



CITY OF FARMINGTON, MISSOURI

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended September 30, 2021

CITY OF FARMINGTON, MISSOURI

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF FARMINGTON, MISSOURI** (the City), as of and for the year ended September 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2022 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
April 14, 2022

As management of the City of Farmington (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2021. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

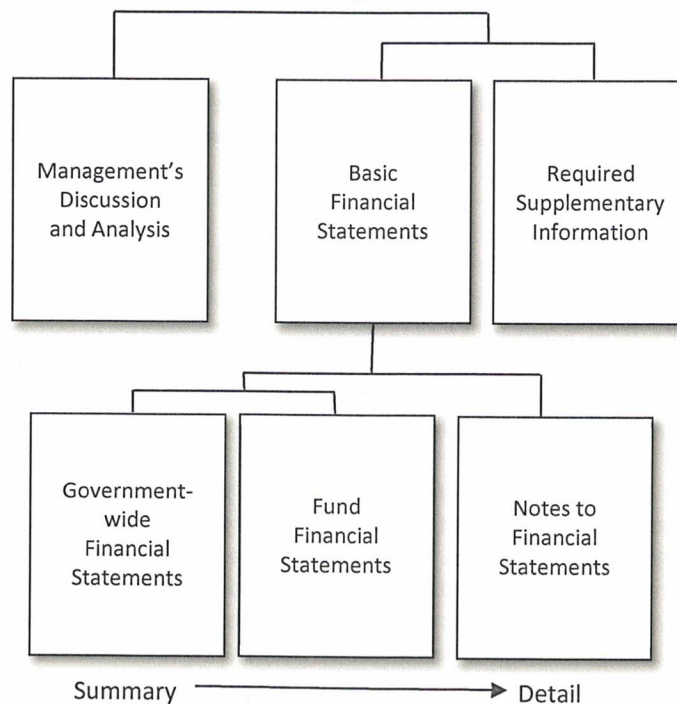
The City of Farmington continues to be a growing city. The City provides a full range of governmental and proprietary services that include five enterprise activities.

- The City of Farmington had a positive net position at the close of the fiscal year in the total amount of \$105.7 million, a 1.6% increase over the prior year net position of \$104.0 million (*net position = assets + deferred outflows - liabilities - deferred inflows*).
- The government's total change in net position due to activities during the fiscal year was an increase of approximately \$1.65 million. This increase was representative of a \$3.91 million increase in governmental activities and a \$2.26 million decrease in position in business-type activities.
- Of the governmental fund balances, approximately \$5.8 million was available for spending at the government's discretion (*unassigned, assigned, and committed fund balances*). This was 32.3% increase from the prior year amount of \$4.4 million.
- At the end of the fiscal year, the governmental funds full unassigned balance of \$4,040,046 was held in the General Fund. This amounted to approximately 49.7% of General Fund operating expenditures for the fiscal year (capital outlay and debt service principal not included).
- Governmental activities general revenues were \$13.59 million in comparison to \$12.42 million the prior year, a 9% increase. This increase was primarily due to an increase in tax revenues, which accounted for \$12.07 million, 89%, of the total general revenue.
- The City of Farmington's total debt decreased by \$3.8 million (28%) during the fiscal year. This decrease was the result of the net effect of a reduction in principal due to debt service payments with final payments being made on multiple issues and the issuance of new debt for a street sweeper.
- The City has continued to appropriate for and make all debt payments and pension contributions while continuing to invest in infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Farmington's annual report. The City's report consists of four components: 1) management's discussion and analysis, 2) the basic financial statements, 3) required supplementary information, and 4) an optional section that presents combining statements for non-major governmental funds (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide financial statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Farmington.

Required Components of the Annual Financial Report
Figure 1



Basic Financial Statements

The first statements in the basic financial statements are the **Government-wide Financial Statements**. These statements provide both short- and long-term information about the City's financial status. The government-wide financial statements can be found on pages 24 and 25.

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 financial statements. The Fund Financial Statements include the governmental activities financial statements and the proprietary activities statements. The Fund Financial Statements can be found on pages 26 to 32.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. The Notes can be found on pages 33 to 61.

Government-wide Financial Statements

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 financial statements are presented on a full accrual basis and provide short- and long-term information about the City's financial status as a whole.

There are two government-wide financial statements included in the basic financial statements: *the Statement of Net Position* and *the Statement of Activities*. The Statement of Net Position presents all the assets, deferred outflows, liabilities, and deferred inflows of the City, the net of which is the City's net position. An evaluation of the measure of net position is one way to gauge the City's financial position and determine if it is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year.

Each of the government-wide financial statements is divided into two categories: Governmental Activities and Business-type Activities. The Governmental Activities include most of the City's basic services such as public safety, library, parks and recreation, and general administration. These activities are financed primarily through taxes and the general revenue of the City. The Business-type Activities are those activities that the City intends to recover all, or a significant portion, of their costs through user fees and charges to customers. These include the airport, civic center and water park, sewer services, electric services, and water services offered by the City of Farmington.

The government-wide financial statements are required to also include legally separate entities (if any) for which the City is financially accountable. The City does not have any such entity that is required to be included as a "component unit" in its financial statements.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Farmington, like all other governmental entities in Missouri, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the State of Missouri Revised Statutes or the City's budget ordinance. All of the funds of the City of Farmington can be divided into two categories: governmental funds and proprietary funds.

- *Governmental Funds* - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental fund financial statements are reported using an accounting method called *modified accrual accounting*, which provides a near-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. Capital assets and other long-term assets and liabilities are not included in the governmental fund financial statements. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds (reported in the Governmental Funds' Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balances) is described in a reconciliation that is a part of the fund financial statements. Revenues are recognized when they are both measurable and available and expenses for the fiscal year are reported when incurred. Debt service payments are reported as expenditures in the year due. Therefore, some revenues will result in cash flows in future fiscal years, and some expenses will result in cash outlays in future fiscal years. The City presents the General and Capital Project as major governmental funds. The Debt Service, Transient Tax, District Municipal, Special Allocation, Storm Water and Parks Tax, and Transportation Tax are presented as combined non-major funds in a single column.
- *Proprietary Funds* - The City of Farmington utilizes *Enterprise Funds* to report the functions presented as business-type activities in the government-wide financial statements. Accounted for under proprietary funds are the enterprise funds which include airport, civic complex (civic center, water park, Centene Center, and senior center), electric, water, and sewer activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The enterprise funds are reported using a full accrual basis. All revenues and expenses for the fiscal year are reported when earned and incurred regardless of when cash is received or paid. Grants and similar items are

**CITY OF FARMINGTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

recognized as revenue as soon as eligibility requirements imposed by the provider have been met. Therefore, some revenues will result in cash flows in future fiscal years, and some expenses will result in cash outlays in future fiscal years.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplemental information which contains budget to actual comparison schedules for all of the City's governmental general and major special revenue funds along with certain pension information.

Other Supplementary Information

In addition to the basic financial statements, accompanying notes and required supplemental information, this report is followed by other information that contains a combining fund balance sheet, combining fund statement of revenues, expenditures, and changes in fund balances, and budget to actual comparison schedules for all of the City's governmental non-major funds and the major capital projects fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects a condensed comparative statement of net position for September 30, 2021, and September 30, 2020.

City of Farmington's Statement of Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 10,090,759	\$ 9,966,308	\$ 16,137,559	\$ 15,971,412	\$ 26,228,318	\$ 25,937,720
Other Assets	4,425,714	-	645,294	1,699,289	5,071,008	1,699,289
Net Pension Asset	5,462,056	283,259	2,696,180	147,655	8,158,236	430,914
Capital Assets (Net)	39,724,978	40,720,393	50,021,570	52,333,542	89,746,548	93,053,935
Total Assets	59,703,507	50,969,960	69,500,603	70,151,898	129,204,110	121,121,858
Deferred Outflows	605,844	1,313,695	607,429	684,789	1,213,273	1,998,484
Current Liabilities	3,626,819	1,763,781	3,118,342	3,197,477	6,745,161	4,961,258
Noncurrent Liabilities	5,930,161	7,241,427	6,439,306	6,578,584	12,369,467	13,820,011
Total Liabilities	9,556,980	9,005,208	9,557,648	9,776,061	19,114,628	18,781,269
Deferred Inflows	3,764,302	204,917	1,859,945	106,819	5,624,247	311,736
Net Position:						
Net Investment in Capital Assets	33,794,817	33,644,729	45,976,883	46,006,958	79,771,700	79,651,687
Restricted	6,854,900	4,967,833	1,814,284	2,167,914	8,669,184	7,135,747
Unrestricted	6,338,352	4,460,968	10,899,272	12,778,935	17,237,624	17,239,903
Total Net Position	\$ 46,988,069	\$ 43,073,530	\$ 58,690,439	\$ 60,953,807	\$ 105,678,508	\$ 104,027,337

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. A review of the government-wide financial statement of net position reveals the following:

- At September 30, 2021, the combined assets and deferred outflows of the City of Farmington exceeded the liabilities and deferred inflows by \$105,678,508. This equates to a 1.6%, or \$1,651,171, increase in combined net position as compared to September 30, 2020. This increase was the combination of an increase in governmental activities of \$3,914,539, 9.1%, and a decrease in business-type activities of \$2,263,368, 3.7%.
- Comparatively, the City's net investment in capital assets was approximately 75.5% of the total net position, down from 76.6% in 2020. The City of Farmington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Farmington's investment in its capital assets is reported net of the outstanding related debt less project funds unspent as of September 30, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.
- Investment in capital assets (e.g., land, buildings, machinery, equipment, library collections) less any related debt still outstanding increased by \$120,013, or 0.2%. The City's governmental activities accounted for this full increase with a total increase of \$150,008. The business-type activities had a decrease of \$30,075.
- An additional portion of the City's net position 8.2%, \$8,669,184, represented resources that were subject to external restrictions on how they may be used. This consisted of \$6,854,900 for governmental activities and \$1,814,284 for business activities. The restricted amounts were for debt service, capital projects, tax increment finance districts, and pensions.
- The remaining balance of \$17,237,624, 16.3%, of the City's net position was unrestricted. This compared to \$17,239,903, or 16.5%, in the prior year. Of the unrestricted net position, approximately 37% was attributable to governmental type activities, and 63% was attributable to business-type activities.

The following charts depict a fiscal year comparison of the City's net position by activity type and category between fiscal years ending September 30, 2021, and September 30, 2020. (Figures 3 and 4).

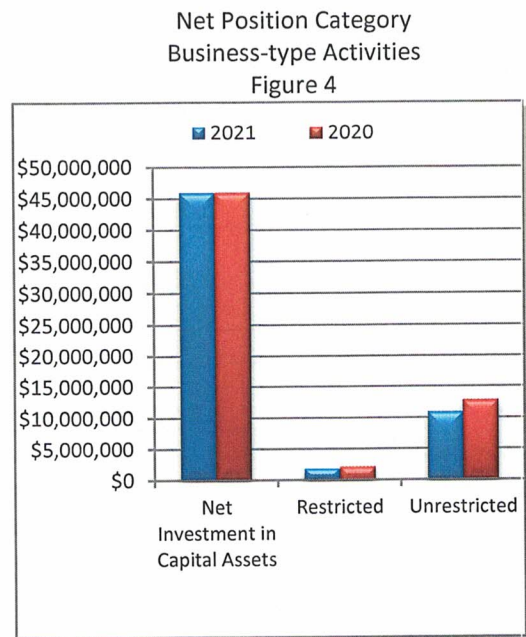
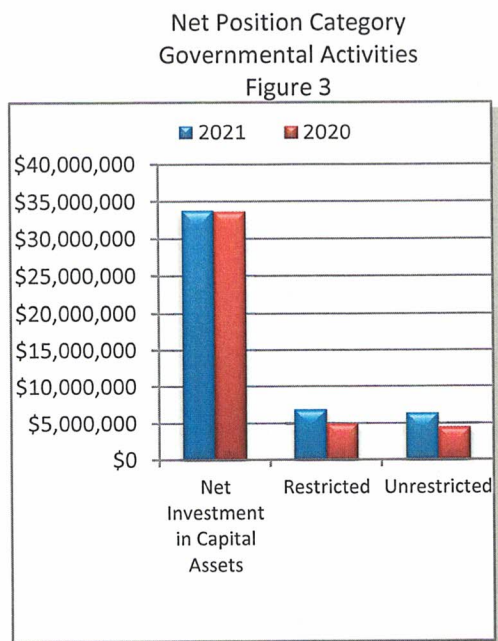


Figure 5 shown below reflects the changes to the net position resulting from the City's activities for the years ended September 30, 2021, and September 30, 2020.

CITY OF FARMINGTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

City of Farmington's Statement of Activities
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for goods and services	\$ 197,101	\$ 411,999	\$ -	\$ -	\$ 197,101	\$ 411,999
Electric Charges	-	-	21,921,849	21,488,237	21,921,849	21,488,237
Water Charges	-	-	3,435,507	3,409,575	3,435,507	3,409,575
Sewer Charges	-	-	3,452,418	3,469,987	3,452,418	3,469,987
Airport Charges	-	-	391,209	217,318	391,209	217,318
Civic Complex	-	-	1,361,558	1,165,729	1,361,558	1,165,729
Operating grants and contributions	1,028,614	1,049,437	235,886	313,253	1,264,500	1,362,690
Capital grants and contributions	191,593	131,379	-	-	191,593	131,379
General revenues:						
Sales Taxes	10,254,399	9,267,353	-	-	10,254,399	9,267,353
Property Taxes	997,380	985,374	-	-	997,380	985,374
Gross Receipts, Utility, and Other Taxes	491,511	491,555	-	-	491,511	491,555
Transient Guest Tax (Hotel/Motel)	328,739	263,972	-	-	328,739	263,972
TIF Proceeds	1,346,292	1,269,006	-	-	1,346,292	1,269,006
Interest Income	50,732	58,550	43,656	139,565	94,388	198,115
Insurance Proceeds	34,385	34,326	5,611	9,276	39,996	43,602
Other Income	46,632	33,586	-	-	46,632	33,586
Gain on Sale of Capital Assets	40,465	20,253	43,723	-	84,188	20,253
Total Revenues	<u>15,007,843</u>	<u>14,016,790</u>	<u>30,891,417</u>	<u>30,212,940</u>	<u>45,899,260</u>	<u>44,229,730</u>
Expenses:						
General government	2,320,833	3,953,360	-	-	2,320,833	3,953,360
Public safety	4,691,068	4,577,897	-	-	4,691,068	4,577,897
Streets and Public Works	3,145,794	3,079,558	-	-	3,145,794	3,079,558
Cultural and recreation	1,704,680	1,457,047	-	-	1,704,680	1,457,047
Governmental Activities - Interest Expense	183,936	198,150	-	-	183,936	198,150
Electric	-	-	23,162,027	20,367,475	23,162,027	20,367,475
Water	-	-	2,846,924	2,583,784	2,846,924	2,583,784
Sewer	-	-	3,138,616	3,177,381	3,138,616	3,177,381
Airport	-	-	686,443	595,335	686,443	595,335
Civic Complex	-	-	2,367,768	2,511,305	2,367,768	2,511,305
Total Expenses	<u>12,046,311</u>	<u>13,266,012</u>	<u>32,201,778</u>	<u>29,235,280</u>	<u>44,248,089</u>	<u>42,501,292</u>
Change in net position before transfers	2,961,532	750,778	(1,310,361)	977,660	1,651,171	1,728,438
Transfers	953,007	793,373	(953,007)	(793,373)	-	-
Change in net position	3,914,539	1,544,151	(2,263,368)	184,287	1,651,171	1,728,438
Net Position, October 1	43,073,530	41,529,379	60,953,807	60,769,520	104,027,337	102,298,899
Net Position, September 30	<u>\$ 46,988,069</u>	<u>\$ 43,073,530</u>	<u>\$ 58,690,439</u>	<u>\$ 60,953,807</u>	<u>\$ 105,678,508</u>	<u>\$ 104,027,337</u>

A review of the changes in net position due to activities reflects the following government-wide changes. These changes will be discussed in more detail in each respective section of the activity types.

- Total revenues increased 3.7%, or \$1,669,530. Governmental-type activities accounted for \$991,053 of this increase while business-type activities accounted for \$678,477 of this increase in revenues.
- Total expenses increased by 4.1%, or \$1,746,797. This increase is the net result of a decrease in governmental-type activities of \$1,219,701 and a business-type activities increase of \$2,966,498.

Governmental Activities

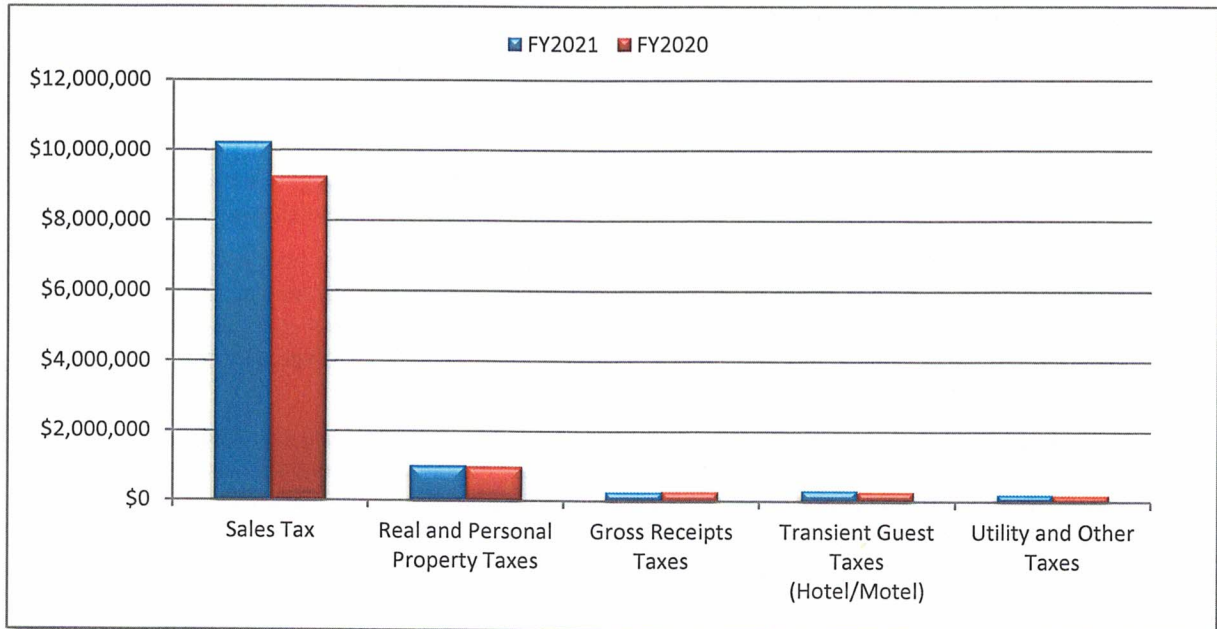
Governmental activities increased the City's net position by \$2,961,532 before transfers. Key elements of this change are as follows:

