



CITY OF LEBANON, MISSOURI

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Year Ended June 30, 2021

CITY OF LEBANON, MISSOURI
FINANCIAL REPORT

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	15
Statement of Activities - Modified Cash Basis	16
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis - Governmental Funds	17
Reconciliation of the Balance Sheet - Modified Cash Basis of Governmental Funds to the Statement of Net Position - Modified Cash Basis	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis of Governmental Funds to the Statement of Activities - Modified Cash Basis	20
Statement of Net Position - Modified Cash Basis - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis - Proprietary Funds	22
Statement of Cash Flows - Modified Cash Basis - Proprietary Funds	23
Notes to Financial Statements	25
SUPPLEMENTAL INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Modified Cash Basis:	
General Fund	51
Street Fund	52
Capital Improvement Fund	53
Combining Balance Sheet - Modified Cash Basis - Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Nonmajor Governmental Funds	55
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Modified Cash Basis:	
Parks and Recreation Fund	56
Public Safety Fund	57
Tourism Fund	58
Airport Fund	59
Downtown Business District Fund	60
Combining Statement of Net Position - Modified Cash Basis - Internal Service Funds	61
Combining Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis - Internal Service Funds	62
Combining Statement of Cash Flows - Modified Cash Basis - Internal Service Funds	63
Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Budget and Actual	64
PENSION INFORMATION	
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	65
Schedule of Employer Contributions	66



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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF LEBANON, MISSOURI** (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in the modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

Adjustments to Prior Period Financial Statements

The financial statements as of June 30, 2020, were audited by Hochschild, Bloom & Company LLP who merged with Sikich LLP as of January 1, 2021, and whose report dated December 14, 2020, expressed an unmodified opinion on those statements. Hochschild, Bloom & Company LLP reported on the June 30, 2020 financial statements before the restatement.

As part of our audit of the 2021 financial statements we also audited adjustments described in Note O that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the City other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Basis of Accounting

We draw attention to Note A-3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, supplemental information, and pension information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A-3.

The management's discussion and analysis and pension information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

St. Louis, Missouri
December 20, 2021

Management Discussion and Analysis

This section of the City of Lebanon's annual financial report provides readers a narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements and notes to the financial statements that follow this section, to enhance their understanding of the activities and financial health of the City of Lebanon.

Financial Highlights

In the 2021 Fiscal Year the City continued to see an increase in economic development activity. New commercial and retail developments opened their doors and are anticipated to increase tax revenues in the coming year. In addition, the City's housing market has seen a huge increase in activity and short supply of inventory. The construction of custom homes and multi-family developments have increased. Fiscal Year 2021 saw continued challenges from the COVID-19 pandemic that began in March 2020 and a significant cold weather spell in February 2021 that impacted our electric funds and the community of Lebanon. In Fiscal Year 2021, despite challenges presented all across the world, Lebanon continued to see an increase in sales tax numbers. Even through the fiscal challenges brought upon our utility with the severe weather event, due to sound financial policies and practices, the City was able to work through this event with minimal impact.

During the 2021 Fiscal Year the City of Lebanon worked to make strategic investments in capital improvements for its governmental and enterprise-activity. This investment in capital assets includes land, buildings, machinery, streets and sidewalks, vehicles, equipment, furniture and fixtures, and enterprise-wide hardware as well as general improvements and upgrades. The City's investment in capital assets for the 2021 Fiscal Year was approximately \$17 million. Major capital asset investments occurring in the 2021 Fiscal Year included the following:

The Park Fund (79) saw multiple projects this year. A skate park was installed for a cost of \$20,541. Investments in Nelson Park \$239,760 and investment in sidewalks were \$9,720.

At the Cowan Civic Center, improvements to the roof, concrete, foundation, repair, parking lot, floors and indoor track were made in the amount of \$1.4 million. Construction continued on the Public Safety Building for a total cost of \$451,161. Improvements to fire station 2 were made for \$193,593. The Mills Center saw upgrades and improvements in the amount of 93,004. Investments in a new Airport came in at \$124,400. Funding came from the Capital Improvement Fund (22).

The Electric Fund (80) saw improvements to the electrical system this year that included \$696,301 for replacement of 69kv steel poles, \$43,450 for distribution pole changes, \$482,592 in transmission improvements, \$156,405 in substation improvements and \$26,797 for the LED streetlight replacements.

Capital purchases made from the Wastewater fund (85) include improvements to the wastewater treatment plant which addresses flow capacity issues were made in the amount of \$4,802,968. Sewer line extensions totaling \$57,254 were installed on Tuscumbia, North Jackson, 2nd Street and Vance to provide City wastewater services to additional city residents. Improvements to the Goodwin Hollow Pump Station in the amount of \$553,926 were also made.

Capital purchases made from the Water Fund (87) include water tower renovations were finished for Glencastle, Bowling, Spiller in fiscal year 2021 at a cost of \$484,400. Well betterments made in the amount of \$8,880.

The airport invested \$15,457 on the T-Hangar taxiway and 1,628,774 on the runway mill and overlay from the Airport Fund (73) These are offset by grant funds with a 90/10 match.

Rolling stock replacement was steady in the 2021 fiscal year due to historically low financing rates compared with an aging fleet. Fleet upgrades were made from various funds totaling \$1.3 million. This included \$266,178 for 6

new Police vehicles that were purchased and fully equipped using proceeds from the Public Safety Fund (03). Two new fire trucks are being built as well. Street (08) purchased two trucks and a dump truck for a total cost of \$224,165. Electric (80) purchased a bucket truck at a cost of \$180,965. Wastewater (85) purchased a vacall truck and a biosolids truck for a total of \$582,492. Water (87) purchased a Dodge 4500 Truck at a cost of \$70,904.

Investments in specialized equipment and machinery to help assist staff in the field and better serve patrons were made from various funds totaling \$671,903. Purchases include cardiac monitors, extrication tools for the Fire Department, fold up gym curtains and telescopic bleachers for the Cowan Civic Center out of the Capital Fund (22), Watchguard body cameras for Police out of Public Safety Fund (03) a concrete truss screed and bobcat skid steer loader from the Street Fund (08), an AC Dual Machine and warehouse forklift from the Service Fund (60), a mower, from the Parks and Recreation Fund (79) a backyard machine, 4-drum cable puller trailer, and forestry truck from the Electric Department (80).

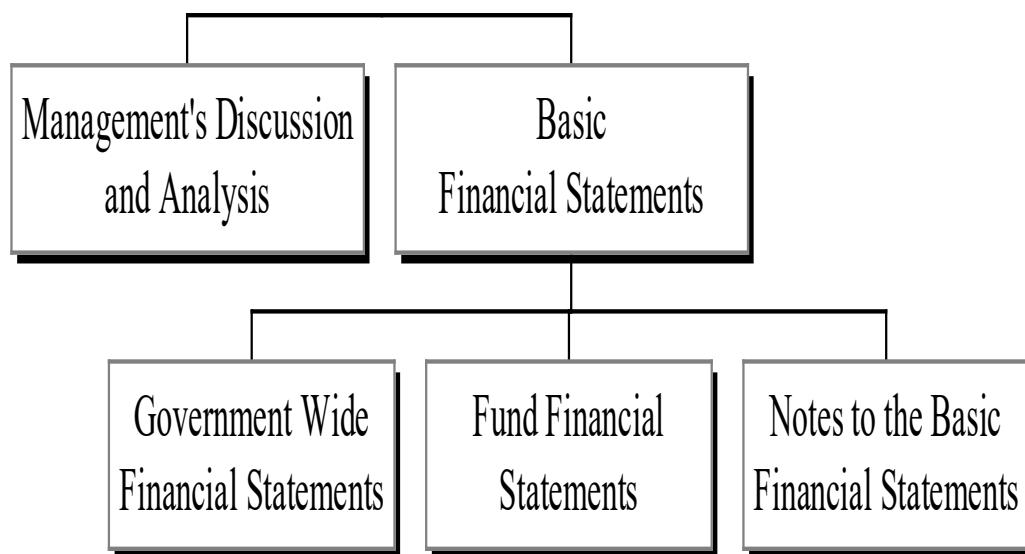
Major investments were made in the City's Street network for Fiscal Year 2021. These include the mill and overlay of Raef, Herndon, Kent, and Hoover for a total of \$293,114. In addition, improvements to Mountrose, the roundabout at Morgan Road, Perry, Maple Ln, New St and the Van Buren and Springfield realignment were also made for a total of \$582,844. Adams Avenue sidewalk also saw an investment of 49,385.

Overview of Financial Statements

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

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

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

The City uses three types of funds to manage its resources: governmental funds, enterprise funds, and internal service funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting

entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

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

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

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

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

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

Government-Wide Financial Analysis

Net position, over time, may serve as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$110,483,942 which represents an increase of \$6,246,877 from fiscal year 2020's net position.

NET POSITION

The following table reflects the condensed Statement of Net Position as of June 30, 2021.

		City of Lebanon		
		Statement of Net Position	June 30, 2021	June 30, 2020
		Governmental Activities	Business-type Activities	Totals
<u>ASSETS</u>				
Current and other assets		\$12,106,087	\$12,291,303	\$24,397,390
Restricted assets		\$-	\$74,038	\$74,038
Capital assets		\$45,090,798	\$53,302,073	\$98,392,81
Internal balances		\$(370,634)	\$370,634	\$-
Net pension asset		\$3,042,453	\$553,369	\$3,595,822
Customer service territory net of amortization		\$-	\$268,742	\$268,742
Total Assets		\$59,868,704	\$66,860,159	\$126,728,863
				\$108,604,451
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions		\$108,854	\$17,463	\$126,317
				\$898,718
<u>LIABILITIES</u>				
Current liabilities		\$70,058	\$92,670	\$162,728
Short-term debt		\$779,623	\$889,635	\$1,669,258
Customer deposits		\$2,590	\$874,762	\$877,352
Long-term debt		\$3,330,193	\$6,665,672	\$9,995,865
Net pension liability		\$-	\$-	\$-
Total Liabilities		\$4,182,464	\$8,522,739	\$12,705,203
				\$4,916,811
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred amounts related to pensions		\$2,740,017	\$926,018	\$3,666,035
				\$529,293
<u>NET POSITION</u>				
Net investment in capital assets		\$43,144,416	\$43,993,819	\$87,138,235
Unrestricted		\$2,502,346	\$13,361,008	\$15,863,354
Restricted		\$7,408,315	\$74,038	\$7,482,353
Total Net Position		\$53,055,077	\$57,428,865	\$110,483,942
				\$104,057,065

Total net position for the City was \$110,483,942 with \$53,055,077 attributed to governmental activities and \$57,428,865 attributed to business-type activities. The City's governmental activities saw an increase of \$5,512,874 over FY 2020 and the business-type activities saw an increase of \$914,003 over FY 2020. The unrestricted net position for governmental activities was \$2,502,346 a decrease of \$877,677 and for business-type activities was \$13,361,008 a decrease of \$2,363,442 over FY 2020. The increase in change in net position compared to prior years was largely attributed to an increase in capital assets and an increase to cash. This was our first full year of the Public Safety Tax.

The following table reflects the condensed revenue and expenses for the year ended June 30, 2021. These two main components are subtracted to yield the change in net position. The revenues and expenditures include the Governmental Funds (General, Street, Capital Improvement, Other Governmental, Special Revenue, and Internal Service Funds) and Enterprise Funds (Electric, Fiber Operations, Water, Sewer, and Economic Development Funds).

