

REPORT OF
CITY OF MONTGOMERY, MISSOURI
YEAR ENDED JUNE 30, 2022

CITY OF MONTGOMERY, MISSOURI

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GERDING, KORTE & CHITWOOD CPAS

Professional Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Board of Aldermen
City of Montgomery, Missouri

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Boonville, MO 65233

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Report on the Audit of the Financial Statements

Opinions

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 Montgomery, Missouri (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Street Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

PARTNERS

Joseph E. Chitwood

Travis W. Hundley

Jeffrey A. Chitwood

Amy L. Watson

Benjamin E. Carrier

PARTNERS EMERITI

Robert A. Gerding

Fred W. Korte, Jr.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of contributions, notes to schedule of contributions, and schedule of changes in net pension liability and related ratios on pages 4–10 and 63–66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying combining nonmajor fund financial statements 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, 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 solely 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 the effectiveness of the City's 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 City's internal control over financial reporting and compliance.



January 31, 2023

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

CITY OF MONTGOMERY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)

As management of the City of Montgomery, 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 June 30, 2022. The City implemented Governmental Accounting Standards Board GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the first time for fiscal year 2004. Statement 34 allows for prospective reporting of general infrastructure effective with the year beginning July 1, 2003.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$12,035,418 (net position). Of this amount, \$4,460,030 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$202,061.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$784,554. Of this amount \$78,880 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$244,026.
- The City's revenue bonds payable decreased \$215,000 due to scheduled payments.
- The City's lease debt decreased \$85,000 due to scheduled payments.
- The City received DNR loan proceeds of \$450,000 and made scheduled payments of \$45,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

CITY OF MONTGOMERY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)

The Statement of Net Position presents information on all of the City's assets, deferred outflows, deferred inflows, 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 as to whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, transportation, cultural, parks and recreation, and community development. The business-type activities of the City include water, sewer, and gas operations. The government-wide financial statements can be found on page 11-13 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

CITY OF MONTGOMERY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)

The City maintains five governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Street Fund which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 14-19.

Proprietary Funds - The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and gas operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater and gas funds since they are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Fiduciary Funds - Fiduciary fund statements provide information about the financial relationships, like the Employee Deferred Compensation Fund, in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Notes to the 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. The notes to the financial statements can be found on pages 26-62.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 63-66 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 67-68 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Montgomery, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,035,418 as of June 30, 2022.

CITY OF MONTGOMERY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)

The largest portion of the City's net position (59.8%) reflects its investments in capital assets (e.g., land, building, equipment, improvements and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

The following table provides a summary of the City's net position at June 30, 2022, with comparative figures for June 30, 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2020
Current assets	\$ 1,636,800	\$ 1,415,132	\$ 4,610,311	\$ 3,634,867	\$ 6,247,111	\$ 5,049,999
Restricted assets	65,405	60,490	358,905	355,384	424,310	415,874
Pension assets	-	646,660	-	168,002	-	814,662
Capital assets/leased assets	2,882,680	2,970,925	5,885,768	6,124,128	8,768,448	9,095,053
Total Assets	4,584,885	5,093,207	10,854,984	10,282,381	15,439,869	15,375,588
Deferred pension outflows	98,861	20,982	7,557	789	106,418	21,771
Current liabilities	900,865	1,054,212	918,313	935,224	1,819,178	1,989,436
Long-term liabilities	549,528	281,996	830,330	730,034	1,379,858	1,012,030
Total Liabilities	1,450,393	1,336,208	1,748,643	1,665,258	3,199,036	3,001,466
Deferred pension inflows	234,219	442,209	77,614	120,327	311,833	562,536
Net Position						
Net investment in capital assets	2,400,735	2,366,405	4,795,430	4,671,240	7,196,165	7,037,645
Restricted	137,867	356,231	241,356	282,176	379,223	638,407
Unrestricted	460,532	613,136	3,999,498	3,544,169	4,460,030	4,157,305
Total Net Position	\$ 2,999,134	\$ 3,335,772	\$ 9,036,284	\$ 8,497,585	\$ 12,035,418	\$ 11,833,357

As of June 30, 2022, the City is able to report positive balances in all three categories of net position for the government as a whole.

Analysis of the City's Operations - Overall the City had an increase in net position of \$202,061.

Governmental Activities: Governmental activities decreased the net position by \$336,638.

Business-Type Activities: Net Position from business-type activities increased by \$538,699 or 6.3% from \$8,497,585 to \$9,036,284.

**CITY OF MONTGOMERY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

Changes in Net Position

The following table provides a summary of the City's operations for the year ended June 30, 2022, with comparative figures for the year ended June 30, 2021.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ 660,057	\$ 638,408	\$ 3,174,868	\$ 2,979,483	\$ 3,834,925	\$ 3,617,891
Operating grants and contributions	6,850	45,053	-	-	6,850	45,053
Capital grants and contributions	324,393	-	-	42,850	324,393	42,850
General Revenues:						
Property taxes	391,827	372,596	-	-	391,827	372,596
Sales and use taxes	604,968	550,044	-	-	604,968	550,044
Motor vehicle and fuel taxes	124,574	120,447	-	-	124,574	120,447
Other taxes	281,414	251,938	-	-	281,414	251,938
Investment earnings	7,161	8,697	10,433	18,382	17,594	27,079
Transfers	425,550	349,630	(425,550)	(349,630)	-	-
Miscellaneous	28,241	36,033	-	-	28,241	36,033
Total Revenues	<u>2,855,035</u>	<u>2,372,846</u>	<u>2,759,751</u>	<u>2,691,085</u>	<u>5,614,786</u>	<u>5,063,931</u>
Expenses:						
General government	821,809	451,927	-	-	821,809	451,927
Public safety	741,972	473,207	-	-	741,972	473,207
Public works	1,023,935	750,615	-	-	1,023,935	750,615
Cultural, parks and recreation	36,935	37,600	-	-	36,935	37,600
Solid waste	516,998	453,977	-	-	516,998	453,977
Water/sewer	-	-	893,665	766,050	893,665	766,050
Gas	-	-	1,327,387	1,422,760	1,327,387	1,422,760
Interest on long-term debt	33,349	16,650	-	-	33,349	16,650
Economic development	86,178	104,733	-	-	86,178	104,733
Total Expenses	<u>3,261,176</u>	<u>2,288,709</u>	<u>2,221,052</u>	<u>2,188,810</u>	<u>5,482,228</u>	<u>4,477,519</u>
Total other items	<u>69,503</u>	<u>166,698</u>	<u>-</u>	<u>10,426</u>	<u>69,503</u>	<u>177,124</u>
Change in net position	(336,638)	250,835	538,699	512,701	202,061	763,536
Net Position - Beginning of Year	<u>3,335,772</u>	<u>3,084,937</u>	<u>8,497,585</u>	<u>7,984,884</u>	<u>11,833,357</u>	<u>11,069,821</u>
Net Position - End of Year	<u>\$ 2,999,134</u>	<u>\$ 3,335,772</u>	<u>\$ 9,036,284</u>	<u>\$ 8,497,585</u>	<u>\$ 12,035,418</u>	<u>\$ 11,833,357</u>

CITY OF MONTGOMERY, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Financial Analysis of the Government’s Funds

Governmental Funds - The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirement. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$784,554. Of this amount \$78,880 constitutes unassigned fund balance.

In the general fund, the City originally budgeted for no change in the fund balance. Due to actual expenditures being more and revenues being more than budgeted, the actual fund balance increased for fiscal year 2022 by \$253,833. The final budget was adjusted to actual revenues and expenses by the City.

Proprietary Funds - The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary funds are Gas - \$1,948,453 and Water/Sewer - \$2,051,045. Funds which had a net position increase/(decrease) in 2022 were as follows: Gas - \$185,687 and Water/Sewer - \$353,012.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$8,752,199 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements and construction in progress. The following table provides a summary of the City’s capital assets at June 30, 2022, with comparative figures for June 30, 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Property, plant and equipment:						
Land, land rights and land improvements/construction in progress	\$ 134,876	\$ 94,500	\$ 42,960	\$ 42,960	\$ 177,836	\$ 137,460
Buildings and improvements	497,675	520,779	78,971	83,520	576,646	604,299
Infrastructure	1,909,933	2,027,293	-	-	1,909,933	2,027,293
Distribution & collection systems	-	-	5,641,329	5,839,005	5,641,329	5,839,005
Machinery & equipment	323,947	328,353	122,508	158,643	446,455	486,996
Net Capital Assets	<u>\$ 2,866,431</u>	<u>\$ 2,970,925</u>	<u>\$ 5,885,768</u>	<u>\$ 6,124,128</u>	<u>\$ 8,752,199</u>	<u>\$ 9,095,053</u>

Additional information on the City’s capital assets can be found in Note III-D on pages 45 and 46 of this report.

CITY OF MONTGOMERY, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Debt Administration

At the end of the current fiscal year, the City had a total bonded debt, contracts payable, and accrued compensated absences of \$2,580,573. Of this amount, \$220,000 comprises revenue bonded debt backed by the revenues of the gas, water and sewer departments.

**Outstanding Debt at Year End
Revenue Bonds, Special Assessment Debt**

The following table provides a summary of the City’s outstanding debt at June 30, 2022, with comparative figures for June 30, 2021:

	Debt At Year-End Net of Accumulated Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Certificates of participation	\$ -	\$ -	\$ 480,000	\$ 565,000	\$ 480,000	\$ 565,000
Notes payable	987,520	1,181,070	390,338	452,888	1,377,858	1,633,958
Bonds payable	-	-	220,000	435,000	220,000	435,000
DNR loan payable	-	-	405,000	-	405,000	-
Accrued compensated absences	76,091	78,690	21,624	25,034	97,715	103,724
Net Capital Assets	<u>\$ 1,063,611</u>	<u>\$ 1,259,760</u>	<u>\$ 1,516,962</u>	<u>\$ 1,477,922</u>	<u>\$ 2,580,573</u>	<u>\$ 2,737,682</u>

During the fiscal year, the City’s total debt decreased by \$157,109 or 5.7%. The decrease was due to scheduled debt payments.

Additional information on the City’s debt can be found in Notes III-G and III-H on pages 47-52 of this report.

Economic Outlook

The City’s 2022/23 budget request totals \$5,776,400, which is in line with past years and fluctuates depending on natural gas usage forecasts and grant projects each year. The City has healthy reserve positions and adjusts utility rates annually to account for increased maintenance, administration, and constructions costs. We have positioned ourselves well to attract and handle future growth and our infrastructure systems are well maintained as is our equipment and buildings. The City continues to provide great benefits and retains a topnotch work force to handle all aspects of a municipal government operation as well as stable, competent elected officials to oversee the City’s activities. Financially and physically, the City continues to have a very positive and healthy future.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City’s finances. If you have questions about this report or need any additional information, contact the City of Montgomery, Missouri, Attn: Steven Deves, City Clerk or Linda Block, Deputy City Clerk, 723 N. Sturgeon St., Montgomery City, Missouri 63361.

