City, but not collected within 60 days after year end, are deferred inflows of resources in the fund financial statements. However, revenue for this amount is recognized in the government-wide statements. 237,435

Total Net Position - Governmental Activities \$ (2,961,564)

CITY OF SHREWSBURY, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2019

	Major Funds					Non-Major Fund Capital Replacement Fund	Total Governmental Funds
	General Fund	Sewer Lateral Fund	Capital Improvements Fund	Debt Service Fund	TIF Fund		
Revenues							
Taxes	\$ 5,402,285	\$ 42,163	\$ 704,300	\$ 643,928	\$ 1,857,397	\$ —	\$ 8,650,073
Licenses and permits	531,079	—	—	—	—	—	531,079
Fines and court costs	177,753	—	—	—	—	—	177,753
Investment income	13,302	2,765	27,165	1,795	36,074	—	81,101
Charges for services	940,610	—	—	—	—	—	940,610
Grants	27,009	—	10,817	—	—	—	37,826
Miscellaneous	65,877	—	—	—	—	—	65,877
Total Revenues	7,157,915	44,928	742,282	645,723	1,893,471	—	10,484,319
Expenditures							
Current:							
General government	1,185,417	—	—	—	—	—	1,185,417
Public safety	2,688,619	—	—	—	—	—	2,688,619
Public works and planning	553,638	—	—	—	—	—	553,638
Fire and ambulance services	2,175,459	—	—	—	—	—	2,175,459
Parks and recreation	1,020,784	—	—	—	—	—	1,020,784
Capital outlay	—	81,310	1,131,960	—	—	—	1,213,270
Debt service:							
Principal retirement	—	—	140,000	540,000	1,400,000	—	2,080,000
Interest and fiscal charges	—	—	52,463	200	593,523	—	646,186
Total Expenditures	7,623,917	81,310	1,324,423	540,200	1,993,523	—	11,563,373
Revenues Over (Under) Expenditures	(466,002)	(36,382)	(582,141)	105,523	(100,052)	—	(1,079,054)
Other Financing Sources							
Transfers in	—	—	—	—	—	85,000	85,000
Transfers out	—	—	(85,000)	—	—	—	(85,000)
Proceeds from capital lease	—	—	677,950	—	—	—	677,950
Total Other Financing Sources (Uses)	—	—	592,950	—	—	85,000	677,950
Net Change In Fund Balances	(466,002)	(36,382)	10,809	105,523	(100,052)	85,000	(401,104)
Fund Balances - Beginning Of Year As Previously Stated	1,754,579	236,002	632,351	952,136	1,769,115	—	5,344,183
Prior period adjustment (Note 13)	—	—	—	—	283,187	—	283,187
Fund Balances - Beginning Of Year - As Restated	1,754,579	236,002	632,351	952,136	2,052,302	—	5,627,370
Fund Balances - End Of Year	\$ 1,288,577	\$ 199,620	\$ 643,160	\$ 1,057,659	\$ 1,952,250	\$ 85,000	\$ 5,226,266

CITY OF SHREWSBURY, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2019

Net Change In Fund Balances - Total Governmental Funds \$ (401,104)

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, assets with an initial, individual cost of more than \$500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlays	\$ 871,930	
Depreciation expense	(635,179)	
	<u>236,751</u>	236,751

In the statement of activities, sales proceeds, less the net book value of the assets sold or disposed of, is recognized as a gain (loss) on the sale/disposal of capital assets.

(11,994)

The issuance of long-term debt (e.g., bonds) 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 and debt discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Interest accretion	(53,332)	
Issuance of capital lease	(677,950)	
Repayments of principal and accreted interest on bonds	2,080,000	
Repayments of principal on capital lease	87,334	
Amortization of premium, discount & deferred amounts	(5,241)	
	<u>1,430,811</u>	1,430,811

Certain expenses, as 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:

Compensated absences	(18,920)
Interest expense	16,424
Pension expense	(145,640)

Property tax revenues and other tax revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements since they will be collected several months after year end.

