



FINANCIAL REPORT
(Audited)

Year Ended March 31, 2019

CITY OF JENNINGS, MISSOURI
FINANCIAL REPORT

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

September 19, 2019

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF JENNINGS, MISSOURI** (the City), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such

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- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of March 31, 2019, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3.

Basis of Accounting

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

Other Matters - Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis and supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A-3.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019 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.

Hochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS
Chesterfield, Missouri

CITY OF JENNINGS, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MARCH 31, 2019

As management of the City of Jennings, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2019. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this management's discussion and analysis (MD&A).

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the City exceeded its liabilities for the most recent fiscal year by \$1,288,226. The City has a deficit in unrestricted net position totaling (\$12,056,712) primarily due to \$15,809,054 in tax increment debt outstanding at year-end for infrastructure assets not owned by the City.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,468,737.
- At the end of the current fiscal year, the fund balance for the General Fund was \$3,752,342.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental information in addition to the basic financial statements themselves. The City has elected to utilize a modified cash basis of accounting as explained in Note A-3 of the notes to financial statements.

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

The statement of net position - modified cash basis presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities - modified cash basis presents information showing how the City's net position changed during the most recent fiscal year.

Fund financial statements. The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. All of the funds of the City are governmental funds. The City does not have any proprietary or fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2019**

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

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Capital Improvement Fund, and Tax Increment Financing Area 3 Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation called "other governmental funds". Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplemental information section in this report.

The City adopts an annual appropriated budget for the General Fund, Capital Improvement Fund, Sewer Lateral Fund, Park Sales Tax Fund, and Economic Development Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

Notes to the basic 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.

Supplemental information. The budgetary comparison schedules, combining statements, and pension schedules represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statements.

A condensed version of the statement of net position - modified cash basis follows:

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2019**

	March 31	
	2019	2018
ASSETS		
Cash and other assets	\$ 8,715,500	8,068,149
Capital assets	8,628,543	8,303,820
Total Assets	17,344,043	16,371,969
LIABILITIES		
Other liabilities	246,763	235,311
Noncurrent liabilities	15,809,054	9,837,525
Total Liabilities	16,055,817	10,072,836
NET POSITION		
Investment in capital assets	8,628,543	8,303,820
Restricted	4,716,395	4,898,049
Unrestricted	(12,056,712)	(6,902,736)
Total Net Position	\$ 1,288,226	6,299,133

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As illustrated above, in the case of the City, assets exceeded liabilities by \$1,288,226 at the close of March 31, 2019.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements and infrastructure, equipment, and vehicles). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City's unrestricted net position represents a deficit balance of \$12,056,712 as of March 31, 2019. This deficit is primarily the result of the balance of \$15,809,054 in TIF debt outstanding at year-end for infrastructure assets not owned by the City. The TIF debt is a special limited obligation which is funded only by incremental revenues generated within the TIF districts.

Governmental activities. As illustrated on next page, governmental activities increased the City's net position by \$1,732,343. The decrease in program revenue is primarily due to fewer park grants and no contributed capital in fiscal year 2019. In addition, the increase in general revenue was attributable to the City receiving a full year of the public safety sales tax, which is restricted for public safety, an increase in property taxes, and a gain on the sale of capital assets due to the sale of various City properties.

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2019**

	For The Years Ended March 31	
	2019	2018
REVENUES		
Program revenues:		
Charges for services	\$ 2,075,207	1,962,127
Operating grants and contributions	682,578	675,154
Capital grants and contributions	6,400	526,648
General revenues:		
Taxes	9,075,028	8,327,021
License tax	180,912	177,021
Investment income	79,845	36,813
Other	88,647	64,396
Gain on sale of assets	134,698	-
Total Revenues	12,323,315	11,769,180
EXPENSES		
Building	516,312	387,768
City clerk	751,561	644,039
Corrections	1,378,153	1,403,268
Court	251,107	254,798
Economic development	181,223	743,258
Finance	268,060	240,074
Legal	75,572	107,259
Prosecutor	8,124	21,536
Public safety	4,217,514	4,025,613
Public works	1,566,940	1,494,456
Recreation	493,272	586,865
Sewer lateral	172,220	134,838
Interest and other	710,914	529,041
Total Expenses	10,590,972	10,572,813
CHANGE IN NET POSITION	1,732,343	1,196,367
NET POSITION, APRIL 1	6,299,133	5,102,766
RESTATEMENT	(6,743,250)	-
NET POSITION, MARCH 31	\$ 1,288,226	6,299,133

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on inflows, outflows, and balance of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's resources

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2019**

available for spending at the end of the fiscal year. At March 31, 2019, the combined fund balance was \$8,468,737.

The General Fund is the chief operating fund of the City. The fund balance in the City's General Fund increased by \$817,553 from the prior year, mainly due to a full year of receiving the public safety sales tax, which is restricted for public safety, an increase in property taxes, and the sale of capital assets.

The Capital Improvement Fund is the City's primary fund for financing capital expenditures. Revenue for this fund is derived from a ½-cent sales tax. This is a restricted fund and can only be used for acquiring and maintaining capital assets. The fund balance in this fund decreased by \$187,820 from the prior year. The change of the current year's fund balance is mainly due to a decrease in capital and public safety expenditures.

The Tax Increment Financing Area 3 Fund is a restricted fund and can only be used for economic development in the fund-designated area. The fund balance in this fund increased by \$14,901 from the prior year. The increase in this fund is due to an increase in tax receipts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The City has invested \$8,628,543, net of accumulated depreciation, at March 31, 2019 in a broad range of capital assets, including land, construction in progress, buildings, improvements and infrastructure, equipment, and vehicles. The amount includes a net increase for the current fiscal year (including additions and retirements) of \$324,723.

Capital assets were as follows:

	March 31	
	2019	2018
Land	\$ 2,333,423	2,354,723
Construction in progress	472,702	2,500
Building, improvements and infrastructure	8,092,960	8,058,499
Equipment	1,393,863	1,311,077
Vehicles	1,282,104	1,199,396
	13,575,052	12,926,195
Less - Accumulated depreciation	4,946,509	4,622,375
Total Capital Assets, Net	\$ 8,628,543	8,303,820

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

Debt administration. At March 31, 2019, the City had total long-term debt obligations for governmental activities in the amount of \$15,834,066. None of the debt outstanding represents general obligation bonds.

**CITY OF JENNINGS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2019**

	March 31	
	2019	2018
Tax increment financing refunding bonds	\$ 8,085,000	8,780,000
Tax increment financing revenue notes	7,749,066	1,087,895
Total	\$ 15,834,066	9,867,895

The tax increment financing (TIF) refunding bonds represent a special limited obligation that have been issued by the City. The City will make principal and interest payments on TIF refunding bonds to the bondholder based on incremental revenues attributable to the project site.

Additional information regarding the City's long-term debt can be found in Note F in the notes to financial statements.