Revenue

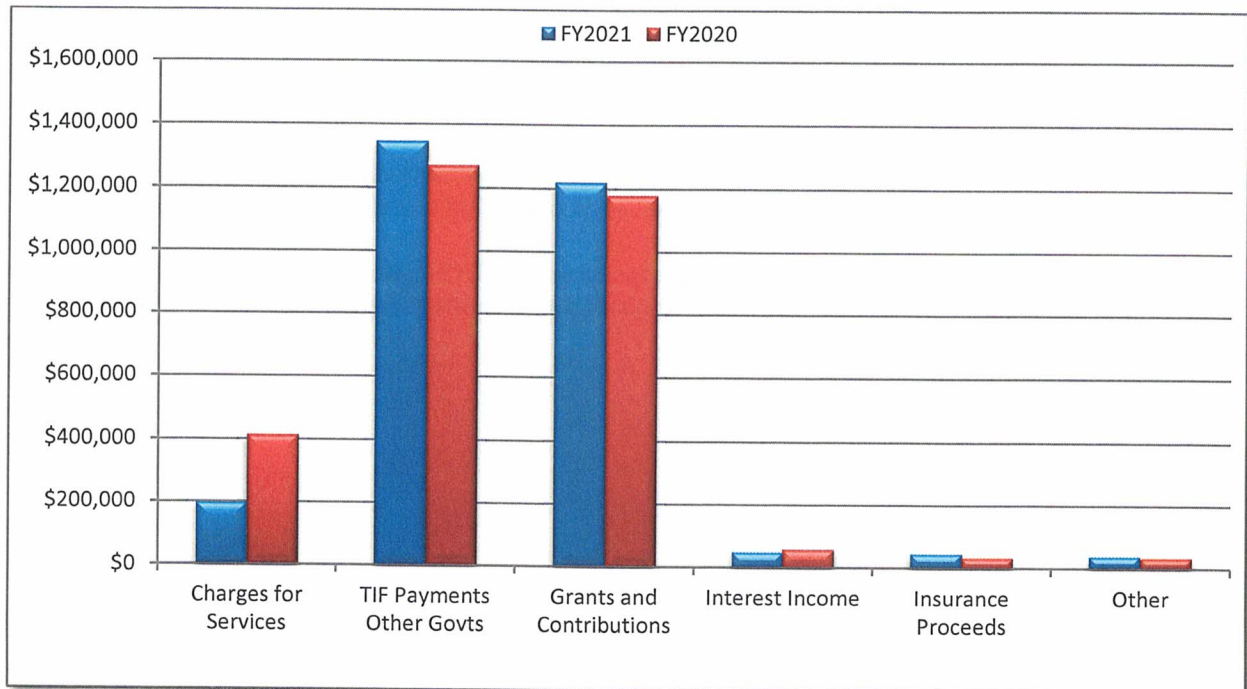
- Sales tax revenues grew with an increase of \$987,046, 10.7%. The Fiscal Year 2021 increase marked eight consecutive years of increased sales tax for the City (10.7%, 7.4%, 0.1%, 5.7%, 2.5%, 6.2%, 8.4%, and 6.6%). The City anticipates increases to continue as the economy grows.
- Other tax revenue changes for the City included:
 - A 1.2%, \$12,006, increase in property taxes, driven primarily by the allowable cost price index increase and new construction, (Prior year change: +2.7%, \$25,934); and
 - A 24.5% increase in transient guest tax receipts, \$64,767 representative of a recovery from the effects of the COVID-19 pandemic and growth. (Prior year change: -15.5%, \$(49,230)).
- Interest income decreased \$7,818 or 13.4% due to lower interest rates.
- Operating contributions and grants decreased by \$20,823, 2.0%, from the prior year to a total of \$1,028,614. General governmental activities received a grant in the amount of \$5,165 for pass-thru to the Missouri Community College Association for the operation of the Jobs for Americas Graduates program and \$139,000 in CARES Act reimbursements. Operating grants were received in the public safety area in the amount of \$164,470. This consisted of \$6,928 for hazardous moving vehicle enforcement efforts, \$101,766 from the Farmington R-7 School District as a cost-sharing contribution in support of the school resource officer program, and \$55,776 from Mineral Area Drug Task Force and Homeland Security under a cost reimbursement agreement. Culture and recreation contributions in the amount of \$27,817 for the operation of the library, parks, and bike hostel from a combination of state aid and donations by individuals which included CARES funding for hot spots available for check-out at the library. The operating grants for the streets and public works are made up of motor fuel and vehicle taxes of \$692,162.
- Capital grants and contributions increased \$60,214 to \$191,593, 45.8%. These included grants from Missouri Department of Transportation for drainage and sidewalk improvements.
- Changes in revenue from charges for services decreased \$(214,898), -52.2%. The general government had a decrease of \$217 due to a decrease in rentals. Public safety realized a decrease of \$165,463 due to a decrease in Court revenue due to the combined effects of the remitting of old cases and a general overall decline experienced since the passage of Missouri Senate Bill 5 and a decrease in fire department costs recovery revenue. Culture and recreation realized a \$7,912 increase attributable to a combination of increases in league revenues in the Parks Department and fines and services at the Library. The streets and public works had a \$57,130 decrease primarily attributable to a decrease in storm water detention impact fee revenue.

Figures 6 and 7 provide a prior year comparison of the revenues by category for the City of Farmington governmental activities.

Tax Revenues
 Figure 6



General Revenues by Source
 Figure 7



Expenses

- Overall, there was a decrease of \$1,219,701, or -9.1%, in governmental activities operating expenses (debt service principal and capital outlay not included). Changes by program area were:
 - A 41.3%, \$1,632,527, decrease in general government, (Prior year change: +16.9%, \$573,084);
 - A 2.5%, \$113,171, increase in public safety, (Prior year change: -3.5%, \$168,286);
 - A 2.1%, \$66,236, increase in streets and public works, (Prior year change: -4.2%, \$(135,799));
 - A 16.9%, \$247,633, increase in culture and recreation, (Prior year change: -1.9%, \$(28,399)); and
 - A 7.2%, \$14,214, decrease in interest expense related to debt (Prior year change: -9.6%, \$(21,073)).
- Personnel related expenses as a whole for the governmental activities had a 4.3% net increase, \$270,266. This is the net effect of an increase in salaries and related payroll taxes in the amount of \$131,740, 2.7%, an increase in benefit expenses of \$65,561, 5.4% due to a changes in premiums and contribution rates, and a \$72,965, 38.3%, increase in other related employee expenses such as uniforms primarily due to turn out gear and contracted labor costs.
- Pension plan related expenses were \$(828,819), decrease of 325%, from the prior year. Primary components of these expenses included service cost (the actuarial present value of projected benefit payments attributed to a valuation year), interest, administrative expenses, amortization of changes in actuarial assumptions, changes in casualty and benefit reserve fund allocations, differences between expected and actual experience, and differences between projected and actual earnings on plan investments.
- Significant changes in other function and program expenses included:
 - An increase in general government expenses of \$73,573, related to personnel, contracts and professional services,
 - A decrease in general government expenses related to information technology equipment and supplies of \$31,898,
 - A decrease of \$221,422 in grant expenditures related to the Missouri Community College Association pass-thru grant due to the transfer of the grant to St. Francois County, an increase of \$20,962 in administration contracts,
 - A decrease of \$145,790 in non-capital equipment based on a change in needs,
 - An increase in fleet maintenance related costs of \$64,721 based on required maintenance and repairs, and
 - An increase in parks system operating expenses of \$197,733 with \$125,374 due to parks system maintenance costs based on changing needs and tree trimming and removal in completed in multiple parks.

Figure 8 provides a prior year comparison of the functional expenses for the City of Farmington governmental activities exclusive of debt service principal and capital outlays.

Expenses by Function
Figure 8

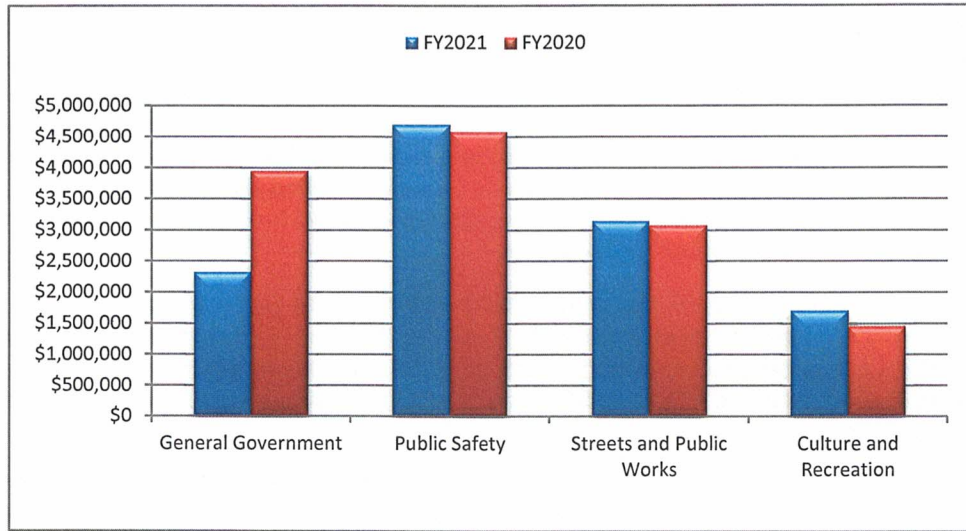
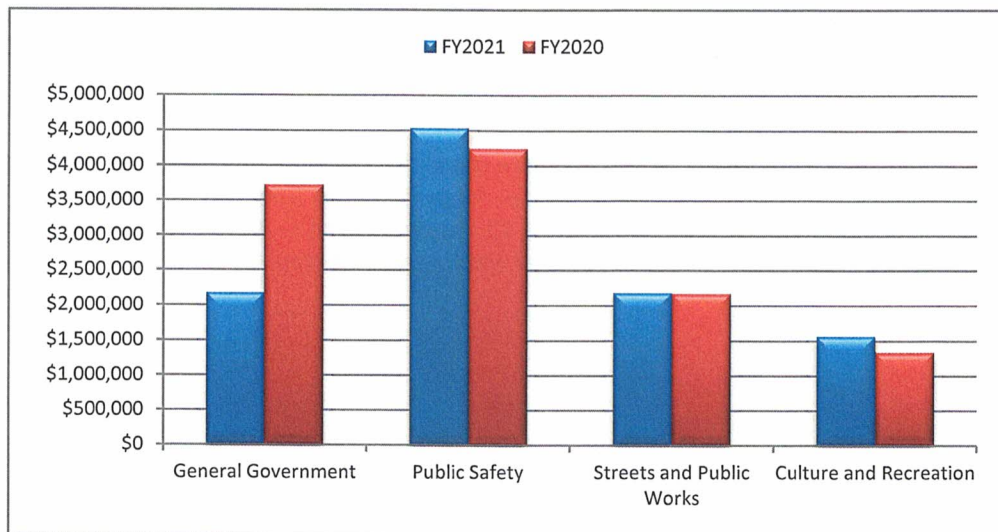


Figure 9 depicts the net cost of service for each activity area (*expenses - charges for service - grants and contributions*) for Fiscal Years ending September 30, 2021, and September 30, 2020.

Net Cost of Service Comparison
Figure 9



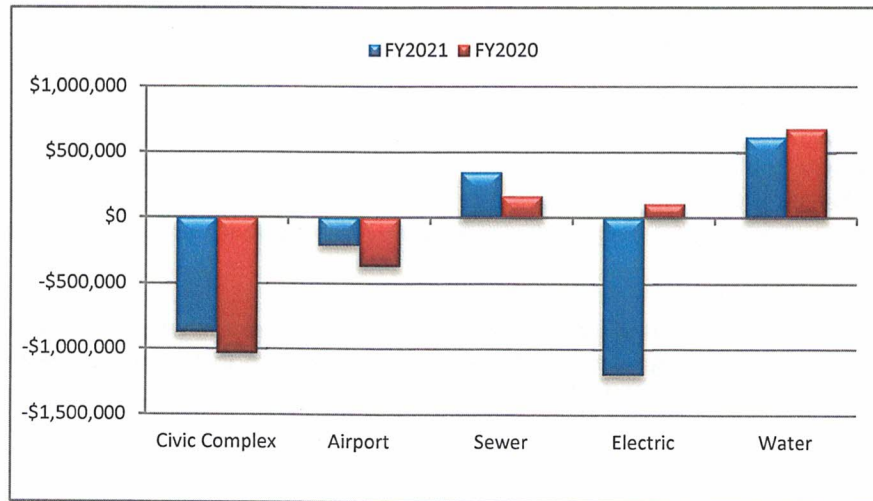
Business-type Activities

Business-type activities decreased the City of Farmington's net position by \$1,310,361 before transfers. Key elements of the changes were as follows:

- The Civic Complex Fund experienced a net loss before transfers of \$876,297. Fund program revenues realized an increase of \$195,829, or 16.8% due to a partial recovery back to pre-pandemic levels for membership billings and attendance. Fund operating expenses decreased by \$143,537, or 5.7%. Significant changes for this fund included an operating agreement with East Missouri Action Agency to operate the senior center. An annual operating subsidy was transferred to the Civic Complex Fund from the Storm Water and Parks Tax Fund in the amount of \$190,639, as well as the General Fund in the amount of \$61,537, resulting in a total operations subsidy for the year ended September 30, 2021 of \$252,176. The fund received an additional transfer of \$233,257 from the Capital Projects Fund for the completion of needed capital improvements.
- The Airport Fund recorded a net loss of \$209,334 driven mostly by depreciation (\$330,179). Charges for goods and services had an increase of \$173,891, or 80%, mostly due to increases in fuel sales. Expenses net of depreciation increased \$91,108, or 15.3%. This increase is primarily due to increased fuel costs of goods sold. The Airport Fund received CARES funding to assist with operating costs in the amount of \$82,000.
- The Sewer Fund had a net gain of \$348,425 before transfers. Sewer charges for services decreased \$17,569, -0.5% primarily due to normal usage fluctuates from year to year. Sewer expenses net of depreciation showed decreased \$46,549, or 2.3%. Key components of this net decrease included a decrease in debt service interest and fees and a decrease in pension expense offset by increases in various categories such as equipment repair and maintenance and chemical and lab supplies for the treatment plants.
- The Electric Fund had a net loss of \$1,192,478 before transfers. The electric utility charges for goods and services increased \$433,612, 2.0%, primarily due to normal usage fluctuates from year to year. The electric utility expenses increased \$2,794,552, 13.7%, which consisted primarily of an increase of \$2,510,934, 14%, in power purchased costs due to the winter storm of February 2021 which saw extreme market costs for wholesale power and an increase in electric service equipment and supply costs.
- The Water Fund had a net gain of \$619,323 before transfers. The water utility charges for goods and services increased \$25,932, 0.75%, due to normal usage fluctuates from year to year. Water utility expenses net of depreciation increased \$255,090, 12.1%. This was primarily due to an increase in water system materials and maintenance and increased meters and mxu costs.

Figure 10 depicts the change in net position before capital contributions and transfers for each enterprise activity for Fiscal Years ending September 30, 2021, and September 30, 2020.

Change in Net Position before Capital Contributions and Transfers
Figure 10



FINANCIAL ANALYSIS OF THE CITY'S INDIVIDUAL FUNDS

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

Governmental Funds

The focus of the City of Farmington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City's financing requirements, specifically unassigned fund balance, which can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The total governmental fund balance at September 30, 2021, was \$10,387,105, compared to \$7,616,149 in the prior year, a 36.4% increase. The City reports the General Fund and Capital Projects funds as major funds. All other governmental funds are combined and reported as non-major funds. Following is information for each of the major governmental funds.

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2021, the General Fund had a balance of \$5,835,803, of which \$4,040,046 was unassigned. As a financial management indicator, it is important to compare unassigned fund balance to total fund expenditures as a general measure of fund liquidity and for adherence to minimum reserve levels as set in the financial policy approved by the City Council. The unassigned fund balance represented approximately 22% of total General Fund expenditures (capital, debt payments and transfers included) which was well within the range of 17% to 34% as established by the City's Reserve Policy. The General Fund has an additional \$1,112,000 assigned to contingency reserves to be utilized as defined in the reserve policy.

Capital Projects Fund

The Capital Projects Fund is used to account for resources designated to and expenses related to the acquisition of major capital assets or facilities. The balance of the Capital Projects Fund at September 30, 2021, was \$1,536,424. The fund balance is restricted for capital projects. Per policy, no minimum reserve balance policy exists for this fund.

The non-major funds had a total fund balance amount of \$3,014,878 at September 30, 2021. This was made up of the following:

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. The balance of the Debt Service Fund at September 30, 2021, was \$0. Per policy, no minimum reserve balance exists for this fund.

Transient Guest Tax Fund

The Transient Guest Tax Fund is used by the City to account for those tax revenues received from the transient tax charged on hotel/motel guests. The City contracts with the Farmington Tourism Bureau to provide marketing and promotion of the City with the funds generated by the transient guest tax. At September 30, 2021, the balance of the Transient Guest Tax Fund was \$0. Per policy, no minimum reserve balance policy exists for this fund.

District Municipal Fund

The District Municipal Fund is used by the City to account for those tax revenues transferred for and disbursed to developers under tax sharing agreements. All monies transferred to this fund are due to developers, therefore, at September 30, 2021, the balance of the fund was \$0. Due to the nature of the fund, there is no minimum reserve policy for this fund.

Special Allocation Fund

The Special Allocation Fund is used by the City to account for those tax revenues transferred and revenues received under tax increment financing districts. Expenses of this fund consists of district related improvements and disbursements to developers under tax sharing agreements. At September 30, 2021, the balance of the fund was \$801,514, all restricted to the Karsch-Downtown Tax Increment Financing District. Due to the nature of the fund, there is no minimum reserve policy for this fund.

Storm Water and Parks Tax Fund

The Storm Water and Parks Tax Fund is used to account for resources designated to and expenses related to the capital storm water projects and operation of and capital improvements to the parks. The balance of the Storm Water and Parks Tax Fund at September 30, 2021, was \$1,040,726. A portion of the tax is designated in the budget each year to be transferred for the parks operations. The remaining funds are held in the Storm Water and Parks Tax Fund and restricted for capital projects, but can be released for parks projects if so decided. For year ended September 30, 2021, 60% of the tax was budgeted to be transferred to the General Fund for the operations of parks with an additional \$145,000 to be transferred for parks capital. A transfer of \$225,000 was budgeted to be transferred to the Civic Complex Fund for operations of the Civic Center. The fund balance is restricted, and per policy, no minimum reserve balance policy exists for this fund.

Transportation Tax Fund

The Transportation Tax Fund is used to account for resources designated to and expenses related to the construction and operation of the transportation system (e.g., roads, sidewalks, and airport). The balance of the Transportation Tax Fund at September 30, 2021, was \$1,172,638. The fund balance is restricted, and per policy, no minimum reserve balance policy exists for this fund.

Proprietary Funds

The City of Farmington's proprietary fund financial statements provide the same type of information found in the government-wide statements, but in more detail. The total net position of the proprietary funds at September 30, 2021, was \$58,690,439. The unrestricted portion of the total net position equaled \$10,899,272, a 14.7% decrease from September 30, 2020. Changes in individual funds were as follows:

Civic Complex Fund

The Civic Complex Fund, which consists of the Civic Center, Centene Center, Water Park, and Senior Center, had a total net position of \$10,212,607 at September 30, 2021, of which \$203,906 was unrestricted. This equates to 12% of

operating expenses (depreciation and capital expenditures not included). The Civic Complex Fund receives an annual subsidy transfer for the operations of the Civic Complex Fund. The subsidy transfer for year ended September 30, 2021, was \$252,176. The fund received an additional transfer of \$233,257 for capital projects.

Airport Fund

The Airport Fund accounts for the activities of the Farmington Regional Airport. These activities include fuel sales, property and hangar rentals, personnel and operating expenses, and capital expansion. The airport offers a self-service fueling station, fuel truck service, and pilot's lounge with showers. The fund net position at September 30, 2021, was \$6,511,049. The amount that was unrestricted was \$332,262. While both the General Fund and Transportation Tax Fund are eligible for transferring funds in support of the airport operations, no transfers were made for the fiscal year ending September 30, 2021.

Sewer Fund

The Sewer Fund accounts for the activities of the sewer utility. Sewer rates are set to cover the cost of operations, debt, and capital improvements. Sewer Fund total net position at September 30, 2021, was \$17,913,055. There was \$1,243,296 unrestricted net position in the Sewer Fund. The unrestricted amount, which is available for sewer operations, equates to 66% of operating expenditures (depreciation, capital outlay, and debt principal payments not included).

Electric Fund

The Electric Fund accounts for the activities of the electric utility. Electric rates are set to cover the cost of operations, debt, and capital improvements. The Electric Fund total net position at September 30, 2021, was \$14,069,813. Of this amount, \$6,386,889 was unrestricted. The unrestricted amount equals 28% of operating expenditures (depreciation, capital outlay, and debt principal payments not included).

Water Fund

The Water Fund accounts for the activities of the water utility. Water rates are set to cover the cost of operations, debt, and capital improvements. The Water Fund total net position at September 30, 2021, was \$9,983,915. Of this amount, \$2,732,919 was unrestricted. The unrestricted amount equals 117% of operating expenditures (depreciation, capital outlay, and debt principal payments not included).

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the City revised the budget on multiple occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Differences between the original and final amended budget can be summarized as follows:

- The General Fund budget for revenues and financing sources net of transfers and lease proceeds was increased by \$2,202,200. Primary components of this increase included:
 - An increase of \$1,766,200 in grants and donations to account for the American Rescue Plan Act funds which were received and unspent at year-end causing a negative variance;
 - An increase of \$590,000 for sales tax revenues;
 - A \$36,000 decrease in municipal court fines and fees revenue;
 - A \$30,000 decrease in interest income due to decreased rates; and
 - Other various smaller adjustments in response to actual revenue trends at the time of the amendment.
- The General Fund expenditures budget was decreased by \$564,800. Primary components of this decrease included:
 - A \$47,200 increase in administration operating and technology costs;
 - A decrease of \$57,700 in public safety;

- A \$11,700 decrease in streets and public works budgets due primarily to a decrease in fleet maintenance costs; and
- A \$27,900 decrease in culture and recreation expenditures.