CITY OF MONTGOMERY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 396,166	\$ 2,868,546	\$ 3,264,712
Investments	68,086	1,122,379	1,190,465
Taxes receivable	225,541	-	225,541
Accounts receivable, net	28,378	518,442	546,820
Intergovernmental receivables	11,232	-	11,232
Inventories	-	88,723	88,723
Prepaid insurance	18,724	8,759	27,483
Internal balances	(3,462)	3,462	-
Notes receivable	20,000	-	20,000
Other assets-real estate for resale	872,135	-	872,135
Restricted Assets:			
Cash and cash equivalents	65,405	324,505	389,910
Investments	-	34,400	34,400
Capital assets:			
Nondepreciable	134,876	42,960	177,836
Depreciable capital assets, net of accumulated depreciation	2,731,555	5,842,808	8,574,363
Leased assets, net of accumulated amortization	16,249	-	16,249
Total Assets	<u>4,584,885</u>	<u>10,854,984</u>	<u>15,439,869</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>98,861</u>	<u>7,557</u>	<u>106,418</u>
LIABILITIES			
Notes payable	784,214	390,338	1,174,552
Current portion of long term notes payable	9,230	-	9,230
DNR loan payable	-	45,000	45,000
Lease payable	5,344	-	5,344
Accounts payable	65,947	55,426	121,373
Accrued liabilities	20,785	-	20,785
Payable From Segregated Funds:			
Interest payable	-	13,101	13,101
Bonded debt due within one year	-	220,000	220,000
Refundable deposits	15,345	104,448	119,793
Certificates of participation due within one year	-	90,000	90,000
Noncurrent Liabilities:			
Certificates of participation	-	390,000	390,000
DNR loan payable	-	360,000	360,000
Notes payable	194,076	-	194,076
Lease payable	10,975	-	10,975
Compensated absences	76,091	21,625	97,716
Net pension liability	268,386	58,705	327,091
Total Liabilities	<u>1,450,393</u>	<u>1,748,643</u>	<u>3,199,036</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>234,219</u>	<u>77,614</u>	<u>311,833</u>
NET POSITION			
Net investment in capital assets	2,400,735	4,795,430	7,196,165
Restricted but expendable for (except as noted):			
Debt service	50,060	241,356	291,416
Other purposes	87,807	-	87,807
Unrestricted	460,532	3,999,498	4,460,030
Total Net Position	<u>\$ 2,999,134</u>	<u>\$ 9,036,284</u>	<u>\$ 12,035,418</u>

See Notes to Financial Statements

CITY OF MONTGOMERY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Governmental Activities:							
General government	\$ 821,809	\$ 50,309	\$ -	\$ 272,794	\$ (498,706)	\$ -	\$ (498,706)
Public works	1,023,935	8,576	4,698	20,345	(990,316)	-	(990,316)
Public safety	741,972	8,472	2,152	31,254	(700,094)	-	(700,094)
Solid waste	516,998	592,700	-	-	75,702	-	75,702
Parks	36,935	-	-	-	(36,935)	-	(36,935)
Community planning/economic development	86,178	-	-	-	(86,178)	-	(86,178)
Interest on long -term debt	33,349	-	-	-	(33,349)	-	(33,349)
Total Governmental Activities	<u>3,261,176</u>	<u>660,057</u>	<u>6,850</u>	<u>324,393</u>	<u>(2,269,876)</u>	<u>-</u>	<u>(2,269,876)</u>
Business-Type Activities:							
Water and waste water	893,665	1,273,688	-	-	-	380,023	380,023
Gas	1,327,387	1,901,180	-	-	-	573,793	573,793
Total Business-Type Activities	<u>2,221,052</u>	<u>3,174,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>953,816</u>	<u>953,816</u>
 Total Primary Government	 <u>\$ 5,482,228</u>	 <u>\$ 3,834,925</u>	 <u>\$ 6,850</u>	 <u>\$ 324,393</u>	 <u>\$ (2,269,876)</u>	 <u>\$ 953,816</u>	 <u>\$ (1,316,060)</u>

CITY OF MONTGOMERY, MISSOURI
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Cont'd)
 YEAR ENDED JUNE 30, 2022

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	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	\$ 229,050	\$ -	\$ 229,050
Property taxes, levied for library	162,777	-	162,777
Sales tax	404,809	-	404,809
Sales tax, restricted for street	200,159	-	200,159
Vehicle sales taxes	124,574	-	124,574
Other taxes	281,414	-	281,414
Interest income	7,161	10,433	17,594
Miscellaneous	28,241	-	28,241
Transfers	425,550	(425,550)	-
Total general revenues and transfers	<u>1,863,735</u>	<u>(415,117)</u>	<u>1,448,618</u>
Other items:			
Gain on sale of assets	69,503	-	69,503
Total Other Items	<u>69,503</u>	<u>-</u>	<u>69,503</u>
Change in net position	(336,638)	538,699	202,061
Net position - beginning	<u>3,335,772</u>	<u>8,497,585</u>	<u>11,833,357</u>
Net position - ending	<u>\$ 2,999,134</u>	<u>\$ 9,036,284</u>	<u>\$ 12,035,418</u>

See Notes to Financial Statements

CITY OF MONTGOMERY, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Street Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 135,769	\$ -	\$ 260,397	\$ 396,166
Investments	-	-	68,086	68,086
Taxes receivable	158,287	53,779	13,475	225,541
Accounts receivable, net	28,378	-	-	28,378
Prepaid insurance	18,077	-	647	18,724
Note receivable	20,000	-	-	20,000
Grants receivable	11,232	-	-	11,232
Other assets-real estate for resale	872,135	-	-	872,135
Restricted assets:				
Cash and cash equivalents	15,345	-	50,060	65,405
Total Assets	<u>\$ 1,259,223</u>	<u>\$ 53,779</u>	<u>\$ 392,665</u>	<u>\$ 1,705,667</u>
LIABILITIES				
Notes payable	\$ 568,806	\$ 215,408	\$ -	\$ 784,214
Accounts payable	64,608	55	1,284	65,947
Accrued expenses	20,785	-	-	20,785
Due to other funds	-	3,462	-	3,462
Customer deposits	15,345	-	-	15,345
Total Liabilities	<u>669,544</u>	<u>218,925</u>	<u>1,284</u>	<u>889,753</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	18,034	-	13,326	31,360
Total Deferred Inflows of Resources	<u>18,034</u>	<u>-</u>	<u>13,326</u>	<u>31,360</u>
FUND BALANCES				
Nonspendable				
Real estate for resale	303,329	-	-	303,329
Prepaid expenses	18,077	-	647	18,724
Assigned to public safety	6,213	-	-	6,213
Assigned to library	-	-	194,885	194,885
Assigned to cemetery	-	-	131,787	131,787
Assigned to library corporation	-	-	50,736	50,736
Unassigned	244,026	(165,146)	-	78,880
Total Fund Balances	<u>571,645</u>	<u>(165,146)</u>	<u>378,055</u>	<u>784,554</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,259,223</u>	<u>\$ 53,779</u>	<u>\$ 392,665</u>	<u>\$ 1,705,667</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balance - total governmental funds	\$ 784,554
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities of \$6,094,138 net of accumulated depreciation of \$3,227,707 are not financial resources and, therefore, are not reported in the funds.	2,866,431
The net deferred outflows related to pension are not available resources and, therefore, are not reported in the funds.	98,861
Leased assets used in governmental activities of \$20,296 net of accumulated amortization of \$4,047 are not financial resources and, therefore, are not reported in the funds.	16,249
Long-term liabilities of \$203,306 (including Library Corporation short-term portion of long-term debt of \$9,230) are not due and payable in the current period and are not reported in the funds.	(203,306)
Leases payable per GASB 87 are not due and payable in the current period and are not reported in the funds.	(16,319)
The net pension liability and deferred inflows related to pension are not available resources and, therefore, are not reported in the funds.	(502,605)
Unavailable revenue accounts are used by management to report revenues collected within 60 days of the fiscal year-end as deferred inflows of resources of the individual funds. Such amounts are considered revenues of the government-wide statements when earned.	31,360
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(76,091)
Net Position of Governmental Activities	<u>\$ 2,999,134</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Street Fund	Other Governmental Funds	Total
REVENUES				
Property taxes	\$ 228,783	\$ -	\$ 162,378	\$ 391,161
Sales tax	404,809	200,159	-	604,968
Railroad, utility and intangible taxes	250,942	-	15,995	266,937
Cigarette tax	14,477	-	-	14,477
Motor fuel and vehicle taxes	124,574	-	-	124,574
Intergovernmental	305,995	-	21,762	327,757
Charges for services	617,751	-	6,881	624,632
Fines and forfeits	6,889	-	-	6,889
Licenses, permits and fees	28,112	-	425	28,537
Interest	4,780	-	2,381	7,161
Donations	205	-	3,281	3,486
Miscellaneous	3,200	-	21,270	24,470
Total Revenues	<u>1,990,517</u>	<u>200,159</u>	<u>234,373</u>	<u>2,425,049</u>
EXPENDITURES				
Current				
General government	554,804	-	-	554,804
Public works	418,257	64,202	197,582	680,041
Public safety	588,517	-	-	588,517
Solid waste	498,479	-	-	498,479
Parks	29,750	-	-	29,750
Community planning/economic development	74,723	-	-	74,723
Debt service	21,037	3,322	17,616	41,975
Capital outlay	54,830	23,533	-	78,363
Total Expenditures	<u>2,240,397</u>	<u>91,057</u>	<u>215,198</u>	<u>2,546,652</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	<u>(249,880)</u>	<u>109,102</u>	<u>19,175</u>	<u>(121,603)</u>
OTHER FINANCING SOURCES AND USES				
Sale of property	77,427	-	3,600	81,027
Transfers in	434,550	8,214	-	442,764
Transfers out	(8,214)	-	(9,000)	(17,214)
Net Other Financing Sources and Uses	<u>503,763</u>	<u>8,214</u>	<u>(5,400)</u>	<u>506,577</u>
Net Change in Fund Balances	253,883	117,316	13,775	384,974
Fund Balance, beginning of year	<u>317,762</u>	<u>(282,462)</u>	<u>364,280</u>	<u>399,580</u>
Fund Balance, end of year	<u>\$ 571,645</u>	<u>\$ (165,146)</u>	<u>\$ 378,055</u>	<u>\$ 784,554</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ 384,974

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:

Capital outlay	98,659	
Depreciation expense	(195,399)	
Excess of capital outlay over depreciation expense		(96,740)

The remaining cost basis of depreciable assets sold during the year is not deducted in the governmental funds. However, in the Statement of Activities the basis is deducted to arrive at the gain/loss on the disposition of the asset.