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

City of Lebanon
Statement of Changes in Net Position

	Governmental Activities	Business-type Activities	June 30, 2021 Totals	June 30, 2020 Totals
REVENUES				
Program revenue:				
Charges for services	\$992,954	\$31,624,045	\$32,616,999	\$31,487,911
Operating grants & contributions	\$687,555	\$111,221	\$798,776	\$603,695
Capital grants & contributions	\$1,740,938	\$-	\$1,740,938	\$544,989
General revenue:				
Real estate taxes	\$1,331,873	\$-	\$1,331,873	\$1,306,147
Sales tax	\$10,528,409	\$-	\$10,528,409	\$7,802,503
Franchise tax	\$596,814	\$-	\$596,814	\$602,440
Other taxes	\$55,877	\$-	\$55,877	\$60,459
PILOT	\$1,260,879	\$-	\$1,260,879	\$1,253,007
Interest and investment earnings	\$8,822	\$107,790	\$116,612	\$203,817
Federal interest subsidy	\$-	\$-	\$-	\$41,937
Miscellaneous	\$679,954	\$65,676	\$745,630	\$225,892
Transfers in (out)	\$102,563	\$(102,563)	\$-	\$-
Gain on sale of capital assets	\$116,684	\$43,634	\$160,318	\$74,781
Total Revenues	\$18,103,322	\$31,849,803	\$49,953,125	\$44,207,578
EXPENSES				
General government	\$2,215,393	\$-	\$2,215,393	\$2,139,985
Public safety	\$4,537,274	\$-	\$4,537,274	\$4,430,573
Parks and recreation	\$2,127,714	\$-	\$2,127,714	\$2,078,133
Tourism	\$269,545	\$-	\$269,545	\$300,401
Transportation	\$3,073,928	\$-	\$3,073,928	\$3,349,632
Economic development	\$140,535	\$-	\$140,535	\$99,993
Community development	\$149,119	\$-	\$149,119	\$246,372
Interest on long-term debt	\$76,940	\$-	\$76,940	\$30,740
Electric	\$-	\$26,263,886	\$26,263,886	\$25,424,291
Fiber operations	\$-	\$1,781,177	\$1,781,177	\$115,996
Water	\$-	\$1,997,070	\$1,997,070	\$1,708,223
Sewer	\$-	\$788,924	\$788,924	\$2,357,112
Economic development	\$-	\$104,743	\$104,743	\$803,837
Total Expenses	\$12,590,448	\$30,935,800	\$43,526,248	\$43,052,588
INCREASE (DECREASE) IN NET POSITION	\$5,512,874	\$914,003	\$6,426,877	\$1,154,990
NET POSITION, beginning of year restated	\$47,542,203	\$56,514,862	\$104,057,065	\$102,902,075
NET POSITION, end of year	\$53,055,077	\$57,428,865	\$110,483,942	\$104,057,065

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

Net Costs of Lebanon's Governmental Activities

	<u>Total Costs of Services</u>	<u>Net Costs of Services</u>
General government	\$2,215,393	(\$2,154,368)
Public safety	\$4,537,274	(\$4,432,626)
Parks and recreation	\$2,127,714	(\$1,725,405)
Tourism	\$269,545	(247,708)
Transportation	\$3,073,928	(\$399,697)
Economic development	\$140,535	(\$131,637)
Community development	\$149,119	(\$620)
Interest on long-term debt	<u>\$76,940</u>	<u>(\$76,940)</u>
TOTAL	\$12,590,448	\$(9,169,001)

For comparison in FY ending June 30, 2020, Total Cost of Services was \$12,692,829 and Net Cost of Services was \$(10,635,046).

Financial Analysis of the City's Major Funds

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

Governmental Funds

General Fund - This fund is the chief governmental operating fund of the City of Lebanon. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The General Fund includes departments of Administration, Court, Police, Fire, Cowan Civic Center, Community Building, and Recycling. All of these activities are provided to, and benefit all of the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group. At the end of the current fiscal year, the total fund balance of the General Fund was \$3,123,664, an increase of \$295,258 over the beginning balance of \$2,828,406. This fund balance is forty percent (43%) of total fund expenditures.

General Fund Budget Highlights

- Total amended budgeted revenue was \$7,374,013 and actual revenue was \$7,306,060 a difference of \$(67,953).
- Actual expenditures were under the amended budgeted amount by \$37,997.
- Actual revenue exceeded actual expenditures by \$35,409.

Street Fund - This fund is established pursuant to the Missouri Constitution Article IV, Section 30(a)(2) [State Gas Tax], Revised Missouri Statutes 94.745 (City ½ cent sales tax). It is used for transportation purposes within the City of Lebanon. This fund provides for the maintenance and expansion of transportation needs of our citizens. Included in this fund are repair and maintenance of existing public road system, upgrades to local transportation system. At the end of the fiscal year, total fund balance of the Street Fund was \$2,295,089, an increase of \$708,816 over the beginning balance of \$1,586,273. This fund balance represents eighty-two percent (82%) of total revenue. \$550,000 of that balance is money from a lease purchase financing to complete improvements to Elm Street. The fund balance will be used for reserves and committed projects as our Street department continues to move forward projects.

Capital Improvement Fund - This fund is established as required under the Revised Missouri Statutes 94.577. The monies collected here are from a ½ cent sales tax. These funds are used for capital infrastructure and recreational projects. Public Safety, Civic Center improvements and Parks projects were financed from the Capital Improvement Fund. At the close of the current fiscal year, the City of Lebanon's Capital Improvement Fund reported an ending fund balance of \$1,344,982, an increase of \$207,834 over the beginning balance of \$1,137,148. This fund has no requirement to have an operational reserve.

Other Governmental Funds - The Parks and Recreation, Tourism (Lodging Tax), Airport, Public Safety and Downtown Business District, are nonmajor funds for the City. These funds have a dedicated revenue source and are required to be separated from other governmental activity. The funds combined have a beginning fund balance of \$931,252 and an ending fund balance of \$3,797,340, an increase of \$2,866,088. This increase is due in part to the Public Safety Fund and the tax that was passed in April of 2020. An individual breakdown of the funds beginning and ending balances are listed below.

Fund	Fund Balance	Fund Balance
	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Airport	\$-	\$-
Special Revenue Funds		
Public Safety	\$139,504	\$3,142,413
Downtown Business District	\$69,242	\$76,235
Parks and Recreation	\$622,687	\$549,596
Tourism (Lodging Tax)	\$99,819	\$29,096

Proprietary Funds

Electric Fund - This fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of these funds. At the end of the fiscal year, the total net position of the Electric Fund (80) was \$22,507,119 a decrease of \$1,177,403 over the beginning net position of \$23,684,522. The operating unrestricted cash is \$8,340,134 a decrease of \$3,230,736 from fiscal year 2020 ending operating unrestricted cash of \$11,548,870. The Due from Other Funds is \$406,452 and Advanced to Other Funds is \$1,347,419 for a total accounts receivable of \$1,753,871. Other assets include Capital Assets of \$13,436,599. The operating income for Fiscal Year 2020 was a loss of \$1,026,716. For Fiscal Year 2021 the Electric Fund operating income showed a loss of \$1,448,877.

Fiber Operations Fund - The total net position of the Fiber Operations Fund (83) was \$196,397 a decrease of \$45,280 over a beginning net position of \$241,677.

Water Fund - The Water Fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the Water Fund. At the end of the fiscal year, the total net position of the Water Fund was \$6,778,358 a decrease of \$22,922 over the beginning net position of \$6,801,280. The unrestricted cash balance in the operating fund at year-end was \$1,155,241 an increase from fiscal year 2020 cash balance of \$803,293. The other assets which make up the total assets are Customer service territory (PWSD #3) \$268,742; and Capital Assets \$6,506,965.

Sewer Fund - The Sewer Fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the Sewer Fund. At the end of the current fiscal year, the total net position of the Sewer Fund was \$13,008,417, an increase of \$1,998,565 over the beginning balance of \$11,009,852. The total liabilities are \$6,592,536 and the total unrestricted cash balance is \$1,761,455. Other assets include Restricted Investments \$66,919 and Capital Assets \$17,874,774.

Economic Development Fund - The Economic Development Fund is based on rents received. At the end of the Fiscal Year 2021, the total assets of the Economic Development Fund were \$16,321,811 which consists of: 1)

\$979,935 in cash and cash equivalents; and 2) \$15,341,876 in capitalized assets. The total net position ending balance is \$14,568,864, an increase of \$133,224 over the beginning balance of \$14,435,640. The Due to other funds balance is \$405,528 and the Advance from other funds balance is \$1,347,419.

Internal Service Funds

Community Development and Internal Service Funds - These funds are made of the internal services to the City. These departments provide services not related to a fund, rather an activity. Community Development (Fund 50) is a general function of governmental activity and is mostly funded by the General Fund. The exception to this is any revenue generated for subdivision development as governed by the City Municipal Code. Additionally, charges for services will offset any expenditures and subsequent charges to other funds. The net position of this fund ending Fiscal Year 2021 is \$130,835 a decrease of \$4,175 over Fiscal Year 2020's net position of \$135,010.

The Internal Service Fund (Fund 60) is made up of the following departments, Garage, Warehouse, Purchasing Information Technology, Facilities Management, and Janitorial. Charges for services are the offset to the expenses in this fund, and therefore do not maintain a cash fund balance; however, assets and pension liabilities are assigned to this fund which will impact the net position either positively or negatively. The ending net position is \$774,190. The operating expenditures in Fiscal Year 2021 were \$1,011,606 which represents a decrease over last year's operating expenditures of \$1,047,461.

Employee Benefits Fund - The Fund is based on premiums collected through payroll deductions. This fund manages the City's health insurance program along with other benefits provided by the City. It does have a net position, as it collects revenue through premiums and pays claims and other liabilities. This is a balance that should be monitored when reviewing the rates for employee premiums. The fund had a beginning net position of \$1,253,959 and an ending net position of \$1,343,727 an increase of \$89,768. The current net position is approximately thirty-four (34%) percent of revenues.

Capital Asset and Debt Administration

Long-term Contracts

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

Capital Asset

The City of Lebanon's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to approximately \$17 million. This covers a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and electric, water and sewer facilities. The City's Fiscal Year 2021 capital budget calls for spending \$10.7 million for capital projects.

City of Lebanon Capital Assets Fiscal Year 2021

	Governmental			Business-type			Total		
	Activities			Activities			Activities		
	Beginning	Ending	% Change	Beginning	Ending	% Change	Beginning	Ending	% Change
Buildings	\$34,489,870	\$34,809,846	0.9%	\$49,297,662	\$50,079,003	1.6%	\$83,787,532	\$84,888,849	1.3%
Improvements other than buildings	\$5,107,688	\$5,107,688	0.0%	\$708,644	\$708,644	0.0%	\$5,816,332	\$5,816,332	0.0%
Land	\$346,341	\$400,685	15.7%	\$88,173	\$88,173	0.0%	\$434,514	\$488,858	12.5%
Machinery & equipment	\$2,564,073	\$2,726,534	6.3%	\$5,092,381	\$5,980,394	17.4%	\$7,656,454	\$8,706,928	13.7%
Furniture and Fixtures	\$0	\$64,500	-	\$0	\$0	-	\$0	\$64,500	-
Vehicles	\$5,353,489	\$5,491,927	2.6%	\$3,528,423	\$4,000,348	13.4%	\$8,881,912	\$9,492,275	6.9%
Infrastructure	\$16,536,626	\$17,482,190	5.7%	\$15,119,428	\$15,126,129	0.0%	\$31,656,054	\$32,608,319	3.0%
Construction in progress	\$4,836,874	\$9,345,328	93.2%	\$5,610,655	\$13,737,644	144.8%	\$10,447,529	\$23,082,972	120.9%
Less Accumulated Depreciation	\$28,444,674	\$30,337,900	6.7%	\$34,352,576	\$36,418,262	6.0%	\$62,797,250	\$66,756,162	6.3%
Total	\$40,790,287	\$45,090,798	10.5%	\$45,092,790	\$53,302,073	18.2%	\$85,883,077	\$98,392,871	14.6%

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

Debt Administration

At the end of the current fiscal year, the City of Lebanon had \$11,665,123 in outstanding debt consisting of Certificates of Participation (COP) Series 2020 and several capital leases. All the debt was secured by specific revenue sources. The City of Lebanon has due within one year a total of \$1,669,258 of outstanding obligations.