Capital outlay budget was reduced by \$523,700 for items not to be completed.

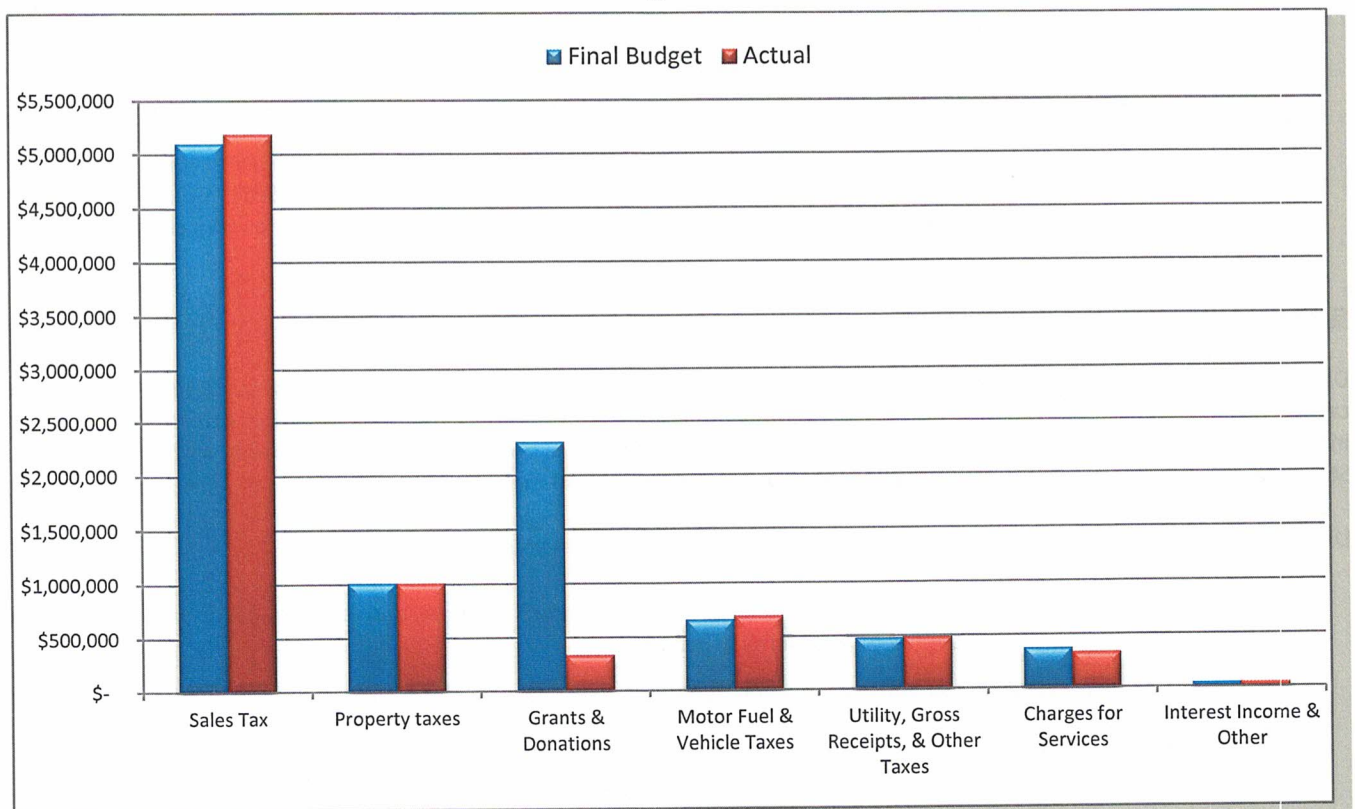
- General Fund transfers out to other funds had a \$138,200 increase while transfers out had a \$235,000 increase.

PERFORMANCE TO BUDGET - GENERAL FUND

Revenues

Actual revenues in the General Fund were \$1,878,576, or 19%, under budget. This is due to American Rescue Plan Act (ARPA) funds being budgeted as revenue, but moved to the balance sheet as unearned revenue because the eligibility requirements for the funds were not met as of September 30, 2021. With the ARPA funds budget of \$1,940,000 removed from the budget, the actual revenues were \$61,424 over budget. The primary components of this variance consisted of taxes over budget by \$130,672 and charges for services (including municipal court fines and fees) under budget by \$39,038.

General Fund Revenues
Final Budget versus Actual
Figure 11



Expenditures

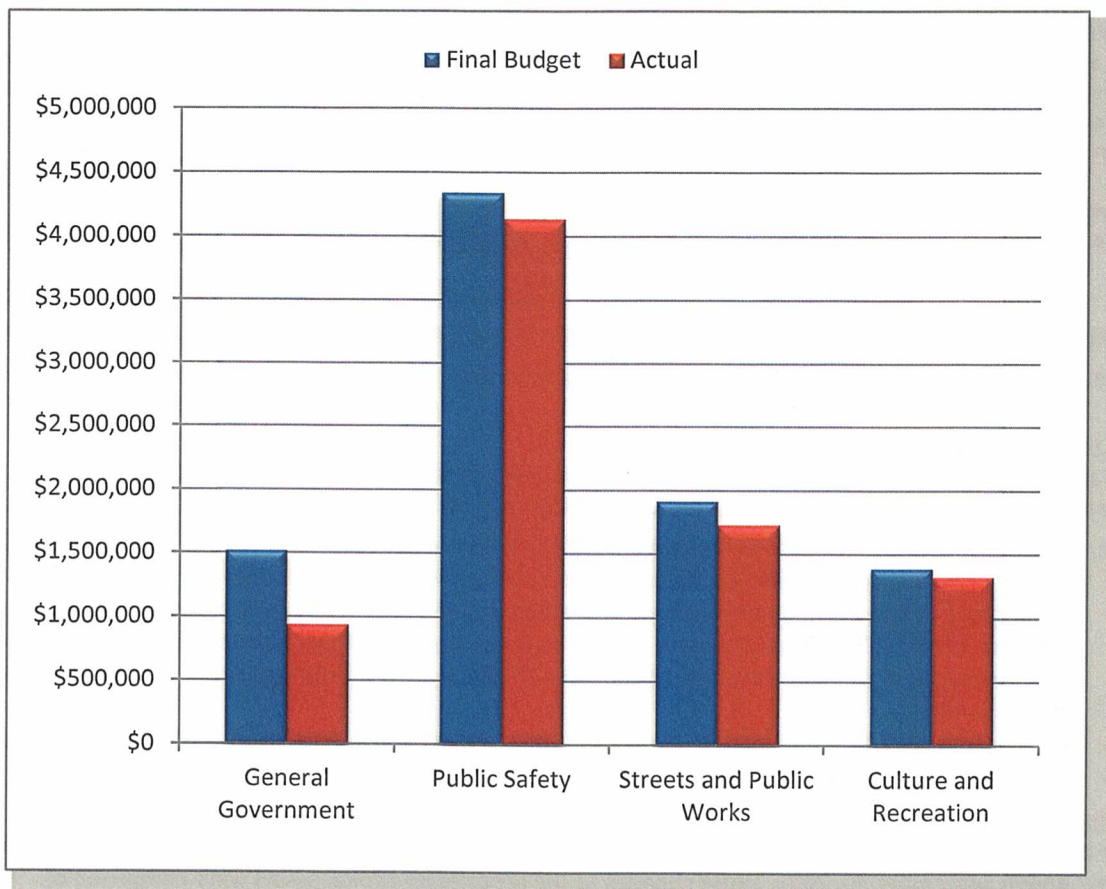
Actual expenditures of the General Fund were \$1,063,548, or approximately 10.7%, below budget. This variance consisted of the following by program area.

- The general government had a variance of \$576,819 below budget.

- The public safety function was \$209,159 below budgeted amounts.
- The streets and public works activities were \$182,448 below budget.
- The culture and recreation activity expenses were \$64,951 below budget.

Actual to budget reviews are completed on a monthly basis. Based on this monitoring, some hiring, projects, or purchases may be postponed to later in the budget year or into a future budget year when practicable. Other expenditures below budget are a combination of projects in process and postponement of projects and purchases. The graph below depicts actual expenditures to the final budgeted expenditures by program area.

General Fund Expenditures
Final Budget versus Actual
Figure 12



CAPITAL ASSET ACTIVITY

The City's capital assets less accumulated depreciation as of September 30, 2021, totaled \$89,864,416. These assets included buildings, roads and bridges, land, machinery and equipment, park facilities, library collections, easements, and vehicles. This was a \$3,307,387, or 3.6%, decrease from the prior year. Figure 13 depicts a comparison to prior year of the capital assets net of depreciation (related debt not considered).

City of Farmington's Capital Assets
Figure 13

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Land Improvements	\$ 2,858,571	\$ 2,850,211	\$ 1,492,181	\$ 1,492,181	\$ 4,350,752	\$ 4,342,392
Buildings and System	14,956,982	14,956,982	22,103,253	22,041,274	37,060,235	36,998,256
Equipment, Furniture, Collections, and Vehicles	11,474,629	9,810,035	4,623,196	4,557,815	16,097,825	14,367,850
Infrastructure	39,135,096	37,704,602	68,822,377	67,915,382	107,957,473	105,619,984
Intangible Assets	-	-	181,231	181,231	181,231	181,231
Construction in Progress	-	2,063,079	81,592	401,847	81,592	2,464,926
Total	68,425,278	67,384,909	97,303,830	96,589,730	165,729,108	163,974,639
Less - Accumulated Depreciation	28,700,300	26,664,516	47,282,260	44,256,188	75,982,560	70,920,704
Total	<u>\$ 39,724,978</u>	<u>\$ 40,720,393</u>	<u>\$ 50,021,570</u>	<u>\$ 52,333,542</u>	<u>\$ 89,746,548</u>	<u>\$ 93,053,935</u>

Major capital asset transactions during the year included the following:

Governmental Funds

In the governmental funds, a total of \$1,301,077 in new assets were added and a total of \$260,708 in assets were disposed of for the year ended September 30, 2021. These changes were comprised of:

- Public safety asset additions in the amount of \$23,308 for a police communication system and \$26,052 for a fire communication system, in addition to the aerial truck of \$1,543,404 moved from in process;
- Streets and public works asset increases in the amount of \$1,190,109 which included a street sweeper in the amount of \$279,289, storm water detention improvements in the amount of \$70,352, infrastructure improvements in the amount of \$679,180, and \$519,674 of prior infrastructure in process moved to in service; and
- Disposal of public safety vehicles in the amount of \$135,994 and a streets and public works street sweeper in the amount of \$124,714. All disposed assets were fully depreciated.

Proprietary Funds

In the proprietary funds, a total of \$895,693 in assets were added and \$181,593 in assets were disposed of during the year ended September 30, 2021. These changes to the proprietary capital assets were comprised of:

- Civic Complex Fund asset additions in the amount of \$46,132 and \$15,847 moved from in process for water park improvements;
- Sewer Fund asset additions in the amount of \$84,805 which consist of \$54,974 for sewer main improvements and \$29,831 in vehicles;
- Electric Fund asset additions in the amount of \$491,061 consisting of \$81,592 for a facility sprinkler system in process, \$10,518 for vehicles, \$398,951 for the distribution and connectivity infrastructure, with \$386,001 of prior in process assets for the distribution and connectivity infrastructure moved to in service; and

**CITY OF FARMINGTON, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

- Water Fund asset additions in the amount of \$273,695 consisting of \$113,044 in equipment for a dump truck, \$29,831 for vehicles, and \$130,820 for water main improvements.
- Disposal of assets included \$31,640 in Electric Fund vehicles, \$63,750 in Sewer Fund infrastructure, \$61,885 in Water Fund equipment, and \$24,318 in Water Fund vehicles.

Additional information on the City's capital assets can be found in Note 4 of the Basic Financial Statements.

LONG-TERM DEBT

The City of Farmington's total debt decreased by \$3,843,949, 28%, during the fiscal year. An overview of the debt held by the City is shown below.

Revenue Bonds, Certificates of Participation, and Capital Leases
Figure 14

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$ -	\$ -	\$ -	\$ 360,000	\$ -	\$ 360,000
Due to State of Missouri	-	-	-	252,000	-	252,000
Certificates of Participation	2,795,000	3,680,000	3,825,000	5,555,000	6,620,000	9,235,000
Capital Leases	2,957,273	3,395,664	152,992	331,550	3,110,265	3,727,214
Total	<u>\$ 5,752,273</u>	<u>\$ 7,075,664</u>	<u>\$ 3,977,992</u>	<u>\$ 6,498,550</u>	<u>\$ 9,730,265</u>	<u>\$ 13,574,214</u>

The City issued new debt for the purchase of a street sweeper in the amount of \$257,289 in the fiscal year ending September 30, 2021.

State of Missouri Revised Statutes limit the amount of general obligation debt that a unit of government can issue to twenty percent (20%) of the total assessed value of taxable property located within that government's boundaries. The total assessed valuation as of October 2020 was \$254,839,768, resulting in a legal general obligation debt margin for the City of Farmington of \$50,967,954 which is well above the City's current total debt obligations. The City holds no general obligation debt related to payment from property taxes.

* Section 95.115 of the 1978 Missouri Revised Statutes permits any county or city, by vote of two-thirds of qualified electors voting thereon, to incur additional indebtedness for City purposes not to exceed five percent (5%) of the taxable tangible property therein, as shown by the last assessment.

* Section 95.120 of the 1978 Missouri Revised Statutes permits any county or city, by a vote of two-thirds of qualified electors voting thereon, to incur additional indebtedness for City purposes not to exceed five percent (5%) of the taxable tangible property therein, as shown by the last assessment.

* Sections 95.125 and 95.130 of the 1978 Missouri Revised Statutes provide that any city may become indebted not exceeding in the aggregate an additional ten percent (10%) for the purpose of acquiring right-of-ways, constructing, extending, and improving streets and avenues and/or sanitary or storm sewer system, and an additional ten percent (10%) for purchasing or construction of waterworks, electric, or other light plants, provided the total general obligation indebtedness of the City does not exceed twenty percent (20%) of the assessed valuation.

Additional information regarding the City of Farmington's debt can be found in Note 8 in the Notes to Financial Statements.

ECONOMIC FACTORS

The following key economic indicators reflect the economic environment of the City.

Sales Tax. The year ended September 30, 2021, showed an increase in sales tax of 10.7%. This marks eight years of increasing sales tax for the city (0.1%, 5.7%, 2.5%, 6.2%, 8.4% and 6.6%, 7.4%). Based on development in the area and economic growth, the City anticipates that the market will remain strong with some growth. Part of the sales tax growth in 2021 and 1Q 2022 may be attributable to COVID-19 stimulus spending and higher consumer prices due to inflation. The city remains conservative in its budgeted growth and expenditures for the ensuing fiscal year.

Property Tax. Property tax rate for fiscal year 2022 increased from \$0.4075 to \$0.4095 per \$100 of assessed valuation. Assessed valuation October 2021, was \$262,000,153 compared to \$254,839,768 the prior year. Included in the October 2021 valuation is \$3,045,410 of real property new construction and \$5,371,095 of new personal property.

Unemployment. As of October 2021, the Farmington Micropolitan Area experienced an unemployment rate of 2.9% according to the U. S. Census Bureau, U. S. Bureau of Labor Statistics. New employers are continuing to express interest in locating in Farmington and existing businesses are unable to fully meet employment needs. It is anticipated that low unemployment rates will continue into the foreseeable future based on consistent employment levels in local retail, industrial and medical services.

Funding. The city continues to receive funding for capital projects through its traditional grant sources for public safety, airport and other uses. The city was awarded a Land Water Conservation Fund Grant in the amount of \$182,640 for construction of an all-inclusive playground scheduled for completion in 2022. The city was awarded \$3.857 million in State and Local Fiscal Recovery Funds which must be expended by 2026. One half or \$1.9284 million was received during fiscal year 2021. The current fiscal year budget includes projects totaling \$2,500,000 using the SLFRF funds for water, sewer, and software upgrades. It is anticipated that available grant funding levels will not be affected by national or local economic conditions.

In November 2021 voters approved imposition of a local option use tax (Wayfair Tax) to balance future sales tax revenues between local retailers and online retailers. The use tax collection began in January 2022. Voters also approved an additional one-half cent general sales tax to support emergency services and to fulfill expected future revenue shortages in the general fund. The new sales tax collections will begin in April 2022.

Utility Rates. The city purchases power from the Missouri Public Utility Alliance - Public Energy Pool (MoPEP). The Pool expects wholesale electric rates to remain stable for the next several fiscal periods. During Fiscal Year 2021 the City incurred excess electric energy charges due to market disruption during winter storm Uri in the amount of \$2,589,329.68. MoPEP secured a no-interest loan from the State of Missouri which allows the city to amortize the excess energy charges for a 60 month term for monthly payments of \$37,761. During 1Q 2022 the Toth & Associates consulting engineers completed a cost-of-services study for the city confirming that the current retail rate structure will provide the required operating and capital revenue for at least two years beyond the current fiscal period. The city has two customers that receive a discounted rate for economic development or load factor discount. The Toth study recommended discontinuation of the discounts

The electric rate code includes a purchase power adjustment factor. The adjustment is applied to the billing when a three-month rolling average of the power cost is either in excess of 104% of the base power cost estimated for the fiscal year or is below 93% of the base power cost estimated. This adjustment helps protect the utility against significant losses because of increased wholesale rates due to unplanned outages and other economic issues, as well as providing an avenue to credit customers when power rate decreases are realized during the fiscal year.

The city provides water and sanitary sewer services to commercial and residential customers. Water is billed monthly based on 100 CF of consumption and sewer is charged based on water consumption for the service location. Current water and sewer utility rates are forecasted to provide sufficient revenue to support operations and short-term capital investments without increasing customer charges through 2024.

Business Environment. The city continued to see new retail stores and restaurants locate in Farmington. The local economy is expected to remain stable, however policy makers should take a conservative outlook on future operating and capital decisions that would increase costs for the city. Employment levels are expected to remain stable, while medical services available are anticipated to expand with emphasis on long term care facilities. New commercial developers have recently expressed interest in opening additional retail space on the west side of US 67 and new housing developments are planned along the west outer road. Farmington is expected to retain its position as a regional center for medical services, retail, and entertainment.

BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022

The Fiscal Year 2022 budget is structured to maintain and support municipal operations at a service level consistent with current and past operations. The city will employ 147 full-time employees during the current year. The city plans to employ five additional police officers and eight additional firefighters to provide essential emergency services. Additionally, the Parks and Recreation Director position which has been vacant for three years will be filled in the current year.

In addition to full-time staff, the city utilizes many part-time and seasonal workers. The budget includes funding of step advancements in the employee pay and classification plan. In January 2022 the city approved pay plan amendments to increase police and fire department personnel wages to retain and recruit qualified personnel. In addition, the minimum starting hourly rate for most positions was increased to ensure a competitive wage rate and the top rate for many positions was increased to ensure that pay rates for long-term employees remains competitive. All part-time position wage rates were increased to the current Missouri minimum wage of \$11.15 per hour.

The city will make significant investment in water and sewer infrastructure utilizing both available enterprise revenue and SLFRF funds and will continue street improvement projects throughout the community. The existing Simple City software used for general ledger, payroll, inventory control, utility billing, permitting and other business functions will be replaced with Tyler Technologies.

Governmental Activities

Revenues in the governmental funds (net of transfers and lease proceeds) are budgeted to remain stable compared to Fiscal Year 2021 actuals or approximately \$16.8 million. Due to 2021 sales tax payments significantly exceeding budgeted forecasts, sales tax revenues for 2022 are budgeted lower than 2021 actuals which were not relied upon as a sustainable growth trend. Major components of this include transfers from the Electric, Water and Sewer funds to cover administrative costs allocation as well as a five percent (5%) payment in lieu of taxes from the Electric, Water, and Sewer Funds to the General Fund is budgeted. A sixty percent (60%) transfer from the Storm Water Parks Tax is budgeted for expenses in parks operations. In addition, additional revenue received from the local option use tax and additional one-half cent public safety general sales tax are included in the 2022 budget. The city also anticipates receipt of \$1.9284 million additional SLSRF funds in the current fiscal year.