BUDGETARY HIGHLIGHTS

In the General Fund, the following significant variances occurred between 2019 budget and actual amounts:

- Total collected revenues were \$240,908 more than budget primarily due to charges for services at the corrections facility and the collection of real estate taxes being more than anticipated.
- Total expenditures were \$565,763 under budget due to personnel costs being less than anticipated in the corrections and public works departments due to changes in staff.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year ending March 31, 2020, the City projects General Fund revenues of \$8,897,469 and expenditures of \$8,871,366.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Jennings
2120 Hord Avenue
Jennings, MO 63136

CITY OF JENNINGS, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
MARCH 31, 2019

	Governmental Activities
ASSETS	
Cash	\$ 3,131,660
Investments	4,532,827
Restricted:	
Cash	51,162
Investments	999,851
Capital assets:	
Nondepreciable	2,806,125
Depreciable, net	5,822,418
Total Assets	17,344,043
 LIABILITIES	
Court bonds payable	201,220
Due to others	45,543
Noncurrent liabilities:	
Due within one year	800,000
Due in more than one year	15,009,054
Total Liabilities	16,055,817
 NET POSITION	
Investment in capital assets	8,628,543
Restricted for:	
Capital projects	1,402,794
Debt service	768,125
Economic development	1,809,043
Public safety	197,549
Sewer lateral	69,432
Parks and recreation	469,452
Unrestricted	(12,056,712)
Total Net Position	\$ 1,288,226

CITY OF JENNINGS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Operating Grants And Contributions	
Governmental Activities				
Building	\$ 516,312	178,931	-	(337,381)
City clerk	751,561	25,890	-	(725,671)
Corrections	1,378,153	1,380,930	-	2,777
Court	251,107	-	-	(251,107)
Economic development	181,223	133,892	-	(47,331)
Finance	268,060	-	-	(268,060)
Legal	75,572	-	-	(75,572)
Prosecutor	8,124	-	-	(8,124)
Public safety	4,217,514	102,759	-	(4,114,755)
Public works	1,566,940	73,425	682,378	(811,137)
Recreation	493,272	40,415	200	(446,257)
Sewer lateral	172,220	138,965	-	(33,255)
Interest, fiscal charges, and discount credit	710,914	-	-	(710,914)
Total Governmental Activities	<u>\$ 10,590,972</u>	<u>2,075,207</u>	<u>682,578</u>	<u>(7,826,787)</u>
General Revenues				
Taxes				7,315,023
Gross receipts taxes				1,760,005
License tax				180,912
Investment income				79,845
Other				88,647
Gain on sale of assets				134,698
Total General Revenues				<u>9,559,130</u>
CHANGE IN NET POSITION				1,732,343
NET POSITION, APRIL 1				<u>(444,117)</u>
NET POSITION, MARCH 31				<u>\$ 1,288,226</u>

CITY OF JENNINGS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
MARCH 31, 2019

	<u>General</u>	<u>Capital Improvement</u>	<u>Tax Increment Financing Area 3</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 1,481,178	535,607	43,595	1,071,280	3,131,660
Investments	2,248,580	847,681	543,114	893,452	4,532,827
Due from other funds	-	19,506	-	14,520	34,026
Restricted assets:					
Cash	51,162	-	-	-	51,162
Investments	231,726	-	768,125	-	999,851
Total Assets	<u>\$ 4,012,646</u>	<u>1,402,794</u>	<u>1,354,834</u>	<u>1,979,252</u>	<u>8,749,526</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Court bonds payable	\$ 201,220	-	-	-	201,220
Due to others	45,543	-	-	-	45,543
Due to other funds	13,541	-	31	20,454	34,026
Total Liabilities	<u>260,304</u>	<u>-</u>	<u>31</u>	<u>20,454</u>	<u>280,789</u>
Fund Balances					
Restricted for:					
Capital projects	-	1,402,794	-	-	1,402,794
Debt service	-	-	768,125	-	768,125
Economic development	-	-	586,678	1,222,365	1,809,043
Public safety	-	-	-	197,549	197,549
Sewer lateral	-	-	-	69,432	69,432
Parks and recreation	-	-	-	469,452	469,452
Committed for:					
Contingencies	1,045,000	-	-	-	1,045,000
Unassigned	2,707,342	-	-	-	2,707,342
Total Fund Balances	<u>3,752,342</u>	<u>1,402,794</u>	<u>1,354,803</u>	<u>1,958,798</u>	<u>8,468,737</u>
Total Liabilities And Fund Balances	<u>\$ 4,012,646</u>	<u>1,402,794</u>	<u>1,354,834</u>	<u>1,979,252</u>	<u>8,749,526</u>

CITY OF JENNINGS, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION -
MODIFIED CASH BASIS
MARCH 31, 2019

Total Fund Balances - Governmental Funds \$ 8,468,737

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$13,575,052 and the accumulated depreciation is \$4,946,509. 8,628,543

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

Tax increment financing revenue notes payable	(7,749,066)
Tax increment financing refunding bonds payable	(8,085,000)
Unamortized bond discount	<u>25,012</u>

Total Net Position Of Governmental Activities \$ 1,288,226

CITY OF JENNINGS, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2019

	General	Capital Improvement	Tax Increment Financing Area 3	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,692,742	980,951	956,861	1,505,812	8,136,366
Gross receipts taxes	1,760,005	-	-	-	1,760,005
License tax	180,912	-	-	-	180,912
Permits	185,541	-	-	-	185,541
Charges for services	1,507,569	-	-	-	1,507,569
Court receipts	93,932	-	-	-	93,932
Intergovernmental	-	-	127,282	6,400	133,682
Investment income	44,619	12,761	15,263	7,202	79,845
Other	110,765	-	-	-	110,765
Total Revenues	<u>8,576,085</u>	<u>993,712</u>	<u>1,099,406</u>	<u>1,519,414</u>	<u>12,188,617</u>
EXPENDITURES					
Current:					
Building	461,551	-	-	-	461,551
City clerk	714,551	179,933	-	-	894,484
Corrections	1,328,397	7,308	-	-	1,335,705
Court	252,208	7,919	-	-	260,127
Economic development	-	-	16,000	165,223	181,223
Finance	268,060	-	-	-	268,060
Legal	75,572	-	-	-	75,572
Prosecutor	8,124	-	-	-	8,124
Public safety	3,834,585	106,720	-	242,483	4,183,788
Public works	914,947	99,276	-	-	1,014,223
Recreation	209,144	19,281	-	40,791	269,216
Sewer lateral	-	-	-	172,220	172,220
Capital outlay	7,447	542,670	-	551,671	1,101,788
Debt service:					
Principal	-	-	661,929	82,079	744,008
Interest	-	-	433,643	304,984	738,627
Total Expenditures	<u>8,074,586</u>	<u>963,107</u>	<u>1,111,572</u>	<u>1,559,451</u>	<u>11,708,716</u>
REVENUES OVER (UNDER)	<u>501,499</u>	<u>30,605</u>	<u>(12,166)</u>	<u>(40,037)</u>	<u>479,901</u>
EXPENDITURES					
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	155,998	-	-	-	155,998
Transfers in	337,123	-	27,067	152,500	516,690
Transfers out	(177,067)	(218,425)	-	(121,198)	(516,690)
Total Other Financing Sources (Uses)	<u>316,054</u>	<u>(218,425)</u>	<u>27,067</u>	<u>31,302</u>	<u>155,998</u>
NET CHANGE IN FUND BALANCES	817,553	(187,820)	14,901	(8,735)	635,899
FUND BALANCES, APRIL 1	<u>2,934,789</u>	<u>1,590,614</u>	<u>1,339,902</u>	<u>1,967,533</u>	<u>7,832,838</u>
FUND BALANCES, MARCH 31	<u>\$ 3,752,342</u>	<u>1,402,794</u>	<u>1,354,803</u>	<u>1,958,798</u>	<u>8,468,737</u>