City of Lebanon Outstanding Debt--June 30, 2021

Governmental Activities	
Certificate of participation	\$1,519,244
Capital Lease	\$2,590,572
Total Governmental Activities	\$4,109,816
<hr/>	
Business-type Activities	
Certificates of Participation	\$6,694,755
Capital Lease	\$860,552
Total Business-type Activities	\$7,555,307
<hr/>	
TOTAL INDEBTEDNESS	\$11,665,123

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

City of Lebanon Inter-fund Loans---June 30, 2021

Economic Development Activities

Project	Amount	Due	Payable Fund
DTMP Phase I	\$1,249,396	2024	Economic Development
DTMP Phase II	\$503,551	2028	Economic Development
Total Inter-fund loans outstanding for Economic Activities			\$1,752,947

Economic Factors and next Year's Budget and Rates

The City's priorities remain focused on 1) addressing traffic flow, 2) improving code enforcement services, and 3) maintenance of city streets and buildings. Lebanon's manufacturing base continues to be strong, and the City continues to put forth investment in economic development. The housing market has responded to Council's focus on increased housing options. The City has plans in the works to provide more housing to our community. In the Fiscal Year 2022 budget, the City has continued to plan conservatively, given the uncertainty with the global and local impact of COVID-19. The City projected revenue's flat, particularly sales tax revenue, and adjusted expenses accordingly, despite the increase in sales tax the City saw in Fiscal Year 2021. The local economy continues to thrive despite the global pandemic. Management continues to monitor the situation to protect the City for the downward trend that tends to accompany these scenarios. Management's plan is to invest the increase in sales tax in one-time expenditures if there is a return to normal trends. The City remains in a healthy position as our goal has focused on monitoring fund balances of all funds and sound fiscal practices. Fiscal Year 2022 will see a new tax, a half (1/2) cent Parks/Stormwater Tax, which will support the continued increasing costs of our Parks system and allow the City to respond to our stormwater needs. The Capital Improvement plan will experience a measurable shift during the 2022 fiscal year as we continue to work towards delivering projects, which the Community supported, as part of the Capital Improvement Sales Tax renewal. The City regularly monitors the net operating income of its major utilities to ensure fiscal responsibility in the management of these public assets. The May 2020 storm and the severe cold weather experienced in 2021 caused the Electric Fund to dip into its cash balances compared to years past. The City is actively engaged in monitoring and renewing those balances to ensure fiscal health, one of those being a large reimbursement from FEMA for the storm damage. The City pursues maintaining adequate funding for health insurance to allow for maximum flexibility to offset any increases. The Fiscal Year 2022 budget reflects sustained health of the fund balance, which has allowed us to provide an increased benefit on the health insurance and deferred compensation for employees. The City continues to invest its resources in long-term, large scale projects; such as the investments in system improvements for electric, wastewater and water utilities, street improvements and expansion of our public safety resources. These investments should allow the City to see savings in operations and improved services in future years. Additionally, the City will continue the acquisition of certain capital equipment through lease purchase financing. Fiscal Year 2021 allowed us to utilize lease financing to purchase much needed equipment at record low rates and keep ahead of inflation. Finally, the issuance of lease obligations to finance the improvement of flow capacity increases to our wastewater treatment system was passed at the end of 2020. The City began work on these improvements at the end of Fiscal Year 2020 and should see the project finished up in Fiscal Year 2022 as it is near completion. Additionally, financing for projects from the Capital Fund and maintenance of existing City buildings were financed as well and should be completed in Fiscal Year 2022. This allowed us to move forward with projects as promised. As we continue to form clear Council goals, formed through community engagement, and look at our financials on a long-term outlook, our ability to deliver the services our customers desire will vastly improve.

Request for Information

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

CITY OF LEBANON, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	Primary Government			
	Governmental Activities	Business-type Activities	2021 Total	2020 Total
ASSETS				
Cash and cash equivalents	\$ 9,510,642	4,603,819	14,114,461	14,446,941
Investments	2,483,750	7,687,484	10,171,234	7,928,106
Inventory	111,695	-	111,695	66,354
Restricted investments	-	74,038	74,038	952
Customer service territory, net of amortization	-	268,742	268,742	279,021
Internal balances	(370,634)	370,634	-	-
Net pension asset	3,042,453	553,369	3,595,822	-
Capital assets:				
Land and construction in progress	9,746,013	13,825,817	23,571,830	10,882,043
Other capital assets, net of accumulated depreciation	35,344,785	39,476,256	74,821,041	75,001,034
Total Assets	<u>59,868,704</u>	<u>66,860,159</u>	<u>126,728,863</u>	<u>108,604,451</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>108,854</u>	<u>17,463</u>	<u>126,317</u>	<u>898,718</u>
LIABILITIES				
Due to others	70,058	92,670	162,728	129,598
Customer deposits payable	2,590	874,762	877,352	859,561
Noncurrent liabilities:				
Due within one year	779,623	889,635	1,669,258	739,316
Due in more than one year	3,330,193	6,665,672	9,995,865	1,716,228
Due in more than one year - net pension liability	-	-	-	1,472,108
Total Liabilities	<u>4,182,464</u>	<u>8,522,739</u>	<u>12,705,203</u>	<u>4,916,811</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>2,740,017</u>	<u>926,018</u>	<u>3,666,035</u>	<u>529,293</u>
NET POSITION				
Net investment in capital assets	43,144,416	43,993,819	87,138,235	81,288,796
Restricted for:				
Debt service	-	74,038	74,038	952
Parks and recreation	549,596	-	549,596	622,358
Transportation	2,295,089	-	2,295,089	1,686,092
Economic development	76,235	-	76,235	69,242
Capital improvements	1,344,982	-	1,344,982	1,145,648
Public safety	3,142,413	-	3,142,413	139,504
Unrestricted	<u>2,502,346</u>	<u>13,361,008</u>	<u>15,863,354</u>	<u>19,104,473</u>
Total Net Position	<u>\$ 53,055,077</u>	<u>57,428,865</u>	<u>110,483,942</u>	<u>104,057,065</u>

CITY OF LEBANON, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Primary Government	Net Revenues (Expenses) And Changes In Net Position						2021 Total	2020 Total		
		Program Revenues			Primary Government						
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities					
		Expenses									
FUNCTIONS/PROGRAMS											
Primary Government											
Governmental Activities											
General government		\$ 2,215,393	39,113	15,912	6,000	(2,154,368)	-	(2,154,368)	(2,108,174)		
Public safety		4,537,274	74,217	30,431	-	(4,432,626)	-	(4,432,626)	(4,296,760)		
Parks and recreation		2,127,714	389,902	12,407	-	(1,725,405)	-	(1,725,405)	(1,744,588)		
Tourism		269,545	-	21,837	-	(247,708)	-	(247,708)	(288,769)		
Transportation		3,073,928	332,325	606,968	1,734,938	(399,697)	-	(399,697)	(1,993,787)		
Economic development		140,535	8,898	-	-	(131,637)	-	(131,637)	(93,964)		
Community development		149,119	148,499	-	-	(620)	-	(620)	(78,264)		
Interest and issuance costs on long-term debt		76,689	-	-	-	(76,689)	-	(76,689)	(30,740)		
Total Governmental Activities		<u>12,590,197</u>	<u>992,954</u>	<u>687,555</u>	<u>1,740,938</u>	<u>(9,168,750)</u>	<u>-</u>	<u>(9,168,750)</u>	<u>(10,635,046)</u>		
Business-type Activities											
Electric		26,263,886	24,781,151	87,601	-	-	(1,395,134)	(1,395,134)	(772,739)		
Water		1,781,177	1,770,856	2,374	-	-	(7,947)	(7,947)	64,941		
Sewer		1,997,070	3,908,834	21,246	-	-	1,933,010	1,933,010	627,450		
Economic development		788,924	1,103,741	-	-	-	314,817	314,817	366,093		
Fiber operations		104,743	59,463	-	-	-	(45,280)	(45,280)	(66,692)		
Total Business-type Activities		<u>30,935,800</u>	<u>31,624,045</u>	<u>111,221</u>	<u>-</u>	<u>-</u>	<u>799,466</u>	<u>799,466</u>	<u>219,053</u>		
Total Primary Government		<u>\$ 43,525,997</u>	<u>32,616,999</u>	<u>798,776</u>	<u>1,740,938</u>	<u>(9,168,750)</u>	<u>799,466</u>	<u>(8,369,284)</u>	<u>(10,415,993)</u>		
General Revenues											
Taxes:											
Sales tax						10,528,409	-	10,528,409	7,802,503		
Property tax						1,331,873	-	1,331,873	1,306,147		
Franchise fees						596,814	-	596,814	602,440		
PILOTs						1,260,879	-	1,260,879	1,253,007		
Other taxes						55,877	-	55,877	60,459		
Investment income						8,822	107,790	116,612	203,817		
Federal interest subsidy						-	-	-	41,937		
Gain on sale of capital assets						116,684	43,634	160,318	74,781		
Other						679,703	65,676	745,379	225,892		
Transfers						102,563	(102,563)	-	-		
Total General Revenues And Transfers						<u>14,681,624</u>	<u>114,537</u>	<u>14,796,161</u>	<u>11,570,983</u>		
CHANGE IN NET POSITION						5,512,874	914,003	6,426,877	1,154,990		
NET POSITION, JULY 1 AS RESTATED						<u>47,542,203</u>	<u>56,514,862</u>	<u>104,057,065</u>	<u>102,902,075</u>		
NET POSITION, JUNE 30						<u>\$ 53,055,077</u>	<u>57,428,865</u>	<u>110,483,942</u>	<u>104,057,065</u>		

CITY OF LEBANON, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	General	Street	Capital Improvement	Other Governmental Funds	Totals	
					2021	2020
ASSETS						
Cash and cash equivalents	\$ 2,810,739	1,745,075	1,344,978	2,187,245	8,088,037	6,119,541
Investments	320,312	550,027	4	1,613,407	2,483,750	317,410
Due from other funds	45,773	-	-	-	45,773	74,029
Inventory	-	-	-	57,045	57,045	27,304
Total Assets	\$ 3,176,824	2,295,102	1,344,982	3,857,697	10,674,605	6,538,284
LIABILITIES						
Due to others	\$ 53,160	13	-	11,070	64,243	32,113
Customer deposit payable	-	-	-	2,590	2,590	2,725
Due to other funds	-	-	-	46,697	46,697	20,367
Total Liabilities	53,160	13	-	60,357	113,530	55,205
FUND BALANCES						
Nonspendable:						
Inventory	-	-	-	57,045	57,045	27,304
Restricted for:						
Parks and recreation	-	-	-	549,596	549,596	622,358
Public safety	-	-	-	3,142,413	3,142,413	139,504
Transportation	-	2,295,089	-	-	2,295,089	1,586,273
Economic development	-	-	-	76,235	76,235	69,242
Capital improvements	-	-	1,344,982	-	1,344,982	1,137,148
Assigned for:						
Subsequent year's budget - appropriation of fund balance	949,950	-	-	-	949,950	950,125
Tourism	-	-	-	29,096	29,096	99,819
Unassigned	2,173,714	-	-	(57,045)	2,116,669	1,851,306
Total Fund Balances	3,123,664	2,295,089	1,344,982	3,797,340	10,561,075	6,483,079
Total Liabilities And Fund Balances	\$ 3,176,824	2,295,102	1,344,982	3,857,697	10,674,605	6,538,284

See notes to financial statements

CITY OF LEBANON, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021

Total Fund Balances - Governmental Funds \$ 10,561,075

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$75,428,698 and the accumulated depreciation is \$30,337,900. 45,090,798

Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position - modified cash basis. 1,101,730

Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:

Net pension liability	3,042,453
Deferred outflows related to pensions	108,854
Deferred inflows related to pensions	(2,740,017)

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

Bonds payable	(1,519,244)
Lease purchase agreement	(609,066)
Capital leases	<u>(1,981,506)</u>