111,221

Change In Net Position Of Governmental Activities

\$ 1,217,549

CITY OF SHREWSBURY, MISSOURI

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MUNICIPAL COURT - AGENCY FUND
December 31, 2019**

	<u>Municipal Court Agency Fund</u>
Assets	
Cash	\$ 37,902
Liabilities	
Due to others	\$ 37,902
Total Liabilities	\$ 37,902

CITY OF SHREWSBURY, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2019

1. Summary Of Significant Accounting Policies

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 as applicable to governments. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below.

Reporting Entity

The City's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. These standards identify the City's financial accountability for potential component units as the primary, but not only, criteria for inclusion. The City is financially accountable if it appoints a voting majority of a potential component unit governing body and is able to impose its will on that potential component unit, or there is a potential for the potential component unit to provide specific financial benefits to or impose specific financial burdens on the City. Based on these criteria, the City has determined that its financial reporting entity consists of the City (the primary government) and a blended component unit: the City of Shrewsbury, Missouri Improvements Corporation (the Corporation). The Corporation's purpose is to act on behalf of the City in its acquisition, construction, improvement, extension, 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 directly by the primary government.

Basis Of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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, as are the fiduciary fund financial statements, except that the agency fund does not involve the measurement of results of operations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - This is 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 funds.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Sewer Lateral Fund - The City uses this special revenue fund to account for financial resources billed to residents that are restricted for repair fees associated with lateral breaks.

Capital Improvements Fund - The City uses this capital projects fund to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital expenditures approved by the Board of Aldermen and the Capital Improvements Bond Reserve Fund of the blended Corporation.

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 of the paying agent incurred to retire the bonded debt.

Tax Increment Financing (TIF) Fund - The TIF fund is a debt service fund that accounts 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 City reports the following non-major governmental fund:

Capital Replacement Fund - The capital replacement fund is a fund used to account for funds set aside by the City for capital asset replacement and significant repairs and maintenance.

Additionally, the City reports the following fiduciary fund type:

Agency Fund - Municipal Court - This fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units for activities of the municipal court.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments-in-lieu of taxes and charges for various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Cash And Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. The City's investments are carried at fair value. Investment income earned on pooled cash and investments is allocated to the various funds. Investment income on restricted cash and investments is credited directly to the related fund.

Restricted Cash

Restricted cash and investments consist of amounts for the leasehold revenue bond reserve fund established in accordance with bond indentures.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Assets held under capital leases are depreciated over the remaining lease term.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized.

Depreciation is computed on the straight-line basis, using asset lives as follows:

Land improvements	15 - 30 years
Buildings	7 - 40 years
Equipment	4 - 20 years
Furniture and fixtures	5 - 20 years
Vehicles	3 - 15 years
Infrastructure	20 - 50 years

The City implemented the general provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*, and elected not to retroactively record the historical cost of infrastructure placed in service prior to January 1, 2004.

Deferred Outflows Of Resources

In addition to assets, the financial statements will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until then. The pension related items relate to contributions subsequent to the measurement date, certain actuarial differences and changes that are amortized over future periods and differences between expected and actual earnings on pension investments that are amortized over future periods. These items have been reported as deferred outflows on the government-wide statement of net position.

Deferred Inflows Of Resources

In addition to liabilities, the financial statements will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. Any resources received before time requirements are met are reported as deferred inflows of resources. In the statement of net position, pension items related to differences between expected and actual experiences are amortized over future periods. In governmental fund financial statements, taxes that will not be collected within the available period have been reported as deferred inflows of resources.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

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.

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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Net Position

In the government-wide financial statements, net position is displayed in three components as follows:

Net Investment In Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Fund Balance

The governmental fund financial statements present fund balances based upon classifications that comprise a hierarchy that is based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund balance classifications are as follows:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained for use imposed by formal action of the government’s highest level of decision making authority.

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee, or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter in which fund the deficit occurs.