See notes to financial statements

CITY OF JENNINGS, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2019

Net Change in Fund Balances - Governmental Funds \$ 635,899

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$716,341) exceeded depreciation (\$370,318) in the current period. 346,023

Cost of disposals, net of accumulated depreciation (21,300)

The issuance and repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. The transaction, however, has no effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt:

Amortization of discount on debt issuance	(5,358)	
Reduction of tax increment financing refunding bonds	695,000	
Reduction of tax increment financing refunding notes	82,079	771,721

Change In Net Position Of Governmental Activities \$ 1,732,343

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF JENNINGS, MISSOURI** (the City) was incorporated in December 1946. The City operates under a Mayor/City Council form of government and provides various services including legislative, public safety, streets, sanitation and health services, public improvements, economic development, planning and zoning, parks, and general administrative services. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

The City has no business-type activities.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus

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

In the fund financial statements, all governmental funds utilize a “current financial resources” measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets - modified cash basis. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

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

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

If the City utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City reports the following major governmental funds:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvement Fund -- The Capital Improvement Fund is used to account for financial resources to be used for the acquisition, construction, or improvements and maintenance of major capital facilities and infrastructure.

Tax Increment Financing Area 3 Fund -- The Tax Increment Financing Area 3 Fund is used to account for financial resources and expenditures for the Northland economic development area.

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

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

4. Cash and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, and repurchase agreements. Investments are reported at fair value.

5. Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure, are reported in the financial statements where applicable. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City has elected to report major general infrastructure assets prospectively from 2002.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

Depreciation is being computed on the straight-line method using asset lives as follows:

Assets	Years
Buildings, improvements and infrastructure	15 - 40
Equipment	7
Vehicles	5

6. Compensated Absences

Compensated absences are not vested and have not been accrued by the City.

7. Fund Balance Policies

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

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

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

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

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the City Council has designated authority.

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

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted.

The City's budget indicates that a portion of the General and Capital Improvement Funds shall be set aside in a committed amount for contingencies of \$1,045,000 and \$522,000, respectively. The related balance for the General and Capital Improvement Funds at March 31, 2019 including interest amounted to \$1,046,244 and \$523,197, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Long-term Liabilities

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

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

9. Property Taxes

The City levies a tax on the assessed value of all real and personal property located within the City as of January 1 each year. Taxes are levied in October and are considered delinquent if not paid by December 31. St. Louis County assesses property values, collects the tax, and remits collected amounts to the City.

10. Use of Estimates

The preparation of financial statements requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

11. Risk Management

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

12. Pension

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retire-

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Pension (Continued)

ment 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 benefit terms. LAGERS' investments are reported at fair value.

Because of the accounting method used, the City does not record the net pension liability (asset), deferred outflows of resources, or deferred inflows of resources for the pension plan.

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

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

2. Investments

As of March 31, 2019, the City had the following investments:

Investments	Fair Value	Maturities					Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	
Federal obligation funds	\$ 1,630,577	-	1,630,577	-	-	-	AAA
Money market funds	787,975	787,975	-	-	-	-	Not rated
MOSIP	3,114,126	3,114,126	-	-	-	-	AAA
Total Investments	\$ 5,532,678	3,902,101	1,630,577	-	-	-	

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investments Policies

The City's formal investment policies are as follows:

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy requires prequalifying all entities the City conducts business with and diversifying the portfolio so potential losses on individual securities will be minimized.

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires diversification to minimize the risk of loss resulting from concentrations.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). At March 31, 2019, the City had the following investment concentrations:

<u>Investments</u>	<u>Fair Value</u>	<u>Percent Of Investments</u>
MOSIP	\$ 3,114,126	56.3 %
Federated government obligation	1,630,577	29.5
Money market funds	787,975	14.2

Investment in Investment Pool

The City is a voluntary participant in the Missouri Securities Investment Program (MOSIP) that is a cooperative investment service established by an intergovernmental cooperative agreement. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by MOSIP for the entire MOSIP portfolio (in relation to the amortized cost of the portfolio).

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

The MOSIP was established on October 3, 1991, as an instrumentality of Missouri Public School Districts, municipalities and other political subdivisions pursuant to an intergovernmental cooperation agreement executed under the laws of the State of Missouri. MOSIP is governed by a board of directors elected by members. The objective of MOSIP is to enable eligible organizations to pool their available funds for investments in instruments permitted by Missouri Law. The City's participation currently is through investment in the MOSIP Money Market Series which is rated AAA from Standard & Poors.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

The City has the following recurring fair value level measurements as of March 31, 2019:

	Total	Level 1	Level 2
Investments by fair value level:			
MOSIP	\$ 3,114,126	-	3,114,126
Investments not subject to fair value level classification:			
Federal obligation funds	1,630,577		
Money market funds	787,975		
Total Investments	\$ 5,532,678		

4. Restricted Assets

Certain resources set aside for the repayment of court bonds, protested taxes, and debt issue agreements are classified as restricted assets on the balance sheet - modified cash basis because their use is limited.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets:

	For The Year Ended March 31, 2019			Balance March 31 2019
	Balance March 31 2018	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 2,354,723	-	21,300	2,333,423
Construction in progress	2,500	470,202	-	472,702
Total Capital Assets Not Being Depreciated	2,357,223	470,202	21,300	2,806,125
Capital assets being depreciated:				
Building, improvements and infrastructure	8,058,499	34,461	-	8,092,960
Equipment	1,311,077	82,786	-	1,393,863
Vehicles	1,199,396	128,892	46,184	1,282,104
Total Capital Assets Being Depreciated	10,568,972	246,139	46,184	10,768,927
Less - Accumulated depre- ciation for:				
Building, improvements and infrastructure	2,809,868	197,602	-	3,007,470
Equipment	1,101,880	62,939	-	1,164,819
Vehicles	710,627	109,777	46,184	774,220
Total Accumulated Depreciated	4,622,375	370,318	46,184	4,946,509
Total Capital Assets Being Depreciated, Net	5,946,597	(124,179)	-	5,822,418
Capital Assets, Net	\$ 8,303,820	346,023	21,300	8,628,543