Total Net Position Of Governmental Activities \$ 53,055,077

CITY OF LEBANON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	General	Street	Capital Improvement	Other Governmental Funds	Totals	
					2021	2020
REVENUES						
Sales tax	\$ 4,248,632	2,058,704	2,058,107	2,162,966	10,528,409	7,802,503
Property tax	652,145	-	-	679,728	1,331,873	1,306,147
Franchise fees	596,814	-	-	-	596,814	602,440
PILOTs	1,260,879	-	-	-	1,260,879	1,253,007
Other taxes	55,877	606,968	-	-	662,845	631,311
Intergovernmental	52,343	138,407	-	1,630,775	1,821,525	567,832
Licenses and permits	36,048	-	-	-	36,048	16,187
Fines and forfeitures	72,748	-	-	-	72,748	122,381
Charges for services	203,624	-	-	533,030	736,654	603,923
Investment income	8,788	29	5	27	8,849	29,721
Other	118,162	427	39,499	52,343	210,431	139,914
Total Revenues	<u>7,306,060</u>	<u>2,804,535</u>	<u>2,097,611</u>	<u>5,058,869</u>	<u>17,267,075</u>	<u>13,075,366</u>
EXPENDITURES						
Current:						
General government	2,188,844	-	-	-	2,188,844	2,017,837
Public safety	4,299,555	-	-	278,665	4,578,220	4,304,632
Parks and recreation	469,975	-	-	810,940	1,280,915	1,165,902
Tourism					282,129	282,129
Transportation	-	1,784,077	-	481,842	2,265,919	2,105,488
Economic development	36,845	-	-	67,632	104,477	57,685
Capital outlay	275,432	1,238,829	3,036,187	2,370,141	6,920,589	3,992,326
Debt service:						
Principal	-	103,885	255,000	86,822	445,707	63,817
Interest	-	5,188	21,817	6,177	33,182	6,522
Debt issuance costs	-	-	43,508	-	43,508	24,218
Total Expenditures	<u>7,270,651</u>	<u>3,131,979</u>	<u>3,356,512</u>	<u>4,384,348</u>	<u>18,143,490</u>	<u>14,037,993</u>
REVENUES OVER (UNDER) EXPENDITURES	35,409	(327,444)	(1,258,901)	674,521	(876,415)	(962,627)
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt	-	717,074	1,676,687	1,879,311	4,273,072	156,623
Sale of capital assets	41,493	64,230	-	3,812	109,535	36,565
Insurance recoveries	220,940	4,956	240,048	3,297	469,241	39,382
Transfers in	-	250,000	-	305,147	555,147	423,227
Transfers out	(2,584)	-	(450,000)	-	(452,584)	(202,631)
Total Other Financing Sources (Uses)	<u>259,849</u>	<u>1,036,260</u>	<u>1,466,735</u>	<u>2,191,567</u>	<u>4,954,411</u>	<u>453,166</u>
NET CHANGE IN FUND BALANCES	295,258	708,816	207,834	2,866,088	4,077,996	(509,461)
FUND BALANCES, JULY 1 AS RESTATED	2,828,406	1,586,273	1,137,148	931,252	6,483,079	6,992,540
FUND BALANCES, JUNE 30	\$ 3,123,664	2,295,089	1,344,982	3,797,340	10,561,075	6,483,079

CITY OF LEBANON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Net Change In Fund Balances - Governmental Funds \$ 4,077,996

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$6,567,136) exceeded depreciation (\$2,259,476) in the current period. 4,307,660

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to increase (decrease) net position. (7,149)

Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The net revenues (expense) of the certain activities of the Internal Service Funds are reported with governmental activities in the statement of activities - modified cash basis. 97,652

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

Issuances:

Proceeds from bond issuance	(1,617,621)
Proceeds from issuance of capital lease	(2,641,398)

Repayments:

Certificates of participation	255,000
Principal payments on capital leases	176,654

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expense	864,080
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Change In Net Position Of Governmental Activities \$ 5,512,874

CITY OF LEBANON, MISSOURI
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
 JUNE 30, 2021
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	Business-type Activities							Internal Service Funds	Totals	
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	2021		2020	
ASSETS										
Current Assets										
Cash and cash equivalents	\$ 1,453,431	834,929	1,280,986	979,935	54,538	4,603,819	1,422,605	6,026,424	8,327,400	
Investments	6,886,703	320,312	480,469	-	-	7,687,484	-	7,687,484	7,610,696	
Due from other funds	406,452	-	-	-	-	406,452	-	406,452	399,080	
Inventory	-	-	-	-	-	-	54,650	54,650	39,050	
Total Current Assets	<u>8,746,586</u>	<u>1,155,241</u>	<u>1,761,455</u>	<u>979,935</u>	<u>54,538</u>	<u>12,697,755</u>	<u>1,477,255</u>	<u>14,175,010</u>	<u>16,376,226</u>	
Noncurrent Assets										
Capital assets:										
Land and construction in progress	5,482,478	424,320	7,649,321	216,744	52,954	13,825,817	39,714	13,865,531	5,722,667	
Other capital assets, net of accumulated depreciation	<u>7,954,121</u>	<u>6,082,645</u>	<u>10,225,453</u>	<u>15,125,132</u>	<u>88,905</u>	<u>39,476,256</u>	<u>862,822</u>	<u>40,339,078</u>	<u>40,303,738</u>	
Total Capital Assets	<u>13,436,599</u>	<u>6,506,965</u>	<u>17,874,774</u>	<u>15,341,876</u>	<u>141,859</u>	<u>53,302,073</u>	<u>902,536</u>	<u>54,204,609</u>	<u>46,026,405</u>	
Net pension asset	298,802	95,351	159,216	-	-	553,369	195,093	748,462	-	
Advance to other funds	1,347,419	-	-	-	-	1,347,419	-	1,347,419	1,752,947	
Restricted investments	-	7,119	66,919	-	-	74,038	-	74,038	952	
Customer service territory, net of amortization	-	268,742	-	-	-	268,742	-	268,742	279,021	
Total Noncurrent Assets	<u>15,082,820</u>	<u>6,878,177</u>	<u>18,100,909</u>	<u>15,341,876</u>	<u>141,859</u>	<u>55,545,641</u>	<u>1,097,629</u>	<u>56,643,270</u>	<u>48,059,325</u>	
Total Assets	<u>23,829,406</u>	<u>8,033,418</u>	<u>19,862,364</u>	<u>16,321,811</u>	<u>196,397</u>	<u>68,243,396</u>	<u>2,574,884</u>	<u>70,818,280</u>	<u>64,435,551</u>	
DEFERRED OUTFLOWS OF RESOURCES										
Deferred amounts related to pensions	9,429	3,009	5,025	-	-	17,463	6,156	23,619	300,993	
LIABILITIES										
Current Liabilities										
Customer deposits payable	680,702	194,060	-	-	-	874,762	-	874,762	856,836	
Due to others	92,670	-	-	-	-	92,670	5,815	98,485	97,485	
Due to other funds	-	-	-	405,528	-	405,528	-	405,528	452,742	
Debt payable - current	28,745	101,932	758,958	-	-	889,635	-	889,635	517,008	
Total Current Liabilities	<u>802,117</u>	<u>295,992</u>	<u>758,958</u>	<u>405,528</u>	<u>-</u>	<u>2,262,595</u>	<u>5,815</u>	<u>2,268,410</u>	<u>1,924,071</u>	
Noncurrent Liabilities										
Advance from other funds	-	-	-	1,347,419	-	1,347,419	-	1,347,419	1,752,947	
Net pension liability	-	-	-	-	-	-	-	-	1,094,409	
Debt payable	29,578	802,516	5,833,578	-	-	6,665,672	-	6,665,672	1,656,085	
Total Noncurrent Liabilities	<u>29,578</u>	<u>802,516</u>	<u>5,833,578</u>	<u>1,347,419</u>	<u>-</u>	<u>8,013,091</u>	<u>-</u>	<u>8,013,091</u>	<u>4,503,441</u>	
Total Liabilities	<u>831,695</u>	<u>1,098,508</u>	<u>6,592,536</u>	<u>1,752,947</u>	<u>-</u>	<u>10,275,686</u>	<u>5,815</u>	<u>10,281,501</u>	<u>6,427,512</u>	
DEFERRED INFLOWS OF RESOURCES										
Deferred amounts related to pensions	500,021	159,561	266,436	-	-	926,018	326,473	1,252,491	85,571	
NET POSITION										
Net investment in capital assets	13,378,276	5,602,517	11,282,238	13,588,929	141,859	43,993,819	902,536	44,896,355	41,714,575	
Restricted for debt service	-	7,119	66,919	-	-	74,038	-	74,038	952	
Unrestricted	9,128,843	1,168,722	1,659,260	979,935	54,538	12,991,298	1,346,216	14,337,514	16,507,934	
Total Net Position	<u>\$ 22,507,119</u>	<u>6,778,358</u>	<u>13,008,417</u>	<u>14,568,864</u>	<u>196,397</u>	<u>57,059,155</u>	<u>2,248,752</u>	<u>59,307,907</u>	<u>58,223,461</u>	
Adjustment to reflect the consolidation of the Internal Service Funds' activities related to Enterprise Funds	175,707	83,440	110,563	-	-	369,710				
Net Position Of Business-type Activities	<u>\$ 22,682,826</u>	<u>6,861,798</u>	<u>13,118,980</u>	<u>14,568,864</u>	<u>196,397</u>	<u>57,428,865</u>				

CITY OF LEBANON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities						Internal Service Funds	Totals		
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds				
								2021	2020	
OPERATING REVENUES										
Charges for services	\$ 24,781,151	1,770,856	3,908,834	1,103,741	59,463	31,624,045	5,494,406	37,118,451	35,569,803	
Licenses and permits	-	-	-	-	-	-	56,829	56,829	89,624	
Other	35,803	3,645	2,622	19,146	-	61,216	3,998	65,214	32,962	
Total Operating Revenues	<u>24,816,954</u>	<u>1,774,501</u>	<u>3,911,456</u>	<u>1,122,887</u>	<u>59,463</u>	<u>31,685,261</u>	<u>5,555,233</u>	<u>37,240,494</u>	<u>35,692,389</u>	
OPERATING EXPENSES										
PILOTS	1,172,224	84,732	-	-	3,924	1,260,880	-	1,260,880	1,253,007	
Personnel costs	1,895,234	696,604	1,009,239	15,000	31,096	3,647,173	4,929,508	8,576,681	8,677,576	
Operations and maintenance	22,518,336	634,531	296,425	-	63,215	23,512,507	331,462	23,843,969	22,845,090	
Economic development	-	-	-	170,196	-	170,196	-	170,196	185,111	
Depreciation	680,037	313,752	591,092	603,728	6,508	2,195,117	111,083	2,306,200	2,279,227	
Total Operating Expenses	<u>26,265,831</u>	<u>1,729,619</u>	<u>1,896,756</u>	<u>788,924</u>	<u>104,743</u>	<u>30,785,873</u>	<u>5,372,053</u>	<u>36,157,926</u>	<u>35,240,011</u>	
OPERATING INCOME (LOSS)										
	<u>(1,448,877)</u>	<u>44,882</u>	<u>2,014,700</u>	<u>333,963</u>	<u>(45,280)</u>	<u>899,388</u>	<u>183,180</u>	<u>1,082,568</u>	<u>452,378</u>	
NONOPERATING REVENUES (EXPENSES)										
Investment income	98,307	4,294	5,189	-	-	107,790	232	108,022	185,078	
Intergovernmental revenue	87,601	2,662	23,579	-	-	113,842	-	113,842	51,937	
Insurance recoveries	-	1,456	-	-	-	1,456	-	1,456	16,777	
Gain (loss) on disposal of capital assets	(10,492)	(33,441)	43,634	-	-	(299)	14,850	14,551	54,261	
Interest income (expense) on interfund loan	98,559	-	-	(98,176)	-	383	-	383	985	
Debt issuance costs	-	(2,593)	(24,334)	-	-	(26,927)	-	(26,927)	(80,883)	
Interest expense and fees	(2,501)	(20,712)	(83,673)	-	-	(106,886)	-	(106,886)	(160,638)	
Total Nonoperating Revenues (Expenses)	<u>271,474</u>	<u>(48,334)</u>	<u>(35,605)</u>	<u>(98,176)</u>	<u>-</u>	<u>89,359</u>	<u>15,082</u>	<u>104,441</u>	<u>67,517</u>	
INCOME (LOSS) BEFORE TRANSFERS										
	<u>(1,177,403)</u>	<u>(3,452)</u>	<u>1,979,095</u>	<u>235,787</u>	<u>(45,280)</u>	<u>988,747</u>	<u>198,262</u>	<u>1,187,009</u>	<u>519,895</u>	
Transfers in	-	-	19,470	-	-	19,470	-	19,470	125,000	
Transfers out	-	<u>(19,470)</u>	-	<u>(102,563)</u>	-	<u>(122,033)</u>	-	<u>(122,033)</u>	<u>(345,596)</u>	
CHANGE IN NET POSITION										
	<u>(1,177,403)</u>	<u>(22,922)</u>	<u>1,998,565</u>	<u>133,224</u>	<u>(45,280)</u>	<u>886,184</u>	<u>198,262</u>	<u>1,084,446</u>	<u>299,299</u>	
NET POSITION, JULY 1 AS RESTATED	<u>23,684,522</u>	<u>6,801,280</u>	<u>11,009,852</u>	<u>14,435,640</u>	<u>241,677</u>	<u>56,172,971</u>	<u>2,050,490</u>	<u>58,223,461</u>	<u>57,924,162</u>	
NET POSITION, JUNE 30	<u>\$ 22,507,119</u>	<u>6,778,358</u>	<u>13,008,417</u>	<u>14,568,864</u>	<u>196,397</u>	<u>57,059,155</u>	<u>2,248,752</u>	<u>59,307,907</u>	<u>58,223,461</u>	
Adjustment to reflect the consolidation of the Internal Service Funds' activities related to Enterprise Funds	<u>14,938</u>	<u>5,188</u>	<u>7,693</u>	<u>-</u>	<u>-</u>	<u>27,819</u>				
Change In Net Position Of Business-type Activities	<u>\$ (1,162,465)</u>	<u>(17,734)</u>	<u>2,006,258</u>	<u>133,224</u>	<u>(45,280)</u>	<u>914,003</u>				