For committed fund balance, the City’s highest level of decision-making authority is the Board of Aldermen. The formal action that is required to be taken by the Board to establish, modify, or rescind a fund balance commitment is the adoption of an ordinance.

For assigned fund balance, the Board of Aldermen is authorized to assign amounts to a specific purpose.

The City has elected to maintain at least 20% of the current fiscal year’s operating expenditures in unassigned fund balance to provide adequate funding for at least two months of operating expenditures.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

For the classification of fund balances, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes which both restricted and unrestricted fund balance are available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned, and lastly unassigned.

Estimates And Assumptions

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

2. Cash And Investments

A summary of deposits and investments as of December 31, 2019 is as follows:

Governmental Activities (Including Agency Fund):	
Cash	\$ 1,116,385
Money market mutual funds	1,392,935
MOSIP Liquid Series Investment Pool	303,427
Certificates of deposit	393,357
Tennessee Valley Authority Bonds	95,384
	<hr/>
	\$ 3,301,488
	<hr/>
Government-wide - governmental activities	\$ 3,263,586
Fiduciary fund - Municipal Court Agency Fund	37,902
	<hr/>
	\$ 3,301,488
	<hr/>

Investment Policy

General

The City's investment activity is conducted in accordance with its adopted policy and the guidelines outlined therein. These guidelines apply to the City's investment of operating, longer-term funds. These guidelines authorize the City to invest funds not immediately needed for the purposes to which the funds are applicable in obligations of the U.S. Treasury, U.S. government agencies, repurchase agreements, certificates of deposit, bankers' acceptances issues by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation, and commercial paper issued by domestic corporations, which has received the highest rating by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Proceeds from bond issues are guided by the related bond indentures.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Custodial Credit Risk

For investments, custodial credit risk 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 the investment portfolio.

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

As of December 31, 2019, the City's bank balances were entirely insured or collateralized with securities held by the City or by its agent in the City's name.

Interest Rate Risk

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

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy minimizes investment risk by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City does business. The following table provides information at December 31, 2019, on the credit ratings of securities associated with the City, as well as the maturities of those securities:

Investment Type	Fair Value	Investment Maturities (In Years)			Credit Risk
		< 1 Year	1-5 Years	6-10 Years	Moody's
Money market mutual funds	\$ 1,392,935	\$ 1,392,935	\$ —	\$ —	Aaa
Negotiable certificates of deposit	393,357	—	393,357	—	N/A
Tennessee Valley Authority Bonds	95,384	—	95,384	—	Aaa
	\$ 1,881,676	\$ 1,392,935	\$ 488,741	\$ —	

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Concentration Of Credit Risk

Concentration of Credit Risk 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 it may invest with 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, 2019, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, the City had the following investments with one issuer, which represented 5% or more of total investments by fund and overall:

			Percent Of Fund's Total Investments	Percent Of City's Total Investments
General Fund				
Tennessee Valley Authority Bonds	\$ 95,384		44%	20%
Certificates of deposit:				
Wells Fargo	24,721		11%	5%
Goldman Sachs	97,695		45%	20%
Sewer Lateral Fund				
Certificate of deposit:				
State Bank India	98,260		100%	20%
Capital Improvements Fund				
Certificates of deposit:				
Wells Fargo	70,359		41%	14%
State Bank India	102,271		59%	21%
Webster Bank			0%	0%

Fair Value

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 had the following recurring fair value measurements as of December 31, 2019:

Investment Type	12/31/19	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 1,392,935	\$ 1,392,935	\$ —	\$ —
Negotiable certificates of deposit	393,357	—	393,357	—
Tennessee Valley Authority Bonds	95,384	—	95,384	—
	\$ 1,881,676	\$ 1,392,935	\$ 488,741	\$ —

Investments classified in the Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Negotiable Certificates of Deposit and Tennessee Valley Authority Bonds are classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

The MOSIP Liquid Series Investment Pool is not measured at fair value under GASB Statement No. 72 and 79, but is measured at amortized cost and has a maturity of less than one year.