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

	For The Year Ended March 31 2019
Governmental Activities	
Building	\$ 9,075
Court	99
City clerk	5,844
Corrections	33,801
Public safety	35,864
Public works	154,738
Recreation	130,897
Total	\$ 370,318

NOTE D - EMPLOYEE RETIREMENT SYSTEMS

1. Missouri Local Government Employees Retirement System

General Information about the Plan

Plan Description

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

Benefits Provided

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

2018 Valuation

Benefit multiplier	1.75% for life
Final average salary	3 Years
Member contributions	Noncontributory for employees

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

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Missouri Local Government Employees Retirement System (Continued)

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	71
Active employees	<u>51</u>
 Total	 <u>249</u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 5.2% for general employees, 11.0% for police, and 10.6% for fire.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

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

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Missouri Local Government Employees Retirement System (Continued)

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

The actuarial assumptions used in the February 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate Of Return</u>
Equity	43.00 %	5.16 %
Fixed income	26.00	2.86
Real assets	21.00	3.23
Strategic assets	10.00	5.59

Discount Rate

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

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Missouri Local Government Employees Retirement System (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2017	\$ 13,217,522	16,414,763	(3,197,241)
Changes for the year			
Service cost	190,920	-	190,920
Interest	925,981	-	925,981
Benefit changes	7,290,249		7,290,249
Difference between expected and actual experience	(359,146)	-	(359,146)
Contributions - employer	-	3,961,696	(3,961,696)
Net investment income	-	2,767,507	(2,767,507)
Benefit payments, includ- ing refunds	(1,097,504)	(1,097,504)	-
Administrative expense	-	(18,179)	18,179
Other changes	-	3,183,216	(3,183,216)
Net Changes	<u>6,950,500</u>	<u>8,796,736</u>	<u>(1,846,236)</u>
Balances at June 30, 2018	<u>\$ 20,168,022</u>	<u>25,211,499</u>	<u>(5,043,477)</u>

In June 2017, the Pension Board of Trustees of the City of Jennings Police and Firemen's Retirement Fund (the Previous Plan) approved an agreement between LAGERS and the City for LAGERS to take over the Previous Plan and have all assets belonging to the Previous Plan transferred to LAGERS. As of December 2017, all the assets of the Previous Plan were transferred into LAGERS and the Previous Plan was terminated.

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 7.25%, as well as what the City's net pension liability (asset) would be using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	Current Single Discount Rate Assumption		
	1% Decrease	1% Increase	
Net pension liability (asset)	\$ (2,709,001)	(5,043,477)	(6,984,484)

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - EMPLOYEE RETIREMENT SYSTEMS (Continued)

1. Missouri Local Government Employees Retirement System (Continued)

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

For the year ended March 31, 2019, the City's actuarially determined pension expense was \$3,746,243. Reported deferred outflows and inflows of resources are related to the following sources:

	Outflows	Inflows	Net Outflows
Differences in experience	\$ 10,026	(278,896)	(268,870)
Assumption changes	19,443	-	19,443
Net difference between projected and actual earnings	-	(918,943)	(918,943)
Contributions subsequent to the measurement date*	67,363	-	67,363
Total	\$ 96,832	(1,197,839)	(1,101,007)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be a reduction in the net pension liability (asset) for the next fiscal year.

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

**For The Plan
Years Ending
June 30**

2019	\$ (135,834)
2020	(295,523)
2021	(437,135)
2022	(282,259)
2023	(9,718)
Thereafter	(7,901)
Total	\$ (1,168,370)

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - COMMITMENTS AND CONTINGENT LIABILITIES

During fiscal year 1998, the City designated certain areas as redevelopment areas eligible for TIF treatment. The City has pledged certain incremental tax revenue to reimburse applicable redevelopment expenses.

During the year ended March 31, 2019, the City approved the creation of the City of Jennings, Missouri, Redevelopment Project Area 8 (RPA 8) Tax Increment Financing Forgivable Loan Program. This program was established to fund the repair, rehabilitation, and or improvement of commercial properties within RPA 8. The loans are forgiven over 5 years in equal installments so long as the applicant remains in compliance with the Redevelopment Agreement. At March 31, 2019, the City had \$89,074 of these loans outstanding. An offsetting allowance for these amounts has been established.

The City contracted the St. Louis County Police Department to provide services. Payments for services for the year ended March 31, 2019 amounted to \$3,805,731. This amount can be adjusted when both parties agree that special circumstances arise which require additional related costs.

The City has construction commitments for park improvements in the amount of \$212,219 as of March 31, 2019.

The City is a defendant in various lawsuits. Based on the current status of these legal claims, the City believes that these issues will be further monitored and evaluated on an ongoing basis.

NOTE F - LONG-TERM DEBT

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

	For The Year Ended March 31, 2019			Balance March 31 2019	Amounts Due Within One Year
	Balance March 31 2018	Restatement	Reductions		
TIF refunding bonds	\$ 8,780,000	-	695,000	8,085,000	700,000
Less - Discount	(30,370)	-	(5,358)	(25,012)	-
TIF revenue notes	1,087,895	6,743,250	82,079	7,749,066	100,000
 Total Long-term Debt	 \$ 9,837,525	 6,743,250	 771,721	 15,809,054	 800,000

The TIF refunding bonds are liquidated by the Tax Increment Financing Area 3 Fund and the TIF revenue note is liquidated by the River Roads TIF Fund. The bonds reductions include \$33,071 of additional discount credited by the trustee, for the TIF refunding bonds.

NOTE F - LONG-TERM DEBT (Continued)

TIF Refunding Bonds

In November 2006, the City issued \$15,625,000 in Tax Increment and Community Improvement Refunding Revenue Bonds Series 2006 in connection with the “Northland Redevelopment Area Project”.

The bonds were issued to refund prior outstanding principal and interest of the Series 2005 TIF notes, fund the Debt Service and Debt Reserve Funds, and to pay the costs of issuance of the 2006 bonds. The TIF refunding bonds are considered a special limited obligation of the City. The City will make principal and interest payments on the TIF refunding bonds based on incremental payments in lieu of taxes (PILOTS), economic activity tax (EATS), municipal revenues, and county revenues. Since annual repayment amounts for the bonds will be determined based on future revenues, a schedule of debt service requirements to maturity cannot be established. The bonds mature at various dates through November 1, 2023 and bear interest from 4.75% to 5%.

TIF Revenue Notes

In December 2013, the City authorized Tax Increment Revenue Notes Series A and B in connection with the “East Side Redevelopment Project Areas”, in the maximum principal amount of \$8,503,250.