See notes to financial statements

CITY OF LEBANON, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities					Total Enterprise Funds	Internal Service Funds		
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations				
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS									
Cash flows from operating activities:									
Receipts from customers and users	\$ 24,812,316	1,757,617	3,908,834	1,103,741	59,463	31,641,971	148,499		
Receipts from interfund charges	-	-	-	-	-	-	5,402,736		
Payments to suppliers	(22,516,097)	(634,531)	(296,425)	(170,196)	(63,215)	(23,680,464)	(347,062)		
Payments to employees for salaries and benefits	(2,047,382)	(762,483)	(1,085,919)	(15,000)	(31,096)	(3,941,880)	(5,034,617)		
Payments to other funds for services provided	(1,172,224)	(84,732)	-	-	(3,924)	(1,260,880)	-		
Other receipts	35,803	3,645	2,622	19,146	-	61,216	3,998		
Net Cash Provided By (Used In) Operating Activities	(887,584)	279,516	2,529,112	937,691	(38,772)	2,819,963	173,554		
Cash flows from noncapital financing activities:									
Due to/from other funds	(7,372)	-	-	19,738	-	12,366	(66,952)		
Advance to/from other funds	405,528	-	-	(405,528)	-	-	-		
Interest received (paid) on advance from other funds	98,559	-	-	(98,176)	-	383	-		
Transfer from (to) other funds	-	-	-	(102,563)	-	(102,563)	-		
Net Cash Provided By (Used In) Noncapital Financing Activities	496,715	-	-	(586,529)	-	(89,814)	(66,952)		
Cash flows from capital and related financing activities:									
Insurance recoveries	22,626	1,456	-	-	-	24,082	-		
Intergovernmental grants received	87,601	2,662	23,579	-	-	113,842	-		
Acquisition and construction of capital assets	(2,995,965)	(604,384)	(6,904,279)	-	-	(10,504,628)	(80,004)		
Proceeds from sale of capital assets	-	32,436	44,868	-	-	77,304	14,850		
Proceeds from issuance of long-term debt	-	707,589	5,687,952	-	-	6,395,541	-		
Principal payments on long-term debt	(27,935)	(60,071)	(925,322)	-	-	(1,013,328)	-		
Debt issuance costs	-	(2,593)	(24,334)	-	-	(26,927)	-		
Interest paid on long-term debt	(2,501)	(10,433)	(83,673)	-	-	(96,607)	-		
Net Cash Used In Capital And Related Financing Activities	(2,916,174)	66,662	(2,181,209)	-	-	(5,030,721)	(65,154)		
Cash flows from investing activities:									
Investment income	98,307	4,294	5,189	-	-	107,790	232		
Change in investments	(68,789)	(10,224)	(70,861)	-	-	(149,874)	-		
Net Cash Provided By Investing Activities	29,518	(5,930)	(65,672)	-	-	(42,084)	232		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,277,525)	340,248	282,231	351,162	(38,772)	(2,342,656)	41,680		
CASH AND CASH EQUIVALENTS, JULY 1	4,730,956	494,681	998,755	628,773	93,310	6,946,475	1,380,925		
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 1,453,431	834,929	1,280,986	979,935	54,538	4,603,819	1,422,605		

CITY OF LEBANON, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	Business-type Activities						
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds
Operating income (loss)	\$ (1,448,877)	44,882	2,014,700	333,963	(45,280)	899,388	183,180
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	680,037	313,752	591,092	603,728	6,508	2,195,117	111,083
(Increase) decrease in:							
Inventory	-	-	-	-	-	-	(15,600)
Net pension asset	(727,032)	(253,576)	(381,930)	-	-	(1,362,538)	(480,333)
Deferred outflows related to pensions	108,346	147,190	249,022	-	-	504,558	304,170
Increase (decrease) in:							
Due to others	2,239	-	-	-	-	2,239	(1,239)
Customer deposits payable	31,165	(13,239)	-	-	-	17,926	-
Deferred inflows related to pensions	466,538	40,507	56,228	-	-	563,273	72,293
Total Adjustments	561,293	234,634	514,412	603,728	6,508	1,920,575	(9,626)
Net Cash Provided By (Used In) Operating Activities	\$ (887,584)	279,516	2,529,112	937,691	(38,772)	2,819,963	173,554

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Amortization of customer service territory	\$ -	10,279	-	-	-	10,279	-
Capital assets transferred	\$ -	(19,470)	19,470	-	-	-	-

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

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

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

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

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus

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

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

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

Basis of Accounting

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contribution, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds and Internal Service Funds are charges for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash, Cash Equivalents, and Investments

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

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

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

5. Inventories

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

6. Restricted Assets

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

7. Customer Deposits

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets

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

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

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

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to the pension reported on the statement of net position.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discount are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

11. Compensated Absences

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

12. Property Taxes

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

The assessed value at January 1, 2020 upon which the 2020 levy was based for real estate, personal property, and railroads and utilities taxes was \$216,748,255.

The City's tax rate was levied at 0.5218 per \$100 of assessed valuation which is used 50% for General Fund operations and 50% for Parks and Recreation Fund operations.

13. Interfund Transactions

The City has the following types of transactions among funds:

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Interfund Transactions (Continued)

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

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

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

14. Fund Balance Policies

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

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

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

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

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

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

When both restricted and unrestricted resources are available, the City will spend the most restrictive amounts before the least restricted. The City will spend the unrestricted amounts in the following order: committed, assigned and unassigned.

15. Use of Estimates

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Pensions

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

17. Adopted Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 87, *Leases* has been postponed 18 months, GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 91, *Conduit Debt Obligations* have been postponed one year.

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

As of June 30, 2021, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of June 30, 2021, the City had the following investments:

Investments	Fair Value	Maturities					Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years		
Primary Government							
Money market funds	\$ 4,607,336	-	4,607,336	-	-	-	Not rated
Government securities:							
Federal Home Loan							
Mortgage Corporation	983,782	-	-	983,782	-	-	AAA
Federal National Mortgage Association	2,490,717	-	-	2,490,717	-	-	AAA
Total Investments	\$ 8,081,835	-	4,607,336	3,474,499	-	-	

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investment Policies

The City's formal investment policies are as follows:

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by diversifying the portfolio to reduce potential losses on individual securities.

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

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

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At June 30, 2021, the City had the following investment concentrations:

Investments	Fair Value	Percent Of Total Investments
Primary Government		
Money market funds - certain banks greater than 5%	\$ 4,607,336	57.01 %
Federal Home Loan Mortgage Corporation	983,782	12.17
Federal National Mortgage Association	2,490,717	30.82

Custodial Credit Risk for investments, is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by diversifying the investment portfolio.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements

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

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

The City has the following recurring fair value level measurements:

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Primary Government				
Investments by fair value level:				
Government securities:				
Federal Home Loan				
Mortgage Corporation	\$ 983,782	-	983,782	-
Federal National Mortgage				
Association	2,490,717	-	2,490,717	-
Total Investments By				
Fair Value Level	3,474,499	-	3,474,499	-
Investments not subject to fair				
value classification:				
Money market funds	<u>4,607,336</u>			
Total	<u><u>\$ 8,081,835</u></u>			

NOTE C - CAPITAL ASSETS

Capital asset activity for governmental activities was as follows:

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2021			
	Balance			Balance
	June 30	Increases	Decreases	June 30
<hr/>				
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 346,341	54,344	-	400,685
Construction in progress	4,836,874	5,191,830	683,376	9,345,328
Total Capital Assets Not Being Depreciated	<hr/> 5,183,215	<hr/> 5,246,174	<hr/> 683,376	<hr/> 9,746,013
Capital assets being depreciated:				
Buildings	34,489,870	319,976	-	34,809,846
Improvements other than buildings	5,107,688	-	-	5,107,688
Vehicles	5,353,489	490,343	351,905	5,491,927
Infrastructure	16,536,626	945,564	-	17,482,190
Furniture and fixtures	-	64,500		64,500
Machinery and equipment	2,564,073	183,955	21,494	2,726,534
Total Capital Assets Being Depreciated	<hr/> 64,051,746	<hr/> 2,004,338	<hr/> 373,399	<hr/> 65,682,685
Less - Accumulated depreciation for:				
Buildings	15,779,496	888,358	-	16,667,854
Improvements other than buildings	1,921,621	216,104	-	2,137,725
Vehicles	4,142,832	317,769	350,941	4,109,660
Infrastructure	5,228,514	639,738	-	5,868,252
Furniture and fixtures	-	2,150	-	2,150
Machinery and equipment	1,372,211	195,357	15,309	1,552,259
Total Accumulated Depreciation	<hr/> 28,444,674	<hr/> 2,259,476	<hr/> 366,250	<hr/> 30,337,900
Total Capital Assets Being Depreciated, Net	<hr/> 35,607,072	<hr/> (255,138)	<hr/> 7,149	<hr/> 35,344,785
Governmental Activities Capital Assets, Net	<hr/> \$ 40,790,287	<hr/> 4,991,036	<hr/> 690,525	<hr/> 45,090,798

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

	For The Year Ended June 30 2021	
	General government	Public safety
Governmental Activities		
General government	\$ 107,826	
Public safety	267,993	
Parks and recreation	828,144	
Transportation	909,551	
Community development	111,083	
Economic development	34,879	
Total	<hr/> \$ 2,259,476	

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

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

	For The Year Ended June 30, 2021			
	Balance			
	June 30	Increases	Decreases	Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 88,173	-	-	88,173
Construction in progress	5,610,655	8,720,039	593,050	13,737,644
Total Capital Assets Not Being Depreciated	<u>5,698,828</u>	<u>8,720,039</u>	<u>593,050</u>	<u>13,825,817</u>
Capital assets being depreciated:				
Buildings	49,297,662	781,341	-	50,079,003
Improvements other than buildings	708,644	-	-	708,644
Vehicles	3,528,423	594,356	122,431	4,000,348
Infrastructure	15,119,428	6,701	-	15,126,129
Machinery and equipment	5,092,381	1,014,712	126,699	5,980,394
Total Capital Assets Being Depreciated	<u>73,746,538</u>	<u>2,397,110</u>	<u>249,130</u>	<u>75,894,518</u>
Less - Accumulated depreciation for:				
Buildings	21,796,645	1,180,873	-	22,977,518
Improvements other than buildings	426,427	34,457	-	460,884
Vehicles	2,501,059	242,007	101,727	2,641,339
Infrastructure	8,157,189	490,704	-	8,647,893
Machinery and equipment	1,471,256	247,076	27,704	1,690,628
Total Accumulated Depreciation	<u>34,352,576</u>	<u>2,195,117</u>	<u>129,431</u>	<u>36,418,262</u>
Total Capital Assets Being Depreciated, Net	<u>39,393,962</u>	<u>201,993</u>	<u>119,699</u>	<u>39,476,256</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 45,092,790</u></u>	<u><u>8,922,032</u></u>	<u><u>712,749</u></u>	<u><u>53,302,073</u></u>

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

	For The Year Ended June 30 2021	
	Electric	June 30 2021
Business-type Activities		
Electric	\$ 680,037	
Fiber operations	6,508	
Sewer	591,092	
Water	313,752	
Economic development	<u>603,728</u>	
Total	<u><u>\$ 2,195,117</u></u>	

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - CUSTOMER SERVICE TERRITORY

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

NOTE E - LONG-TERM DEBT

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

	For The Year Ended June 30, 2021			Amounts Due Within One Year
	Balance June 30 2020	Additions	Reductions	
	Balance June 30 2021			
Governmental Activities				
Certificates of participation	\$ 156,623	1,617,621	255,000	1,519,244
Capital leases	125,828	2,655,451	190,707	2,590,572
 Total Governmental Activities	 \$ 282,451	 4,273,072	 445,707	 4,109,816
 Business-type Activities	 \$ 1,967,495	 5,472,260	 745,000	 6,694,755
Certificates of participation	205,599	923,281	268,328	860,552
 Total Business-type Activities	 \$ 2,173,094	 6,395,541	 1,013,328	 7,555,307
				 889,635

2020 Certificates of Participation

In May 2020, the City issued \$10,000,000 in certificates of participation (Series 2020A and B) to fund certain improvements to the City's sewer treatment plant, waterworks system and Civic Center. The City used \$1,910,000 of the Series 2020A and B certificates of participation to refund the Series 2010 certificates of participation. These are draw down certificates, with two banks. The draw down period starts on the closing date and ends May 27, 2022. These are private placement issues with two banks. The certificates are due in varying amounts through May 1, 2040 with interest rates of 3.0875%. In the event of default, the banks may accelerate payment or tax possession of the property. A maturity schedule will be provided upon final draw down. As of June 30, 2021, \$9,113,999 has been drawn down on these certificates with an outstanding balance of \$8,158,999.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

In May 2020, the City authorized \$2,600,000 in certificates of participation (Series 2021) to fund certain improvements to the City's sewer treatment plant, waterworks system and Civic Center. These are draw down certificates, with two banks. The draw down period starts on the closing date and ends May 1, 2040. These are private placement issues with two banks. The certificates are due in varying amounts through May 1, 2040 with interest rates of 3.0875%. In the event of default, the banks may accelerate payment or tax possession of the property. A maturity schedule will be provided upon final draw down. As of June 30, 2021, \$100,000 has been drawn down on these certificates with an outstanding balance of \$55,000.