3. Property Tax

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied in October and payable by December 31. A lien is placed on the personal property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2019, upon which the 2019 levy was based for real estate and personal property, was \$146,336,671. The following is a summary of the 2019 tax rates per \$100 of assessed valuation:

	2018 Tax Rates		
	General Fund	Debt Service Fund	Total
Real property:			
Residential	.4010	.4710	0.8720
Commercial	.4130	.4710	0.8840
Personal property	.5770	.4710	1.0480

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 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, 2019 is as follows:

City Purposes	
Assessed valuation	<u>\$ 146,336,671</u>
Debt limit - 10% of assessed value	\$ 14,633,667
General obligation bonds payable	(1,181,754)
Amount available in debt service fund	<u>1,057,659</u>
Legal Debt Margin	<u>\$ 14,509,572</u>

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

4. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019
Government Activities				
Capital assets, not being depreciated:				
Land	\$ 706,264	\$ —	\$ —	\$ 706,264
Capital assets being depreciated:				
Land improvements	1,546,229	—	—	1,546,229
Infrastructure	228,661	—	—	228,661
Buildings	11,450,905	—	—	11,450,905
Machinery and equipment	2,434,164	119,213	119,419	2,433,958
Furniture and fixtures	285,102	—	14,313	270,789
Vehicles	2,140,165	74,767	58,635	2,156,297
Capital lease assets	—	677,950	—	677,950
Total capital assets being depreciated	18,085,226	871,930	192,367	18,764,789
Less accumulated depreciation for:				
Land improvements	882,306	68,916	—	951,222
Infrastructure	113,562	11,433	—	124,995
Buildings	7,177,882	187,199	—	7,365,081
Machinery and equipment	1,477,805	191,937	119,112	1,550,630
Furniture and fixtures	264,554	6,924	14,313	257,165
Vehicles	1,460,660	144,921	46,948	1,558,633
Capital lease assets	—	23,849	—	23,849
Total accumulated depreciation	11,376,769	635,179	180,373	11,831,575
Total capital assets being depreciated, net	6,708,457	236,751	11,994	6,933,214
Governmental activities capital assets, net	\$ 7,414,721	\$ 236,751	\$ 11,994	\$ 7,639,478

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

Governmental Activities	
General government	\$ 99,110
Public safety	105,495
Public works and planning	83,102
Fire and ambulance services	131,676
Parks	215,796
	<hr/>
Total depreciation expense - governmental-type activities	\$ 635,179

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

5. Capital Lease Obligation

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.

Based on the provisions of the lease agreement at inception, the City has determined that the lease meets the criteria of a capital lease. The truck had a fair value at inception of \$677,950 with an interest rate of 3.68% based on the present value of the future minimum lease payments.

<u>Year</u>	<u>Amount</u>
2020	\$ 111,602
2021	111,602
2022	111,602
2023	111,602
2024	111,602
2025	111,602
Total future minimum payments	669,612
Less: Amounts representing interest	78,996
<u>Long-term capital lease obligation</u>	<u>\$ 590,616</u>

Amortization of the leased truck under capital lease amounted to \$23,849 for 2019 and is included in depreciation expense. Accumulated amortization totaled \$23,849 as of December 31, 2019.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

6. Long-Term Liabilities

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2019:

	Balance - December 31, 2018	Additions	Retirements	Balance - December 31, 2019	Current Portion
Governmental Activities					
2007 General obligation capital appreciation bonds	\$ 1,024,903	\$ —	\$ 331,495	\$ 693,408	\$ 315,889
2007 General obligation capital appreciation bonds - interest accretion	643,519	53,332	208,505	488,346	224,111
2015 Certificate of participation bonds	1,920,000	—	140,000	1,780,000	—
Series 2016A Tax Increment Finance Bonds	4,115,000	—	1,400,000	2,715,000	610,000
Series 2016B Tax Increment Finance Bonds	11,350,000	—	—	11,350,000	—
Capital lease	—	677,950	87,334	590,616	90,713
Accrued compensated absences	249,878	252,392	233,472	268,798	215,038
	<u>\$ 19,303,300</u>	<u>\$ 983,674</u>	<u>\$ 2,400,806</u>	<u>17,886,168</u>	<u>\$ 1,455,751</u>
Less: Bond discount, net				38,143	
Plus: Bond premium, net				3,495	
				<u>\$ 17,851,520</u>	