Cost	(10,819)	
Accumulated depreciation	3,065	
		(7,754)

Principal payments on lease payable are reported as expenditures in governmental funds when lease payments are made. 3,977

Amortization of the leased asset is not recognized as an expenditure in the governmental funds, however, is recognized as an expense in the Statement of Activities. (4,047)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Library corporation loan principal payments		8,864
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred inflows of resources changes		666
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued compensated absences		2,599
Net pension expenses		(629,177)

		\$ (336,638)
Change in Net Position of Governmental Activities		

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 225,000	\$ 228,783	\$ 228,783	\$ -
Sales tax	355,000	404,809	404,809	-
Railroad, utility and intangible taxes	240,200	250,942	250,942	-
Cigarette tax	12,000	14,477	14,477	-
Motor fuel and vehicle taxes	118,500	124,574	124,574	-
Intergovernmental	17,500	305,995	305,995	-
Charges for services	592,260	617,751	617,751	-
Fines and forfeits	30,000	6,889	6,889	-
Licenses, permits and fees	28,300	28,112	28,112	-
Interest	1,030	4,780	4,780	-
Miscellaneous	110	3,405	3,405	-
Total Revenues	<u>1,619,900</u>	<u>1,990,517</u>	<u>1,990,517</u>	<u>-</u>
EXPENDITURES				
Current				
General government	493,380	554,804	554,804	-
Public works	413,270	418,257	418,257	-
Public safety	514,050	588,517	588,517	-
Solid waste	464,980	498,479	498,479	-
Parks	32,350	29,750	29,750	-
Community planning/ economic development	92,550	74,723	74,723	-
Debt service	15,000	21,037	21,037	-
Capital Outlay	35,090	54,830	54,830	-
Total Expenditures	<u>2,060,670</u>	<u>2,240,397</u>	<u>2,240,397</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	<u>(440,770)</u>	<u>(249,880)</u>	<u>(249,880)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	20,000	77,427	77,427	-
Transfers in	420,770	434,550	434,550	-
Transfers out	-	(8,214)	(8,214)	-
Total Other Financing Sources (Uses)	<u>440,770</u>	<u>503,763</u>	<u>503,763</u>	<u>-</u>
Net Change in Fund Balances	-	253,883	253,883	<u>\$ -</u>
Fund Balance - beginning of year	<u>317,762</u>	<u>317,762</u>	<u>317,762</u>	
Fund Balance - end of year	<u>\$ 317,762</u>	<u>\$ 571,645</u>	<u>\$ 571,645</u>	

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales tax	\$ 180,000	\$ 200,159	\$ 200,159	\$ -
Total Revenues	<u>180,000</u>	<u>200,159</u>	<u>200,159</u>	<u>-</u>
EXPENDITURES				
Current				
Public works	157,235	64,202	64,202	-
Debt service	-	3,322	3,322	-
Capital outlay	22,765	23,533	23,533	-
Total Expenditures	<u>180,000</u>	<u>91,057</u>	<u>91,057</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	<u>-</u>	<u>109,102</u>	<u>109,102</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	8,214	8,214	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,214</u>	<u>8,214</u>	<u>-</u>
Net Change in Fund Balances	-	117,316	117,316	<u>\$ -</u>
Fund Balance - beginning of year	<u>(282,462)</u>	<u>(282,462)</u>	<u>(282,462)</u>	
Fund Balance - end of year	<u>\$ (282,462)</u>	<u>\$ (165,146)</u>	<u>\$ (165,146)</u>	

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water & Waste Water Fund	Gas Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,335,695	\$ 1,532,851	\$ 2,868,546
Investments	557,347	565,032	1,122,379
Accounts receivable, net	52,961	465,481	518,442
Inventories	73,803	14,920	88,723
Prepaid insurance	7,500	1,259	8,759
Due from other funds	97,250	3,462	100,712
Total Current Assets	<u>2,124,556</u>	<u>2,583,005</u>	<u>4,707,561</u>
Restricted Assets:			
Restricted cash	276,999	47,506	324,505
Restricted investments	34,400	-	34,400
Total Restricted Assets	<u>311,399</u>	<u>47,506</u>	<u>358,905</u>
Noncurrent Assets:			
Fixed Assets:			
Non-Depreciable Assets:			
Land	34,149	8,811	42,960
Depreciable Assets:			
Buildings and improvements	61,143	104,583	165,726
Machinery and equipment	442,173	292,028	734,201
Distribution and collection systems	10,860,179	815,510	11,675,689
Less: Accumulated depreciation	<u>(5,935,094)</u>	<u>(797,714)</u>	<u>(6,732,808)</u>
Net Fixed Assets	<u>5,462,550</u>	<u>423,218</u>	<u>5,885,768</u>
Net Pension Asset	-	-	-
Total Assets	<u>7,898,505</u>	<u>3,053,729</u>	<u>10,952,234</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	7,557	-	7,557
LIABILITIES			
Current Liabilities:			
Accounts payable	7,311	48,115	55,426
Current portion of note payable	77,167	313,171	390,338
DNR loan payable	-	45,000	45,000
Due to other funds	-	97,250	97,250
Current Liabilities Payable From Restricted Cash:			
Customer deposits	56,942	47,506	104,448
Interest payable	13,101	-	13,101
Revenue bonds due within one year	220,000	-	220,000
Certificates of participation due within one year	90,000	-	90,000
Total Current Liabilities	<u>464,521</u>	<u>551,042</u>	<u>1,015,563</u>
Non-Current Liabilities:			
Certificates of participation	390,000	-	390,000
DNR loan payable	-	360,000	360,000
Compensated absences	11,263	10,362	21,625
Total Non-Current Liabilities	<u>401,263</u>	<u>370,362</u>	<u>771,625</u>
Net Pension Liability	21,983	36,722	58,705
Total Liabilities	<u>887,767</u>	<u>958,126</u>	<u>1,845,893</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	40,511	37,103	77,614
NET POSITION			
Net investment in capital assets	4,685,383	110,047	4,795,430
Restricted but expendable for:			
Debt service	241,356	-	241,356
Unrestricted	2,051,045	1,948,453	3,999,498
Total Net Position	<u>\$ 6,977,784</u>	<u>\$ 2,058,500</u>	<u>\$ 9,036,284</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Water & Waste Water Fund	Gas Fund	Total
Operating Revenues:			
Charges for services	\$ 1,269,030	\$ 1,863,781	\$ 3,132,811
Other	4,658	37,399	42,057
Total operating revenues	<u>1,273,688</u>	<u>1,901,180</u>	<u>3,174,868</u>
Operating Expenses:			
Personnel services	259,166	221,393	480,559
Contractual services	52,048	954,498	1,006,546
Repairs and maintenance	96,534	25,393	121,927
Insurance	42,836	7,498	50,334
Sales tax	18,056	49,186	67,242
Utilities	79,097	2,588	81,685
Other supplies and expenses	55,562	14,188	69,750
Depreciation and amortization	265,952	46,988	312,940
Total operating expenses	<u>869,251</u>	<u>1,321,732</u>	<u>2,190,983</u>
Operating Income	<u>404,437</u>	<u>579,448</u>	<u>983,885</u>
Nonoperating Revenue (Expenses):			
Interest revenue	5,859	4,574	10,433
Interest expense	(24,414)	(5,655)	(30,069)
Total nonoperating revenue (expense)	<u>(18,555)</u>	<u>(1,081)</u>	<u>(19,636)</u>
Net Income Before Contributions and Transfers	385,882	578,367	964,249
Transfers	<u>(32,870)</u>	<u>(392,680)</u>	<u>(425,550)</u>
Change in Net Position	353,012	185,687	538,699
Net position - beginning of year	<u>6,624,772</u>	<u>1,872,813</u>	<u>8,497,585</u>
Net position - end of year	<u>\$ 6,977,784</u>	<u>\$ 2,058,500</u>	<u>\$ 9,036,284</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Water & Waste Water Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,281,846	\$ 1,781,444	\$ 3,063,290
Payments to suppliers and contractors	(373,731)	(1,030,422)	(1,404,153)
Payments to and on behalf of employees	(177,161)	(129,581)	(306,742)
Receipts (payments) of customer deposits (net)	1,813	661	2,474
Net cash provided (used) by operating activities	<u>732,767</u>	<u>622,102</u>	<u>1,354,869</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	194,500	129,617	324,117
Transfers to other funds	(227,370)	(392,680)	(620,050)
Net cash provided (used) by noncapital financing activities	<u>(32,870)</u>	<u>(263,063)</u>	<u>(295,933)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(15,500)	(59,080)	(74,580)
Loan proceeds	-	598,136	598,136
Principal paid on capital debt	(510,686)	(45,000)	(555,686)
Interest paid on capital debt	(31,011)	(5,655)	(36,666)
Net cash provided (used) by capital and related financing activities	<u>(557,197)</u>	<u>488,401</u>	<u>(68,796)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investment assets	85,842	-	85,842
Purchase of investments	-	(87,240)	(87,240)
Interest	5,859	4,574	10,433
Net cash provided (used) by investing activities	<u>91,701</u>	<u>(82,666)</u>	<u>9,035</u>
Net increase (decrease) in cash and cash equivalents	234,401	764,774	999,175
Balances - beginning of year	<u>1,378,293</u>	<u>815,583</u>	<u>2,193,876</u>
Balances - end of year	<u>\$ 1,612,694</u>	<u>\$ 1,580,357</u>	<u>\$ 3,193,051</u>
DISPLAYED AS:			
Cash and cash equivalents	\$ 1,335,695	\$ 1,532,851	\$ 2,868,546
Restricted cash	276,999	47,506	324,505
	<u>\$ 1,612,694</u>	<u>\$ 1,580,357</u>	<u>\$ 3,193,051</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF CASH FLOWS (CONT'D)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Water & Waste Water Fund</u>	<u>Gas Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 404,437	\$ 579,448	\$ 983,885
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization expense	265,952	46,988	312,940
Change in assets and liabilities:			
Receivables, net	8,158	(119,736)	(111,578)
Inventories	(1,788)	5,983	4,195
Prepaid insurance	(806)	180	(626)
Net pension asset	91,370	76,632	168,002
Net pension liability	21,983	36,722	58,705
Accounts and other payables	(27,004)	16,766	(10,238)
Deferred outflows related to pension	(7,557)	-	(7,557)
Deferred inflows related to pension	(19,931)	(21,993)	(41,924)
Compensated absences payable	(3,860)	451	(3,409)
Customer deposits	1,813	661	2,474
Total adjustments	<u>328,330</u>	<u>42,654</u>	<u>370,984</u>
Net cash provided by operating activities	<u>\$ 732,767</u>	<u>\$ 622,102</u>	<u>\$ 1,354,869</u>