The notes were issued in December 2014 and December 2017 for \$1,760,000 and \$6,743,250, respectively. The notes mature June 26, 2028 and bear interest at 7%. Since annual repayment amounts for the notes will be determined based on future revenues, a schedule of debt service requirements to maturity cannot be established.

NOTE G - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the normal course of business, the City has numerous transactions between funds. The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. These balances are expected to be repaid in the next fiscal year. The following is a reconciliation of internal receivables and payables:

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

	March 31, 2019	
	Interfund Receivables	Interfund Payables
Major governmental funds:		
General Fund	\$ -	13,541
Capital Improvement Fund	19,506	-
Tax Increment Financing Area 3 Fund	-	31
Total Major Governmental Funds	19,506	13,572
Nonmajor governmental funds:		
Special Revenue Funds:		
Tax Increment Financing Area 1 Fund	-	168
Police Seizure Fund	-	424
Sewer Lateral	-	18
Park Sales Tax Fund	-	19,844
Pension Tax Fund	14,520	-
Total Nonmajor Governmental Funds	14,520	20,454
Total Major And Nonmajor Governmental Funds	\$ 34,026	34,026

Transfers may be used to move unrestricted General Fund or other fund revenues to finance various programs that the government may account for in other funds in accordance with budgetary or other authorization, including amounts provided as subsidies or matching funds for various grant programs. Individual interfund transactions are as follows:

	For The Year Ended March 31, 2019				
	Transfers In				
	General Fund	Tax Increment Financing Area 3 Fund	Beautification Fund	Economic Development Fund	Total
Transfers out:					
General Fund	\$ -	27,067	-	150,000	177,067
Capital Improvement Fund	215,925	-	2,500	-	218,425
Park Sales Tax Fund	98,121	-	-	-	98,121
Economic Develop- ment Fund	23,077	-	-	-	23,077
Total	\$ 337,123	27,067	2,500	150,000	516,690

NOTE H - RESTRICTED NET POSITION

The government-wide statements of net position reports \$4,716,395 of restricted net position, of which \$3,948,270 is restricted by enabling legislation.

CITY OF JENNINGS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - TAX INCREMENT REVENUES PLEDGED

The City has pledged a portion of future tax revenues to repay tax increment revenue bonds and notes issued to finance certain improvements in the City. The bonds and notes are payable solely from the incremental taxes generated by increased sales and assessed property values in the improved area. For the current year, principal, interest and other related amounts paid and total incremental tax revenues were \$1,482,635 and \$1,374,995, respectively, for funds with incremental tax debt service expenditures.

NOTE J - TAX ABATEMENTS

Under the Missouri Chapter 100 Industrial Development Bond program, the City issued Taxable Industrial Development Revenue Bonds during 2011 to provide financial assistance to Louisa Food Products, Inc. (the Company) for construction of two new buildings totaling approximately 21,000 square feet to be used primarily for manufacturing purposes and equipping the site and project improvements with certain personal property. To finance the project, the Company passed title of the property and encompassing equipment to the City and will pay rent to the City under a lease agreement sufficient to pay the debt. Due to the City having title to the property, the property is tax exempt during the lease term thus resulting in a tax abatement for the Company. As part of the agreement, the Company is responsible for paying payments in lieu of taxes equal to fifty percent of the ad valorem taxes that would have otherwise been payable during the nineteen year period. For the fiscal year ended March 31, 2019, the amount of abated property tax totaled \$31,027.

NOTE K - RESTATEMENT OF NET POSITION

The previously stated net position has been restated as follows:

	Governmental Activities
Net Position, March 31, 2018, as previously reported	\$ 6,299,133
Restatement due to TIF revenue notes	<u>(6,743,250)</u>
Net Position, March 31, 2018, As Restated	<u><u>\$ (444,117)</u></u>

SUPPLEMENTAL INFORMATION SECTION

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes				
Sales	\$ 2,525,000	2,525,000	2,491,321	(33,679)
Public safety	735,600	735,600	804,904	69,304
Property:				
Real estate	600,000	636,239	713,462	77,223
Personal property	120,000	120,000	131,450	11,450
Railroad	45,000	45,000	36,063	(8,937)
Gasoline	400,000	400,000	394,877	(5,123)
Cigarette	38,000	38,000	30,843	(7,157)
Road and bridge	83,500	86,083	89,822	3,739
Total Taxes	<u>4,547,100</u>	<u>4,585,922</u>	<u>4,692,742</u>	<u>106,820</u>
Gross Receipts Taxes				
Utilities	1,550,000	1,550,000	1,621,837	71,837
Cable	155,000	155,000	138,168	(16,832)
Total Gross Receipts Taxes	<u>1,705,000</u>	<u>1,705,000</u>	<u>1,760,005</u>	<u>55,005</u>
License Tax				
Merchants and manufacturers	145,000	145,000	149,044	4,044
Liquor	4,000	4,000	4,123	123
Coin vending machines	600	600	620	20
Vehicles	24,000	24,000	22,363	(1,637)
Dog tags	100	100	38	(62)
Miscellaneous	4,200	4,200	4,724	524
Total License Tax	<u>177,900</u>	<u>177,900</u>	<u>180,912</u>	<u>3,012</u>
Permits				
Building	15,000	15,000	18,135	3,135
Street excavating	6,000	6,000	21,360	15,360
Plumbing	19,000	19,000	40,744	21,744
Occupancy	37,000	37,000	29,350	(7,650)
Housing inspections	49,000	49,000	48,425	(575)
Vacant Property Registration	-	33,800	6,250	(27,550)
Electrical	12,000	12,000	11,848	(152)
Heating	6,000	6,000	4,715	(1,285)
Other fees	4,000	4,000	4,714	714
Total Permits	<u>148,000</u>	<u>181,800</u>	<u>185,541</u>	<u>3,741</u>

(Continued)