Business-type Activities

Overall revenues in the proprietary funds are budgeted to be approximately \$35.1 million. Utility revenue (water, sewer, electric) comprise 90% of enterprise activity revenue and are planned to continue a stable growing trend. Utility revenue is largely dependent on weather conditions any may vary in any year, however, growth in housing and commercial development continues to increase demand for utility services.

Civic Center membership declined notably in 2020 due to COVID-19 closures and health considerations. Moreover, current trends in civic center use and participation is generally declining. New rate structures were adopted to compensate for part of the lost revenue, however, long-term viability of the civic center operations will require re-evaluation of funding sources to support the facility and its programs; or alternatively the center will require additional general fund subsidies.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Gregory S. Beavers, City Administrator, City of Farmington, 110 West Columbia Street, Farmington, Missouri 63640.

CITY OF FARMINGTON, MISSOURI
STATEMENT OF NET POSITION
September 30, 2021

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 7,499,205	\$ 10,777,064	\$ 18,276,269
Receivables (Net of allowance for uncollectibles)	2,530,438	3,411,445	5,941,883
Prepaid Items	61,116	46,746	107,862
Inventory	-	1,902,304	1,902,304
Restricted Assets:			
Cash and Cash Equivalents	4,425,714	645,294	5,071,008
Capital Assets (Net):			
Non Depreciable	2,408,667	1,755,004	4,163,671
Depreciable	37,316,311	48,266,566	85,582,877
Net Pension Asset	5,462,056	2,696,180	8,158,236
TOTAL ASSETS	59,703,507	69,500,603	129,204,110
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Pension Related	605,844	332,755	938,599
Asset retirement obligations	-	274,674	274,674
TOTAL DEFERRED OUTFLOW OF RESOURCES	605,844	607,429	1,213,273
<u>LIABILITIES</u>			
Accounts Payable	1,083,746	1,984,507	3,068,253
Accrued Salaries	206,840	149,445	356,285
Accrued Interest	40,130	40,294	80,424
Taxes Payable	15,269	100,783	116,052
Protested Taxes	194,616	-	194,616
Builder's Deposits	-	25,180	25,180
Civic Center Facility Use Deposits	-	2,213	2,213
Customer Deposits Payable	-	498,604	498,604
Other Payable	2,086,218	317,316	2,403,534
Long-term Liabilities:			
Due within one year	1,735,269	1,211,124	2,946,393
Due within more than one year	4,194,892	5,228,182	9,423,074
TOTAL LIABILITIES	9,556,980	9,557,648	19,114,628
<u>DEFERRED INFLOW OF RESOURCES</u>			
Pension Related	3,764,302	1,859,945	5,624,247
<u>NET POSITION</u>			
Net Investment in Capital Assets	33,794,817	45,976,883	79,771,700
Restricted for:			
Debt Service	-	645,294	645,294
Capital Projects	3,749,788	-	3,749,788
Tax Increment Finance District Projects	801,514	-	801,514
Pension	2,303,598	1,168,990	3,472,588
Unrestricted	6,338,352	10,899,272	17,237,624
TOTAL NET POSITION	\$ 46,988,069	\$ 58,690,439	\$ 105,678,508

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in		
	Expenses	Charges for Services	Capital Contributions	Operating Contributions and Grants	Governmental Activities	Business-type Activities	Totals
Governmental Activities:							
General Government	\$ 2,320,833	\$ 7,983	\$ -	\$ 144,165	\$ (2,168,685)	\$ -	\$ (2,168,685)
Public Safety	4,691,068	(8,162)	-	164,470	(4,534,760)	-	(4,534,760)
Streets and Public Works	3,145,794	86,221	191,593	692,162	(2,175,818)	-	(2,175,818)
Culture and Recreation	1,704,680	111,059	-	27,817	(1,565,804)	-	(1,565,804)
Interest on Long-term Debt	183,936	-	-	-	(183,936)	-	(183,936)
Total Governmental Activities	12,046,311	197,101	191,593	1,028,614	(10,629,003)	-	(10,629,003)
Business-type Activities:							
Civic Complex	2,367,768	1,361,558	-	129,144	-	(877,066)	(877,066)
Airport	686,443	391,209	-	82,648	-	(212,586)	(212,586)
Sewer	3,138,616	3,452,418	-	3,960	-	317,762	317,762
Electric	23,162,027	21,921,849	-	15,087	-	(1,225,091)	(1,225,091)
Water	2,846,924	3,435,507	-	5,047	-	593,630	593,630
Total Business-type Activities	32,201,778	30,562,541	-	235,886	-	(1,403,351)	(1,403,351)
Total City Functions/Programs	\$ 44,248,089	\$ 30,759,642	\$ 191,593	\$ 1,264,500	(10,629,003)	(1,403,351)	(12,032,354)
General Revenues:							
Taxes							
Sales Taxes					10,254,399	-	10,254,399
Real and Personal Property Taxes					997,380	-	997,380
Gross Receipts Taxes					272,216	-	272,216
Transient Guest Tax (Hotel/Motel)					328,739	-	328,739
Utility and Other Taxes					219,295	-	219,295
TIF Proceeds					1,346,292	-	1,346,292
Interest Income					50,732	43,656	94,388
Insurance Proceeds					34,385	5,611	39,996
Other					46,632	-	46,632
Gain on Sale of Capital Assets					40,465	43,723	84,188
Transfers					953,007	(953,007)	-
Total General Revenues and Transfers					14,543,542	(860,017)	13,683,525
Change in Net Position for the Year					3,914,539	(2,263,368)	1,651,171
Net Position - September 30, 2020					43,073,530	60,953,807	104,027,337
Net Position - September 30, 2021					\$ 46,988,069	\$ 58,690,439	\$ 105,678,508

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	Major Funds			Total
	General Fund	Capital Projects Fund	Nonmajor Funds	Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 7,499,205	\$ -	\$ -	\$ 7,499,205
Accounts Receivable (net)	1,185,246	403,731	941,461	2,530,438
Prepaid Items	61,116	-	-	61,116
Due From Other Funds	-	-	226,572	226,572
Restricted Assets				
Cash and Cash Equivalents	-	1,194,509	3,231,205	4,425,714
TOTAL ASSETS	\$ 8,745,567	\$ 1,598,240	\$ 4,399,238	\$ 14,743,045
<u>LIABILITIES</u>				
Accounts Payable	\$ 211,616	\$ -	\$ 872,130	\$ 1,083,746
Accrued Salaries	206,840	-	-	206,840
Taxes Payable	15,269	-	-	15,269
Protested Taxes	194,616	-	-	194,616
Due to Other Funds	123,693	61,816	41,063	226,572
Other Liabilities	2,086,218	-	-	2,086,218
Total Liabilities	2,838,252	61,816	913,193	3,813,261
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Court and Property Taxes	71,512	-	-	71,512
Unavailable Revenue - Tax Increment District Payments	-	-	471,167	471,167
Total Deferred Inflows of Resources	71,512	-	471,167	542,679
<u>FUND BALANCE</u>				
Nonspendable				
Prepays	61,116	-	-	61,116
Restricted				
Capital Projects	-	1,536,424	2,213,364	3,749,788
Karsch - Downtown TIF District	-	-	801,514	801,514
Committed				
Acquisition/Improvement of Public Spaces	53,022	-	-	53,022
Assigned				
Appropriated to FY2022	384,975	-	-	384,975
Contingency Reserves	1,112,000	-	-	1,112,000
Other Purposes	16,103	-	-	16,103
Storm Water Improvements	115,474	-	-	115,474
Wilson Rozier Ballpark	53,067	-	-	53,067
Unassigned	<u>4,040,046</u>	<u>-</u>	<u>-</u>	<u>4,040,046</u>
Total Fund Balances	5,835,803	1,536,424	3,014,878	10,387,105
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 8,745,567	\$ 1,598,240	\$ 4,399,238	\$ 14,743,045

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
Year Ended September 30, 2021

Total Fund Balances - Governmental Funds	\$ 10,387,105
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Amounts reported for governmental activities in the statement of net position are different because:

Pensions - Net pension assets, pension related deferred outflows and pension related deferred inflows are not current financial resources and liabilities and therefore are not reported in the funds.

Net Pension Asset	5,462,056	
Deferred Outflows	605,844	
Deferred Inflows	<u>(3,764,302)</u>	
		2,303,598

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.

Governmental capital assets	68,425,278	
Less - Accumulated depreciation	<u>(28,700,300)</u>	
		39,724,978

Long-term liabilities, including leases payable, and loans payable are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.

Accrued Compensated Absences	(177,888)	
Leases Payable	(2,957,273)	
Certificates of Participation	(2,795,000)	
Accrued Interest Payable	<u>(40,130)</u>	
		(5,970,291)

Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures. Therefore, these revenues are reported as a deferred inflow of resources on the Governmental Funds Statement.

542,679

Net Position of Governmental Activities

\$ 46,988,069

CITY OF FARMINGTON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2021

	Major Funds			Total
	General Fund	Capital Projects Fund	Nonmajor Funds	Governmental Funds
REVENUES				
Sales Tax	\$ 5,184,431	\$ 2,535,043	\$ 2,534,925	\$ 10,254,399
Real and Personal Property Tax	1,010,568	-	-	1,010,568
Grants and Donations	336,452	-	183,233	519,685
Motor Fuel and Vehicle Tax	692,162	-	-	692,162
Utility, Gross Receipts and Other Taxes	491,511	-	-	491,511
Charges for Services	205,899	-	-	205,899
Municipal Court Fines and Fees	126,563	-	-	126,563
Transient Guest (Hotel/Motel) Tax	-	-	328,739	328,739
Interest Income	11,006	3,910	35,816	50,732
TIF Proceeds From Other Governments	-	-	1,291,750	1,291,750
Other	32,632	-	14,000	46,632
Total Operating Revenues	<u>8,091,224</u>	<u>2,538,953</u>	<u>4,388,463</u>	<u>15,018,640</u>
EXPENDITURES				
General Government				
Administration	938,181	-	1,899,307	2,837,488
Tourism	-	-	329,629	329,629
Public Safety				
Police	2,631,420	-	-	2,631,420
Municipal Court	91,225	-	-	91,225
Fire	1,409,396	-	-	1,409,396
Streets and Public Works				
Street	785,002	-	108,460	893,462
Public Works	355,377	-	-	355,377
Maintenance	592,473	-	-	592,473
Culture and Recreation				
Park	902,849	-	-	902,849
Library	422,000	-	-	422,000
Capital Outlay	381,898	-	910,819	1,292,717
Debt Service - Interest	22,951	-	171,163	194,114
Debt Service - Principal	356,680	-	1,224,000	1,580,680
Total Expenditures	<u>8,889,452</u>	<u>-</u>	<u>4,643,378</u>	<u>13,532,830</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(798,228)</u>	<u>2,538,953</u>	<u>(254,915)</u>	<u>1,485,810</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	2,647,543	-	3,090,559	5,738,102
Transfer Out	(802,629)	(2,390,387)	(1,592,079)	(4,785,095)
Proceeds from capital lease	257,289	-	-	257,289
Sale of Capital Asset	40,465	-	-	40,465
Insurance Proceeds	34,385	-	-	34,385
Total Other Financing Sources and Uses	<u>2,177,053</u>	<u>(2,390,387)</u>	<u>1,498,480</u>	<u>1,285,146</u>
NET CHANGE IN FUND BALANCES	<u>1,378,825</u>	<u>148,566</u>	<u>1,243,565</u>	<u>2,770,956</u>
FUND BALANCES - SEPTEMBER 30, 2020	<u>4,456,978</u>	<u>1,387,858</u>	<u>1,771,313</u>	<u>7,616,149</u>
FUND BALANCES - SEPTEMBER 30, 2021	<u>\$ 5,835,803</u>	<u>\$ 1,536,424</u>	<u>\$ 3,014,878</u>	<u>\$ 10,387,105</u>

See accompanying notes and accountants' report.

City of Farmington, Missouri
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
Year Ended September 30, 2021

Amounts Reported for Governmental Activities in the Statement of Activities and Change in Net Position were different because:

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 2,770,956
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Additionally, contributions of capital assets to the City are recorded as capital contributions on the Statement of Activities.	
Capital Additions (Outlay + Trade Proceeds)	1,292,717
Capital Contribution	8,360
Depreciation	(2,296,492)
Governmental funds report all proceeds from the sale or trade of assets as revenue while on the Government-Wide Statement of Activities this amount is netted against accumulated depreciation.	
Cost of Disposed Assets	(260,708)
Accumulated Depreciation	260,708
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenues	(94,007)
Principal payments on long-term liabilities of governmental funds are expensed. However on the Government-wide Statement of Activities they are shown as a reduction of debt.	
Payment of capital lease principal	1,580,680
Proceeds from the issuance of long-term debt are reported as providing current financial resources in governmental funds, but are reported as long-term debt in the government-wide financials statements.	
	(257,289)
In the Government-wide Statement of Activities, compensated absences are accrued whereas in the Governmental Funds, an expenditure is reported when due and matured.	
Change in compensated absences	(12,125)
In the Government-wide Statement of Activities, interest is accrued whereas in the Governmental Funds, an expenditure is reported when due.	
Change in accrued interest	10,178
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned is reported as pension expense.	
Pension Expense	911,561
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	\$ 3,914,539

CITY OF FARMINGTON, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Civic Complex Fund	Airport Fund	Sewer Fund	Electric Fund	Water Fund	Totals
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 262,183	\$ 303,207	\$ 860,546	\$ 7,200,453	\$ 2,150,675	\$ 10,777,064
Accounts Receivable	21,333	25,976	449,933	2,488,897	425,306	3,411,445
Prepays	8,061	840	8,322	18,498	11,025	46,746
Inventory	-	47,441	107,171	1,385,880	361,812	1,902,304
Total Current	291,577	377,464	1,425,972	11,093,728	2,948,818	16,137,559
Noncurrent Assets:						
Restricted Assets:						
Cash and Investments	-	-	645,294	-	-	645,294
Capital Assets (Net of Accumulated Depreciation)	9,992,349	6,152,784	19,578,034	7,222,310	7,076,093	50,021,570
Net Pension Asset	334,712	78,427	811,799	1,063,025	408,217	2,696,180
Total Noncurrent Assets	10,327,061	6,231,211	21,035,127	8,285,335	7,484,310	53,363,044
Total Assets	10,618,638	6,608,675	22,461,099	19,379,063	10,433,128	69,500,603
DEFERRED OUTFLOW OF RESOURCES						
Pension Related	64,198	2,786	87,774	129,950	48,047	332,755
Asset retirement obligations	-	-	-	-	274,674	274,674
Total Deferred Outflows Of Resources	64,198	2,786	87,774	129,950	322,721	607,429
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	10,682,836	6,611,461	22,548,873	19,509,013	10,755,849	70,108,032
LIABILITIES						
Current Liabilities:						
Accounts Payable	55,193	42,201	83,188	1,638,231	165,694	1,984,507
Accrued Salaries and Accrued Vacation	21,252	1,481	39,690	63,409	23,613	149,445
Accrued Interest	-	-	40,294	-	-	40,294
Taxes Payable	1,608	109	3,001	84,702	11,363	100,783
Builder's Deposits	-	-	-	25,180	-	25,180
Civic Center Facility Use Deposits	2,213	-	-	-	-	2,213
Other Liabilities	7,405	1,411	16,503	282,094	9,903	317,316
Current Portion of Long-term Debt	152,991	-	605,000	453,133	-	1,211,124
Total	240,662	45,202	787,676	2,546,749	210,573	3,830,862
Noncurrent Liabilities:						
Customer Deposits Payable	-	-	-	498,604	-	498,604
Asset Retirement Obligation	-	-	-	-	280,000	280,000
Capital Leases Payable	152,991	-	3,891,696	-	-	4,044,687
Notes Payable	-	-	-	2,114,619	-	2,114,619
Less - Current Maturities	(152,991)	-	(605,000)	(453,133)	-	(1,211,124)
Total Noncurrent Liabilities	-	-	3,286,696	2,160,090	280,000	5,726,786
Total Liabilities	240,662	45,202	4,074,372	4,706,839	490,573	9,557,648
DEFERRED INFLOW OF RESOURCES						
Pension Related	229,567	55,210	561,446	732,361	281,361	1,859,945
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	470,229	100,412	4,635,818	5,439,200	771,934	11,417,593
NET POSITION						
Net Investment in Capital Assets	9,839,358	6,152,784	15,686,338	7,222,310	7,076,093	45,976,883
Restricted	169,343	26,003	983,421	460,614	174,903	1,814,284
Unrestricted	203,906	332,262	1,243,296	6,386,889	2,732,919	10,899,272
TOTAL NET POSITION	\$ 10,212,607	\$ 6,511,049	\$ 17,913,055	\$ 14,069,813	\$ 9,983,915	\$ 58,690,439

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
Year Ended September 30, 2021

	<u>Civic Complex Fund</u>	<u>Airport Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>						
Charges for Services:						
Civic Complex Charges	\$ 1,361,558	\$ -	\$ -	\$ -	\$ -	\$ 1,361,558
Airport Charges	-	391,209	-	-	-	391,209
Sewer Charges	-	-	3,452,418	-	-	3,452,418
Electric Charges	-	-	-	21,921,849	-	21,921,849
Water Charges	-	-	-	-	3,435,507	3,435,507
Total Operating Revenues	<u>1,361,558</u>	<u>391,209</u>	<u>3,452,418</u>	<u>21,921,849</u>	<u>3,435,507</u>	<u>30,562,541</u>
<u>OPERATING EXPENSES</u>						
Civic Complex Expenses	1,726,921	-	-	-	-	1,726,921
Airport Expenses	-	356,264	-	-	-	356,264
Sewer Expenses	-	-	1,875,128	-	-	1,875,128
Electric Expenses	-	-	-	22,583,502	-	22,583,502
Water Expenses	-	-	-	-	2,335,265	2,335,265
Depreciation	633,258	330,179	1,170,062	578,525	487,672	3,199,696
Total Operating Expenses	<u>2,360,179</u>	<u>686,443</u>	<u>3,045,190</u>	<u>23,162,027</u>	<u>2,822,937</u>	<u>32,076,776</u>
OPERATING INCOME (LOSS)	<u>(998,621)</u>	<u>(295,234)</u>	<u>407,228</u>	<u>(1,240,178)</u>	<u>612,570</u>	<u>(1,514,235)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Grant Income	80,340	82,648	3,960	15,087	5,047	187,082
Contributions	48,804	-	-	-	-	48,804
Interest and Investment Income	769	378	12,701	21,376	8,432	43,656
Bond Fees	-	-	(3,289)	-	(3,483)	(6,772)
Interest Expense	(7,589)	-	(90,137)	-	(20,504)	(118,230)
Gain (Loss) on Disposal of Assets	-	-	17,962	8,500	17,261	43,723
Insurance Proceeds and Settlements	-	2,874	-	2,737	-	5,611
Total Non-operating Revenues (Expenses)	<u>122,324</u>	<u>85,900</u>	<u>(58,803)</u>	<u>47,700</u>	<u>6,753</u>	<u>203,874</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(876,297)</u>	<u>(209,334)</u>	<u>348,425</u>	<u>(1,192,478)</u>	<u>619,323</u>	<u>(1,310,361)</u>
Transfers In	485,433	-	-	-	-	485,433
Transfers Out	-	-	(171,544)	(1,097,013)	(169,883)	(1,438,440)
CHANGE IN NET POSITION	<u>(390,864)</u>	<u>(209,334)</u>	<u>176,881</u>	<u>(2,289,491)</u>	<u>449,440</u>	<u>(2,263,368)</u>
NET POSITION - SEPTEMBER 30, 2020	<u>10,603,471</u>	<u>6,720,383</u>	<u>17,736,174</u>	<u>16,359,304</u>	<u>9,534,475</u>	<u>60,953,807</u>
NET POSITION - SEPTEMBER 30, 2021	<u>\$ 10,212,607</u>	<u>\$ 6,511,049</u>	<u>\$ 17,913,055</u>	<u>\$ 14,069,813</u>	<u>\$ 9,983,915</u>	<u>\$ 58,690,439</u>