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Employee Deferred Compensation Fund
ASSETS	
Investments, at fair value	
Mutual stock funds	\$ 33,402
Total Assets	<u>\$ 33,402</u>
Net Position Held in Trust for Future Compensation	<u>\$ 33,402</u>

CITY OF MONTGOMERY, MISSOURI
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Employee Deferred Compensation Fund
ADDITIONS	
Contributions	
Employer/employee	\$ -
Total contributions	-
Investment earnings	
Net increase (decrease) in fair value of investments	(4,275)
Net investment earnings	(4,275)
Total Additions (Subtractions)	(4,275)
DEDUCTIONS	
Employee withdrawals/transfers out	1,388
Total Deductions	1,388
Change in net position	(5,663)
Net position, beginning of year	39,065
Net position, end of year	\$ 33,402

See notes to financial statements

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Montgomery, Missouri (the “City”) is a municipal corporation governed by an elected mayor and board of aldermen. The City receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the City is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Financial Reporting Entity

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”, and includes all component units of which the City appointed a voting majority of the units’ board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. Based on this criteria, the Montgomery City Library Corporation is considered a component unit.

Blended Component Unit

The Montgomery City Library Corporation is a not-for-profit corporation governed by a board of directors which is the same as the City’s library board and which is appointed by the City Council. The purpose of the corporation is solely to benefit the City’s library. The corporation’s fiscal year ends June 30. Complete financial statements for the component unit may be obtained at the City’s administrative office.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City complies with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

The City's basic financial statements include the accounts of all City operations.

C. Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's net position is reported in three parts –net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, utilities, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, utilities, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund: The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund: The special revenue funds account for revenue sources that are legally restricted to expenditures for specified purposes. The Street, Library, Cemetery, and Library Corporation Funds are special revenue funds of the City.

Proprietary Funds

Enterprise Funds: Enterprise funds are used to account for business-type 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 reporting entity includes the Water and Waste Water Fund and the Gas Fund.

Fiduciary Funds

Fiduciary funds financial statements include the statement of net position and statement of changes in net position. The statement of net position includes information about the assets held in an agency capacity. The reporting entity includes the Employee Deferred Compensation Fund.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is used to account for all revenues and expenditures of the City not accounted for in other funds. It is an operating fund from which most current operations are financed. It is required by law to operate in accordance with a formal budget.

Street Fund

The Street Fund accounts for the operating activities of the City's streets. This is reported with governmental activities in the government-wide statements.

Proprietary Funds

The City reports the following major enterprise funds:

Water and Waste Water Fund

The Water and Waste Water Fund accounts for the operating activities of the City's water and waste water utilities services.

Gas Fund

The Gas Fund accounts for the operating activities of the City's gas utilities services.

Other Funds

The City also reports the following governmental fund types (non-major):

Library Fund

The Library Fund accounts for the operating activities of the City's library. This is reported with governmental activities in the government-wide statements.

Cemetery Fund

The Cemetery Fund accounts for the operating activities of the City's cemetery. This is reported with governmental activities in the government-wide statements.

Library Corporation Fund

The Library Corporation Fund accounts for the activities of the corporation which receives grants and donations for the library.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City also reports the following fiduciary fund type:

Employee Deferred Compensation Fund

The Employee Deferred Compensation Fund accounts for assets held by the City which are for employees who defer a portion of their compensation under the provisions of Internal Revenue Code Section 457. Agency funds are custodial funds (assets equal liabilities); therefore, they do not involve measurement of operations. All amounts of compensation deferred under the plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in the amount equal to the fair market value of the deferred account for each participant. All assets of the plan are reported at fair market value.

E. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The City applies all applicable FASB pronouncements that do not conflict with or contradict GASB pronouncements.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Investments

Cash of all funds are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund’s pooled Cash and Cash Investments are available upon demand and are considered to be “cash equivalents” when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be “cash equivalents”.

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note III-A.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note III-I for details of interfund transactions.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of receivables.

Prepaid Items

Certain payments to vendors (for insurance) reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to October 1, 2003, the governmental funds' infrastructure assets were not capitalized.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. 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. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. The range of estimated useful lives by types of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Distribution and collection systems	10-50 years
Infrastructure	25-50 years

Fund Financial Statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to revenue bond trustee accounts and utility meter deposits.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of certificates of participation, notes payable, revenue bonds payable and DNR notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies as a deferred outflow of resources. This item is for excess investment returns relating to the City's pension on the government-wide statement of net position and proprietary fund statement of net position.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of deferred inflows. The first arises under a modified accrual basis of accounting. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is reported on the government-wide statement of net position and proprietary funds statement of net position and relates to differences in expenditures on the City's pension valuation.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The City of Montgomery provides paid sick leave to all regular, full-time employees for periods of temporary absence due to illness or injury. All regular, full-time employees accrue sick leave benefits at the rate of 8 hours per month. Employees may accumulate a maximum of 1,000 hours of sick leave. Upon retirement, any unused sick leave will be paid at a 20% ratio of unused sick leave remaining at regular pay rates. Upon termination of employment (other than retirement), any unused sick leave will be paid at a 10% ratio of unused sick leave remaining at regular pay rates. Accumulated, but unused sick pay is not material and is accordingly, charged to operations when paid.

Vacation pay accumulates at varying rates based on length of employment. Employees are permitted to accumulate 10 days of vacation leave from one anniversary year to the next. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of employment.

Leases

The City is a lessee in certain lease agreements. Lease agreements convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The lessee accounting treatment of leases depends on whether the lease agreement is related to assets used on governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

At the commencement of a lease agreement, the City recognizes a lease liability and a lease asset, unless the lease is a short-term lease or the lease agreement transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term, less any lease incentives. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Subsequently, the lease liability is reduced as payments are made and recognized as an outflow of resources for interest on the liability. The lease asset is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Short-term leases are defined as leases that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months or less. Short-term lease payments are recognized as outflows of resources.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

The accounting for proprietary funds is the same in the fund statements as it is in the government wide statements

Governmental Funds

Except for short-term leases and lease agreements that transfer ownership of the underlying asset, at commencement of a lease agreement, the City recognizes an expenditure and other financing source using the same measurement criteria as the government-wide statements. Subsequently, payments of principal and interest are reported as expenditures.

Short-term leases are accounted for in the same manner as the proprietary fund and government-wide statements.

Adoption of GASB 87 – Leases

The City has adopted Statement No. 87 of the Governmental Accounting Standards Board – Leases (“GASB 87”) as of the beginning of the earliest period presented. In accordance with GASB 87, leases that pre-existed adoption were recognized and measured using the facts and circumstances that existed as of the beginning of the period of implementation. The adoption had no effect to beginning net position.

Equity Classifications

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Equity – Fund Financial Statements:

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has determined there are nonspendable fund balances as detailed in Note III-J.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources because they are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

Management has determined there are no amounts that should be considered restricted.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's board of directors, which is the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the City's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The City's management assigned funds during year as detailed in Note III-K.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the City would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Revenues, Expenditures, and Expenses

Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Licenses and permits, operating grant from the Missouri Department of Social Services
Public Works	Commercial vehicle and gasoline excise tax shared by the State; cemetery lot sales and permits; library fees and operating grants and contributions
Public Safety	Fine revenue; operating and capital grants from the Missouri Department of Public Safety
Solid Waste	Fees
Parks	None
Community Planning/ Economic Development	Community development block grants

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Function

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

H. Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note III-A, all deposits were fully insured or collateralized at June 30, 2022.

B. Budget Basis of Accounting

The City of Montgomery prepares its annual budget on a basis (budget basis), which agrees with generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual to provide a meaningful comparison of actual results with the budget.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, net position, revenues, and expenditures/expenses.

A. Deposits and Investments

Deposits:

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Missouri or its agencies and instrumentalities that have a market value of not less than the principal amount of the uninsured deposits.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and invested cash." In addition, investments are separately held by several of the City's funds. Deposits and investments are stated at cost. Invested cash consists of certificates of deposit and U.S. Government securities.

Income from investment of pooled cash is allocated to the various funds based on the fund's balance in the pooled account.

At year-end, the carrying amount of the City's deposits (checking and savings accounts and certificates of deposit) (including Library Corporation deposits of \$50,736) was \$4,879,487 and the bank balance (including Library Corporation deposits of \$50,736) was \$4,695,353. Of the bank balance, \$1,545,001 was covered by federal depository insurance or by collateral held by the City's agent in the City's name and \$3,150,352 was covered by collateral held in the pledging bank's trust department or by its agent in the City's name. There were no uninsured and uncollateralized deposits.

Interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the City's investment policy mandates structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity. The investment policy also mandates investing operating funds primarily in U.S. Treasury securities.

Credit risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the City's investments are U.S. Treasury securities.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Custodial credit risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize custodial credit risk, it is the City's policy that all securities purchased be perfected in the name of or for the account of the City's and be held by a third-party custodian as evidenced by appropriate safekeeping receipts.

Concentration of credit risk. As a means of limiting its exposure to losses arising from concentration of investments, the City's investment policy is to invest only in U.S. treasuries and securities having principal and/or interest guaranteed by the U.S. Government.

Investments:

The City may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

Investments are stated at market value and all investment activities are conducted through the depository bank and the City's financial advisor.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

At June 30, 2022, deposits and investments held by the City are as follows:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits and money market accounts		\$ 3,654,622
Time deposits	June 1, 2023	74,191
Time deposits	November 22, 2022	194,485
Time deposits	November 10, 2022	30,438
Time deposits	March 27, 2023	36,136
Time deposits	August 19, 2023	44,259
Time deposits	February 19, 2023	41,452
Time deposits	September 4, 2023	21,000
Time deposits	September 4, 2023	53,000
Time deposits	November 14, 2022	19,831
Time deposits	June 29, 2023	68,086
Time deposits	September 18, 2022	78,150
Time deposits	October 24, 2022	163,645
Time deposits	October 22, 2022	161,800
Time deposits	June 10, 2023	130,195
Time deposits	July 31, 2022	54,197
Time deposits	July 29, 2022	54,000
Total Time Deposits		1,224,865
Total deposits and investments		\$ 4,879,487
Investments - Mutual stock funds		\$ 33,402
Reconciliation of Statement of Net Position:		
Current:		
Cash and cash equivalents		\$ 3,264,712
Investments		1,190,465
Total Current		4,455,177
Restricted:		
Cash and cash equivalents		389,910
Investments		34,400
Total Noncurrent		424,310
Total		\$ 4,879,487

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

At June 30, 2022, cash of the Enterprise Funds was restricted for the purposes below. Amounts restricted for debt service, construction, and operations, maintenance and depreciation are in accordance with revenue bond ordinances.