Capital Leases - Governmental Activities

In March 2018, the City entered into a capital lease agreement to finance a dump truck. The lease is for 5 years requiring annual installments of \$31,381 through July 2022, interest rate at 2.9%. The original cost of the dump truck is \$146,900 and the accumulated depreciation is \$41,622 as of June 30, 2021.

In October 2020, the City entered into a Lease/Purchase Agreement with to acquire equipment for \$167,074 with an interest rate of 1.83% due in annual installments through April 2027. The original cost of the equipment is \$152,774 and the accumulated depreciation is \$2,546 as of June 30, 2021.

In December 2020, the City entered into a Lease/Purchase Agreement to acquire a fire truck and chassis for \$329,817 with an interest rate of 1.56% due in annual installments through December 2025. As of June 30, 2021 no amounts have been drawn on this agreement.

In December 2020, the City entered into a Lease/Purchase Agreement to acquire police vehicles for \$266,178 with an interest rate of 2.177% due in annual installments through June 2023. The original cost of the vehicles is \$266,178 and the accumulated depreciation is \$66,546 as of June 30, 2021.

In February 2021, the City entered into a Lease/Purchase Agreement for constructing, furnishing and equipping of new public safety facilities not to exceed \$3,025,000 with an interest rate of 2.7% due in annual installments through January 2024. A maturity schedule will be provided upon final draw down. As of June 30, 2021 the outstanding balance is \$59,066.

In March 2021, the City entered into a Lease/Purchase Agreement to acquire police vehicles and related equipment for \$293,317 with an interest rate of 1.16% due in annual installments through October 2023. As of June 30, 2021 no amounts have been drawn on this agreement.

In May 28, 2021, the City entered into a Lease/Purchase Agreement to acquire a fire truck for \$990,000 with an interest rate of 1.57% due in annual installments through December 2030. As of June 30, 2021 no amounts have been drawn on this agreement.

In June 2021, the City entered into a Lease/Purchase Agreement for street improvements for \$550,000 with an interest rate of 1.75% due in annual installments through November 2027. As of June 30, 2021 no amounts have been drawn on this agreement.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

**For The
Years Ending
June 30**

2022	\$ 569,371
2023	508,415
2024	384,417
2025	284,932
2026	284,932
2027-2031	<u>711,456</u>
Total Minimum	
Lease Payments	2,743,523
Less - Amount representing interest	<u>152,951</u>
Present Value Of	
Future Minimum	
Lease Payments	<u><u>\$ 2,590,572</u></u>

Capital Leases - Business-Type Activities

In March 2018, the City entered into a capital lease agreement to finance a mini excavator, mini digger with a trailer, and a compact track loader for the Electric and Water Funds. The lease is for 5 years requiring annual installments of \$46,231 through July 2022, interest rate 2.9%. The original cost of the equipment is \$216,414 and the accumulated depreciation is \$68,269 as of June 30, 2021.

In October 2020, the City entered into a Lease/Purchase Agreement with to acquire equipment for \$923,281 with an interest rate of 1.83% due in annual installments through April 2027. The original cost of the equipment is \$903,981 and the accumulated depreciation is \$25,747 as of June 30, 2021.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2021, is as follows:

**For The
Years Ending
June 30**

2022	\$ 186,685
2023	186,685
2024	140,454
2025	140,454
2026	140,454
2027	<u>121,140</u>
Total Minimum Lease Payments	915,872
Less - Amount representing interest	<u>55,320</u>
Present Value Of Future Minimum Lease Payments	<u>\$ 860,552</u>

NOTE F - PENSION PLAN

Plan Description

The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, state-wide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS' website at www.molagers.org.

Benefits Provided

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

Plan Description (continued)

	<u>2021 Valuation</u>
Benefit multiplier	1.5% for life
Final average salary	5 years
Member contributions	Noncontributory for employees

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	77
Active employees	<u>181</u>
Total	<u>378</u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 13.1% (General), 13.5% (Police), and 3.0% (Fire) of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021. The pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing procedures incorporating the actuarial assumptions.

Actuarial Assumptions

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

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 675% including wage inflation
Investment rate of return	7.00%, net of investment expenses

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table. For males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021.

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

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

Discount Rate

The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rate for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2020	\$ 24,514,127	23,042,019	1,472,108
Changes for the year:			
Service cost	598,122	-	598,122
Interest	1,763,253	-	1,763,253
Difference between expected and actual experience	(108,220)	-	(108,220)
Contributions - employer	-	840,173	(840,173)
Net investment income	-	6,240,581	(6,240,581)
Assumption changes	(389,114)	-	(389,114)
Benefit payments, including refunds	(991,793)	(991,793)	-
Administrative expense	-	(33,492)	33,492
Other	-	(115,291)	115,291
Net Changes	<u>872,248</u>	<u>5,940,178</u>	<u>(5,067,930)</u>
Balances at June 30, 2021	\$ 25,386,375	28,982,197	(3,595,822)

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Net pension liability (asset)	<u>\$ 137,230</u>	<u>(3,595,821)</u>	<u>(6,666,258)</u>

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

For the year ended June 30, 2021, the City recognized a negative pension expense of \$(318,611). Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	Outflows	Inflows	Net Outflows
Difference in experience	\$ 124,726	(382,184)	(257,458)
Changes of assumptions	1,591	(309,788)	(308,197)
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(2,974,063)</u>	<u>(2,974,063)</u>
Total	<u>\$ 126,317</u>	<u>(3,666,035)</u>	<u>(3,539,718)</u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

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

For The Plan Years Ending June 30	
2022	\$ (998,601)
2023	(754,806)
2024	(785,453)
2025	(1,000,858)
2026	-
 Total	 <u><u>\$ (3,539,718)</u></u>

NOTE G - INTERFUND TRANSACTIONS

Interfund transfers are as follows:

Transfers In	Transfers Out	For The Year Ended June 30 2021
Airport Fund	Capital Improvement Fund	\$ 200,000
Street Fund	Capital Improvement Fund	250,000
Downtown Business District Fund	Economic Development Fund	15,000
Airport Fund	Economic Development Fund	27,563
Tourism Fund	Economic Development Fund	60,000
Airport Fund	General Fund	2,584
Sewer Fund	Water Fund	<u><u>19,470</u></u>
 Total		 <u><u>\$ 574,617</u></u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - INTERFUND TRANSACTIONS (Continued)

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

NOTE H - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	June 30 2021
Electric Fund	Airport Fund	\$ 924
Electric Fund	Economic Development Fund	405,528
General Fund	Airport Fund	<u>45,773</u>
Total		\$ <u>452,225</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2022.

Advances From/To Other Funds

Receivable Fund	Payable Fund	June 30 2021
Electric Fund	Economic Development Fund	\$ <u>1,347,419</u>

To improve cash flow and minimize financing fees, the City has loaned money between funds for capital projects. The City charges a 5% interest rate on each loan and loans are to be paid in monthly installments. The amount due within one year is included in the due to/from balances and the long-term portion is included in the advances from/to other funds. At June 30, 2021, the interfund loans were as follows:

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - INTERFUND ASSETS/LIABILITIES (Continued)

Advances From/To Other Funds (continued)

Receivable Fund	Payable Fund	June 30 2021	Project	Maturity
Electric Fund	Economic Development Fund	\$ 1,249,396	Detroit Tool Building	11/15/24
Electric Fund	Economic Development Fund	<u>503,551</u>	Detroit Tool Building	06/01/28
	Total	<u><u>\$ 1,752,947</u></u>		

The annual payment requirements are as follows:

For The Years Ending June 30	Interfund Loans		
	Principal	Interest	Total
2022	\$ 405,528	78,438	483,966
2023	426,276	57,690	483,966
2024	448,085	35,881	483,966
2025	235,590	15,882	251,472
2026	75,241	10,165	85,406
2027 - 2028	<u>162,227</u>	<u>8,584</u>	<u>170,811</u>
Total	<u><u>\$ 1,752,947</u></u>	<u><u>206,640</u></u>	<u><u>1,959,587</u></u>

NOTE I - OPERATING LEASES

The City owns various properties that are leased to businesses. The City currently has two such leases in the Economic Development Fund. The leases expired on December 31, 2020 and January 31, 2021. The properties have a capitalized cost of \$11,811,144 and accumulated depreciation of \$3,770,008 at June 30, 2021. The rent income for these leases for the year ended June 30, 2021 amounted to \$1,103,741.

NOTE J - LONG-TERM CONTRACTS

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

MoPEP operations are governed by a committee (Pool Committee) consisting of one representative from each MoPEP member and was comprised of 35 members as of December 31, 2012. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all MJMEUC's costs (the Direct Costs) incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP members.

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE J - LONG-TERM CONTRACTS (Continued)

Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease or loan agreement, or other financial contract in order to procure, deliver, or finance resources intended to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP member. Direct Costs also includes amounts required to fund MoPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

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

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

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

NOTE K - RISK MANAGEMENT

The City's risk management activities are recorded in the Employee Benefits Fund. The purpose of the fund is to administer employee health insurance programs on a cost-reimbursement basis. This fund accounts for the risk financing of the City but does not constitute a transfer of risk from the City. Commercial insurance is carried for this fund for claims exceeding \$1,767,353 aggregate and \$80,000 individually. The City retains risk of loss up to these deductibles. No claims liabilities are recorded since the City reports its financial statements using a modified cash basis method. At June 30, 2021, \$0 is available in cash to cover claims.

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

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE L - COMMITMENTS AND CONTINGENCIES

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

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

NOTE M - TAX ABATEMENT AGREEMENTS

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

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

The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The business receives a 50% abatement level for 10 years for meeting the minimum qualifications of two new full-time employees and \$100,000 minimum in capital investment in the community. The amount of the abatement is deducted from the recipient's property tax bill. This gave the City the ability to maintain and expand business located in the City and create new jobs by abating to reduce assessed valuation of the property. The amount of tax abated for June 30, 2021 for this program was \$6,436.

Chapter 353 -- Under Chapter 353 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available within "blighted areas". Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible an Urban Redevelopment Corporation must be formed and must take title to the property to be redeveloped. During the terms of the program, a certain percentage of the property tax amount for the assessed value of the eligible property is abated. At June 30, 2021, the City had two active Chapter 353 projects. The taxes can be abated up to 100% but the City abates 50% to 80% of the taxes for a period of 10 to 15 years. For the fiscal year ended June 30, 2021, \$7,369 of City real estate property taxes was abated through the Chapter 353 Program.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE N - FUTURE ACCOUNTING PRONOUNCEMENTS

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

- GASB Statement No. 87, Leases. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

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

NOTE O - PRIOR PERIOD ADJUSTMENT

The previously states fund balance restated as following:

	Government-Wide Activities	Business-Type Activities	Capital Improvement	Electric	Water
Fund balance/Net position, June 30, 2020 as previously reported	\$47,463,203	56,236,000	1,145,648	23,430,510	6,776,430
Change in cash	(8,500)	8,500	(8,500)	-	8,500
Change in capital assets	87,500	270,362	-	254,012	16,350
Fund balance/Net position, June 30, 2020 as restated	<u>\$47,542,203</u>	<u>56,514,862</u>	<u>1,137,148</u>	<u>23,684,522</u>	<u>6,801,280</u>

NOTE P - SUBSEQUENT EVENT

Management has evaluated subsequent events through December 20, 2021, the date which the financial statement were available for issue.