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2021

	Civic Complex Fund	Airport Fund	Sewer Fund	Electric Fund	Water Fund	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Receipts from Customers	\$ 1,390,286	\$ 385,735	\$ 3,440,815	\$ 22,031,832	\$ 3,444,300	\$ 30,692,968
Payments to Suppliers	(844,172)	(303,706)	(1,219,863)	(21,526,920)	(1,896,207)	(25,790,868)
Payments to or on Behalf of Employees	(927,630)	(58,728)	(840,958)	(1,113,890)	(470,538)	(3,411,744)
Net Cash Provided By (Used In) Operating Activities	<u>(381,516)</u>	<u>23,301</u>	<u>1,379,994</u>	<u>(608,978)</u>	<u>1,077,555</u>	<u>1,490,356</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>						
Transfers In (Out)	485,433	-	(171,544)	(1,097,013)	(169,883)	(953,007)
Contributions and Operating Grants	129,144	82,648	3,960	15,087	5,047	235,886
Insurance Proceeds, Settlements and Other	-	2,874	-	2,737	-	5,611
Winter Storm 2021 Power Payable	-	-	-	2,114,619	-	-
Loans To/From Other Funds	-	-	-	-	-	-
Net Cash Provided By (Used In) For Noncapital Financing Activities	<u>614,577</u>	<u>85,522</u>	<u>(167,584)</u>	<u>1,035,430</u>	<u>(164,836)</u>	<u>(711,510)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Sale of Debt Service Reserve Investments	-	-	-	-	481,979	481,979
Principal Payments on Long-term Debt Net of Applied Reserves	(178,558)	-	(1,430,339)	-	(925,000)	(2,533,897)
Interest Paid	(7,589)	-	(112,751)	-	(35,150)	(155,490)
Bond Fees	-	-	(3,289)	-	(3,483)	(6,772)
Capital Assets - Acquisition, Sale and Disposal	(46,132)	-	(58,874)	(482,562)	(256,433)	(844,001)
Net Cash Used For Capital and Related Financing Activities	<u>(232,279)</u>	<u>-</u>	<u>(1,605,253)</u>	<u>(482,562)</u>	<u>(738,087)</u>	<u>(3,058,181)</u>
<u>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</u>						
Investment Earnings (Loss)	<u>769</u>	<u>378</u>	<u>593,056</u>	<u>26,376</u>	<u>8,432</u>	<u>629,011</u>
Net Change in Cash and Cash Equivalents	1,551	109,201	200,213	(29,734)	183,064	464,295
Cash and Cash Equivalent Balances at October 1, 2020	<u>260,632</u>	<u>194,006</u>	<u>660,333</u>	<u>7,230,187</u>	<u>1,967,611</u>	<u>10,312,769</u>
Cash and Cash Equivalent Balances at September 30, 2021	<u>\$ 262,183</u>	<u>\$ 303,207</u>	<u>\$ 860,546</u>	<u>\$ 7,200,453</u>	<u>\$ 2,150,675</u>	<u>\$ 10,777,064</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) by Operating Activities						
Operating Income (Loss)	\$ (998,621)	\$ (295,234)	\$ 407,228	\$ (1,240,178)	\$ 612,570	\$ (1,514,235)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation Expense	633,258	330,179	1,170,062	578,525	487,672	3,199,696
Pension Expense	(53,407)	(11,835)	(133,003)	(177,112)	(68,008)	(443,365)
Asset retirement obligation	-	-	-	-	5,326	5,326
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows						
Accounts Receivable	28,728	(5,474)	(11,602)	91,027	(8,468)	94,211
Prepays	2,723	649	3,655	200,185	3,212	210,424
Inventory	-	(8,899)	(21,774)	81,891	(57,704)	(6,486)
Accounts Payable and Other Payables	12,971	14,262	(36,662)	(169,382)	98,347	(80,464)
Customer and Builder Deposits Payable	-	-	-	18,956	-	18,956
Accrued Salaries and Compensated Absences	(7,168)	(347)	2,090	7,110	4,608	6,293
Net Cash Provided By (Used In) Operating Activities	<u>\$ (381,516)</u>	<u>\$ 23,301</u>	<u>\$ 1,379,994</u>	<u>\$ (608,978)</u>	<u>\$ 1,077,555</u>	<u>\$ 1,490,356</u>

See accompanying notes and accountants' report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies utilized by the City in the preparation of the accompanying basic financial statements.

A. The Reporting Entity

The City of Farmington, Missouri currently operates as a third class city of the State of Missouri under the Mayor, Council-City Administrator form of government and provides municipal services to its residents. The accompanying financial statements include the accounting information for all City operations.

Under accounting principles generally accepted in the United States of America, the reporting entity consists of the City and other organizations for which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Based upon this criterion, the City has no component units and the accompanying financial statements represent only the City of Farmington. Following are other legally separate organizations which have been examined to determine if their inclusion is necessary to fairly present the financial position and activities of the City.

The Industrial Development Authority of the City of Farmington (IDA) is considered to be a related organization. The IDA is excluded from the reporting entity because the City's accountability does not extend beyond appointing a voting majority of the IDA's board members.

B. Government-wide and Fund Financial Statements Basis of Presentation

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and City general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers. It is the City's policy to eliminate the effect of all inter-fund activity on the entity wide financial statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which reports fees, fines, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets of a particular function. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. The program expenses include those expenses that can clearly be identified with a specific function or segment.

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The City utilizes the following funds:

Governmental Fund Types:

The City reports two major governmental funds, the General Fund and Capital Projects Fund.

General Fund - The General Fund is the primary fund of the City. It is used to account for all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund accounts for all financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities which are not financed by proprietary and trust funds.

The City reports six funds in aggregate under non-major funds, the Debt Service Fund, Transient Guest Tax Fund, District Municipal Fund, Special Allocation Fund, Storm Water and Parks Fund, and Transportation Fund.

Debt Service Fund - The Debt Service Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditure for, and the payment of, general long-term debt including capital lease obligations principal, interest and related costs.

Transient Guest Tax Fund - The Transient Guest Tax Fund is used to account for the financial resources derived from the Transient Guest Tax. Transient Guest taxes are to be used solely for the purpose of promoting Farmington as a visitor and tourist center.

District Municipal Fund - The District Municipal Fund is used to account for the financial resources related to multiple tax sharing agreements.

Special Allocation Fund - The Special Allocation Fund is used to account for the financial resources derived from the Tax Increment Finance (TIF) districts. TIF district funds are to be used for those purposes outlined in the respective district plans.

Storm Water and Parks Tax Fund - The Storm Water and Parks Tax Fund is used to account for the financial resources derived from the Storm Water and Parks Tax. Storm Water and Parks taxes are to be used solely for the purpose of storm water control and the operation of local parks.

Transportation Guest Tax Fund - The Transportation Guest Tax Fund is used to account for the financial resources derived from the Transportation Tax. Transportation taxes are to be used solely for the purpose of the construction, reconstruction, repair and maintenance of streets and sidewalks within the City and construction, reconstructions, repair and maintenance of the municipal airport.

Proprietary Fund Types:

Enterprise funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City has the following enterprise funds: Civic Complex Fund, Airport Fund, Sewer Fund, Electric Fund, and Water Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. Property tax revenues are recognized when billed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Primary revenue sources susceptible to accrual include: property taxes, sales taxes, gross receipts taxes, transient guest taxes, grants, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred, except for debt service payments which are reported as expenditures in the year due.

Proprietary funds distinguish operating revenue and expenses from non-operating revenue and expenses. Operating revenue and expenses generally result from providing goods or services as a part of the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses are the costs of providing goods or services and include administrative expenses (i.e., salaries, benefits, supplies, etc.) and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, the City customarily utilizes restricted funds prior to unrestricted funds. It is the City's policy to utilize the method defined at the time the expenditure was budgeted.

The effect of all inter-fund activity has been eliminated from the government-wide financial statements except for an administrative payment in lieu of taxes from the proprietary funds to the governmental funds.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Balance/Net Position

1. Deposits and Investments

For the purpose of reporting, "cash" and "cash equivalents" includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three months or less. Restricted cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and investments whose maturity is greater than three months or whose use is subject to constraints by creditors, grantors, contributors, or laws or regulations.

Cash resources of certain individual funds are combined to form a pool of cash. Interest income earned is distributed to the appropriate funds based on the ending monthly balance of cash for each fund. In the event a fund overdraws its share of the pooled cash, the overdraft is reported as an inter-fund payable in that fund and an inter-fund receivable in the General Fund. However, in certain cases, the Electric Fund unassigned cash may be used to loan money to the other proprietary funds which would otherwise experience a temporary overdraft. In this situation, the inter-fund receivable is recorded in the Electric Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The excess amount of demand deposits and certificates of deposit not covered by FDIC insurance are required to be 100% collateralized. Obligations that may be pledged as collateral include the same type as those authorized for investment by the City. All legal requirements were met during the year ended September 30, 2021.

2. Accounts Receivable - Unbilled Revenue

The City records as accounts receivable in the enterprise fund financial statements the amount of accrued, but unbilled revenue for the Sewer, Electric, and Water Funds determined by prorating actual subsequent billings.

3. Property Tax Recognition

Property assessed values are determined by the St. Francois County Assessor. The City levied a property tax at the rate of \$0.4075 per \$100 of assessed valuation to be used for general revenue purposes. The City's property taxes are billed and collected by the St. Francois County Collector and subsequently remitted to the City. Taxes are levied on October 1, mailed to residents in November, and are payable on or before January 1 of the following year. Property tax revenues are recognized when billed. All unpaid taxes become delinquent after January 1 at which time the property taxes attach as an enforceable lien on the property if unpaid. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as a deferred inflow of resources within the governmental fund financial statements.

4. Prepaid Items

Payments made for services that will benefit periods beyond September 30, 2021, are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the payment and an expenditure is reported in the year in which the services are consumed.

5. Inventories

The enterprise funds have parts and supplies on hand for use in maintaining the utility systems and aviation fuel for resale at the airport. Inventories are physically counted both periodically and annually. These items are recorded at cost and expensed as used based off of the annual count for utility systems inventory and monthly for aviation fuel. The cost basis is applied for valuation using a first in-first out methodology.

6. Restricted Assets

Certain proceeds of the City's bonds and certificates of participation (COP) issues, as well as certain resources, are set aside for debt service, capital projects, and other special purposes. These items are classified as restricted on the balance sheet and on the statement of net position because their use is limited by debt covenants, COP financing agreements, or other statutory provisions.

7. Capital Assets and Depreciation

Capital assets, which include the City's property, plant and equipment, infrastructure, and intangible property with useful lives of more than one year are stated at actual cost or estimated historical cost and comprehensively reported in the government-wide financial statements. If actual cost was not available, historical cost was estimated using a price deflator related to the assets' year of acquisition. Donated capital assets acquired prior to October 1, 2015, are recorded at estimated fair value at the date of donation. Donated capital assets acquired after October 1, 2015, are recorded at acquisition value.

To meet the definition of a capital asset for the City, an item must have a useful life of more than one year and a minimum initial cost as follows:

Buildings	\$ 25,000
Equipment – Office	\$ 5,000
Equipment – Non-office	\$ 15,000
Vehicles	\$ 15,000
Infrastructure/Improvements	\$ 25,000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

7. Capital Assets and Depreciation - continued

In accordance with GASB Statement No. 34, general government infrastructure assets (streets, sidewalks, curbs and gutters) have been capitalized retroactively to 1980 at historical cost. Additionally, the costs of normal maintenance and repairs that do not add to the value of an asset or significantly extend asset lives are expensed rather than capitalized.

Land assets, certain intangible assets, and construction in progress projects are not depreciated; however, all other capital assets are depreciated using the straight-line method over the useful life of the assets. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	20 - 50
Improvements/Infrastructure	5 - 50
Water and Wastewater Infrastructure	15 - 40
Furniture, Vehicles, Equipment & Collections	5 - 15

8. Deferred Outflow of Resources

The consumption of net position or fund balance in one period that is applicable to a future reporting period is recorded as a deferred outflow of resources. The City has government-wide deferred outflows of resources as of September 30, 2021, representative of the difference between projected and actual earnings on pension plan investments, the difference in pension asset due to changes in assumptions, the difference in expected and actual experience on plan assumptions and plan investments, and the pension plan payments made subsequent to the pension plan measurement date of June 30, 2021.

9. Compensated Absences

City employees earn sick leave benefits and varying amounts of paid vacation based on their length of service with the City. Vacation days may not be carried over or accrued past one year. Accumulated unpaid vacation is payable to employees upon termination. Under certain circumstances, accumulated sick leave is payable at fifty percent (50%). Compensated absences are reported in accrued salaries and payroll taxes in the government-wide and proprietary fund financial statements. Only those amounts which came due (matured) are recorded in the governmental fund financial statements.

10. Pensions

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

11. Other Post-Employment Benefits

The City does not provide any type of other post-employment benefits to its employees except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

12. Long-term Debt

In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the governmental fund financial statements, governmental funds recognize the face amount of the debt as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

13. Deferred Inflows of Resources

The acquisitions of resources which are applicable to a future reporting period are referred to as Deferred Inflows of Resources. Certain receipts of the City are applicable to services provided in future accounting periods and only become revenue upon the use of the service or commencement of contract. Government-wide deferred inflows realized by the City may include prepayment of administrative and legal costs related to tax increment financing districts, prepayment of facility deposits at the Civic Center for future use, and the unamortized difference between projected and actual earnings on pension plan investments, the difference in pension asset due to changes in assumptions, and the difference in expected and actual experience of the total pension liability. Governmental funds statements include deferred inflows for unavailable revenues associated with property taxes, court fines, and tax increment finance payments from other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

14. Fund Balance

There are five classifications of fund balance in the governmental fund financial statements. These classifications are based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the City governmental funds, which include the General Fund and Capital Projects Fund, and non-major governmental funds (Debt Service Fund, Transient Guest Tax Fund, Municipal District Fund, Special Allocation Fund, Storm Water and Parks Tax Fund, and Transportation Tax Fund).

- *Non-spendable fund balances* include amounts that cannot be spent because they are either: a) not in spendable form (inventory and prepaid items), or b) legally or contractually required to be maintained intact.
- *Restricted fund balances* are amounts that are restricted to specific purposes either by: a) constraints placed on the use of the resources by external resource providers such as creditors, grantors, contributors, or laws or regulation of other governments, or b) imposed by law through the constitutional provisions or enabling legislation.
- *Committed fund balances* are those amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution.
- *Assigned fund balances* are any amounts for which it is the City's intent that the funds be used for specific purposes, but no legal or binding restrictions or commitments exist. Assignments are made based on the recommendation of City management and approval by the City Administrator.
- *Unassigned fund balance* is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned balances represent the amount available for budgeting future operations.

When committed, assigned, and unassigned funds are available for use, it is the City's policy to spend the funds in this respective order. However, in the event that the unassigned funds exceed the City's fund balance policy threshold of thirty-four percent (34%) of combined regular general fund, civic complex fund, and airport fund operating expenditures for the adopted budget, unassigned funds may be utilized prior to committed and assigned funds

The City's policy is to maintain a minimum unassigned General Fund balance equal to seventeen percent (17%) of combined regular general fund, civic complex fund, and airport fund operating expenses for the adopted budget. These funds will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining financial ratings.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

15. Net Position

There are three segments that make up the City's net position in the government-wide and proprietary fund financial statements; these are Net Investment in Capital Assets, Restricted, and Unrestricted.

- The amounts listed as **Net Investment in Capital Assets** represent capital assets, net of accumulated depreciation, less the outstanding balances for any notes, lease, or other borrowings that are attributable to the acquisition, construction, or improvements of the assets net of funds remaining in the project account. As of September 30, 2021, the City had a total of \$79,771,700 net investment in capital assets.
- **Restricted net position** is legally restricted or identified for specific purposes by outside parties or by law through constitutional provisions or enabling legislation. At September 30, 2021, the City's restricted net position of \$8,669,184 comprised of debt service, capital projects, tax increment financing, and pensions. Governmental activities restricted net position at September 30, 2021, is \$6,854,900. Restricted net position of the business-type activities totals \$1,814,284.
- **Unrestricted net position** is the residual and represents amounts available for future operations or distribution. Government-wide unrestricted net position at September 30, 2021, is \$17,237,624.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

F. Intra-governmental Revenue

The proprietary funds remit to the General Fund a budgeted percent of revenue as a payment in lieu of taxes typically charged to an outside utility on gross receipts for the use of easements. The percent remitted for the year ending September 30, 2021, is 5%. Additionally, the city transfers a pro-rata share of administration costs from the utilities for management and administration services.

G. Adoption of Accounting Pronouncements

1. Future Accounting Pronouncements

This report does not incorporate GASB Statement No. 87, *Leases*; GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. These statements will be adopted in future accounting periods as required. The impact of these statements on the City's financials has not yet been determined.

2. Newly Adopted Accounting Pronouncements

The City adopted GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. The incorporation of these statements had no impact on the presentation of the financial statements contained herein.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. Prior Period Adjustments

There were no prior period adjustments associated with these financial statements.

I. Special and Extraordinary Items

The City had no special or extraordinary items for the fiscal year ending September 30, 2021.

J. Municipal Court Traffic Violations Fines and Costs

Missouri Revised Statute 479.359.1 requires that municipalities annually calculate the percentage of annual general operating revenue received from fines, bond forfeitures, and court costs for minor traffic violations, including amended charges for any minor traffic violations. Any funds generated from fines and court costs for traffic violations, including amended charges, which are in excess of 20% of the annual general operating revenue of a City, must be sent to the director of the department of revenue for distribution to the schools within the county.

In section 479.350 of the Missouri Revised Statutes, the following definitions are given. "Annual general operating revenue" is defined as revenue that can be used to pay any bill or obligation of a county, city, town, or village, including general sales tax; general use tax; general property tax; fees from licenses and permits; unrestricted user fees; fines, court costs, bond forfeitures, and penalties. "Court costs" are defined as costs, fees, or surcharges which are retained by a county, city, town, or village upon a finding of guilty or plea of guilty, and shall exclude any costs, fees, or surcharges disbursed to the state or other entities by a county, city, town, or village. "Minor traffic violation" is defined as a violation of a municipal or county ordinance that is prosecuted and does not involve an accident or injury, that does not involve the operation of a commercial motor vehicle, and for which the department of revenue is authorized to assess no more than four points to a person's driving record upon conviction. Minor traffic violation shall exclude a violation for exceeding the speed limit by more than nineteen miles per hour or a violation occurring within a construction zone or school zone.

The City's general operating revenue, as calculated below, for the year ending September 30, 2021, is \$7,051,604, of which \$126,563, 1.8%, represents monies received from all Municipal Court Fines and Fees. Therefore, it is evident that the "minor traffic violation" amount is below the 20% threshold.

<u>Revenue Source</u>	<u>Amount</u>
General Sales Tax	\$ 5,184,431
Real and Personal Property Tax	1,010,568
Gross Receipts Taxes	272,216
Charges for Services	205,899
Municipal Court Fines and Fees	126,563
Utility and Other Taxes	219,295
Other	32,632
Total	<u>\$ 7,051,604</u>

NOTE 2 - CASH AND INVESTMENTS

Deposits include all funds held in checking accounts, money market accounts, and cash on hand. Unrestricted investments include certificates of deposit with original maturities of not greater than three months. For cash flow purposes, these are considered cash equivalents. Investments are stated at fair value. Restricted investments include amounts held in trust as required by certain bond covenants and certificates of deposit with maturities of greater than three months.

The City complies with Missouri state statutes and allows investments in obligations of the United States, the State of Missouri, certain bonds of political subdivisions within Missouri, and out-of-state municipal bonds, provided they are rated in the highest nationally ranked category.

Missouri state statutes require that the depository institution must collateralize all funds on deposit in financial institutions with appropriate securities to the extent not provided by FDIC insurance. At September 30, 2021, the bank balances of the City's deposits were covered by a combination of federal depository insurance and collateral held by the City's agent in the City's name.

At September 30, 2021, the bank balances in the City's checking accounts totaled \$22,665,004. These funds were secured by a combination of pledged securities held by the bank in the City's name with a market value of \$16,486,051 and a total of FDIC insurance coverage at the local bank and under an insured sweep deposit placement agreement totaling \$9,887,701.

A reconciliation of cash and cash equivalents as shown on the government-wide financial statement of net position at September 30, 2021, consists of the following:

Type	Amount	Reconciliation to the Statement of Net Position	Amount
Cash on Hand	\$ 2,884	Cash and Cash Equivalents	\$ 18,276,269
Deposits	19,055,684	Restricted Cash and Cash Equivalents	5,071,008
Money Market Accounts (Demand)	4,288,709		
Total Deposits and Investments	<u>\$ 23,347,277</u>	Total	<u>\$ 23,347,277</u>

Fair Value Measurement

The City measures and records any investments, other than money market accounts, using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. The definition of "fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These guidelines recognize a three-tiered hierarchy. 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.