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES (Continued)				
Charges for Services				
Jail operations	1,270,000	1,270,000	1,358,242	88,242
Prisoner security	6,000	6,000	2,300	(3,700)
Bond forfeiture and fees	-	-	7,228	7,228
Commissary receipts	70,000	70,000	14,374	(55,626)
Rental	24,500	24,500	52,000	27,500
Weed cutting	42,000	42,000	73,425	31,425
Total Charges For Services	<u>1,412,500</u>	<u>1,412,500</u>	<u>1,507,569</u>	<u>95,069</u>
Court Receipts				
Costs and fines	160,000	160,000	91,825	(68,175)
D.W.I. recoupment fee	255	255	170	(85)
Crime victims compensation	1,500	1,500	303	(1,197)
Training fund	2,500	2,500	1,634	(866)
Total Court Receipts	<u>164,255</u>	<u>164,255</u>	<u>93,932</u>	<u>(70,323)</u>
Investment Income	<u>14,000</u>	<u>14,000</u>	<u>44,619</u>	<u>30,619</u>
Other				
Telephone commission	2,500	2,500	6,014	3,514
Community programs	8,000	8,000	5,659	(2,341)
Trash stickers	2,600	2,600	2,033	(567)
Miscellaneous	80,700	80,700	97,059	16,359
Total Other	<u>93,800</u>	<u>93,800</u>	<u>110,765</u>	<u>16,965</u>
Total Revenues	<u>8,262,555</u>	<u>8,335,177</u>	<u>8,576,085</u>	<u>240,908</u>
EXPENDITURES				
Building				
Personnel costs:				
Salaries	354,038	353,961	341,209	(12,752)
Payroll tax	27,084	27,084	25,098	(1,986)
Employee insurance	58,590	58,590	44,781	(13,809)
Pension contribution	17,516	17,516	13,683	(3,833)
Total Personnel Costs	<u>457,228</u>	<u>457,151</u>	<u>424,771</u>	<u>(32,380)</u>
Dues	550	550	280	(270)
Supplies	4,000	4,000	3,453	(547)
Computer software	13,500	13,500	15,559	2,059
Capital Outlay	-	54,400	13,800	(40,600)
Map making	400	477	477	-
Professional development	3,500	4,500	3,211	(1,289)
Total Building	<u>479,178</u>	<u>534,578</u>	<u>461,551</u>	<u>(73,027)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
City Clerk				
Personnel costs:				
Salaries	249,294	266,706	263,890	(2,816)
Payroll tax	18,688	20,174	19,319	(855)
Employee insurance	28,590	32,685	28,691	(3,994)
Pension contribution	12,656	13,666	11,866	(1,800)
Unemployment compensation	5,000	8,000	8,072	72
Total Personnel Costs	<u>314,228</u>	<u>341,231</u>	<u>331,838</u>	<u>(9,393)</u>
Dues	11,000	12,430	12,333	(97)
Postage	8,500	12,500	12,934	434
Election costs	10,000	10,000	3,560	(6,440)
Supplies	11,000	22,100	22,669	569
Software	15,000	15,000	13,600	(1,400)
Personnel	16,000	22,000	23,943	1,943
Bonds and insurance	275,000	260,000	272,616	12,616
Insurance loss fund	10,000	2,820	540	(2,280)
Hospitality	2,000	2,000	1,800	(200)
Wellness program	1,000	1,000	100	(900)
Publications	10,000	10,000	7,173	(2,827)
Advertising	7,000	7,000	6,514	(486)
Professional development	10,000	10,000	4,931	(5,069)
Total City Clerk	<u>700,728</u>	<u>728,081</u>	<u>714,551</u>	<u>(13,530)</u>
Legal				
Personnel costs:				
Salaries	69,000	69,000	61,849	(7,151)
Payroll tax	5,279	5,279	4,580	(699)
Employee insurance	150	150	900	750
Total Personnel Costs	<u>74,429</u>	<u>74,429</u>	<u>67,329</u>	<u>(7,100)</u>
Legal fees	53,000	53,000	8,169	(44,831)
Professional development	750	750	-	(750)
Supplies	-	-	74	74
Total Legal	<u>128,179</u>	<u>128,179</u>	<u>75,572</u>	<u>(52,607)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Finance				
Personnel costs:				
Salaries	139,022	130,822	130,756	(66)
Payroll tax	10,635	9,760	9,434	(326)
Employee insurance	17,010	11,010	10,619	(391)
Pension contribution	6,402	3,402	3,353	(49)
Total Personnel Costs	<u>173,069</u>	<u>154,994</u>	<u>154,162</u>	<u>(832)</u>
Supplies	2,500	3,375	3,371	(4)
Utilities	23,000	23,000	22,752	(248)
Trash sticker	3,000	1,700	1,659	(41)
Accounting and data processing	55,000	77,800	79,249	1,449
Bank charges	3,500	5,200	5,363	163
Mileage	100	100	-	(100)
Computer software	5,000	-	-	-
County clerk	300	300	240	(60)
Professional development	1,000	-	-	-
Ward funds	4,000	4,000	1,264	(2,736)
Total Finance	<u>270,469</u>	<u>270,469</u>	<u>268,060</u>	<u>(2,409)</u>
Court				
Personnel costs:				
Salaries	199,439	199,439	173,158	(26,281)
Payroll tax	13,918	15,518	16,401	883
Employee insurance	25,350	25,350	23,711	(1,639)
Pension contribution	7,042	7,042	6,290	(752)
Total Personnel Costs	<u>245,749</u>	<u>247,349</u>	<u>219,560</u>	<u>(27,789)</u>
Utilities	20,000	20,000	14,452	(5,548)
Supplies	5,800	8,100	8,049	(51)
Interim judges	750	750	686	(64)
Public defender	750	750	-	(750)
REJIS	13,000	9,100	6,947	(2,153)
Professional development	5,000	5,000	2,514	(2,486)
Total Court	<u>291,049</u>	<u>291,049</u>	<u>252,208</u>	<u>(38,841)</u>
Prosecutor				
Personnel costs:				
Salaries	26,912	26,912	8,592	(18,320)
Payroll tax	2,059	2,059	(468)	(2,527)
Employee insurance	150	150	-	(150)
Total Prosecutor	<u>29,121</u>	<u>29,121</u>	<u>8,124</u>	<u>(20,997)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES (Continued)				
Public Safety				
Contractual	3,655,518	3,807,831	3,805,731	(2,100)
Utilities	31,300	31,300	26,754	(4,546)
D.W.I. supplies	255	255	100	(155)
Professional development	2,500	2,500	2,000	(500)
Total Public Safety	<u>3,689,573</u>	<u>3,841,886</u>	<u>3,834,585</u>	<u>(7,301)</u>
Public Works				
Personnel costs:				
Salaries	770,594	767,094	629,128	(137,966)
Payroll tax	47,494	47,494	41,172	(6,322)
Employee insurance	130,410	130,410	111,955	(18,455)
Pension contribution	33,648	31,848	27,049	(4,799)
Total Personnel Costs	<u>982,146</u>	<u>976,846</u>	<u>809,304</u>	<u>(167,542)</u>
Equipment rental	2,500	500	346	(154)
Utilities	40,000	40,000	41,305	1,305
Uniforms	37,000	43,000	43,985	985
Supplies	8,000	8,000	6,019	(1,981)
Safety Equipment	3,100	3,100	2,938	(162)
Hauling cost	8,000	8,900	8,814	(86)
Professional development	2,500	500	194	(306)
Vector control	3,500	2,400	2,042	(358)
Total Public Works	<u>1,086,746</u>	<u>1,083,246</u>	<u>914,947</u>	<u>(168,299)</u>
Recreation				
Personnel costs:				
Salaries	163,121	163,121	145,493	(17,628)
Payroll tax	12,479	12,479	8,648	(3,831)
Employee insurance	16,740	16,740	16,463	(277)
Pension contribution	6,970	6,970	1,486	(5,484)
Total Personnel Costs	<u>199,310</u>	<u>199,310</u>	<u>172,090</u>	<u>(27,220)</u>
Dues	450	2,100	1,624	(476)
Utilities	15,000	19,100	19,056	(44)
Security	-	-	120	120
Concession stand supplies	4,000	4,000	1,917	(2,083)
Equipment	3,000	3,000	1,038	(1,962)
Supplies	7,500	7,500	5,058	(2,442)
Community program	28,500	22,550	5,340	(17,210)
Youth commission	1,000	1,000	801	(199)
Senior commission	1,000	1,200	1,154	(46)
Professional development	1,400	1,400	946	(454)
Total Recreation	<u>261,160</u>	<u>261,160</u>	<u>209,144</u>	<u>(52,016)</u>