Long-term debt at December 31, 2019 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 capital assets and improve streets, accretion rates range from 4% to 4.4%, due March 1, 2022	\$ 1,181,754
Series 2015 Certificates of Participation Bonds originally \$1,920,000, used to purchase equipment and construct capital assets, interest rates range from 2% to 3.55%, due April 1, 2030	1,780,000
Series 2016A tax increment financing (TIF) bonds originally \$6,000,000, used to refund the Series 2013A and Series 2013B TIF notes, interest rate of 3.0%, due November 1, 2026	2,715,000
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%, due May 1, 2036	<u>11,350,000</u>
	<u>\$ 17,026,754</u>

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

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, Series 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 costs 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 at December 31, 2019.

Capital refunding and capital appreciation bonds are liquidated by the debt service fund. Leasehold refunding revenue bonds were liquidated by the general fund and capital improvement fund. Certificates of participation are liquidated by the general fund.

Maturities

Aggregate maturities required on general obligation bonds and certificates of participation are as follows:

Years	Series 2007 General Obligation Capital Appreciation Bonds		Series 2015 Certificates Of Participation Bonds		Total	
	Principal	Interest Accretion	Principal	Interest	Principal	Interest
2020	\$ 536,211	\$ 220,322	\$ 140,000	\$ 49,675	\$ 676,211	\$ 269,997
2021	513,584	212,863	145,000	46,753	658,584	259,616
2022	131,959	55,161	150,000	43,505	281,959	98,666
2023	—	—	150,000	39,905	150,000	39,905
2024	—	—	155,000	35,976	155,000	35,976
2025-2029	—	—	850,000	105,401	850,000	105,401
2030	—	—	190,000	3,373	190,000	3,373
Total	\$ 1,181,754	\$ 488,346	\$ 1,780,000	\$ 324,588	\$ 2,961,754	\$ 812,934

Capital Lease Obligation

The City entered into a lease agreement which qualifies as a capital lease. See Note 5 for further information.

7. Missouri Local Government Employees Retirement System

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.

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. 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:

Active employees	58
Retirees and beneficiaries currently receiving benefits	41
Terminated employees entitled to benefits, but not yet receiving them	<u>27</u>
Total	<u><u>126</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. For the year ended December 31, 2019, employer contribution rates are 9% (General), 15% (Police) and 2% (Fire) of annual covered payroll.

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Net Pension Liability (Asset)

The employer's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2019 and rolled forward to June 30, 2019.

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

Valuation date	February 28, 2019
Actuarial cost method:	Entry Age Normal and Modified Terminal Funding as a level percentage of pay
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Investment rate of return	7.25%
Projected salary increases	3.25% to 6.55%
Inflation rate	3.25% wage inflation; 2.5% price inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for both males and females. The actuarial assumptions used in the February 28, 2019 valuation were based on the results of periodic actuarial experience studies.

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	39.00%	4.16%
Fixed Income	28.00%	0.89%
Real Assets	33.00%	2.09%

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Changes In The Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances - June 30, 2018	\$ 15,597,967	\$ 17,499,884	\$ (1,901,917)
Changes For The Year:			
Service cost	391,919	—	391,919
Interest	1,124,826	—	1,124,826
Differences between expected and actual experiences	102,200	—	102,200
Employer contributions	—	308,173	(308,173)
Net investment income	—	1,151,512	(1,151,512)
Benefit payments	(561,119)	(561,119)	—
Administration expenses	—	(13,524)	13,524
Other changes - transfers	—	30,843	(30,843)
Net Changes	1,057,826	915,885	141,941
Balances - June 30, 2019	\$ 16,655,793	\$ 18,415,769	\$ (1,759,976)