As of September 30, 2021, the City had no investments under fair value measurement.

Interest Rate Risks

Interest rate risk is the risk that the fair value of investments will fall due to changes in general interest rates. The City does not have a formal interest rate risk policy.

NOTE 2 - CASH AND INVESTMENTS - continued

Credit Risks and Concentration of Credit Risks

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings off investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer.

The City does not have a formal credit risk policy, and there is no limit on the amount that may be invested in one issuer. The City's investment policy states that the investments are to be purchased using the "Prudent Person" standard. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Restricted Cash and Cash Equivalents

Certain proceeds of the City's bonds (when applicable), as well as certain resources, are set aside for debt service, capital projects, and other special purposes. These funds are classified as restricted on the balance sheets and statement of net position because their use is limited by debt covenants or other statutory provisions. At September 30, 2021, the balance of the restricted cash and cash equivalents is \$5,071,008.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts Receivable

In the governmental funds, the majority of the accounts receivable balance consists of sales tax revenues due from the state and economic activity taxes due to the Tax Increment Finance Districts from outside entities. Other receivables due include cost-sharing payments due from Farmington R-7 School District, property taxes, gross receipts taxes, municipal court receivables, transient taxes, grant receivables, and costs reimbursements. These receivables are recorded when they are both measurable and available.

In the proprietary funds, the accounts receivable balances consist primarily of amounts due from customers for utility services provided. Utility receivables are recorded when the earning process is complete and services have been provided. Other receivables due include Civic Center memberships, cost reimbursements, payments for airport fuel purchases, and airport rentals/leases.

The City considers these accounts receivable fully collectible, except for the municipal court and property tax receivables. Therefore, an allowance of \$310,468 is recorded for uncollectable balances (municipal court receivables uncollectable allowance of \$235,894; property tax receivables uncollectable allowance balance of \$74,574).

Accounts receivable balances at September 30, 2021, are as follows:

	Accounts Receivable	Grants Receivable	Taxes Receivable	Total Receivable	Bad Debt Allowance	Net Receivable
Governmental Activities:						
General	\$ 403,486	\$ 4,148	\$ 1,088,080	\$ 1,495,714	\$ 310,468	\$ 1,185,246
Capital Projects	-	-	403,731	403,731	-	403,731
TIF and Tax Sharing Agreements	494,424	-	-	494,424	-	494,424
Transient Guest Tax	-	-	43,325	43,325	-	43,325
Stormwater and Parks Tax	-	-	201,856	201,856	-	201,856
Transportation Tax	-	-	201,856	201,856	-	201,856
Total Governmental Activities	<u>\$ 897,910</u>	<u>\$ 4,148</u>	<u>\$ 1,938,848</u>	<u>\$ 2,840,906</u>	<u>\$ 310,468</u>	<u>\$ 2,530,438</u>

**NOTES TO FINANCIAL STATEMENTS
CITY OF FARMINGTON, MISSOURI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 3 - ACCOUNTS RECEIVABLE - *continued*

	Accounts Receivable	Grants and Insurance Receivable	Taxes Receivable	Total Receivable	Bad Debt Allowance	Net Receivable
Business-type Activities:						
Civic Complex	\$ 21,333	\$ -	\$ -	\$ 21,333	\$ -	\$ 21,333
Airport	25,976	-	-	25,976	-	25,976
Sewer Utility	449,933	-	-	449,933	-	449,933
Electric Utility	2,488,897	-	-	2,488,897	-	2,488,897
Water Utility	425,306	-	-	425,306	-	425,306
Total Business-type Activities	<u>\$ 3,411,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,411,445</u>	<u>\$ -</u>	<u>\$ 3,411,445</u>

Concentration of Revenue

Approximately 19% of the sales tax revenue of the City is generated by one customer.

NOTE 4 - CAPITAL ASSETS

Capital assets are depreciated over the useful life of the asset as outlined in Note 1. Governmental fund financial statements do not report depreciation. Total depreciation expense for the year, as reported on the government-wide statement of activities was \$5,496,188. Depreciation is charged to the City functions as follows:

Function/Program	Current Depreciation	
	Governmental Activities	Business-type Activities
General Government	\$ 64,157	\$ -
Public Safety	547,253	-
Streets and Public Works	1,303,435	-
Culture and Recreation	381,647	-
Civic Complex	-	633,258
Airport	-	330,179
Sewer	-	1,170,062
Electric	-	578,525
Water	-	487,672
Total	<u>\$ 2,296,492</u>	<u>\$ 3,199,696</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF FARMINGTON, MISSOURI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS - continued

Changes in fixed assets for the governmental activities are as follows for the year ended September 30, 2021:

	Balance, September 30, 2020	Increases	Decreases	Balance, September 30, 2021
<u>Governmental Activities:</u>				
Capital Assets, not depreciated:				
Land	\$ 2,400,307	\$ 8,360	\$ -	\$ 2,408,667
Construction in Progress	2,063,079	-	2,063,079	-
Total Capital Assets, Not Depreciated	<u>4,463,386</u>	<u>8,360</u>	<u>2,063,079</u>	<u>2,408,667</u>
Capital Assets, depreciated:				
Buildings	14,956,982	-	-	14,956,982
Land Improvements	449,904	-	-	449,904
Infrastructure	37,704,602	1,430,494	-	39,135,096
Furniture, Equipment & Collections	4,590,351	1,925,302	-	6,515,653
Vehicles	5,219,684	-	260,708	4,958,976
Total Capital Assets, Depreciated	<u>62,921,523</u>	<u>3,355,796</u>	<u>260,708</u>	<u>66,016,611</u>
Less - Accumulated Depreciation:				
Buildings	3,985,550	429,936	-	4,415,486
Land Improvements	362,171	20,901	-	383,072
Infrastructure	16,112,134	1,257,537	-	17,369,671
Furniture, Equipment & Collections	2,935,729	277,988	-	3,213,717
Vehicles	3,268,932	310,130	260,708	3,318,354
Total Accumulated Depreciation	<u>26,664,516</u>	<u>2,296,492</u>	<u>260,708</u>	<u>28,700,300</u>
Total Capital Assets, Depreciated	<u>36,257,007</u>	<u>1,059,304</u>	<u>-</u>	<u>37,316,311</u>
Capital Assets, Net	<u>\$ 40,720,393</u>	<u>\$ 1,067,664</u>	<u>\$ 2,063,079</u>	<u>\$ 39,724,978</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF FARMINGTON, MISSOURI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 - CAPITAL ASSETS - continued

Changes in fixed assets for the proprietary activities are as follows for the year ended September 30, 2021:

	Balance, September 30, 2020	Increases	Decreases	Balance, September 30, 2021
Proprietary Activities:				
Capital Assets, not depreciated:				
Land	\$ 1,492,181	\$ -	\$ -	\$ 1,492,181
Intangible Assets	181,231	-	-	181,231
Construction in Progress	401,847	81,592	401,847	81,592
Total Capital Assets, Not depreciated	2,075,259	81,592	401,847	1,755,004
Capital Assets, depreciated:				
Buildings	22,041,274	61,979	-	22,103,253
Infrastructure	67,915,382	970,745	63,750	68,822,377
Furniture, Machinery and Equipment	2,527,000	113,044	61,885	2,578,159
Vehicles	2,030,815	70,180	55,958	2,045,037
Total Capital Assets, Depreciated	94,514,471	1,215,948	181,593	95,548,826
Less - Accumulated Depreciation:				
Buildings	9,772,676	663,192	-	10,435,868
Infrastructure	31,575,192	2,237,266	55,781	33,756,677
Furniture, Machinery and Equipment	1,367,154	173,777	61,885	1,479,046
Vehicles	1,541,166	125,461	55,958	1,610,669
Total Accumulated Depreciation	44,256,188	3,199,696	173,624	47,282,260
Total Capital Assets, Depreciated	50,258,283	(1,983,748)	7,969	48,266,566
Capital Assets, Net	\$ 52,333,542	\$ (1,902,156)	\$ 409,816	\$ 50,021,570

NOTE 5 - ACCOUNTS PAYABLES

Current Payables

Current payable balances consist of amounts due and expected to be paid within one year.

Payable balances at September 30, 2021, as reported on the government-wide financial statements, were as follows:

	Payments to Vendors	Payments to Employees	Taxes Payable	Total Payables
Governmental Activities				
General	\$ 211,616	\$ 206,840	\$ 15,269	\$ 433,725
Transient Tax	689,054	-	-	689,054
TIF and Tax Sharing Agreements	108,097	-	-	108,097
Stormwater and Parks Tax	14,872	-	-	14,872
Transportation Tax	60,107	-	-	60,107
Total Governmental Activities	\$ 1,083,746	\$ 206,840	\$ 15,269	\$ 1,305,855

Governmental other payables include \$1,928,364 in American Rescue Plan Act funds for which eligibility requirements have not yet been met.

NOTE 5 - ACCOUNTS PAYABLE - *continued*

	Payments to Vendors	Payments to Employees	Interest Payable	Taxes Payable	Total Payables
<u>Business-type Activities</u>					
Civic Complex	\$ 55,193	\$ 21,252	\$ -	\$ 1,608	\$ 78,053
Airport	42,201	1,481	-	109	43,791
Sewer Utility	83,188	39,690	40,294	3,001	166,173
Electric Utility	1,638,231	63,409	-	84,702	1,786,342
Water Utility	165,694	23,613	-	11,363	200,670
Total Business-type Activities	<u>\$ 1,984,507</u>	<u>\$ 149,445</u>	<u>\$ 40,294</u>	<u>\$ 100,783</u>	<u>\$ 2,275,029</u>

NOTE 6 - CONTINGENCIES AND COMMITMENTS

A. Contingencies

1. Grants

The City receives financial assistance from various federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, based upon prior experience, management believes the level of such potential reimbursements, if any, would be immaterial and no provisions have been made within the financial statements for the refund or repayment of grant monies.

2. Litigation

Various claims or suits against the City are presently pending involving claims for personal injury and other miscellaneous claims. In the opinion of management, both individually and in the aggregate, such suits or claims will not have a material effect on the financial position of the City. Sovereign immunity laws in Missouri limit liability exposure for public entities and the City maintains liability insurance that exceeds the sovereign immunity liability limits. Sovereign immunity limits are waived to the limit of liability insurance coverage if the City elects to maintain coverage that exceeds the statutory limit.

B. Commitments

1. Construction and System Improvement Commitments

The contract commitments including retainage and source of funding at September 30, 2021, were as follows:

	Amount	Source of Funding
<u>Governmental Activities</u>		
General Fund	\$ 32,851	General Revenues
Special Allocation Fund	22,500	TIF Proceeds
Total Governmental Activities	<u>55,351</u>	
<u>Business-type Activities</u>		
Airport Fund	\$ 33,064	Capital Projects Tax and Grant Funding
Electric Fund	418,963	Electric Revenues
Water Fund	417,536	Water Revenues
Total Business-type Activities	<u>869,563</u>	
Total	<u>\$ 924,914</u>	

NOTE 6 - CONTINGENCIES AND COMMITMENTS - *continued*

2. Long-term Contract for the Purchase of Electric Power

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). The City Administrator represents the City with respect to MJMEUC matters. 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 is comprised of 35 members as of September 30, 2021. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all of MJMEUC's costs (the "Direct Costs") incurred in connection with acquiring, providing, arranging or financing the provision of full requirements service to MoPEP members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease or loan agreement or other 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 include 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: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts; (ii) MJMEUC owned generation; (iii) member capacity; and (iv) 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 7 - OPERATING LEASES

At September 30, 2021, the City had no operating leases.

NOTES TO FINANCIAL STATEMENTS
CITY OF FARMINGTON, MISSOURI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2021, was as follows:

Direct Borrowings and Placements

	Balance September 30, 2020	Additions	Deductions	Balance September 30, 2021	Current Portion
<u>Governmental Activities</u>					
Capital Leases:					
Firestation Lease	\$ 1,978,000	\$ -	\$ (339,000)	\$ 1,639,000	\$ 269,000
Fire Aerial Truck	1,417,664	-	(300,096)	1,117,568	305,196
Street Sweeper	-	257,289	(56,584)	200,705	78,185
Total Governmental Activities	<u>\$ 3,395,664</u>	<u>\$ 257,289</u>	<u>\$ (695,680)</u>	<u>\$ 2,957,273</u>	<u>\$ 652,381</u>

	Balance September 30, 2020	Additions	Deductions	Balance September 30, 2021	Current Portion
<u>Business-type Activities</u>					
Capital Leases:					
Civic Center HVAC System	\$ 331,550	\$ -	\$ (178,558)	\$ 152,992	\$ 152,992
Revenue Bonds:					
Series 2000A - West Treatment Plant	360,000	-	(360,000)	-	-
Due to State of Missouri	252,000	-	(252,000)	-	-
Total Business-type Activities	<u>\$ 943,550</u>	<u>\$ -</u>	<u>\$ (790,558)</u>	<u>\$ 152,992</u>	<u>\$ 152,992</u>

Other Debt

	Balance September 30, 2020	Additions	Deductions	Balance September 30, 2021	Current Portion
<u>Governmental Activities</u>					
Certificates of Participation:					
Series 2014-Library, Police Station & Water Park Improvements	\$ 3,680,000	\$ -	\$ (885,000)	\$ 2,795,000	\$ 905,000
Compensated Absences	165,763	177,888	(165,763)	177,888	177,888
Total Governmental Activities	<u>\$ 3,845,763</u>	<u>\$ 177,888</u>	<u>\$ (1,050,763)</u>	<u>\$ 2,972,888</u>	<u>\$ 1,082,888</u>

Governmental activities Series 2014 debt is paid from the Capital Projects Fund; compensated absences are paid from the General Fund.

NOTE 8 - CHANGES IN LONG-TERM LIABILITIES - *continued*

Other Debt - *continued*

	Balance September 30, 2020	Additions	Deductions	Balance September 30, 2021	Current Portion
<u>Business-type Activities</u>					
Capital Leases:					
COP Sr2011-Radionuclide Project	\$ 925,000	\$ -	\$ (925,000)	\$ -	\$ -
COP Sr2011-Treatment Plant UV Project	210,000	-	(210,000)	-	-
COP Sr2016 -Sewer System	4,420,000	-	(595,000)	3,825,000	605,000
Premium	80,036	-	(13,341)	66,695	-
MOPEP February 2021 Winter Storm Relief	-	2,589,330	(474,711)	2,114,619	453,133
Asset Retirement Obligation	280,000	-	-	280,000	-
Compensated Absences	71,650	68,192	(71,650)	68,192	68,192
Total Business-type Activities	<u>\$ 5,986,686</u>	<u>\$ 2,657,522</u>	<u>\$ (2,289,702)</u>	<u>\$ 6,354,506</u>	<u>\$ 1,126,325</u>

NOTE 9 - CAPITAL LEASES

Governmental Activities:

The City entered into capital leases for the financing of various equipment and facility construction and improvements. A description of the property leased and detail of the leases are described below. Obligations under capital leases are stated at the original fair market value of the leased assets capitalized, less the payments made, discounted at the interest rate implicit in the lease.

Certificates of Participation

On March 25, 2014, the City entered into a capital lease with US Bank National Association to finance the construction of a new municipal library, renovations to the current police station, and additions to the Water Park. Under the arrangement, the bank issued certificates of participation in the amount of \$8,650,000. The scheduled lease payments the City makes to the bank will be used to pay the debt service on these certificates. The lease payments are due in installments ranging from \$785,000 to \$960,000. Interest is payable each October 1st and April 1st at 2.0% to 3.1%. The debt payment schedule anticipates final payment and retirement of the debt April 1, 2024. The police station and skate park constitute collateral for this lease obligation. The lease of the asset is in one year renewable terms with the final term ending April 2024. In the event of default, the lease agreement authorizes actions necessary to recover any amount payable under the then-current term. At September 30, 2021, there was an unpaid balance of \$2,795,000.

Capital Lease Obligations

The fire station project lease was entered into on September 10, 2009, with Missouri Association of Municipal Utilities in the amount of \$4,305,000. Lease payments are due in monthly installments including variable interest ranging from \$12,000 to \$25,000, beginning October 20, 2009, until an original final payment on August 20, 2029. The difference between projected interest and actual interest is applied to the principal upon reconciliation each year in addition to an application of surplus funds to accelerate the reduction in principal. This has resulted in a revised final payment date of December 20, 2027. In the year ending September 30, 2021, the City used TIF Funds on hand to make an additional principal payment on this debt. The fire station and associated land represent collateral for this lease obligation. In the event of default, the lease agreement authorizes actions necessary to recover any amount due under the then-current fiscal year. The balance at September 30, 2021, was \$1,639,000.

NOTE 9 - CAPITAL LEASES - *continued*

In May 2020, the City added Property Schedule 4 in the amount of \$1,543,404 to the Master lease with US Bancorp dated February 24, 2014. The added schedule provided for the purchase of a Pierce Aerial Fire Truck. Lease payments are due in monthly installments of \$26,788, which include interest at an interest rate of 1.663%. The truck constitutes collateral for the lease obligation. The debt payment schedule included an initial payment due May 29, 2020, with final payment and retirement of the debt April 29, 2025. At September 30, 2021, there was an unpaid balance of \$1,117,568.

In March 2021, the City added Property Schedule 5 in the amount of \$257,289 to the Master lease with US Bancorp dated February 24, 2014. The added schedule provided for the purchase of a Street Sweeper. Lease payments are due in monthly installments of \$7,272, which include interest at an interest rate of 1.663%. The sweeper constitutes collateral for the lease obligation. The debt payment schedule included an initial payment due March 12, 2021, with final payment and retirement of the debt February 12, 2024. At September 30, 2021, there was an unpaid balance of \$200,705.

Business-type Activities:

The City entered into capital leases to finance improvements for the wastewater treatment system equipment and infrastructure, water system improvements, and replacement of the heating, ventilation and air conditioning system at the Civic Center and Centene Center. A description of the property leased and the details of the lease arrangements are described below. Obligations under capital leases are stated at the original fair market value of the leased assets capitalized, less the payments made, discounted at the interest rate implicit in the lease.

Certificates of Participation

The City entered into a capital lease to finance water system and wastewater treatment system capital improvements through a financing arrangement with The Bank of New York Mellon Trust Company. Under the arrangement, the bank issued certificates of participation in the amount of \$5,555,000 on May 3, 2011, to finance the improvements. The scheduled lease payments the City made to the bank were used to pay the debt service on these certificates. The lease payments were due in installments ranging from \$445,000 to \$1,135,000, which began in May 2012 and ended May 2021. Interest was payable each November 1st and May 1st at 2.0% to 3.8%. The lease of the asset was in one year renewable terms with the final term ending May 2021. In the event of default, the lease agreement authorized actions necessary to recover any amount payable under the then-current term. Pledged collateral for this lease included five well houses and associated property located in the City of Farmington. The lease had no remaining balance at September 30, 2021 and all collateral was released.

The City entered into a capital lease to finance improvements to the waste water system with U.S. Bank NA. Under the arrangement, the bank issued certificates of participation in the amount of \$6,130,000 on October 6, 2016. The scheduled lease payments the City makes to the bank will be used to pay the debt service on these certificates. The lease payments are due in installments ranging from \$560,000 to \$670,000 with the first installment due October 2017, and final payment due October 2026. Interest is payable each April 1st and October 1st at 2.0% to 2.25%. The lease of the asset is in one year renewable terms with the final term ending October 2026. The East Waste Water Treatment plant is pledged as collateral for these certificates. In the event of default, the lease agreement authorizes actions necessary to recover any amount payable under the then-current term. The principal balance at September 30, 2021, was \$3,825,000.

Capital Lease Obligations

The City entered into a capital lease with FS Leasing LLC on June 29, 2018, for \$700,120 to be used for the replacement of the heating, ventilation, and air conditioning system at the Civic and Centene Centers. Lease payments are due in monthly installments of \$15,512, which include interest at a rate of 2.995%. The debt payment schedule anticipated an initial payment due August 1, 2018, with final payment and retirement of debt on July 1, 2022. The equipment constitutes collateral for the lease obligation. At September 30, 2021, there was a principal balance of \$152,992.