(Continued)

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED MARCH 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES (Continued)				
Corrections				
Personnel costs:				
Salaries	784,523	784,523	702,105	(82,418)
Payroll tax	60,016	60,016	71,368	11,352
Employee insurance	140,640	140,640	101,487	(39,153)
Pension contribution	37,401	37,401	27,724	(9,677)
Total Personnel Costs	1,022,580	1,022,580	902,684	(119,896)
Utilities	45,000	45,000	33,928	(11,072)
Uniforms	6,000	6,000	4,898	(1,102)
Supplies	2,000	2,000	2,186	186
Prisoner	35,000	35,000	33,789	(1,211)
Emergency management	2,500	2,500	1,120	(1,380)
Commissary	9,000	9,000	7,038	(1,962)
Meals and coffee	260,000	260,000	263,036	3,036
Laundry	19,000	19,000	19,062	62
Medical	60,000	60,000	59,786	(214)
Capital outlay	9,000	9,000	7,447	(1,553)
Professional development	2,500	2,500	870	(1,630)
Total Corrections	1,472,580	1,472,580	1,335,844	(136,736)
Total Expenditures	8,408,783	8,640,349	8,074,586	(565,763)
 REVENUES OVER (UNDER) EXPENDITURES	 (146,228)	 (305,172)	 501,499	 806,671
 OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	149,998	155,998	6,000
Transfers in	354,442	354,442	337,123	(17,319)
Transfers out	-	(150,000)	(177,067)	(27,067)
Total Other Financing Sources (Uses)	354,442	354,440	316,054	(38,386)
 NET CHANGE IN FUND BALANCE	 \$ 208,214	 49,268	 817,553	 768,285
 FUND BALANCE, APRIL 1			 2,934,789	
 FUND BALANCE, MARCH 31			 \$ 3,752,342	

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED MARCH 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 990,000	990,000	980,951	(9,049)
Investment income	-	-	12,761	12,761
Total Revenues	990,000	990,000	993,712	3,712
EXPENDITURES				
Current:				
City clerk	167,000	227,000	179,933	(47,067)
Court	7,000	8,000	7,919	(81)
Public safety	75,000	75,000	106,720	31,720
Public works	164,800	164,300	99,276	(65,024)
Federal Jail	12,000	11,500	7,308	(4,192)
Recreation	16,000	16,000	19,281	3,281
Capital outlay	738,120	738,120	542,670	(195,450)
Total Expenditures	1,179,920	1,239,920	963,107	(276,813)
REVENUES OVER (UNDER) EXPENDITURES				
	(189,920)	(249,920)	30,605	(280,525)
OTHER FINANCING USES				
Transfer out	(198,595)	(198,595)	(218,425)	19,830
NET CHANGE IN FUND BALANCE				
	\$ (388,515)	(448,515)	(187,820)	(260,695)
FUND BALANCE, APRIL 1			1,590,614	
FUND BALANCE, MARCH 31			\$ 1,402,794	

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2019

	Tax Increment Financing Area 1	Tax Increment Financing Area 4	River Road TIF	Fire Protection	Sewer Lateral	Police Seizure	Beautifi- cation	Park Sales Tax	Pension Tax	Economic Development	Total
ASSETS											
Cash	\$ 168	589,258	9,101	6,062	69,450	17,562	2,092	217,758	159,829	-	1,071,280
Investments	-	-	319,338	-	-	-	-	269,446	-	304,668	893,452
Due from other funds	-	-	-	-	-	-	-	-	14,520	-	14,520
Total Assets	\$ 168	589,258	328,439	6,062	69,450	17,562	2,092	487,204	174,349	304,668	1,979,252
LIABILITIES AND FUND BALANCES											
Liabilities											
Due to other funds	\$ 168	-	-	-	18	424	-	19,844	-	-	20,454
Fund Balances											
Restricted for:											
Economic development	-	589,258	328,439	-	-	-	-	-	-	304,668	1,222,365
Public safety	-	-	-	6,062	-	17,138	-	-	174,349	-	197,549
Sewer lateral	-	-	-	-	69,432	-	-	-	-	-	69,432
Parks and recreation	-	-	-	-	-	-	2,092	467,360	-	-	469,452
Total Fund Balances	-	589,258	328,439	6,062	69,432	17,138	2,092	467,360	174,349	304,668	1,958,798
Total Liabilities And Fund Balances	\$ 168	589,258	328,439	6,062	69,450	17,562	2,092	487,204	174,349	304,668	1,979,252

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2019

	Tax Increment Financing Area 1	Tax Increment Financing Area 4	River Road TIF	Fire Protection	Sewer Lateral	Police Seizure	Beautifi- cation	Park Sales Tax	Pension Tax	Economic Development	Total
REVENUES											
Taxes	\$ -	247,510	418,134	6	138,965	-	-	383,906	317,291	-	1,505,812
Intergovernmental	-	-	-	-	-	-	-	6,400	-	-	6,400
Investment income	-	-	1,632	-	2	-	-	5,522	1	45	7,202
Total Revenues	-	247,510	419,766	6	138,967	-	-	395,828	317,292	45	1,519,414
EXPENDITURES											
Economic development	-	145,680	11,120	-	-	-	-	-	-	8,423	165,223
Public safety	-	-	-	-	-	-	-	-	242,483	-	242,483
Recreation	-	-	-	-	-	-	-	40,791	-	-	40,791
Sewer lateral	-	-	-	-	172,220	-	-	-	-	-	172,220
Capital outlay	-	-	-	-	-	23,883	652	527,136	-	-	551,671
Debt service:											
Principal	-	-	82,079	-	-	-	-	-	-	-	82,079
Interest	-	-	304,984	-	-	-	-	-	-	-	304,984
Total Expenditures	-	145,680	398,183	-	172,220	23,883	652	567,927	242,483	8,423	1,559,451
REVENUES OVER (UNDER) EXPENDITURES	-	101,830	21,583	6	(33,253)	(23,883)	(652)	(172,099)	74,809	(8,378)	(40,037)
OTHER FINANCING SOURCES (USES)											
Transfer in	-	-	-	-	-	-	2,500	-	-	150,000	152,500
Transfer out	-	-	-	-	-	-	-	(98,121)	-	(23,077)	(121,198)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	2,500	(98,121)	-	126,923	31,302
NET CHANGE IN FUND BALANCES	-	101,830	21,583	6	(33,253)	(23,883)	1,848	(270,220)	74,809	118,545	(8,735)
FUND BALANCES, APRIL 1	-	487,428	306,856	6,056	102,685	41,021	244	737,580	99,540	186,123	1,967,533
FUND BALANCES, MARCH 31	\$ -	589,258	328,439	6,062	69,432	17,138	2,092	467,360	174,349	304,668	1,958,798