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.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% percent) or 1-percentage-point higher (8.25% percent) than the current rate:

	1% Decrease	Current	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 660,539	\$ (1,759,976)	\$ (3,751,124)

CITY OF SHREWSBURY, MISSOURI

Notes To Basic Financial Statements (Continued)

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the year ended December 31, 2019 the employer recognized pension expense of \$463,717. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Net Deferred Outflows (Inflows) Of Resources
Differences between expected and actual experience	\$ 529,431	\$ 230,673	\$ 298,758
Net difference between projected and actual earnings on pension plan investments	307,077	755,293	(448,216)
Changes of assumptions	106,592	—	106,592
Contributions subsequent to the measurement date	157,995	—	157,995
Total	\$ 1,101,095	\$ 985,966	\$ 115,129

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized during the year ending December 31, 2020.

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

Year	Net Deferred Outflows (Inflows) Of Resources
2020	\$ 68,269
2021	(148,943)
2022	(61,576)
2023	82,112
2024	17,272
	\$ (42,866)

Payable To The Pension Plan

The City did not report any payables to the Plan for the year ended December 31, 2019.

8. 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 purchases commercial insurance to cover all risks of loss. Settled claims from these risks have not exceeded coverage in any of the past three years.

9. Restricted Net Position

The government-wide statement of net position reports \$4,049,521 of restricted net position, of which \$927,739 is restricted by enabling legislation.

10. Federal Forfeiture Activity

The City had no revenues, expenses or ending balance as of December 31, 2019.

11. Fines And Court Costs

House Bill 103 amending RSMo section 302.341 became effective August 28, 2013. The amendments to the statute now require the City to annually calculate the percentage of its general revenue that comes from traffic violations and to report an accounting of that calculation. Based upon a recent court decision affecting St. Louis County municipalities, any such revenues that exceed 20% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines of \$177,753; of which \$3,729 represent fines and related costs from traffic violations. This amount is approximately 2% of total general revenues of \$8,602,932 and, accordingly, the City believes that they are in compliance with the requirements of the Statute.

12. Subsequent Events

The City is closely monitoring the status of COVID-19 in the city limits and the United States, and regularly reassessing plans and procedures for the future. The impact of this closure on future sales tax revenues is not yet known. Also, related to COVID-19, it is reasonably possible that changes in the market could affect the value of investments reported in the statement of financial position. The extent to which COVID-19 will impact the City will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

13. Restatement

The City has restated its beginning-of-year fund balance, revenue, and accounts receivable balances to correct an error in reported revenues and receivables in prior years for the TIF fund. The TIF Fund's fund balance as of January 1, 2019 increased by \$283,187. Revenues recognized during 2018 were understated by \$283,187, resulting in an understatement in the 2018 change in fund balance and 2018 ending fund balance in the same amount.

Required Supplementary Information

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
GENERAL FUND**

Page 1 Of 2

For The Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Revenues			
Taxes:			
Property	\$ 585,000	\$ 606,868	\$ 21,868
Sales	3,650,294	3,421,076	(229,218)
Utility	1,064,000	974,454	(89,546)
Gasoline	171,000	169,316	(1,684)
Miscellaneous	218,485	230,571	12,086
Total Taxes	5,688,779	5,402,285	(286,494)
Licenses and permits:			
Building permits	44,500	184,729	140,229
Business licenses	291,200	280,715	(10,485)
Other	63,295	65,635	2,340
Total Licenses And Permits	398,995	531,079	132,084
Other:			
Fines and court costs	327,000	177,753	(149,247)
Investment income	25,000	13,302	(11,698)
Charges for services	914,105	940,610	26,505
Grants	18,000	27,009	9,009
Miscellaneous	24,300	65,877	41,577
Total Other	1,308,405	1,224,551	(83,854)
Total Revenues	7,396,179	7,157,915	(238,264)