	Water and Wastewater Fund	Gas Fund	Total
Debt service and reserve	\$ 220,057	\$ -	\$ 220,057
Renewal and replacement	34,400	-	34,400
Refundable deposits	56,942	47,506	104,448
Total	<u>\$ 311,399</u>	<u>\$ 47,506</u>	<u>\$ 358,905</u>
	Water and Wastewater Fund	Gas Fund	Total
Cash and cash equivalents			
Unrestricted	\$ 1,335,695	\$ 1,532,851	\$ 2,868,546
Restricted	276,999	47,506	324,505
Total	<u>1,612,694</u>	<u>1,580,357</u>	<u>3,193,051</u>
Invested cash			
Unrestricted	557,347	565,032	1,122,379
Restricted	34,400	-	34,400
Total	<u>591,747</u>	<u>565,032</u>	<u>1,156,779</u>
Total	<u>\$ 2,204,441</u>	<u>\$ 2,145,389</u>	<u>\$ 4,349,830</u>
Total Cash and Invested Cash			
Unrestricted	\$ 1,893,042	\$ 2,097,883	\$ 3,990,925
Restricted	311,399	47,506	358,905
Total	<u>\$ 2,204,441</u>	<u>\$ 2,145,389</u>	<u>\$ 4,349,830</u>

The restricted assets of the governmental funds represent cash reserved by the Library Corporation for debt repayment and asset replacement and extension.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

The restricted assets can be used only for the following:

Customer deposits - Refunds of utility deposits to customers discontinuing solid waste service (General Fund)	\$ 15,345
Debt service account - Payment of principal and interest only on loans (Library Corporation Fund)	25,030
Replacement and extension account - Payments for replacement and/or extensions of Library Corporation Fund fixed assets	<u>25,030</u>
Total Governmental Funds and Activities Restricted Funds	<u><u>\$ 65,405</u></u>

Other Assets – Real Estate for Resale

The City has purchased property to be used for development within the City. The acquisition cost of the property at June 30, 2022, as recorded on the Government-Wide Statement of Net Position and in the General Fund was \$872,134. Notes payable for which these properties are held as collateral total \$516,550. During the year ended June 30, 2022, the City sold 2.5 acres for \$80,027. The balance due at June 30, 2022 was \$20,000.

B. Receivables

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of miscellaneous receivables. Receivables detail at June 30, 2022, is as follows:

The City provides an allowance for doubtful accounts based upon a review of existing receivables. Based on prior experience of collectability the accounts receivables have been adjusted as follows:

	Governmental Activities	Business-Type Activities	Total
Total accounts receivable	\$ 72,231	\$ 724,619	\$ 796,850
Less: Allowance for uncollectible accounts	<u>(43,853)</u>	<u>(206,177)</u>	<u>(250,030)</u>
Net accounts receivable	<u><u>\$ 28,378</u></u>	<u><u>\$ 518,442</u></u>	<u><u>\$ 546,820</u></u>

C. Taxes Receivable

Taxes receivable of the governmental activities consist of property, sales, franchise, gas and motor vehicle tax receivable. Receivables detail at June 30, 2022 was as follows:

	Governmental Activities
Taxes receivable	\$ 225,541
Allowance for uncollectible accounts	-
Net accounts receivable	<u><u>\$ 225,541</u></u>

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

D. Capital Assets

Capital asset activity, for the fiscal year ended June 30, 2022, was as follows:

	Balance at June 30, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 94,500	\$ 40,376	\$ -	\$ 134,876
	<u>94,500</u>	<u>40,376</u>	<u>-</u>	<u>134,876</u>
Capital assets being depreciated:				
Buildings and improvements	1,010,320	-	-	1,010,320
Machinery, equipment and furniture	1,442,417	58,283	(10,820)	1,489,880
Infrastructure	3,459,062	-	-	3,459,062
	<u>5,911,799</u>	<u>58,283</u>	<u>(10,820)</u>	<u>5,959,262</u>
Total capital assets at historical costs	<u>6,006,299</u>	<u>98,659</u>	<u>(10,820)</u>	<u>6,094,138</u>
Less accumulated depreciation:				
Buildings and improvements	(489,541)	(23,104)	-	(512,645)
Machinery, equipment and furniture	(1,114,064)	(54,935)	3,066	(1,165,933)
Infrastructure	(1,431,769)	(117,360)	-	(1,549,129)
Total accumulated depreciation	<u>(3,035,374)</u>	<u>(195,399)</u>	<u>3,066</u>	<u>(3,227,707)</u>
Net capital assets being depreciated	<u>2,876,425</u>	<u>(137,116)</u>	<u>(7,754)</u>	<u>2,731,555</u>
Net capital assets	<u>\$ 2,970,925</u>	<u>\$ (96,740)</u>	<u>\$ (7,754)</u>	<u>\$ 2,866,431</u>
	Balance at June 30, 2021	Additions	Disposals	Balance at June 30, 2022
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 42,960	\$ -	\$ -	\$ 42,960
Construction in progress	-	-	-	-
	<u>42,960</u>	<u>-</u>	<u>-</u>	<u>42,960</u>
Capital assets being depreciated:				
Buildings and improvements	165,726	-	-	165,726
Machinery, equipment and furniture	769,096	-	(34,895)	734,201
Distribution and collection systems	11,601,109	74,580	-	11,675,689
	<u>12,535,931</u>	<u>74,580</u>	<u>(34,895)</u>	<u>12,575,616</u>
Total capital assets at historical costs	<u>12,578,891</u>	<u>74,580</u>	<u>(34,895)</u>	<u>12,618,576</u>
Less accumulated depreciation:				
Buildings and improvements	(82,206)	(4,549)	-	(86,755)
Machinery, equipment and furniture	(610,453)	(36,135)	34,895	(611,693)
Distribution and collection systems	(5,762,104)	(272,256)	-	(6,034,360)
Total accumulated depreciation	<u>(6,454,763)</u>	<u>(312,940)</u>	<u>34,895</u>	<u>(6,732,808)</u>
Net capital assets being depreciated	<u>6,081,168</u>	<u>(238,360)</u>	<u>-</u>	<u>5,842,808</u>
Net capital assets	<u>\$ 6,124,128</u>	<u>\$ (238,360)</u>	<u>\$ -</u>	<u>\$ 5,885,768</u>

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

General	\$ 9,060
Public works	152,787
Public safety	14,912
Parks	7,185
Community planning/economic development	11,455
Total depreciation expense for governmental activities	\$ 195,399

Business-Type Activities:

Water and waste water	\$ 265,952
Gas	46,988
Total depreciation expense for business-type activities	\$ 312,940

E. Leases

The City leases certain office equipment in support of its general operations. The leased asset activity for fiscal year ended June 30, 2022 is as follows:

	Balance at June 30, 2021	Additions	Balance at June 30, 2022
Governmental Activities:			
Leased assets	\$ 20,296	\$ -	\$ 20,296
Less accumulated amortization	-	(4,047)	(4,047)
Leased assets, net of accumulated amortization	\$ 20,296	\$ (4,047)	\$ 16,249

Principal and interest payments required to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 5,344	\$ 338	\$ 5,682
2024	4,682	209	4,891
2025	2,390	124	2,514
2026	2,448	67	2,515
2027	1,455	12	1,467
Total	\$ 16,319	\$ 750	\$ 17,069

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

F. Accounts Payable

Payables in the governmental funds are composed of payables to vendors (76%) and accrued salaries and benefits (24%). Payables of Enterprise Funds are composed of payables to vendors (100%) and accrued salaries and benefits (0%).

G. Short-term Notes

Changes in Short-Term Debt:

The following is a summary of changes in short-term debt for the year ended June 30, 2022:

Type of Debt	Balance at June 30, 2021	Additions	Reduction	Balance at June 30, 2022
Governmental Activities - Notes payable	\$ 968,900	\$ -	\$ 184,686	\$ 784,214
Business-Type Activities - Notes payable	\$ 452,888	\$ -	\$ 62,550	\$ 390,338

Governmental Activities:

On June 10, 2022, the City borrowed \$106,614 secured by a certificate of deposit. The loan is due June 10, 2023 and the interest rate is the CD rate. The balance at June 30, 2022 is \$104,511.

On June 26, 2022, the City borrowed \$414,969 secured by developed real estate land. The loan is due June 26, 2023 and the interest rate is 3.375%. The balance at June 30, 2022 is \$354,969.

On June 1, 2010, the City borrowed \$161,582 from the Montgomery City Growth, Inc. at 0% for the purchase of developed land. The loan matures upon the sale of the property. The balance at June 30, 2022 is \$161,582.

On September 18, 2021, the City borrowed \$78,144 (\$39,072 each due by street and gas funds) secured by a 2019 Bobcat. The loan is due September 18, 2022 and the interest rate is 1.07%. The balance at June 30, 2022 is \$35,443. The street portion of the liability at June 30, 2022 is \$17,722.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

On October 30, 2021, the City borrowed \$85,121 to finance the street overlay program. The loan is due October 30, 2022 and the interest rate is 1.07%. The balance at June 30, 2022 is \$54,198.

On October 23, 2021, the City borrowed \$81,784 to finance the street overlay program. The loan is due October 23, 2022 and the interest rate is 1.15%. The balance at June 30, 2022 is \$54,097. The loan is secured by a certificate of deposit.

On July 30, 2021, the City borrowed \$45,295 for the purchase of real estate, secured by such real estate. The loan is due July 30, 2022 and the interest rate is 1.15%. The balance on June 30, 2022 is \$37,136.

Business-Type Activities:

On September 18, 2021, the City borrowed \$78,144 (\$39,072 each due by street and gas funds) secured by a 2019 Bobcat. The loan is due September 18, 2022 and the interest rate is 1.07%. The balance at June 30, 2022 is \$35,443. The gas portion of the liability at June 30, 2022 is \$17,721.

On July 31, 2021, the City borrowed \$45,997 secured by a certificate of deposit in the amount of \$54,197. The loan is due July 31, 2022 and the interest rates is 1.07%. The balance at June 30, 2022 is \$37,110.