NOTE 9 - CAPITAL LEASES - continued

Future minimum lease obligations (including interest payments) and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

Year Ended September 30	Governmental Activities	Business-type Activities	Total
2022	\$ 1,679,727	\$ 822,410	\$ 2,502,137
2023	1,687,051	669,394	2,356,445
2024	1,640,102	665,847	2,305,949
2025	478,605	667,034	1,145,639
2026	289,422	662,538	951,960
2027-2028	361,602	670,000	1,031,602
Total Minimum Lease Payments	6,136,509	4,157,223	10,293,732
Less - Amount Representing Interest	384,236	179,231	563,467
Present Value of Minimum Lease Payments	<u>\$ 5,752,273</u>	<u>\$ 3,977,992</u>	<u>\$ 9,730,265</u>

Assets under capital leases at September 30, 2021, included:

Asset Type	Asset Cost	Accumulated Depreciation	Book Value
Land and Buildings	\$ 14,452,830	\$ 2,941,159	\$ 11,511,671
Infrastructure	6,348,047	1,057,660	5,290,387
Machinery and Equipment	1,836,943	15,532	1,821,411
Total Assets Under Capital Lease	<u>\$ 22,637,820</u>	<u>\$ 4,014,351</u>	<u>\$ 18,623,469</u>

NOTE 10 - LONG-TERM DEBT

Based off the October 2020 assessed valuation report from the St. Francois County Assessor, the City's assessed value supports a general obligation bond limit of \$50,967,954. The City did not have any general obligation bonds outstanding as of September 30, 2021. Additionally, the City had no revenue bonds outstanding as of September 30, 2021.

Revenue Bonds

Series 2000 Sewer System Refunding Revenue Bonds with an original issue of \$4,950,000 dated April 1, 2000, were due in annual installments ranging from \$45,000 to \$360,000 through July 1, 2021. Interest was payable each January 1st and July 1st at 4.6% to 5.7%. The balance was paid in full as of September 30, 2021. The bonds were secured and to be repaid solely through sewer system net revenues. The bond covenants, which required 110% coverage of the debt service for each fiscal year, were met. All assets held as collateral have been released. When the City used the Series 2000 revenue bonds for construction, the State of Missouri put 70% of each construction payment into a debt reserve account at United Missouri Bank to be used if the City could not make debt service payments on the bonds. Each year, as the City made principal payments on the bonds, the State was paid 70% of that year's principal payment. At September 30, 2021, the amount was fully paid back.

Due to Missouri Public Energy Pool

In February 2021, winter storm Uri hit driving market demand and significantly increased wholesale electric costs. The energy pool deferred payment of the funds for their members. The energy pool approved a payback schedule of 60 months at no interest with monthly payments of \$37,761. At September 30, 2021, the balance due was \$2,114,619.

NOTE 10 - LONG-TERM DEBT - continued

ASSET RETIREMENT OBLIGATIONS

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells range from 10 to 100 years.

NOTE 11 - INTER-FUND TRANSACTIONS

Inter-Fund Receivables and Payables

Inter-fund receivables and payables are current amounts owed between funds within the City. The following details the amounts and purpose of the inter-fund receivables and payables at September 30, 2021.

- The District Municipal Fund and Special Allocation Fund were owed a total of \$226,572 for those monies required to be transferred as incremental economic activity taxes under the tax increment financing development plan and tax-sharing agreements. This balance includes amounts for taxes accrued at September 30, 2021. The amounts owed by fund were: General Fund \$123,693, Storm Water and Parks Tax Fund \$20,531, Transportation Fund \$20,532, and Capital Projects Fund \$61,816.

Inter-fund Transfers

During the year ended September 30, 2021, the following inter-fund transfers took place between the various City funds:

Fund Transferred To	Fund Transferred From	Amount	Purpose of Transfer
General	Storm Water and Parks	\$ 746,099	Parks operating costs transfer
General	Capital Projects	463,004	Fire truck & Street Sweeper Debt Payments and capital projects
General	Sewer	171,544	Payment in lieu of taxes
General	Electric	1,097,013	Payment in lieu of taxes
General	Water	169,883	Payment in lieu of taxes
Debt Service	Special Allocation	377,957	Firestation Debt Payments
Debt Service	Capital Projects	986,282	Certificates of Participation payments
District Municipal	General	291,826	Tax sharing agreement transfers
District Municipal	Capital Projects	145,728	Tax sharing agreement transfers
Special Allocation	General	449,266	Tax increment finance districts incremental EATS tax
Special Allocation	Storm Water and Parks	138,692	Tax increment finance districts incremental EATS tax
Special Allocation	Transportation	138,692	Tax increment finance districts incremental EATS tax
Special Allocation	Capital Projects	224,466	Tax increment finance districts incremental EATS tax
Transportation	Capital Projects	337,650	Pine St Development Project
Civic Complex	General	61,537	Parks (civic complex) operations costs coverage
Civic Complex	Storm Water and Parks	190,639	Parks (civic complex) operations costs coverage
Civic Complex	Capital Projects	233,257	Capital tax funds used for payment of capital projects/HVAC debt service

NOTE 12 - RISK MANAGEMENT

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. The City is a member participant in a public entity risk pool, which is a corporate and political body created pursuant to Missouri Statute Chapter 537.70. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool. The City has also purchased commercial insurance for other areas of risk that are not covered by the public entity risk pool that includes reasonable deductible amounts. The portion of uninsured loss is not expected to be significant with respect to the financial position of the City.

NOTE 13 - RETIREMENT PLAN

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

Plan Description

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

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the City, within the options available in Missouri 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.

2021 Valuation

Benefit Multiplier	1.5% for life, plus 0.5% to age 65
Final Average Salary	3 Years
Member Contributions	- %

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	67
Inactive employees entitled to but not yet receiving benefits	62
Active employees	<u>127</u>
Total	<u>256</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. City contribution rates in effect for the year ended September 30, 2021, were 8.7% (General), 6.2% (Police) and 11.9% (Fire) of annual covered payroll.

NOTE 13 - RETIREMENT PLAN - *continued*

Net Pension Liability (Asset)

The City's net pension liability (asset) 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.

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 6.75% including wage inflation for General
	2.75% to 6.55% including wage inflation for Police
	2.75% to 7.15% including wage inflation for Fire
Investment rate of return	7.00%, net of investment expenses

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 particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021, valuation were based on the results of an actuarial experience study for the period March 1, 2012, through February 28, 2021.

The discount rate decreased from 7.25% to 7% 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 a weighted average of the geometric real rates for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Long-term Expected Real Rate of Return</u>
Alpha	15.00 %	3.67 %
Equity	35.00	4.78
Fixed income	31.00	1.41
Real Assets	36.00	3.29
Strategic Assets	8.00	5.25
Cash/Leverage	(25.00)	(0.29)

Discount Rate

The discount rate used to measure the total pension liability is 7% for General, Police, and Fire. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees.

NOTES TO FINANCIAL STATEMENTS
CITY OF FARMINGTON, MISSOURI
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 - RETIREMENT PLAN - continued

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Balances at 6/30/2020	\$ 28,772,026	\$ 29,202,940	\$ (430,914)
Changes for the year:			
Service Cost	659,779	-	659,779
Interest	2,077,085	-	2,077,085
Difference between expected and actual experience	(1,454,040)	-	(1,454,040)
Changes in assumptions	(469,664)	-	(469,664)
Contributions - City	-	516,832	(516,832)
Net investment income	-	8,037,335	(8,037,335)
Benefit payments, including refunds	(909,290)	(909,290)	-
Administrative expense	-	(22,813)	22,813
Other changes	-	9,128	(9,128)
Net changes	(96,130)	7,631,192	(7,727,322)
Balances at 6/30/2021	\$ 28,675,896	\$ 36,834,132	\$ (8,158,236)

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

The following presents the Net Pension Liability (Asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's Net Pension Liability (Asset) 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 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total Pension Liability (TPL)	\$ 32,895,421	\$ 28,675,896	\$ 25,203,594
Plan Fiduciary Net Position	36,834,132	36,834,132	36,834,132
Net Pension Liability (Asset) (NPL)	<u>\$ (3,938,711)</u>	<u>\$ (8,158,236)</u>	<u>\$ (11,630,538)</u>

NOTE 13 - RETIREMENT PLAN - *continued*

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

For the year ended September 30, 2021, the City recognized pension expense of \$(828,819). Reported deferred outflows and inflows of resources are related to pensions from the following sources:

Deferred Outflows and Deferred Inflows of Resources by Source To Be Recognized in Future Pension Expense		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 782,579	\$ (1,344,719)
Changes in Assumptions	17,460	(382,860)
Net Difference between projected and actual earnings on pension plan investments	-	(3,896,668)
Employer contributions subsequent to the measurement date	138,560	-
Total	<u>\$ 938,599</u>	<u>\$ (5,624,247)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2021.

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

<u>Year Ended</u>	<u>Net Deferred Outflows of Resources</u>
2022	\$(1,231,938)
2023	(976,888)
2024	(1,025,694)
2025	(1,434,555)
2026	(81,284)
Thereafter	<u>(73,849)</u>
Total	<u>\$ (4,824,208)</u>

Payable to the Pension Plan

At September 30, 2021, the City reported a payable of \$39,616 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2021.

NOTE 14 - TAX ABATEMENTS

A. Tax Increment Financing Districts

Karsch Boulevard-Downtown TIF District

On December 15, 2003, the City adopted tax increment allocation financing (TIF) to fund infrastructure improvements in a designated redevelopment area outlined in the plan entitled "The Karsch Boulevard and Downtown Farmington Redevelopment Plan for the Tax Increment Financing District." The TIF mechanism is authorized under Sections 99.800 through 99.865 of the RSMo. The redevelopment area qualifies as a conservation area under Missouri state statutes.

The redevelopment plan proposes public activities (projects) to alleviate the existing conditions. The projects will convert existing deteriorated areas and demolish deteriorated, dilapidated buildings and provide areas for both public and private buildings, including administrative offices, housing and commercial buildings. The total cost of all of the redevelopment projects is estimated to be approximately \$80,800,000. This includes the costs of property acquisition, historic preservation, electrical improvements, street and sidewalks, sanitary sewers, storm sewers, water improvements, housing construction, commercial building construction, construction of a county courthouse annex, downtown revitalization, parking improvements, planning, administration, engineering, legal, interest charges and contingencies. On advice of counsel, and in view of case law since the plan was first adopted, the City amended its plan to clearly articulate the historic preservation grant program and to affirm that the fire station construction was included in the plan.

The redevelopment plan proposes tax increment financing obligations to be authorized and issued by the City to fund a part of the redevelopment project cost. The total TIF obligations will not exceed \$14,800,000 to which will be added accrued interest, debt service reserve and issuance cost. The \$14,800,000 does not include payments-in-lieu of taxes (PILOTS) that will be made to individual taxing entities.

The redevelopment plan allocates a portion of local sales tax revenues generated by economic activities (EATS) within the redevelopment area to pay directly for projects costs or retire the TIF Obligations. In addition, the EATs may be used to reimburse the City or other taxing jurisdictions for certain eligible costs incurred in constructing public improvements including, but not limited to, financing costs associated with the public improvements, legal costs, engineering fees, plan preparation costs and administration. The redevelopment projects and the TIF obligations were authorized for a 23-year period following their adoption. This plan anticipates funding redevelopment projects on a pay as you go method. The City, however, may decide to fund several projects up front, and therefore, the plan estimates an annual interest rate of 6.25% on the maximum amount of potential bonds to be issued.

It is anticipated that the redevelopment will support the issuance of \$14,800,000 of TIF Debt. However, it is the intent of this redevelopment plan to declare an amount equal to 100% of all PILOTS as surplus on an annual basis and pass through that amount to the individual taxing entities. This plan anticipates a total of \$14,708,580 of PILOTS. The actual PILOTS over the 23 year projected life of the TIF District will depend on the amount of actual development that occurs and may be more than the projected \$20,000,000, but will be limited to the amount of actual PILOTS collected.

Open development agreements at September 30, 2021, included:

- A development agreement entered into with 101 W Liberty St LLC on June 28, 2021, to reimburse project costs not to exceed the lesser of \$50,000; or 50% of the cost of qualifying exterior restoration or renovation costs associated with the work, or 25% of the cost of architectural and historical assessment and design costs associated with work on the building located at 101 West Liberty Street. At September 30, 2021, a balance of \$22,500 remained open on this agreement.

As of September 30, 2021, no TIF bonds have been issued by the City of Farmington for the Karsch-Downtown TIF District projects.

NOTE 14 - TAX ABATEMENTS - *continued*

Highway 67 TIF District

In October 2005, the City adopted an ordinance approving the redevelopment plan for the Highway 67 tax increment financing district with subsequent amendments to the plan made in 2006, 2008, and 2015. The plan included two redevelopment projects with retail and commercial development, as well as public infrastructure improvements. The total cost of the redevelopment project was estimated to be approximately \$124,050,000. The plan proposed to use community improvement districts as well as tax increment financing obligations to fund a part of the redevelopment costs. The total TIF and CID obligations were not to exceed \$42,000,000, to which will be added accrued and capitalized interest, debt service reserve and issuance costs. The redevelopment projects and the TIF obligations were authorized for a 23-year period following their adoption. This plan anticipated funding redevelopment projects on a pay as you go method. The City, however, could decide to fund several projects up front, and therefore, the plan estimated an annual interest rate of 6.25% on the maximum amount of potential bonds to be issued.

It was the intent of this redevelopment plan to declare an amount equal to 100% of all PILOTS as surplus on one development project and 60% on the other on an annual basis and pass through that amount to the individual taxing entities. This plan anticipated a total of \$390,961 of PILOTS. The actual PILOTS over the 23 year projected life of the TIF District will depend on the amount of actual development that occurs and may be more than the projected \$390,961, but will be limited to the amount of actual PILOTS collected. The redevelopment plans allocated a portion of local sales tax revenues generated by economic activities (EATS) within the redevelopment area to pay directly for project costs or retire the TIF Obligations. In addition, the EATS could be used to reimburse the City or other taxing jurisdictions for certain eligible costs incurred in constructing public improvements including, but not limited to, financing costs associated with the public improvements, legal costs, engineering fees, plan preparation costs and administration.

On December 3, 2010, \$3,992,507 in Tax-Exempt Tax Increment and Community Improvement Revenue Notes were issued by the City of Farmington. These were issued in conjunction with Taxable Tax Increment Revenue Notes with an aggregate principal amount not to exceed \$8,242,380. The City's liability was limited to 40% of the economic activity tax increment revenues generated by the Maple Valley Plaza Project and attributable to the project's development parcel.

In April 2011, the City terminated one of two redevelopment agreements associated with the Highway 67 TIF District for failing to initiate development pursuant to the terms of the agreement. The intent of the terminated agreement had been to declare only 60% of its related PILOTS as surplus. Thus, as of the termination of the agreement, 100% of all PILOTS are now declared surplus.

In February 2014, the City approved a Redevelopment Agreement between the City, Menards and Priority Property Holdings, an amendment and restatement of a Redevelopment Agreement between the City and Priority Property Holdings, and an amendment and restatement of a Cooperative Agreement between the City, Priority Property Holdings, and the District. (Menards is a home-improvement store with over 280 stores in 14 states at the time of the agreements). The agreements were in reference to the purchase of 24.96 acres by Menards to create a retail commercial development of at least 100,000 square feet with projected sales of \$25,000,000 (Menards' Project Sub-Area). The Developer and the City entered into an agreement under which the developer will receive \$4,850,000 (plus an interest factor) on a pay-as-you-go basis. All previously outstanding TIF notes are cancelled.

The current agreements increased the maximum annual payout of the EATs increment from 40% to 100%. This development agreement is the only open agreement for this TIF district. As of September 30, 2021, a total of \$2,739,146 had been paid on this agreement.

An amendment to the TIF plan approved by City Council on March 23, 2015, included the removal of all property not incorporated by the Menards' Project Sub-Area from the district boundary and amended the plan total project costs to \$24,300,000 with anticipated reimbursable project costs of \$6,300,000.

NOTE 14 - TAX ABATEMENTS - *continued*

B. Community Improvement Districts

GPMVLC Community Improvement District

On February 8, 2012, the City Council approved a petition from GPMVLC to establish a Community Improvement District at the site of the property formerly the location of Value City. On February 27, 2012, the City Council approved an intergovernmental agreement with the CID to provide public incentives not to exceed \$1,000,000 for the developer to locate a national brand retailer to the site. It is expected that the primary tenant will occupy at least 50,000 square feet of the building and will engage in retail sales of at least \$8,000,000 annually. The cooperative agreement provided for the capture of 67.5% of the one cent general sales tax and one-half cent capital improvement sales tax generated by the site. The agreement further limited the return on investment of the developer to 5% of initial investment, after which the \$1,000,000 incentive is reduced proportionately to the margin above 5%. In December 2013, the City approved an amendment to the Cooperative Agreement with GPMVLC Community Improvement District to a project maximum reimbursable amount of \$2,500,000 from the previous amount of \$1,000,000. The developer sold the building, which was renovated for the opening of a Schnuck's Market in November 2014. Schnuck's Markets Inc. is a regional leader in the supermarket industry operating over 100 stores in 5 states. At the May 18, 2015, council meeting, the City Council approved an assignment, assumption, and consent agreement between SM Properties Farmington LLC, DDC Farmington Property LLC, GPMVLC Community Improvement District, and the City of Farmington which assigned the rights to the above agreement to DDC Farmington Property LLC. As of September 30, 2021, additional retail stores have opened in the development, and there remains a reimbursable balance of \$1,508,887.

Farmington Land ABG Community Improvement District

On February 12, 2015, the City Council approved a CID and a redevelopment agreement to establish the Farmington Land ABG Community Improvement District on property located on US Highway 67 for the purpose of providing public assistance to eliminate blighted conditions and assist in the development of the property. The major tenant for the site was a planned Rural King retail store. The redevelopment agreement by and between the City of Farmington, the Farmington Land ABG Community Improvement District (CID), and Farmington ABG, LLC provided certain public assistance to the CID to assist the developer with funds necessary to eliminate the blighted conditions. The cooperative agreement provides for the capture of 67.5% of the one cent general sales tax and one-half cent capital improvement sales tax generated by the site to reimburse the developer for the actual cost plus interest for the eligible project expenses up to a maximum reimbursable amount of \$2,700,000. The term of the agreement is twenty years. To date, a total of \$2,378,832 has been approved for reimbursement. As of September 30, 2021 reimbursable balance of \$1,175,248 remains.

Mineral Area Community Improvement District

On December 11, 2014, the City Council adopted an ordinance establishing the Mineral Area Community Improvement District (CID) for the purpose of providing public assistance to eliminate blighted conditions including the redevelopment of streets and storm water to improve safety and traffic control. The district includes approximately 18.5 acres encompassing the Mineral Area Shopping Center and adjacent out lots. At that same meeting, the City Council approved a development agreement between the CID, Jones Farmington Properties LLC and the City. The CID agreement authorizes the District to impose a maximum one percent (1%) sales tax and a maximum real property tax of \$1.00 per \$100 of assessed valuation, as well as a special assessment of twenty-five cents (\$0.25) per square foot of land in a given tax year. Proceeds from the imposed taxes and assessment will be used to reimburse eligible costs as defined by the agreement. The developer failed to convene the Community Improvement District Board of Directors to ratify the original redevelopment agreement within ninety (90) days as stipulated which triggered an automatic termination of the Community Improvement District. On June 22, 2015, the City Council re-authorized the Community Improvement District first approved on December 11, 2014 and the development agreement. This agreement has no direct financial impact on the City.

NOTE 14 - TAX ABATEMENTS - *continued*

C. Industrial Revenue Bonds

The City has issued certain limited-obligation bonds for the express purpose of providing capital financing for a specific third party that is not a part of the City's financial reporting entity. At the same time, the City entered into a lease agreement with the Borrower, which contains provisions allowing the lessee to purchase the leased property for a nominal amount at the end of the lease term, or at earlier dates upon payment of amounts sufficient to redeem the entire related bond issued by the City, which are then outstanding. Capital Outlay is earmarked to have been purchased with these bonds to keep from having to pay property taxes on the items purchased. Instead of paying property taxes on this property, Payments In Lieu of Taxes are paid to the City and passed through to the Farmington Educational Foundation, Inc. for a twenty-five year period with the final payment to be made December 31, 2025. The total amount of PILOTS outstanding as of September 30, 2021, was \$750,000. After twenty-five years, the revenue bonds are considered to be paid off and the borrower will have to begin paying property taxes on all assets still owned that were purchased with these bonds.