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
GENERAL FUND**

Page 2 Of 2

For The Year Ended December 31, 2019

	Original Budget	Actual	Variance With Final Budget- Positive (Negative)
Expenditures			
General government:			
Boards and commissions	\$ 367,335	\$ 452,448	\$ (85,113)
Administration	540,508	539,852	656
Municipal buildings	59,724	39,246	20,478
Insurance	126,425	153,871	(27,446)
Total General Government	1,093,992	1,185,417	(91,425)
Other:			
Public safety	2,791,032	2,688,619	102,413
Public works and planning	513,779	553,638	(39,859)
Fire and ambulance services	2,090,349	2,175,459	(85,110)
Parks and recreation	1,008,771	1,020,784	(12,013)
Total Other	6,403,931	6,438,500	(34,569)
Total Expenditures	7,497,923	7,623,917	(125,994)
Net Changes In Fund Balance	\$ (101,744)	(466,002)	\$ (364,258)
Fund Balance - Beginning Of Year		1,754,579	
Fund Balance - End Of Year		\$ 1,288,577	

CITY OF SHREWSBURY, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
SEWER LATERAL FUND
For The Year Ended December 31, 2019**

	Original And Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Revenues			
Property tax	\$ 38,500	\$ 42,163	\$ 3,663
Investment income	5,000	2,765	(2,235)
Total Revenues	43,500	44,928	1,428
Expenditures			
Capital outlay	63,500	81,310	(17,810)
Total Expenditures	63,500	81,310	(17,810)
Net Changes In Fund Balance	\$ (20,000)	(36,382)	\$ (16,382)
Fund Balance - Beginning Of Year		236,002	
Fund Balance - End Of Year		\$ 199,620	

CITY OF SHREWSBURY, MISSOURI

REQUIRED SUPPLEMENTAL INFORMATION NOTES TO BUDGETARY COMPARISON INFORMATION December 31, 2019

1. Budgetary Data

In accordance with City ordinance, the City's Board of Aldermen (Board) adopts an annual budget for its General, Sewer Lateral, Capital Improvements, 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 Administrator.
- 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 Board.
- 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 department level for the general fund and the fund level for all other 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 an 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

Notes To Budgetary Comparison Information *(Continued)*

2. Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following fund for the year ended December 31, 2019:

<u>Fund / Department</u>	<u>Amount</u>
General / General Government	\$ 112,559
General / Public Works	39,859
General / Fire and Ambulance Services	85,110
General / Parks and Recreation	12,013
Sewer Lateral Fund	17,810
Capital Improvement / Capital Outlay	459,748
Debt Service Fund	200

The City entered into a capital lease for equipment that resulted in capital outlay expenditures and other financing sources which were unbudgeted.

CITY OF SHREWSBURY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM
December 31, 2019

**Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios
Combined**

<i>Plan fiscal year ending June 30,</i>	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 391,919	\$ 315,365	\$ 285,591	\$ 267,912	\$ 274,125
Interest on the total pension liability	1,124,826	945,341	888,642	819,814	788,225
Benefit changes	—	1,475,992	—	—	—
Difference between expected and actual experience	102,200	292,270	146,594	(33,237)	(152,010)
Assumption changes	—	—	—	349,977	—
Benefit payments	(561,119)	(619,668)	(489,445)	(439,006)	(503,033)
Net Change In Total Pension Liability	1,057,826	2,409,300	831,382	965,460	407,307
Total Pension Liability Beginning	15,597,967	13,188,667	12,357,285	11,391,825	10,984,518
Total Pension Liability Ending	\$ 16,655,793	\$ 15,597,967	\$ 13,188,667	\$ 12,357,285	\$ 11,391,825
Plan Fiduciary Net Position					
Contributions-employer	\$ 308,173	\$ 166,102	\$ 146,382	\$ 151,264	\$ 182,097
Pension plan net investment income	1,151,512	1,955,348	1,711,321	(39,348)	289,772
Benefit payments	(561,119)	(619,668)	(489,445)	(439,006)	(503,033)
Pension plan administrative expense	(13,524)	(9,476)	(8,849)	(8,582)	(9,600)
Other	30,843	66,006	26,985	226,265	(6,429)
Net Change In Plan Fiduciary Net Position	915,885	1,558,312	1,386,394	(109,407)	(47,193)
Plan Fiduciary Net Position Beginning	17,499,884	15,941,572	14,555,178	14,664,585	14,711,778
Plan Fiduciary Net Position Ending	\$ 18,415,769	\$ 17,499,884	\$ 15,941,572	\$ 14,555,178	\$ 14,664,585
Employer Net Pension Liability (Asset)	\$ (1,759,976)	\$ (1,901,917)	\$ (2,752,905)	\$ (2,197,893)	\$ (3,272,760)
Plan Fiduciary Net Position As A percentage Of The Total Pension Liability	110.57%	112.19%	120.87%	117.79%	128.73%
Covered Employee Payroll	\$ 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 Employee Payroll	-46.70%	-54.47%	-80.66%	-71.36%	-107.75%