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION SECTION

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 3,580,000	4,248,630	4,248,632	2
Property tax	625,000	652,144	652,145	1
Franchise fees	565,000	596,807	596,814	7
PILOTs	1,166,275	1,261,143	1,260,879	(264)
Other taxes	58,000	55,876	55,877	1
Intergovernmental	31,000	52,343	52,343	-
Licenses and permits	25,000	36,047	36,048	1
Fines and forfeitures	112,500	72,749	72,748	(1)
Charges for services	259,450	270,876	203,624	(67,252)
Investment income	15,000	8,787	8,788	1
Other	87,000	118,611	118,162	(449)
Total Revenues	<u>6,524,225</u>	<u>7,374,013</u>	<u>7,306,060</u>	<u>(67,953)</u>
EXPENDITURES				
Current:				
General government	2,262,349	2,203,581	2,188,844	(14,737)
Public safety	4,647,326	4,311,056	4,299,555	(11,501)
Parks and recreation	481,971	475,213	469,975	(5,238)
Economic development	36,000	39,574	36,845	(2,729)
Capital outlay	46,708	279,224	275,432	(3,792)
Total Expenditures	<u>7,474,354</u>	<u>7,308,648</u>	<u>7,270,651</u>	<u>(37,997)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(950,129)</u>	<u>65,365</u>	<u>35,409</u>	<u>(29,956)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	41,492	41,493	1
Insurance recoveries	-	226,858	220,940	(5,918)
Transfers out	-	-	(2,584)	(2,584)
Total Other Financing Sources (Uses)	<u>-</u>	<u>268,350</u>	<u>259,849</u>	<u>(8,501)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (950,129)</u>	<u>333,715</u>	<u>295,258</u>	<u>(38,457)</u>
FUND BALANCE, JULY 1			<u>2,828,406</u>	
FUND BALANCE, JUNE 30			<u>\$ 3,123,664</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - STREET FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,700,000	2,058,703	2,058,704	1
Other taxes	555,000	606,969	606,968	(1)
Intergovernmental	-	138,407	138,407	-
Investment income	-	31	29	(2)
Other	730	895	427	(468)
Total Revenues	2,255,730	2,805,005	2,804,535	(470)
EXPENDITURES				
Current:				
Transportation	1,820,804	1,799,485	1,784,077	(15,408)
Capital outlay	1,020,455	1,250,863	1,238,829	(12,034)
Debt service:				
Principal	64,169	89,582	103,885	14,303
Interest	5,188	5,188	5,188	-
Total Expenditures	2,910,616	3,145,118	3,131,979	(13,139)
REVENUES UNDER EXPENDITURES	(654,886)	(340,113)	(327,444)	12,669
OTHER FINANCING SOURCES				
Issuance of long term debt	-	702,769	717,074	14,305
Sale of capital assets	-	64,230	64,230	-
Insurance recoveries	-	4,955	4,956	1
Transfers in	-	250,000	250,000	-
Total Other Financing Sources	-	1,021,954	1,036,260	14,306
NET CHANGE IN FUND BALANCE	\$ (654,886)	681,841	708,816	26,975
FUND BALANCE, JULY 1			1,586,273	
FUND BALANCE, JUNE 30			\$ 2,295,089	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,700,000	2,058,107	2,058,107	-
Investment income	-	3	5	2
Other	36,750	39,499	39,499	-
Total Revenues	1,736,750	2,097,609	2,097,611	2
EXPENDITURES				
Capital outlay	1,224,500	3,063,765	3,036,187	(27,578)
Debt service				
Principal	302,336	255,001	255,000	(1)
Interest	21,817	21,817	21,817	-
Debt issuance cost	-	43,509	43,508	(1)
Total Expenditures	1,548,653	3,384,092	3,356,512	(27,580)
REVENUES OVER (UNDER) EXPENDITURES	188,097	(1,286,483)	(1,258,901)	27,582
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	1,676,687	1,676,687	-
Insurance recoveries	-	240,048	240,048	-
Transfers out	(265,000)	(450,000)	(450,000)	-
Total Other Financing Sources (Uses)	(265,000)	1,466,735	1,466,735	-
NET CHANGE IN FUND BALANCE	\$ (76,903)	180,252	207,834	27,582
FUND BALANCE, JULY 1 AS RESTATED				1,137,148
FUND BALANCE, JUNE 30				\$ 1,344,982

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	Parks And Recreation	Public Safety	Tourism	Airport	Downtown Business District	Totals	
						2021	2020
ASSETS							
Cash and cash equivalents	\$ 549,612	1,532,302	29,096	-	76,235	2,187,245	931,523
Investments	-	1,613,407	-	-	-	1,613,407	-
Inventory	-	-	-	57,045	-	57,045	27,304
Total Assets	\$ 549,612	3,145,709	29,096	57,045	76,235	3,857,697	958,827
LIABILITIES							
Due to others	\$ 16	3,296	-	7,758	-	11,070	4,483
Customer deposits payable	-	-	-	2,590	-	2,590	2,725
Due to other funds	-	-	-	46,697	-	46,697	20,367
Total Liabilities	16	3,296	-	57,045	-	60,357	27,575
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	57,045	-	57,045	27,304
Restricted for:							
Parks and recreation	549,596	-	-	-	-	549,596	622,358
Public safety	-	3,142,413	-	-	-	3,142,413	139,504
Economic development	-	-	-	-	76,235	76,235	69,242
Assigned for:							
Tourism	-	-	29,096	-	-	29,096	99,819
Unassigned	-	-	-	(57,045)	-	(57,045)	(26,975)
Total Fund Balances	549,596	3,142,413	29,096	-	76,235	3,797,340	931,252
Total Liabilities And Fund Balances	\$ 549,612	3,145,709	29,096	57,045	76,235	3,857,697	958,827

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Parks And Recreation	Public Safety	Tourism	Airport	Downtown Business District	Totals	
						2021	2020
REVENUES							
Sales tax	\$ -	2,031,300	131,666	-	-	2,162,966	275,442
Property tax	652,145	-	-	-	27,583	679,728	666,771
Intergovernmental	12,407	-	21,837	1,596,531	-	1,630,775	436,023
Charges for services	190,709	-	-	332,325	9,996	533,030	402,132
Investment income	-	27	-	-	-	27	3,230
Other	25,734	-	77	307	26,225	52,343	50,548
Total Revenues	<u>880,995</u>	<u>2,031,327</u>	<u>153,580</u>	<u>1,929,163</u>	<u>63,804</u>	<u>5,058,869</u>	<u>1,834,146</u>
EXPENDITURES							
Current:							
Parks and recreation	810,940	-	-	-	-	810,940	717,535
Public safety	-	278,665	-	-	-	278,665	-
Tourism	-	-	282,129	-	-	282,129	299,566
Transportation	-	-	-	481,842	-	481,842	466,978
Economic development	-	-	-	-	67,632	67,632	21,742
Capital outlay	149,943	536,448	2,174	1,677,397	4,179	2,370,141	523,756
Debt service:							
Principal	-	86,822	-	-	-	86,822	-
Interest	-	5,794	-	383	-	6,177	986
Total Expenditures	<u>960,883</u>	<u>907,729</u>	<u>284,303</u>	<u>2,159,622</u>	<u>71,811</u>	<u>4,384,348</u>	<u>2,030,563</u>
REVENUES OVER (UNDER) EXPENDITURES							
	<u>(79,888)</u>	<u>1,123,598</u>	<u>(130,723)</u>	<u>(230,459)</u>	<u>(8,007)</u>	<u>674,521</u>	<u>(196,417)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of long term debt	-	1,879,311	-	-	-	1,879,311	-
Sale of capital assets	3,500	-	-	312	-	3,812	3,225
Insurance recoveries	3,297	-	-	-	-	3,297	11,922
Transfers in	-	-	60,000	230,147	15,000	305,147	223,227
Transfers out	-	-	-	-	-	-	(200,000)
Total Other Financing Sources (Uses)	<u>6,797</u>	<u>1,879,311</u>	<u>60,000</u>	<u>230,459</u>	<u>15,000</u>	<u>2,191,567</u>	<u>38,374</u>
NET CHANGE IN FUND BALANCES							
	<u>(73,091)</u>	<u>3,002,909</u>	<u>(70,723)</u>	<u>-</u>	<u>6,993</u>	<u>2,866,088</u>	<u>(158,043)</u>
FUND BALANCES, JULY 1	<u>622,687</u>	<u>139,504</u>	<u>99,819</u>	<u>-</u>	<u>69,242</u>	<u>931,252</u>	<u>1,089,295</u>
FUND BALANCES, JUNE 30	<u>\$ 549,596</u>	<u>3,142,413</u>	<u>29,096</u>	<u>-</u>	<u>76,235</u>	<u>3,797,340</u>	<u>931,252</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PARKS AND RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Property tax	\$ 635,000	652,144	652,145	1
Charges for services	113,300	190,781	190,709	(72)
Intergovernmental	-	12,406	12,407	1
Other	4,500	25,732	25,734	2
Total Revenues	752,800	881,063	880,995	(68)
EXPENDITURES				
Current:				
Parks and recreation	791,102	842,924	810,940	(31,984)
Capital outlay	120,807	154,882	149,943	(4,939)
Total Expenditures	911,909	997,806	960,883	(36,923)
REVENUES UNDER EXPENDITURES	(159,109)	(116,743)	(79,888)	36,855
OTHER FINANCING SOURCES				
Insurance recoveries	-	3,297	3,297	-
Sale of capital assets	-	3,500	3,500	-
Total Other Financing Sources	-	6,797	6,797	-
NET CHANGE IN FUND BALANCE	\$ (159,109)	(109,946)	(73,091)	36,855
FUND BALANCE, JULY 1			622,687	
FUND BALANCE, JUNE 30			\$ 549,596	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,700,000	2,031,299	2,031,300	1
Investment income	-	27	27	-
Total Revenues	1,700,000	2,031,326	2,031,327	1
EXPENDITURES				
Current:				
Public safety	745,421	300,356	278,665	(21,691)
Capital outlay	1,302,800	539,190	536,448	(2,742)
Debt service:				
Principal	163,706	87,073	86,822	(251)
Interest	5,794	6,045	5,794	(251)
Total Expenditures	2,217,721	932,664	907,729	(24,935)
REVENUES OVER (UNDER) EXPENDITURES	(517,721)	1,098,662	1,123,598	24,936
OTHER FINANCING SOURCES				
Issuance of long term debt	652,000	1,879,561	1,879,311	(250)
NET CHANGE IN FUND BALANCE	\$ 134,279	2,978,223	3,002,909	24,686
FUND BALANCE, JULY 1			139,504	
FUND BALANCE, JUNE 30			\$ 3,142,413	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - TOURISM FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 130,000	132,478	131,666	(812)
Intergovernmental	20,000	21,838	21,837	(1)
Other	100	100	77	(23)
Total Revenues	<u>150,100</u>	<u>154,416</u>	<u>153,580</u>	<u>(836)</u>
EXPENDITURES				
Current:				
Tourism	282,333	285,104	282,129	(2,975)
Capital outlay	2,538	2,175	2,174	(1)
Total Expenditures	<u>284,871</u>	<u>287,279</u>	<u>284,303</u>	<u>(2,976)</u>
REVENUES UNDER EXPENDITURES	(134,771)	(132,863)	(130,723)	2,140
OTHER FINANCING SOURCES				
Transfers in	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (74,771)</u></u>	<u><u>(72,863)</u></u>	<u><u>(70,723)</u></u>	<u><u>2,140</u></u>
FUND BALANCE, JULY 1			<u>99,819</u>	
FUND BALANCE, JUNE 30			<u><u>\$ 29,096</u></u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 2,160,000	1,596,531	1,596,531	-
Charges for services	259,150	339,031	332,325	(6,706)
Other	225	930	307	(623)
Total Revenues	<u>2,419,375</u>	<u>1,936,492</u>	<u>1,929,163</u>	<u>(7,329)</u>
EXPENDITURES				
Current:				
Transportation	380,565	489,607	481,842	(7,765)
Capital outlay	2,427,738	1,677,399	1,677,397	(2)
Debt service:				
Interest	-	-	383	383
Total Expenditures	<u>2,808,303</u>	<u>2,167,006</u>	<u>2,159,622</u>	<u>(7,384)</u>
REVENUES UNDER EXPENDITURES	<u>(388,928)</u>	<u>(230,514)</u>	<u>(230,459)</u>	<u>55</u>
OTHER FINANCING SOURCES				
Sale of capital assets	-	312	312	-
Transfers in	<u>388,928</u>	<u>227,563</u>	<u>230,147</u>	<u>2,584</u>
Total Other Financing Sources	<u>388,928</u>	<u>227,875</u>	<u>230,459</u>	<u>2,584</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(2,639)</u>	<u>-</u>	<u>2,639</u>
FUND BALANCE , JULY 1				-
FUND BALANCE, JUNE 30				<u>\$ -</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - DOWNTOWN BUSINESS DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Property tax	\$ 26,500	27,583	27,583	-
Charges for services	5,000	9,996	9,996	-
Other	-	27,225	26,225	(1,000)
Total Revenues	<u>31,500</u>	<u>64,804</u>	<u>63,804</u>	<u>(1,000)</u>
EXPENDITURES				
Current:				
Economic development	74,095	69,697	67,632	(2,065)
Capital outlay	-	4,179	4,179	-
Total Expenditures	<u>74,095</u>	<u>73,876</u>	<u>71,811</u>	<u>(2,065)</u>
REVENUES UNDER EXPENDITURES	(42,595)	(9,072)	(8,007)	1,065
OTHER FINANCING SOURCES				
Transfer in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (27,595)</u></u>	<u><u>5,928</u></u>	<u><u>6,993</u></u>	<u><u>1,065</u></u>
FUND BALANCE, JULY 1			<u>69,242</u>	
FUND BALANCE, JUNE 30		<u><u>\$ 76,235</u></u>		