On April 30, 2022, the City borrowed \$343,131 for the purchase of a meter reading system for the Combined Waterworks and Sewerage System Fund and Gas Fund secured by the equipment purchased. The loan is due April 30, 2023 and the interest rate is 1.80%. The balance at June 30, 2022 is \$335,506 (Gas Fund \$258,338 and Water Fund \$77,168).

On July 1, 2021, the City borrowed \$450,000 from the Missouri Department of Natural Resources Division of Energy for the purpose of financing certain wholesale and electricity and/or natural gas costs incurred due to extraordinary prices between February 10 and 20, 2021. Due date is July 1, 2026 with payments of \$45,000 due semi-annually on January 1 and July 1. There is no interest due on the loan.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

H. Long-term Debt

Changes in long-term debt:

The following is a summary of changes of long-term debt for the year ended June 30, 2022:

Type of Debt	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 212,170	\$ -	\$ 8,864	\$ 203,306	\$ 9,230
Accrued compensated absences	78,690	-	2,599	76,091	-
Total General Long-Term Debt	<u>\$ 290,860</u>	<u>\$ -</u>	<u>\$ 11,463</u>	<u>\$ 279,397</u>	<u>\$ 9,230</u>
Business-Type Activities:					
Bonds Payable	\$ 435,000	\$ -	\$ 215,000	\$ 220,000	\$ 220,000
Certificates of Participation	565,000	-	85,000	480,000	90,000
DNR Loan Payable	-	450,000	45,000	405,000	45,000
Accrued Compensated Absences	25,034	-	3,410	21,624	-
Total Enterprise Fund Debt	<u>\$ 1,025,034</u>	<u>\$ 450,000</u>	<u>\$ 348,410</u>	<u>\$ 1,126,624</u>	<u>\$ 355,000</u>

The City issued \$3,500,000 of Revenue Bonds on November 1, 2001. The bond proceeds were used to improve and extend the City's Waterworks and Sewerage System. These bonds were approved by the City's voters in November 1997. The following is a summary of bond transactions for the year ended June 30, 2022, for this issue:

	Revenue Bonds Combined Waterworks and Sewerage System 2001 Bond Issue
Bonds payable at June 30, 2022	\$ 220,000
Less: Current portion due June 30, 2022	(220,000)
Long-term debt at June 30, 2022	<u>\$ -</u>

The Revenue Bonds become due on July 1 in annual installments of \$145,000 to \$220,000 through July 1, 2022. Bonds bear interest ranging from 3.00% to 5.00%. Principal and interest payments required for each of the next five years and five-year increments to maturity are as follows:

Year Ending June 30,	Annual Rate of Interest	Principal	Interest	Total
2023	5.000%	\$ 220,000	\$ 5,500	\$ 225,500
Total		<u>\$ 220,000</u>	<u>\$ 5,500</u>	<u>\$ 225,500</u>

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental Activities

Library Corporation

On March 6, 2008, the Montgomery Library Corporation borrowed \$300,000 from USDA Rural Development for the purchase of the library building from the City of Montgomery in the amount of \$310,000. The funds were borrowed at an interest rate of 4.125% per annum, with the principal and interest to be paid over a period of 30 years with the due date of the final installment of March 6, 2038.

A reserve account is to be established in the sum of \$3,524 each year until there is accumulated in that account the sum of \$35,240. As of June 30, 2022, the debt service account balance was \$25,030 and the replacement and extension account balance was \$25,030.

Principal and interest payments required for each of the next five years and five-year increments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 9,229	\$ 8,386	\$ 17,615
2024	9,610	8,006	17,616
2025	10,007	7,609	17,616
2026	10,420	7,196	17,616
2027	10,849	6,767	17,616
2028-2032	61,341	26,739	88,080
2033-2037	75,080	13,000	88,080
2038	16,770	692	17,462
Total	<u>\$ 203,306</u>	<u>\$ 78,395</u>	<u>\$ 281,701</u>

Certificates of Participation

The changes in obligations for the year ended June 30, 2022 are shown below:

	Balance 6/30/2021	Certificate Proceeds	Principal Paid	Balance 6/30/2022	Interest Paid
Business-Type Activities:					
Water & waste water	\$ 565,000	\$ -	\$ 85,000	\$ 480,000	\$ 21,175
	<u>\$ 565,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 480,000</u>	<u>\$ 21,175</u>

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

The business-type activities assets which are financed by the certificates of participation have costs as follows:

Leased property	\$ 1,361,652
Leased property accumulated depreciation	<u>(496,436)</u>
Total	<u><u>\$ 865,216</u></u>
Amortization including depreciation expense	<u><u>\$ 34,041</u></u>

The City entered into a Base Lease and Lease Purchase Obligation as of February 1, 2007, for certain personal property of the City including the clarifier equipment of the City’s combined water and sewerage system. This equipment consists of a traveling bridge with scrapers on the bottom of its basin that rotates around a center point, which sits inside a circular concrete structure with steel wire around its circumference. The City leased the Leased Property to First Bank of Missouri (The Trustee), who then leased the Leased Property back to the City pursuant to a Lease/Purchase Agreement of even date and executed a Declaration of Trust (The Indenture) of the same date under which the Trustee delivered Certificates of Participation (City of Montgomery, Missouri, Lessee) Series 2007 to provide funds to pay the costs of the project and pay the costs of delivering the Series 2007 Certificates.

On January 1, 2013, The City entered into a Base Lease, Lease Purchase Obligation, and issuance of Series 2013 Certificates of \$1,170,000 (par value) with an interest rate of 1.25% to 4.000% to advance refund certificates of participation (Series 2007) with an interest rate of 4.85% to 5.10% and a par value of \$1,075,000. The Series 2013 certificates were issued at par and, after paying issuance costs of \$17,845 and an underwriter’s discount of \$22,502, the net proceeds were \$1,129,654. The City leased the Leased Property to First Bank of Missouri (The Trustee), who then leased the Leased Property back to the City pursuant to a Lease/Purchase Agreement of even date and executed a Declaration of Trust (The Indenture) of the same date under which the Trustee delivered Certificates of Participation (City of Montgomery, Missouri, Lessee) Series 2013 to provide funds to extinguish the Series 2007 Certificates and pay the costs of delivering the Series 2013 Certificates.

The term of the base lease commenced on January 1, 2013 and will end on February 1, 2027. Annual payments consisting of a Base Rental representing a Principal component are payable on each February 1 beginning February 1, 2014. There is also a Base Rental payment representing an Interest Component payable on February 1 and August 1. The first payment was on August 1, 2013.

In addition to the Base Rentals, the City will from time to time be required to pay for certain expenses such as reasonable trustee expenses and reasonable compensation, attorney’s fees, and any payments related to a tax compliance agreement.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

The city may make partial or full prepayments of all or such part of then outstanding certificates on such optional prepayment dates as may be specified in writing by the City.

The City has determined the Base Rentals during the Initial Term and any Renewal Term represent the fair value of the Leased Property and that the Option Price represents the fair purchase price of the Trustee’s interest in the Leased Property. The City declares that the period during which the City has an option to purchase the Trustee’s interest in the Leased Property (that is the maximum term of the Lease including all Renewal Terms) does not exceed the useful life of the Leased Property.

Title to the Leased Property will be held in the name of the City, subject of the Base Lease and the Indenture.

The annual debt service requirements to maturity for the 2013 outstanding certificates of participation at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 90,000	\$ 18,242	\$ 108,242
2024	90,000	15,138	105,138
2025	95,000	11,763	106,763
2026	100,000	8,200	108,200
2027	105,000	4,200	109,200
Total	\$ 480,000	\$ 57,543	\$ 537,543

I. Interfund Transfers

The governmental-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

Interfund transfers between funds of the City were as follows:

<u>Disbursing Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
Library (non-major)	General (major)	\$ 6,000
Gas (major)	Water (major)	194,500
Water and wastewater (major)	General (major)	227,370
Gas (major)	General (major)	198,180
Cemetery (non-major)	General (major)	3,000
General (major)	Street (major)	8,214
Total		\$ 637,264

The above transfers are budgeted routine transfers.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

J. Fund Equity

Restricted Net Position

The following table shows the net position restricted for debt service and pension in the Governmental Activities as shown on the Statement of Net Position:

Debt service-library	\$	50,060
Pension	\$	-
Other Purposes:		
Public Safety	\$	6,213
Public Works		81,594
Total	\$	87,807

K. Fund Balance

Classifications of fund balances at June 30, 2022 are as follows:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
Fund Balances:						
General	\$ 321,406	\$ -	\$ -	\$ 6,213	\$ 244,026	\$ 571,645
Street	-	-	-	-	(165,146)	(165,146)
Library	583	-	-	194,885	-	195,468
Cemetery	64	-	-	131,787	-	131,851
Library Corporation	-	-	-	50,736	-	50,736
Total	\$ 322,053	\$ -	\$ -	\$ 383,621	\$ 78,880	\$ 784,554

The City has not adopted a policy that sets forth a minimum fund balance amount.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION

A. Employee Pension Plan

Summary of Significant Accounting Policies

Pensions. 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.

General Information about the Pension Plan

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

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

	<u>2022 Valuation</u>
Benefit Multiplier:	1.75% for life
Final Average Salary:	3 years
Member Contributions:	0%

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 MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	9
Active employees	18
	43
	43

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 8.3% (General) and 7.2% (Police).

Net Pension Liability. The employer’s net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2022.

Actuarial assumptions. The total pension liability in the February 28, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage; 2.25% price
Salary Increase	2.75% to 6.75% including inflation (general) 2.75% to 6.55% including inflation (police)
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 a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

The actuarial assumptions used in the February 28, 2022 valuation were based on the results of an actuarial experience study for the period March 1, 2011 through February 29, 2016.

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	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Alpha	15.00%	3.67%
Cash/Leverage	-25.00%	-0.29%

Discount rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined 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 MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/2021	\$ 3,047,635	\$ 3,862,297	\$ (814,662)
Changes for the year:			
Service Cost	70,049	-	70,049
Interest	212,760	-	212,760
Difference between expected and actual experience	(14,865)	-	(14,865)
Changes of benefit terms	852,041	-	852,041
Contributions - employer	-	158,697	(158,697)
Contributions - employee	-	-	-
Net investment income	-	3,230	(3,230)
Benefit payments, including refunds	(86,743)	(86,743)	-
Administrative expense	-	(4,420)	4,420
Other changes	-	(179,275)	179,275
Net changes	<u>1,033,242</u>	<u>(108,511)</u>	<u>1,141,753</u>
Balances at 6/30/2022	<u>\$ 4,080,877</u>	<u>\$ 3,753,786</u>	<u>\$ 327,091</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	1% Decrease	Current Single Discount	1% Increase
	6.00%	Rate Assumption 7.00%	8.00%
Total Pension Liability	\$ 4,731,600	\$ 4,080,877	\$ 3,545,741
Plan Fiduciary Net Position	3,753,786	3,753,786	3,753,786
Net Position Liability (Asset)	<u>\$ 977,814</u>	<u>\$ 327,091</u>	<u>\$ (208,045)</u>

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

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

For the year ended June 30, 2022 the employer recognized pension expense of \$971,325. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 106,049	\$ 211,952
Differences in assumptions	369	25,507
Excess (deficit) investment returns	-	74,374
Contributions subsequent to the measurement date*	-	-
Total	\$ 106,418	\$ 311,833

*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 June 30, 2022.