A summary of the taxes abated for the year ended September 30, 2021, were as follows:

Tax Abatement Program	Tax Type	Amount of Taxes Abated during the Fiscal Year
Tax Increment Finance Districts Developer Agreements	Sales Tax	\$ 466,405
Community Improvement Districts Agreements	Sales Tax	437,554
Industrial Revenue Bonds	Property Tax	<u>16,933</u>
Total		<u>\$ 920,892</u>

NOTE 15 - SUBSEQUENT EVENTS

The City had no material events subsequent to the end of the fiscal year and has evaluated subsequent events through April 14, 2022.

NOTE 16 - RELATED PARTY TRANSACTIONS

During the year ended September 30, 2021, the City leased rental property to City employees. The properties were purchased for future expansions and have been leased short-term. The rental income totaled \$13,500 for the year ended September 30, 2021. As of September 30, 2021, there were no outstanding rental payments due.

NOTE 17 - UNEARNED REVENUE

Unearned revenue is money received for which the rights to the money have not yet been earned. These funds are recorded as other payables on the balance sheet. The general fund unearned revenue of \$1,928,364 represents American Recovery plan Act funding which was received, but is not considered earned until eligibility requirements for the expenditures are met. These funds are reported in Other Liabilities on the government wide statement of net position and governmental funds balance sheet.

NOTE 18 - FUTURE ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) has issued a statement not yet implemented by the City. The statement that might impact the City is as follows:

- GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information 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. Earlier application is encouraged.

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REQUIRED SUPPLEMENTAL INFORMATION SECTION

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CITY OF FARMINGTON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended September 30, 2021

	Appropriated Budget Amounts			Positive (Negative)
	Original	Final	Actual	Variance
REVENUES				
Sales Tax	\$ 4,510,000	\$ 5,100,000	\$ 5,184,431	\$ 84,431
Real and Personal Property Tax	1,009,000	1,009,000	1,010,568	1,568
Grants and Donations	544,300	2,310,500	336,452	(1,974,048)
Motor Fuel and Vehicle Tax	669,000	659,000	692,162	33,162
Utility, Gross Receipts, and Other Taxes	480,000	480,000	491,511	11,511
Municipal Court Fines and Fees	173,400	137,400	126,563	(10,837)
Charges for Services	234,100	234,100	205,899	(28,201)
Interest Income	40,000	10,000	11,006	1,006
Other	28,300	29,800	32,632	2,832
Total Revenue	7,688,100	9,969,800	8,091,224	(1,878,576)
EXPENDITURES				
General Government				
Administration	1,467,800	1,515,000	938,181	576,819
Public Safety				
Police	2,840,200	2,778,200	2,631,420	146,780
Municipal Court	114,400	104,200	91,225	12,975
Fire	1,444,300	1,458,800	1,409,396	49,404
Streets and Public Works				
Street	900,300	899,500	785,002	114,498
Public Works	405,000	407,500	355,377	52,123
Maintenance	621,700	608,300	592,473	15,827
Culture and Recreation				
Park	947,300	922,300	902,849	19,451
Library	470,400	467,500	422,000	45,500
Capital Outlay	943,000	419,300	381,898	37,402
Debt Service - Interest and Fees	24,100	22,700	22,951	(251)
Debt Service - Principal	339,300	349,700	356,680	(6,980)
Total Expenses	10,517,800	9,953,000	8,889,452	1,063,548
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,829,700)	16,800	(798,228)	(815,028)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,491,700	3,629,900	2,647,543	(982,357)
Transfers Out	(754,000)	(989,000)	(802,629)	186,371
Proceeds from capital lease	240,000	257,300	257,289	(11)
Sale of Capital Assets	-	-	40,465	40,465
Insurance Proceeds	10,000	10,000	34,385	24,385
Total Other Financing Sources (Uses)	2,987,700	2,908,200	2,177,053	(731,147)
NET CHANGE IN FUND BALANCE	\$ 158,000	\$ 2,925,000	1,378,825	\$ (1,546,175)
FUND BALANCE, OCTOBER 1, 2020			4,456,978	
FUND BALANCE, SEPTEMBER 30, 2021			\$ 5,835,803	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2021

The City of Farmington adopts an annual budget for its General Fund, as required by the State of Missouri Revised Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges.

The City Council adopts a budget for all City funds. The primary basis of budgetary control is at the fund level. Funds may not legally exceed their total appropriation without City Council approval. A review of the current year's budget is made periodically throughout the year and amended as needs arise. Any remaining unencumbered appropriations lapse at the fiscal year end.

In accordance with Chapter 67, RSMo., the City adopts an annual operating budget, which can be amended by the Council throughout the year. Formal budgetary accounting is employed as a management control for all funds of the City. The budget for the year ended September 30, 2021, was prepared and adopted using the modified accrual basis of accounting for governmental funds and accrual accounting for proprietary funds.

Per state statute, at the fund level, actual expenditures are not to exceed budgeted appropriations; however, with proper approval by the City Council, budgetary transfers between departments can be made. The budgeted financial statements represented in the report reflect final budget authorization, including all amendments.

– Actual expenditures of the Transient Tax Fund exceeded budgeted expenditures by \$8,629 or approximately 2.7% over budget. This excess expenditure is due to fund proceeds in excess of budgeted revenue due to increased taxes. All proceeds of this fund are payable to Farmington Tourism. Therefore, upon the receipt of monies, a corresponding expenditure is required.

CITY OF FARMINGTON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Current and Prior Years*

Fiscal year ending June 30	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Cost	\$ 659,779	\$ 626,158	\$ 579,558	\$ 537,322	\$ 507,515	\$ 494,790	\$ 500,396
Interest on Total Pension Liability	2,077,085	1,881,766	1,755,151	1,657,392	1,579,628	1,469,673	1,411,366
Difference Between Expected and Actual Experience	(1,454,040)	1,012,258	152,005	(126,773)	(318,318)	(297,274)	(368,584)
Changes of Assumptions	(469,664)	-	-	-	(33,588)	606,327	-
Benefit Payments, Including Refunds	(909,290)	(778,275)	(748,627)	(732,260)	(681,729)	(784,185)	(689,879)
Net Change in Total Pension Liability	(96,130)	2,741,907	1,738,087	1,335,681	1,053,508	1,489,331	853,299
Total Pension Liability Beginning	28,772,026	26,030,119	24,292,032	22,956,351	21,902,843	20,413,512	19,560,213
Total Pension Liability Ending (a)	\$ 28,675,896	\$ 28,772,026	\$ 26,030,119	\$ 24,292,032	\$ 22,956,351	\$ 21,902,843	\$ 20,413,512
Plan Fiduciary Net Position							
Contributions - Employer	\$ 516,832	\$ 495,661	\$ 471,890	\$ 475,254	\$ 483,484	\$ 503,863	\$ 589,380
Net Investment Income	8,037,335	374,851	1,840,384	3,037,712	2,668,442	(73,051)	468,062
Pension Plan Benefit Payments, Including Refunds	(909,290)	(778,275)	(748,627)	(732,260)	(681,729)	(784,185)	(689,879)
Administrative Expense	(22,813)	(29,858)	(26,695)	(18,186)	(18,123)	(17,418)	(18,828)
Other (Net Transfer)	9,128	(30,876)	5,625	(324,075)	16,218	(373,803)	247,462
Net Change in Plan Fiduciary Net Position	7,631,192	31,503	1,542,577	2,438,445	2,468,292	(744,594)	596,197
Plan Fiduciary Net Position Beginning	29,202,940	29,171,437	27,628,860	25,190,415	22,722,123	23,466,717	22,870,520
Plan Fiduciary Net Position Ending (b)	\$ 36,834,132	\$ 29,202,940	\$ 29,171,437	\$ 27,628,860	\$ 25,190,415	\$ 22,722,123	\$ 23,466,717
Net Pension Liability (Asset) Ending (a)-(b)	\$ (8,158,236)	\$ (430,914)	\$ (3,141,318)	\$ (3,336,828)	\$ (2,234,064)	\$ (819,280)	\$ (3,053,205)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	128.45 %	101.50 %	112.07 %	113.74 %	109.73 %	103.74 %	114.96 %
Covered-employee Payroll	\$ 5,942,655	\$ 6,551,925	\$ 5,835,555	\$ 5,552,798	\$ 5,130,214	\$ 4,873,669	\$ 4,792,368
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	(137.28) %	(6.58) %	(53.83) %	(60.09) %	(43.55) %	(16.81) %	(63.71) %

Notes to Schedule:

*Information for additional prior years is not available, amounts presented for the year end were determined as of June 30, the measurement date. The City will continue to present information for years available until a ten year trend is compiled.

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

CITY OF FARMINGTON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Fiscal Years

<u>Fiscal Year</u>	<u>Actuarially Determined Pension Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage of Covered Employee Payroll</u>
2012	622,389	539,836	82,553	4,691,277	11.51
2013	643,084	601,040	42,044	4,823,934	12.46
2014	617,850	617,850	-	5,000,672	12.36
2015	581,234	581,234	-	4,908,089	11.84
2016	502,513	502,514	(1)	5,172,485	9.72
2017	487,341	482,093	5,248	5,401,563	8.93
2018	467,138	467,138	-	5,633,259	8.29
2019	477,165	477,165	-	6,110,879	7.81
2020	496,397	495,644	752	6,216,706	7.97
2021	533,986	526,110	7,876	6,200,592	8.48

Notes to Schedule:

Valuation Date: 2/29/2021

The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: 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: Multiple bases from 15 to 17 years

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation for General and Police; 3.25% to 7.15% including wage inflation for Fire

Investment Rate of Return: 7.00%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition.

Mortality: The healthy retiree mortality tables, for post-retirement mortality, 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 PubS-2010 Disabled Retiree Mortality Table for males and females. The preretirement 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: None

See accompanying notes and accountants' report.

OTHER SUPPLEMENTAL INFORMATION SECTION

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CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Debt Service Fund	Transient Guest Tax Fund	District Municipal Fund	Special Allocation Fund	Storm Water And Parks Tax Fund	Transportation Tax Fund	Total
ASSETS							
Accounts Receivable (net)	\$ -	\$ 43,325	\$ -	\$ 494,424	\$ 201,856	\$ 201,856	\$ 941,461
Due From Other Funds	-	-	62,303	164,269	-	-	226,572
Restricted Assets - Cash & Cash Equivalents	-	645,729	2	659,780	874,273	1,051,421	3,231,205
TOTAL ASSETS	\$ -	\$ 689,054	\$ 62,305	\$ 1,318,473	\$ 1,076,129	\$ 1,253,277	\$ 4,399,238
LIABILITIES							
Accounts Payable	\$ -	\$ 689,054	\$ 62,305	\$ 45,792	\$ 14,872	\$ 60,107	\$ 872,130
Due to Other Funds	-	-	-	-	20,531	20,532	41,063
Total Liabilities	-	689,054	62,305	45,792	35,403	80,639	913,193
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Tax Increment District Payments	-	-	-	471,167	-	-	471,167
Total Deferred Inflows of Resources	-	-	-	471,167	-	-	471,167
FUND BALANCE							
Nonspendable							
Restricted							
Capital Projects	-	-	-	-	1,040,726	1,172,638	2,213,364
Karsch - Downtown TIF District	-	-	-	801,514	-	-	801,514
Total Fund Balances	-	-	-	801,514	1,040,726	1,172,638	3,014,878
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ -	\$ 689,054	\$ 62,305	\$ 1,318,473	\$ 1,076,129	\$ 1,253,277	\$ 4,399,238

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2021

	Debt Service Fund	Transient Guest Tax Fund	District Municipal Fund	Special Allocation Fund	Storm Water and Parks Tax Fund	Transportation Tax Fund	Total Nonmajor Funds
REVENUES							
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ 1,267,463	\$ 1,267,462	\$ 2,534,925
Grants and Donations	-	-	-	-	27,485	155,748	183,233
Transient Guest (Hotel/Motel) Tax	-	328,739	-	-	-	-	328,739
Interest Income	30,924	890	13	1,301	1,758	930	35,816
TIF Proceeds From Other Governments	-	-	-	1,291,750	-	-	1,291,750
Other	-	-	-	-	-	14,000	14,000
Total Operating Revenues	30,924	329,629	13	1,293,051	1,296,706	1,438,140	4,388,463
EXPENDITURES							
General Government							
Administration	-	-	437,567	1,461,740	-	-	1,899,307
Tourism	-	329,629	-	-	-	-	329,629
Streets and Public Works							
Street	-	-	-	-	28,442	80,018	108,460
Capital Outlay							
Debt Service - Interest	-	-	-	-	231,639	679,180	910,819
Debt Service - Principal	171,163	-	-	-	-	-	171,163
Total Expenditures	1,224,000	-	-	-	-	-	1,224,000
	1,395,163	329,629	437,567	1,461,740	260,081	759,198	4,643,378
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,364,239)	-	(437,554)	(168,689)	1,036,625	678,942	(254,915)
OTHER FINANCING SOURCES (USES)							
Transfer In	1,364,239	-	437,554	951,116	-	337,650	3,090,559
Transfer Out	-	-	-	(377,957)	(1,075,430)	(138,692)	(1,592,079)
Total Other Financing Sources and Uses	1,364,239	-	437,554	573,159	(1,075,430)	198,958	1,498,480
NET CHANGE IN FUND BALANCES	-	-	-	404,470	(38,805)	877,900	1,243,565
FUND BALANCES - SEPTEMBER 30, 2020	-	-	-	397,044	1,079,531	294,738	1,771,313
FUND BALANCES - SEPTEMBER 30, 2021	\$ -	\$ -	\$ -	\$ 801,514	\$ 1,040,726	\$ 1,172,638	\$ 3,014,878

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
Year Ended September 30, 2021

	<u>Appropriated Budget Amounts</u>			<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Interest Income	\$ -	\$ 30,900	\$ 30,924	\$ 24
<u>EXPENDITURES</u>				
Debt Service Interest and Fees	175,500	179,300	171,163	8,137
Debt Service Principal	1,192,000	1,223,000	1,224,000	(1,000)
Total Expenditures	1,367,500	1,402,300	1,395,163	7,137
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,367,500)	(1,371,400)	(1,364,239)	7,161
OTHER FINANCING SOURCES				
Transfer In	1,367,500	1,371,400	1,364,239	(7,161)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, OCTOBER 1, 2020			-	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ -</u>	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - TRANSIENT GUEST TAX FUND
Year Ended September 30, 2021

	Appropriated Budget Amounts			Positive (Negative) Variance
	Original	Final	Actual	
REVENUES				
Transient Tax Income	\$ 300,000	\$ 320,000	\$ 328,739	\$ 8,739
Interest Income	1,000	1,000	890	(110)
Total Revenue	<u>301,000</u>	<u>321,000</u>	<u>329,629</u>	<u>8,629</u>
EXPENDITURES				
General Government	<u>301,000</u>	<u>321,000</u>	<u>329,629</u>	<u>(8,629)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, OCTOBER 1, 2020			-	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ -</u>	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - DISTRICT MUNICIPAL FUND
Year Ended September 30, 2021

	Appropriated Budget Amounts			Positive (Negative) Variance
	Original	Final	Actual	
REVENUES				
Interest Income	\$ -	\$ -	\$ 13	\$ 13
EXPENDITURES				
General Government	345,000	454,500	437,567	16,933
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(345,000)	(454,500)	(437,554)	16,946
OTHER FINANCING SOURCES				
Transfers In	345,000	454,500	437,554	(16,946)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, OCTOBER 1, 2020			-	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ -</u>	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL ALLOCATION FUND
Year Ended September 30, 2021

	Appropriated Budget Amounts			Positive (Negative)
	Original	Final	Actual	Variance
<u>REVENUES</u>				
TIF Proceeds From Other Governments	\$ 1,200,000	\$ 1,281,000	\$ 1,291,750	\$ 10,750
Interest Income	600	600	1,301	701
Total Revenues	<u>1,200,600</u>	<u>1,281,600</u>	<u>1,293,051</u>	<u>11,451</u>
<u>EXPENDITURES</u>				
General Government	1,434,300	1,517,600	1,461,740	55,860
Capital Outlay	125,000	125,000	-	125,000
Total Expenditures	<u>1,559,300</u>	<u>1,642,600</u>	<u>1,461,740</u>	<u>180,860</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(358,700)</u>	<u>(361,000)</u>	<u>(168,689)</u>	<u>192,311</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	834,200	954,000	951,116	(2,884)
Transfers Out	(380,900)	(384,800)	(377,957)	6,843
Total Other Financing Sources (Uses)	<u>453,300</u>	<u>569,200</u>	<u>573,159</u>	<u>3,959</u>
NET CHANGE IN FUND BALANCE	<u>\$ 94,600</u>	<u>\$ 208,200</u>	404,470	<u>\$ 196,270</u>
FUND BALANCE, OCTOBER 1, 2020			<u>397,044</u>	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ 801,514</u>	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - STORM WATER AND PARKS TAX FUND
Year Ended September 30, 2021

	<u>Appropriated Budget Amounts</u>			<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Sales Tax	\$ 1,125,000	\$ 1,275,000	\$ 1,267,463	\$ (7,537)
Grants and Donations	31,000	43,000	27,485	(15,515)
Interest Income	4,000	2,000	1,758	(242)
Total Revenues	<u>1,160,000</u>	<u>1,320,000</u>	<u>1,296,706</u>	<u>(23,294)</u>
<u>EXPENDITURES</u>				
Public Works	40,000	40,000	28,442	11,558
Capital Outlay	<u>360,000</u>	<u>439,000</u>	<u>231,639</u>	<u>207,361</u>
	400,000	479,000	260,081	218,919
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>760,000</u>	<u>841,000</u>	<u>1,036,625</u>	<u>195,625</u>
OTHER FINANCING USES				
Transfers Out	<u>(1,180,100)</u>	<u>(1,253,000)</u>	<u>(1,075,430)</u>	<u>177,570</u>
NET CHANGE IN FUND BALANCE	<u>\$ (420,100)</u>	<u>\$ (412,000)</u>	<u>(38,805)</u>	<u>\$ 373,195</u>
FUND BALANCE, OCTOBER 1, 2020			<u>1,079,531</u>	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ 1,040,726</u>	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSPORTATION TAX FUND
Year Ended September 30, 2021

	Appropriated Budget Amounts			Positive (Negative) Variance
	Original	Final	Actual	
<u>REVENUES</u>				
Sales Tax	\$ 1,125,000	\$ 1,275,000	\$ 1,267,462	\$ (7,538)
Grants and Donations	239,000	227,000	155,748	(71,252)
Interest Income	500	500	930	430
Other Revenue	-	-	14,000	14,000
Total Revenues	<u>1,364,500</u>	<u>1,502,500</u>	<u>1,438,140</u>	<u>(64,360)</u>
<u>EXPENDITURES</u>				
Public Works	105,000	105,000	80,018	24,982
Capital Outlay	<u>1,345,000</u>	<u>1,291,000</u>	<u>679,180</u>	<u>611,820</u>
	<u>1,450,000</u>	<u>1,396,000</u>	<u>759,198</u>	<u>636,802</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(85,500)</u>	<u>106,500</u>	<u>678,942</u>	<u>572,442</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	406,000	406,000	337,650	(68,350)
Transfers Out	<u>(149,800)</u>	<u>(138,000)</u>	<u>(138,692)</u>	<u>(692)</u>
Total Other Financing Sources (Uses)	<u>256,200</u>	<u>268,000</u>	<u>198,958</u>	<u>(69,042)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 170,700</u>	<u>\$ 374,500</u>	<u>877,900</u>	<u>\$ 503,400</u>
FUND BALANCE, OCTOBER 1, 2020			<u>294,738</u>	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ 1,172,638</u>	

See accompanying notes and accountants' report.

CITY OF FARMINGTON, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
Year Ended September 30, 2021

	<u>Appropriated Budget Amounts</u>		<u>Actual</u>	<u>Positive (Negative) Variance</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Sales Tax	\$ 2,255,000	\$ 2,550,000	\$ 2,535,043	\$ (14,957)
Interest Income	10,000	10,000	3,910	(6,090)
Total Revenue	2,265,000	2,560,000	2,538,953	(21,047)
<u>EXPENDITURES</u>				
Capital Outlay	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,265,000	2,560,000	2,538,953	(21,047)
OTHER FINANCING USES				
Transfers Out	(2,642,300)	(2,917,600)	(2,390,387)	527,213
NET CHANGE IN FUND BALANCE	<u>\$ (377,300)</u>	<u>\$ (357,600)</u>	148,566	<u>\$ 506,166</u>
FUND BALANCE, OCTOBER 1, 2020			<u>1,387,585</u>	
FUND BALANCE, SEPTEMBER 30, 2021			<u>\$ 1,536,151</u>	

See accompanying notes and accountants' report.