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF NET POSITION -
MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	Community Development	Employee Benefits	Service Fund	Totals				
				2021	2020			
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 55,593	1,349,542	17,470	1,422,605	1,380,925			
Inventory	50,941	-	3,709	54,650	39,050			
Total Current Assets	<u>106,534</u>	<u>1,349,542</u>	<u>21,179</u>	<u>1,477,255</u>	<u>1,419,975</u>			
Noncurrent Assets								
Capital assets:								
Land and construction in progress	39,714	-	-	39,714	23,839			
Other capital assets, net of accumulated depreciation	33,219	-	829,603	862,822	909,776			
Total Capital Assets	<u>72,933</u>	<u>-</u>	<u>829,603</u>	<u>902,536</u>	<u>933,615</u>			
Net pension asset	75,766	-	119,327	195,093	-			
Total Assets	<u>255,233</u>	<u>1,349,542</u>	<u>970,109</u>	<u>2,574,884</u>	<u>2,353,590</u>			
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amounts related to pensions	<u>2,391</u>	<u>-</u>	<u>3,765</u>	<u>6,156</u>	<u>78,449</u>			
LIABILITIES								
Current Liabilities								
Due to others	-	5,815	-	5,815	7,054			
Due to other funds	-	-	-	-	66,952			
Total Current Liabilities	<u>-</u>	<u>5,815</u>	<u>-</u>	<u>5,815</u>	<u>74,006</u>			
Noncurrent Liabilities								
Net pension liability	-	-	-	-	285,240			
Total Liabilities	<u>-</u>	<u>5,815</u>	<u>-</u>	<u>5,815</u>	<u>359,246</u>			
DEFERRED INFLOWS OF RESOURCES								
Deferred amounts related to pensions	<u>126,789</u>	<u>-</u>	<u>199,684</u>	<u>326,473</u>	<u>22,303</u>			
NET POSITION								
Net investment in capital assets	72,933	-	829,603	902,536	933,615			
Unrestricted	<u>57,902</u>	<u>1,343,727</u>	<u>(55,413)</u>	<u>1,346,216</u>	<u>1,116,875</u>			
Total Net Position	<u>\$ 130,835</u>	<u>1,343,727</u>	<u>774,190</u>	<u>2,248,752</u>	<u>2,050,490</u>			

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Community Development</u>	<u>Employee Benefits</u>	<u>Service Fund</u>	<u>Totals</u>	
				<u>2021</u>	<u>2020</u>
OPERATING REVENUES					
Licenses and permits	\$ 56,829	-	-	56,829	89,624
Charges for services:					
Internal	389,672	3,907,529	1,105,535	5,402,736	4,914,007
Service charges and fees	30,276	-	-	30,276	43,394
Subdivision revenue	61,394	-	-	61,394	35,090
Other	108	-	3,890	3,998	4,176
Total Operating Revenues	<u>538,279</u>	<u>3,907,529</u>	<u>1,109,425</u>	<u>5,555,233</u>	<u>5,086,291</u>
OPERATING EXPENSES					
Personnel costs	395,035	3,817,797	716,676	4,929,508	4,685,851
Operations and maintenance	135,547	196	195,719	331,462	291,592
Depreciation	11,872	-	99,211	111,083	114,348
Total Operating Expenses	<u>542,454</u>	<u>3,817,993</u>	<u>1,011,606</u>	<u>5,372,053</u>	<u>5,091,791</u>
OPERATING INCOME (LOSS)	<u>(4,175)</u>	<u>89,536</u>	<u>97,819</u>	<u>183,180</u>	<u>(5,500)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	-	232	-	232	10,982
Gain on capital assets	-	-	14,850	14,850	13,457
Total Nonoperating Revenues (Expenses)	-	232	14,850	15,082	24,439
INCOME (LOSS) BEFORE TRANSFERS	<u>(4,175)</u>	<u>89,768</u>	<u>112,669</u>	<u>198,262</u>	<u>18,939</u>
Transfer in	-	-	-	-	125,000
CHANGE IN NET POSITION	<u>(4,175)</u>	<u>89,768</u>	<u>112,669</u>	<u>198,262</u>	<u>143,939</u>
NET POSITION, JULY 1	<u>135,010</u>	<u>1,253,959</u>	<u>661,521</u>	<u>2,050,490</u>	<u>1,906,551</u>
NET POSITION, JUNE 30	<u>\$ 130,835</u>	<u>1,343,727</u>	<u>774,190</u>	<u>2,248,752</u>	<u>2,050,490</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Community Development	Employee Benefits	Service Fund	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash flows from operating activities:				
Receipts from customers and users	\$ 148,499	-	-	148,499
Receipts from interfund charges	389,672	3,907,529	1,105,535	5,402,736
Payments to suppliers	(149,865)	(196)	(197,001)	(347,062)
Payments to employees for salaries and benefits	(436,858)	(3,819,036)	(778,723)	(5,034,617)
Other receipts	108	-	3,890	3,998
Net Cash Provided By (Used In) Operating Activities	<u>(48,444)</u>	<u>88,297</u>	<u>133,701</u>	<u>173,554</u>
Cash flows used in noncapital financing activities:				
Due to other funds	-	-	(66,952)	(66,952)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(15,875)	-	(64,129)	(80,004)
Proceeds from sale of capital assets	-	-	14,850	14,850
Net Cash Provided By (Used In) Capital And Related Financing Activities	<u>(15,875)</u>	<u>-</u>	<u>(49,279)</u>	<u>(65,154)</u>
Cash flows provided by investing activities:				
Investment income	-	232	-	232
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(64,319)	88,529	17,470	41,680
CASH AND CASH EQUIVALENTS, JULY 1	119,912	1,261,013	-	1,380,925
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 55,593</u>	<u>1,349,542</u>	<u>17,470</u>	<u>1,422,605</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (4,175)	89,536	97,819	183,180
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	11,872	-	99,211	111,083
(Increase) decrease in:				
Inventory	(14,318)	-	(1,282)	(15,600)
Net pension asset	(188,390)	-	(291,943)	(480,333)
Deferred outflows related to pensions	117,983	-	186,187	304,170
Increase (decrease) in:				
Due to others	-	(1,239)	-	(1,239)
Deferred inflows related to pensions	28,584	-	43,709	72,293
Total Adjustments	<u>(44,269)</u>	<u>(1,239)</u>	<u>35,882</u>	<u>(9,626)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (48,444)</u>	<u>88,297</u>	<u>133,701</u>	<u>173,554</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

Budgetary Data

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

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

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

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

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service cost	\$ 598,122	552,058	527,876	501,368	478,534	476,033	487,493
Interest on the total pension liability	1,763,253	1,660,856	1,609,614	1,530,581	1,470,428	1,372,505	1,334,980
Difference between expected and actual experience	(108,220)	153,093	(504,839)	(82,807)	(209,391)	(389,970)	(514,580)
Changes of assumptions	(389,114)	-	-	-	(18,844)	816,527	-
Benefit payments, including refunds	(991,793)	(961,260)	(915,035)	(830,560)	(1,007,820)	(809,971)	(760,255)
Net Change In Total Pension Liability	872,248	1,404,747	717,616	1,118,582	712,907	1,465,124	547,638
Total Pension Liability Beginning	<u>24,514,127</u>	<u>23,109,380</u>	<u>22,391,764</u>	<u>21,273,182</u>	<u>20,560,275</u>	<u>19,095,151</u>	<u>18,547,513</u>
Total Pension Liability Ending (a)	<u><u>\$ 25,386,375</u></u>	<u><u>24,514,127</u></u>	<u><u>23,109,380</u></u>	<u><u>22,391,764</u></u>	<u><u>21,273,182</u></u>	<u><u>20,560,275</u></u>	<u><u>19,095,151</u></u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 840,173	817,110	748,080	740,380	690,403	697,196	700,379
Net investment income	6,240,581	297,053	1,417,646	2,408,797	2,139,702	(21,201)	345,385
Benefit payments, including refunds	(991,793)	(961,260)	(915,035)	(830,560)	(1,007,820)	(809,971)	(760,255)
Administrative expense	(33,492)	(42,356)	(36,708)	(25,952)	(25,370)	(24,227)	(26,283)
Other	(115,291)	(168,540)	(147,493)	(125,678)	(14,178)	100,036	(34,231)
Net Change In Plan Fiduciary Net Position	5,940,178	(57,993)	1,066,490	2,166,987	1,782,737	(58,167)	224,995
Plan Fiduciary Net Position Beginning	<u>23,042,019</u>	<u>23,100,012</u>	<u>22,033,522</u>	<u>19,866,535</u>	<u>18,083,798</u>	<u>18,141,965</u>	<u>17,916,970</u>
Plan Fiduciary Net Position Ending (b)	<u><u>\$ 28,982,197</u></u>	<u><u>23,042,019</u></u>	<u><u>23,100,012</u></u>	<u><u>22,033,522</u></u>	<u><u>19,866,535</u></u>	<u><u>18,083,798</u></u>	<u><u>18,141,965</u></u>
Net Pension Liability Ending (a)-(b)	<u><u>\$ (3,595,822)</u></u>	<u><u>1,472,108</u></u>	<u><u>9,368</u></u>	<u><u>358,242</u></u>	<u><u>1,406,647</u></u>	<u><u>2,476,477</u></u>	<u><u>953,186</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.16 %	93.99	99.96	98.40	93.39	87.96	95.01
Covered Payroll (for February 28/29 Valuation)	\$ 6,784,927	6,508,811	5,926,095	5,864,105	5,517,956	5,281,969	4,405,930
Net Pension Liability as a Percentage of Covered Payroll	(53.00) %	22.62	0.16	6.11	25.49	46.89	21.63

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

The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021.

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

	For The Years Ended June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined pension contribution	\$ 831,339	815,582	746,987	754,226	689,745	697,227	704,038	741,081	756,869	740,700
Contributions in relation to the actuarially determined contribution	<u>831,339</u>	<u>815,582</u>	<u>746,987</u>	<u>741,832</u>	<u>689,745</u>	<u>697,227</u>	<u>700,735</u>	<u>734,473</u>	<u>734,691</u>	<u>719,627</u>
Contribution Deficiency	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>12,394</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,303</u></u>	<u><u>6,608</u></u>	<u><u>22,178</u></u>	<u><u>21,073</u></u>
Covered Payroll	\$ 6,950,419	6,643,285	6,100,280	5,957,085	5,822,109	5,415,542	5,386,916	5,511,006	5,441,024	5,512,325
Contributions as a Percentage of Covered Payroll	11.96 %	12.28	12.25	12.45	11.85	12.87	13.01	13.33	13.50	13.05

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal and modified terminal funding
A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Multiple bases from 8 to 15 years
5 years smoothed market; 20% corridor
2.75% wage inflation; 2.25% price inflation
2.75% to 6.75% including wage inflation
7.00%, net of investment expenses

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

Other information:

The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021.

There are no other benefit changes during the year.