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

Year Ended June 30,		
2023	\$	(53,410)
2024		(58,839)
2025		(119,305)
2026		26,139

Payable to the Pension Plan

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participants to defer a portion of participants' salary until future years. Participation in the plan is optional and participants elect how the salary deferrals are invested. Investment options include the following: stock funds, bond funds, and money market accounts, including various risk alternatives. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of a general creditor of the City in the amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets of the plan to satisfy the claims of general creditors in the future.

C. 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; and natural disasters for which the City carries commercial insurance.

D. Closure of Montgomery City Sanitary Landfill

The landfill was inspected by Missouri Department of Natural Resources on March 28, 2019 and a report of unsatisfactory findings was sent to the City. The City made necessary repairs and a return to compliance letter dated September 11, 2019 was received by the City.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

E. Commitments and Contingencies

1. Grants

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2022, the City believes that disallowed expenditures, if any, based on subsequent audits of grant expenditures will not have a material effect on any of the individual government funds or the overall financial position of the City.

2. Contingent Liabilities

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

F. Litigation

Based on discussions with the City attorney, management believes there are no outstanding matters which will have a material effect on the financial statements of the City.

G. Environmental Matters

The City is also subject to various laws and regulations with respect to environmental matters such as air and water quality. The effect of any future changes in environmental laws and/or regulations cannot be estimated. However, compliance with such changes may necessitate substantial expenditures.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

H. Taxes

Assessed values are established by the County Assessor subject to review by the County’s Board of Equalization and State Tax Commission. The assessed value for property located in the City as of January 1, 2021 and 2020 on which the fiscal 2021 and 2020 levies were based, were as follows:

	2021	2020
Real estate	\$ 34,540,730	\$ 33,501,232
Personal property	8,134,596	7,636,055
	\$ 42,675,326	\$ 41,137,287

The City is permitted by Missouri State Statutes, which encompass certain limitations, to levy taxes for various general governmental services and in unlimited amounts for the payment of principal and interest on general obligation bonded debt. Property tax levies per \$100 assessed valuation are as follows:

Fund	2021	2020
General Revenue	\$ 0.5338	\$ 0.5632
Library	0.3791	0.4000
	\$ 0.9129	\$ 0.9632

I. Pledged Revenues

The water and wastewater fund, the Library Corporation and gas fund have pledged future water and wastewater, Library Corporation and gas revenues, net of specified operating expenses, to repay water and wastewater revenue bonds, water and wastewater certificates of participation, Library Corporation loan payable and gas loan payable that were issued for the purpose of water and wastewater and gas improvements and equipment and the Library Corporation building. The bond and certificates of participation are payable from water and wastewater fund net revenues and are payable through 2027. The loans payable are payable from Library Corporation and gas net revenues and are payable through 2038. Annual principal and interest payments in 2022 on the bonds, certificates of participation and loans payable required 50% of net revenues in the water and wastewater fund, 82% of net revenues of the Library Corporation 7% in the gas Funds. The total principal and interest remaining to be paid on bonds, certificates of participation, and loans payable are \$763,043 for the water and wastewater fund, \$281,701 for the Library Corporation and \$405,000 for the gas fund. Principal and interest paid for the current year were \$337,550 for the water and wastewater fund, \$17,616 for the Library Corporation and \$45,000 for the gas fund. Total water and wastewater, Library Corporation and gas fund net revenues for the current year were \$676,248, \$21,426 and \$631,010, respectively.

CITY OF MONTGOMERY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

IV. OTHER INFORMATION (continued)

J. Fines and Court Costs Revenue

Fines and court costs revenue for the year ended June 30, 2022 was \$6,889, which is .35% of total general fund revenues.

K. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurement as of June 30, 2022 and 2021:

June 30, 2022:

- Mutual fund stocks of \$33,402 are valued using quoted prices in an active market for identical assets (Level 1 Inputs).

June 30, 2021:

- Mutual fund stocks of \$39,065 are valued using quoted prices in an active market for identical assets (Level 1 Inputs).

L. Consideration of Subsequent Events

Subsequent events have been evaluated through January 31, 2023, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF MONTGOMERY, MISSOURI
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS (UNAUDITED)
(MISSOURI LAGERS)
YEAR ENDED JUNE 30, 2022

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2013	\$ 32,859.39	\$ 28,677.33	\$ 4,182.06	\$ 861,533.16	3.33%
2014	30,535.89	30,535.91	(0.02)	854,797.81	3.57%
2015	29,101.55	29,101.61	(0.06)	893,595.75	3.26%
2016	17,210.83	17,210.72	0.11	892,946.54	1.93%
2017	19,946.92	19,946.95	(0.03)	840,260.97	2.37%
2018	44,246.32	44,246.43	(0.11)	867,573.59	5.10%
2019	60,202.21	59,087.09	1,115.12	926,827.48	6.38%
2020	64,836.66	64,836.64	0.02	947,056.15	6.85%
2021	76,350.02	75,873.52	476.50	977,588.15	7.76%
2022	158,774.26	158,774.35	(0.09)	1,023,111.13	15.52%

CITY OF MONTGOMERY MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (UNAUDITED)
(MISSOURI LAGERS)
YEAR ENDED JUNE 30, 2022

	Fiscal Year Ending		
	June 30, 2022	June 30, 2021	June 30, 2020
Total Pension Liability			
Service Cost	\$ 70,049	\$ 70,264	\$ 68,617
Interest on the Total Pension Liability	212,760	219,000	206,914
Change in Benefit Terms	852,041	-	-
Difference between expected and actual experience	(14,865)	(137,880)	(16,893)
Assumption Changes	-	(42,146)	-
Benefit Payments	(86,743)	(93,898)	(91,621)
Refunds	-	-	-
Net Change in Total Pension Liability	<u>1,033,242</u>	<u>15,340</u>	<u>167,017</u>
Total Pension Liability beginning	<u>3,047,635</u>	<u>3,032,295</u>	<u>2,865,278</u>
Total Pension Liability ending	<u><u>\$ 4,080,877</u></u>	<u><u>\$ 3,047,635</u></u>	<u><u>\$ 3,032,295</u></u>
Plan Fiduciary Net Position			
Contributions - employer	158,697	75,950	64,836
Contributions - employee	-	-	-
Pension Plan Net Investment Income	3,230	825,376	38,737
Benefit Payments	(86,743)	(93,898)	(91,621)
Pension Plan Administrative expense	(4,420)	(4,006)	(5,109)
Other	(179,275)	11,415	(8,602)
Net Change in Plan Fiduciary Net Position	<u>(108,511)</u>	<u>814,837</u>	<u>(1,759)</u>
Plan Fiduciary Net Position beginning	<u>3,862,297</u>	<u>3,047,460</u>	<u>3,049,219</u>
Plan Fiduciary Net Position ending	<u><u>\$ 3,753,786</u></u>	<u><u>\$ 3,862,297</u></u>	<u><u>\$ 3,047,460</u></u>
Employer Net Pension Liability (Asset)	<u><u>\$ 327,091</u></u>	<u><u>\$ (814,662)</u></u>	<u><u>\$ (15,165)</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92%	126%	101%
Covered Employee Payroll	1,023,297	924,832	973,021
Employer's Net Pension Liability/(Asset) as a percentage of covered employee payroll	32%	(88%)	(2%)

CITY OF MONTGOMERY MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (UNAUDITED)
(MISSOURI LAGERS) (CONT'D)
YEAR ENDED JUNE 30, 2022

	Fiscal Year Ending					
	June 30, 2019	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability						
Service Cost	\$ 63,122	\$ 57,269	\$ 57,269	\$ 47,890	\$ 46,726	\$ 46,090
Interest on the Total Pension Liability	195,718	192,855	192,855	158,870	146,158	138,895
Benefit Changes	-	-	-	297,601	-	-
Difference between expected and actual experience	19,685	(69,416)	(69,416)	106,577	(5,833)	(11,725)
Assumption Changes	-	-	-	-	102,842	-
Benefit Payments	(160,767)	(128,002)	(128,002)	(164,952)	(66,989)	(79,604)
Net Change in Total Pension Liability	<u>117,758</u>	<u>52,706</u>	<u>52,706</u>	<u>445,986</u>	<u>222,904</u>	<u>93,656</u>
Total Pension Liability beginning	<u>2,747,520</u>	<u>2,694,814</u>	<u>2,694,814</u>	<u>2,248,828</u>	<u>2,025,924</u>	<u>1,932,268</u>
Total Pension Liability ending	<u>\$ 2,865,278</u>	<u>\$ 2,747,520</u>	<u>\$ 2,747,520</u>	<u>\$ 2,694,814</u>	<u>\$ 2,248,828</u>	<u>\$ 2,025,924</u>
Plan Fiduciary Net Position						
Contributions - employer	59,087	44,245	44,245	19,948	17,211	29,101
Pension Plan Net Investment Income	188,150	348,844	348,844	345,798	(3,493)	51,413
Benefit Payments	(160,767)	(128,002)	(128,002)	(164,952)	(66,989)	(79,604)
Pension Plan Administrative expense	(4,708)	(3,499)	(3,499)	(3,371)	(3,365)	(3,448)
Other	(120,346)	(84,274)	(84,274)	36,075	20,591	56,932
Net Change in Plan Fiduciary Net Position	<u>(38,584)</u>	<u>177,314</u>	<u>177,314</u>	<u>233,498</u>	<u>(36,045)</u>	<u>54,394</u>
Plan Fiduciary Net Position beginning	<u>3,087,803</u>	<u>2,910,489</u>	<u>2,910,489</u>	<u>2,676,991</u>	<u>2,713,036</u>	<u>2,658,642</u>
Plan Fiduciary Net Position ending	<u>\$ 3,049,219</u>	<u>\$ 3,087,803</u>	<u>\$ 3,087,803</u>	<u>\$ 2,910,489</u>	<u>\$ 2,676,991</u>	<u>\$ 2,713,036</u>
Employer Net Pension Liability (Asset)	<u>\$ (183,941)</u>	<u>\$ (340,283)</u>	<u>\$ (340,283)</u>	<u>\$ (215,675)</u>	<u>\$ (428,163)</u>	<u>\$ (687,112)</u>
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	 106%	 112%	 112%	 108%	 119%	 133%
 Covered Employee Payroll	 934,083	 851,787	 851,787	 781,827	 914,122	 853,156
 Employer's Net Pension Liability/(Asset) as a percentage of covered employee payroll	 (20%)	 (40%)	 (40%)	 (28%)	 (47%)	 (80%)

Notes to Schedule: Data prior to 2015 is not available

CITY OF MONTGOMERY, MISSOURI
NOTES TO SCHEDULE OF CONTRIBUTIONS
(MISSOURI LAGERS)
YEAR ENDED JUNE 30, 2022

Valuation Date:	February 28, 2022
Notes:	The roll-forward of total pension liability from February 28, 2022 to June 30, 2022 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 9 to 19 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) 2.75% to 6.55% including wage inflation for (police)
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	<p>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.</p> <p>Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.</p>
Other Information:	None

SUPPLEMENTARY INFORMATION

Combining Statements - Nonmajor governmental funds

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Library Fund	Accounts for the operating activities of the City's library. This is reported with governmental activities in the government-wide statements.
Cemetery Fund	Accounts for the operation and maintenance of the City-owned cemetery. Financing is provided primarily through fees and interest earned.
Library Corporation Fund	Accounts for the activities of the corporation which receives grants and donations for the library.