Notes To Schedule:

The above schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.

Supplementary Information

CITY OF SHREWSBURY, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM (Continued)
December 31, 2019

**Schedule Of Employer Contributions
Combined**

<i>December 31,</i>	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 367,715	\$ 247,783	\$ 135,222	\$ 154,453	\$ 153,096
Contributions in relation to the actuarially determined contribution	318,075	246,203	135,222	153,202	153,096
Contribution deficiency	\$ (49,640)	\$ (1,580)	\$ —	\$ (1,251)	\$ —
Covered-employee payroll	\$ 3,980,109	\$ 3,766,172	\$ 3,542,835	\$ 3,282,427	\$ 3,107,218
Contributions as a percentage of covered-employee payroll	9.24%	6.58%	3.82%	4.71%	4.93%

Notes To Schedule

The above schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.

CITY OF SHREWSBURY, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - CAPITAL IMPROVEMENTS FUND For The Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance With Final Budget- Positive (Negative)
Revenues			
Sales taxes	\$ 655,000	\$ 704,300	\$ 49,300
Investment income	11,000	15,165	4,165
Grant	38,100	10,817	(27,283)
Total Revenues	704,100	730,282	26,182
Expenditures			
Capital Outlay:			
Public works	14,500	9,996	4,504
Public safety	142,810	103,997	38,813
Court	2,850	—	2,850
Fire and ambulance services	232,302	868,711	(636,409)
Administration	13,500	—	13,500
Public safety building	28,500	—	28,500
Parks and recreation	78,750	43,241	35,509
Other	159,000	106,015	52,985
Debt Service:			
Principal retirement	140,000	140,000	—
Interest and fiscal charges	52,475	52,463	12
Total Expenditures	864,687	1,324,423	(459,736)
Revenues Over (Under) Expenditures	(160,587)	(594,141)	(433,554)
Other Financing Sources (Uses)			
Proceeds from capital lease	—	677,950	(677,950)
Proceeds from sale of capital assets	—	12,000	(12,000)
Total Other Financing Sources (Uses)	—	689,950	(689,950)
Other Financing Sources			
Transfers out	(85,000)	(85,000)	—
Total Other Financing Uses	(85,000)	(85,000)	—
Net Changes In Fund Balance	\$ (245,587)	10,809	\$ (1,123,504)
Fund Balance - Beginning Of Year		632,351	
Fund Balance - End Of Year		\$ 643,160	

CITY OF SHREWSBURY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS -
DEBT SERVICE FUND**

For The Year Ended December 31, 2019

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget- Positive (Negative)</u>
Revenues			
Property taxes	\$ 532,500	\$ 643,928	\$ 111,428
Investment income	7,500	1,795	(5,705)
Total Revenues	540,000	645,723	105,723
Expenditures			
Debt Service:			
Principal retirement	540,000	540,000	—
Interest and fiscal charges	—	200	(200)
Total Expenditures	540,000	540,200	(200)
Net Changes In Fund Balances	\$ —	105,523	\$ 105,923
Fund Balance - Beginning Of Year		<u>952,136</u>	
Fund Balance - End Of Year		<u>\$ 1,057,659</u>	