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - SEWER LATERAL FUND
FOR THE YEAR ENDED MARCH 31, 2019

	Original And Final Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$ 88,000	138,965	50,965
Investment income	-	2	2
Total Revenues	88,000	138,967	50,967
EXPENDITURES			
Sewer lateral	133,000	172,220	39,220
NET CHANGE IN FUND BALANCE	\$ (45,000)	(33,253)	11,747
FUND BALANCE, APRIL 1		102,685	
FUND BALANCE, MARCH 31		\$ 69,432	

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PARK SALES TAX FUND
FOR THE YEAR ENDED MARCH 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 360,000	360,000	383,906	23,906
Intergovernmental	426,400	426,400	6,400	(420,000)
Investment income	-	-	5,522	5,522
Total Revenues	786,400	786,400	395,828	(390,572)
EXPENDITURES				
Security	-	-	27,726	27,726
Community program	-	-	13,065	13,065
Capital outlay	637,307	637,307	527,136	(110,171)
Total Expenditures	637,307	637,307	567,927	(69,380)
REVENUES OVER (UNDER) EXPENDITURES	149,093	149,093	(172,099)	(321,192)
OTHER FINANCING USES				
Transfers out	(125,847)	(125,847)	(98,121)	(27,726)
NET CHANGE IN FUND BALANCE	\$ 23,246	23,246	(270,220)	(293,466)
FUND BALANCE, APRIL 1			737,580	
FUND BALANCE, MARCH 31			\$ 467,360	

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED MARCH 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Investment income	\$ -	-	45	45
EXPENDITURES				
Economic development	55,000	55,000	8,423	(46,577)
REVENUES OVER (UNDER) EX-				
PENDITURES	(55,000)	(55,000)	(8,378)	46,622
OTHER FINANCING SOURCES				
(USES)				
Transfer in	-	150,000	150,000	-
Transfer out	(30,000)	(30,000)	(23,077)	(6,923)
Total Other Financing Sources (Uses)	(30,000)	120,000	126,923	(6,923)
NET CHANGE IN FUND BALANCE	\$ (85,000)	(85,000)	118,545	203,545
FUND BALANCE, APRIL 1			186,123	
FUND BALANCE, MARCH 31			\$ 304,668	

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2019

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The proposed budget on the modified cash basis of accounting is submitted to the City Council for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenues of the preceding year plus any fund balance at the end of such year. Sources from capital leases are not budgeted, if any.
- b. Public meetings are conducted in the City to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the City Council for each fiscal year.
- d. The City Council may transfer budgeted amounts between departments to alter the total expenditures. All appropriations not spent or legally encumbered at year-end lapse.
- e. The City adopts a budget for the General Fund, Capital Improvement Fund, Sewer Lateral Fund, Park Sales Tax Fund, and Economic Development Fund. All other funds are unbudgeted.
- f. During the year the City Council authorized supplemental appropriations to the budget.

Expenditures

For the year ended March 31, 2019, expenditures exceeded appropriations in the Sewer Lateral Fund by \$39,220.

These expenditures were approved by the Board and were funded by savings in other departments and available fund balance. In accordance with the City's budget policy, amendments are not required for budgets until excess appropriation levels exceed 10%.

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES IN
NET PENSION LIABILITY (ASSET) AND RATIOS
FOR THE YEARS ENDED MARCH 31

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service cost	\$ 190,920	192,264	189,745	231,691
Interest on the total pension liability	925,981	908,250	861,635	841,327
Benefit changes	7,290,249	-	-	-
Difference between expected and actual experience	(359,146)	67,847	(101,560)	(102,864)
Changes of assumptions	-	-	383,340	-
Benefit payments, including refunds	(1,097,504)	(754,758)	(630,254)	(707,311)
Net Change In Total Pension Liability	<u>6,950,500</u>	<u>413,603</u>	<u>702,906</u>	<u>262,843</u>
Total Pension Liability Beginning	<u>13,217,522</u>	<u>12,803,919</u>	<u>12,101,013</u>	<u>11,838,170</u>
Total Pension Liability Ending (a)	<u>\$ 20,168,022</u>	<u>13,217,522</u>	<u>12,803,919</u>	<u>12,101,013</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,961,696	67,376	78,669	107,755
Net investment income	2,767,507	1,852,199	(52,590)	323,305
Benefit payments, including refunds	(1,097,504)	(754,758)	(630,254)	(707,311)
Administrative expense	(18,179)	(15,168)	(15,222)	(16,404)
Other changes	3,183,216	105,305	(50,496)	23,787
Net Change In Plan Fiduciary Net Position	<u>8,796,736</u>	<u>1,254,954</u>	<u>(669,893)</u>	<u>(268,868)</u>
Plan Fiduciary Net Position Beginning	<u>16,414,763</u>	<u>15,159,809</u>	<u>15,829,702</u>	<u>16,098,570</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 25,211,499</u>	<u>16,414,763</u>	<u>15,159,809</u>	<u>15,829,702</u>
Net Pension Liability (Asset) Ending (a-b)	<u>\$ (5,043,477)</u>	<u>(3,197,241)</u>	<u>(2,355,890)</u>	<u>(3,728,689)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	125.01 %	124.19	118.40	130.81
Covered Payroll (for February 28/29 Actuarial Valuation)	\$ 1,597,305	1,683,831	1,697,042	1,726,245
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(315.75) %	(189.88)	(138.82)	(216.00)

Notes:

Information is not available for fiscal years prior to 2016.

The amounts noted above are as of the measurement date which is June 30 prior to the end of the fiscal year.

In December 2017 LAGERs took over the former City of Jennings Police and Firemen's Retirement Fund.

CITY OF JENNINGS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

	For The Years Ended March 31									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined pension contribution	\$ 105,558	71,155	67,336	81,157	148,632	168,387	172,421	189,350	387,086	196,050
Contributions in relation to the actuarially determined contribution	93,034	71,155	67,336	81,157	124,198	138,486	115,075	103,064	240,013	196,050
Contribution Deficiency (Excess)	\$ 12,524	-	-	-	24,434	29,901	57,346	86,286	147,073	-
Covered Payroll	\$ 1,789,116	1,694,170	1,772,007	1,726,739	1,973,386	2,146,097	2,014,249	2,192,961	3,820,906	3,850,735
Contributions as a Percentage of Covered Payroll	5.20 %	4.20	3.80	4.70	6.29	6.45	5.71	4.70	6.28	5.09

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	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 19 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.