CITY OF MONTGOMERY, MISSOURI
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Library	Cemetery	Library Corporation	
ASSETS				
Cash and cash equivalents	\$ 196,020	\$ 63,701	\$ 676	\$ 260,397
Certificates of deposit	-	68,086	-	68,086
Taxes receivable	13,475	-	-	13,475
Prepaid insurance	583	64	-	647
Cash-restricted	-	-	50,060	50,060
Total Assets	<u>\$ 210,078</u>	<u>\$ 131,851</u>	<u>\$ 50,736</u>	<u>\$ 392,665</u>
LIABILITIES				
Accounts payable	\$ 1,284	\$ -	\$ -	\$ 1,284
Total Liabilities	<u>1,284</u>	<u>-</u>	<u>-</u>	<u>1,284</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property taxes	13,326	-	-	13,326
Total Deferred Inflows of Resources	<u>13,326</u>	<u>-</u>	<u>-</u>	<u>13,326</u>
FUND BALANCES				
Nonspendable-prepaid expenses	583	64	-	647
Assigned to library	194,885	-	-	194,885
Assigned to cemetery	-	131,787	-	131,787
Assigned to library corporation	-	-	50,736	50,736
Total Fund Balances	<u>195,468</u>	<u>131,851</u>	<u>50,736</u>	<u>378,055</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 210,078</u>	<u>\$ 131,851</u>	<u>\$ 50,736</u>	<u>\$ 392,665</u>

CITY OF MONTGOMERY, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Library	Cemetery	Library Corporation	
REVENUES				
Property taxes	\$ 162,378	\$ -	\$ -	\$ 162,378
Railroad, utility and intangible taxes	15,995	-	-	15,995
Intergovernmental	21,762	-	-	21,762
Charges for services	6,881	-	-	6,881
Licenses, permits and fees	-	425	-	425
Interest	976	1,249	156	2,381
Donations	3,281	-	-	3,281
Miscellaneous	-	-	21,270	21,270
Total Revenues	<u>211,273</u>	<u>1,674</u>	<u>21,426</u>	<u>234,373</u>
EXPENDITURES				
Current:				
Public works	197,172	410	-	197,582
Debt service:				
Principal	-	-	8,864	8,864
Interest	-	-	8,752	8,752
Total Expenditures	<u>197,172</u>	<u>410</u>	<u>17,616</u>	<u>215,198</u>
Excess (Deficit) Revenues				
Over Expenditures	<u>14,101</u>	<u>1,264</u>	<u>3,810</u>	<u>19,175</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	3,600	-	3,600
Transfers out	(6,000)	(3,000)	-	(9,000)
Total Other Financing Sources (Uses)	<u>(6,000)</u>	<u>600</u>	<u>-</u>	<u>(5,400)</u>
Net Change in Fund Balances	8,101	1,864	3,810	13,775
Fund Balance - beginning of year	<u>187,367</u>	<u>129,987</u>	<u>46,926</u>	<u>364,280</u>
Fund Balance - end of year	<u>\$ 195,468</u>	<u>\$ 131,851</u>	<u>\$ 50,736</u>	<u>\$ 378,055</u>

STATISTICAL DATA

(UNAUDITED)

- Insurance Coverage
- Customers in Service – Water and Wastewater

CITY OF MONTGOMERY, MISSOURI
INSURANCE COVERAGE
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022

Insurance Agency	Date of Policies		Amount of Coverage		
Scott Agency	10/1/21 - 10/1/22	Scheduled Equipment	\$ 835,353		
		Business Real Estate and Personal Property	15,943,296		
		Vehicle Liability Each Occurrence	2,940,868		
		Uninsured & Underinsured Motorist	50,000		
		General Aggregate Limit	3,000,000		
		(Other Than Products-Completed Operations)			
		Products-Completed Operations Aggregate Limit	3,000,000		
		Personal & Advertising Injury Limit	3,000,000		
		Each Occurrence Limit	1,000,000		
		Employee Benefits Liability Aggregate Limit	3,000,000		
		Employee Benefits Liability Occurrence Limit	3,000,000		
		Employment Practices Occurrence Limit	3,000,000		
		Employment Practices Aggregate Limit	3,000,000		
		Employment Practices Deductible: \$5,000 Per Claim	3,000,000		
		Public Officials Liability Occurrence Limit	3,000,000		
		Public Officials Liability Aggregate Limit	3,000,000		
		Law Enforcement Liability Occurrence Limit	3,000,000		
		Law Enforcement Liability Aggregate Limit	3,000,000		
		Missouri Employers Mutual Insurance	7/1/21 - 7/1/22	WORKERS COMPENSATION:	
				Bodily Injury - Accident	500,000
		Bodily Injury - Disease	500,000		
		Bodily Injury - Disease Each Occurrence	500,000		
		FIDELITY BONDS:			
CNA Surety	3/21/22 - 3/21/23	Deputy Clerk/Treasurer	50,000		
Nationwide	7/26/21 - 7/26/22	City Collector	25,000		
CNA Surety	1/27/22 - 1/27/23	City Administrator/Clerk	50,000		
Scott Agency	1/27/22 - 1/26/23	3 Employees	95,000		

CITY OF MONTGOMERY, MISSOURI
INSURANCE COVERAGE (CONTD)
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022

<u>Insurance Agency</u>	<u>Date of Policies</u>	<u>Amount of Coverage</u>
Scott Agency	10/1/21 - 10/1/22	ADDITIONAL BENEFITS COVERAGE:
		Debris Removal \$ 250,000
		Pollutant Clean Up and Removal 50,000
		Business Income 500,000
		Building Ordinance or Law 500,000
		Claim Data Expense 25,000
		Employee Tools 25,000
		Expediting Expense 25,000
		Green Building Alternative 50,000
		Newly Acquired or Constructed Property
		Buildings 2,000,000
		Personal Property at each premise 1,000,000
		Personal Effects and Property of Others 25,000
		Valuable Papers and Records 100,000
		(Other Than Electronic Data)
		Property Off-Premises Including Transit 50,000
		Outdoor Property 50,000
		Accounts Receivable 100,000
		Electronic Data Processing and Media 50,000
		Fine Arts 10,000
		Outdoor Signs 25,000
		Non-Owned Detached Trailers 15,000

CITY OF MONTGOMERY, MISSOURI
CUSTOMERS IN SERVICE - WATER AND WASTE WATER
(UNAUDITED)
JUNE 30, 2022 AND 2021

WATER UTILITY

Number of customers served	-	June 30, 2022	1,377
Number of customers served	-	June 30, 2021	<u>1,372</u>
INCREASE/(DECREASE) IN CUSTOMERS DURING YEAR			<u><u>5</u></u>

WASTE WATER UTILITY

Number of customers served	-	June 30, 2022	1,362
Number of customers served	-	June 30, 2021	<u>1,352</u>
INCREASE/(DECREASE) IN CUSTOMERS DURING YEAR			<u><u>10</u></u>

COMPLIANCE AND INTERNAL CONTROL



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Certified Public Accountants

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members
of the Board of Aldermen
City of Montgomery, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Montgomery, Missouri (the “City”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated January 31, 2023.

PARTNERS

Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Benjamin E. Carrier

PARTNERS EMERITI

Robert A. Gerding
Fred W. Korte, Jr.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 31, 2023

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

CITY OF MONTGOMERY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022

2022-001 Documentation of Internal Controls

Criteria: Current auditing standards require adequate documentation of components of internal controls. This is considered to be at least a significant deficiency and, possibly, a material weakness.

Condition: The City does not have written documentation of internal controls.

Context: During the audit, we requested to review the internal control documentation manual and were told no such manual exists.

Effect: City personnel do not have a manual to which to refer to determine how duties are to be performed to ensure that adequate internal controls are followed.

Cause: The City has developed internal controls over the years, however, they have not been developed in written form, most likely due to the time which would be involved to accurately record such controls.

Recommendation: The City should establish written internal control procedures which are made available to all personnel. The written controls should be periodically reviewed to ensure they are being followed and are adequate.

Views of Responsible Officials & Planned Corrective Actions:
We are currently planning to develop a written manual for our employees to follow. This is a time-consuming task that has been hard to implement due to our small number of personnel, but one that needs to be done to ensure adequate internal controls are in place and followed by City personnel.

CITY OF MONTGOMERY, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
YEAR ENDED JUNE 30, 2022

2022-002 Accounting Personnel

Criteria: Proper segregation of duties reduces the risk of errors and fraud and is an important internal control.

Condition: The City does not have enough accounting personnel to properly segregate duties.

Context: During our audit we reviewed City policies and procedures and determined adequate segregation of duties did not exist.

Effect: A small number of employees perform several accounting duties.

Cause: The City does not have the financial resources to hire enough personnel to segregate duties.

Recommendation: The City should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.

Views of Responsible Officials & Planned Corrective Actions:

The cost of hiring additional personnel is prohibitive and outweighs the potential benefits. We currently require two signatures on all checks and important documents, we have personnel coding the bills which are different than the personnel making the payments, we have board approval of all bills paid, and many other ways we attempt to mitigate potential risk due to our limited accounting personnel.