

CITY OF HARRISONVILLE, MISSOURI
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2021



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION



P.O. Box 367, 300 East Pearl Street- Harrisonville, Missouri, 64701

June 20, 2022

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Annual Comprehensive Financial Report of the City of Harrisonville, Missouri, for the fiscal year ended December 31, 2021. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. Management believes the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a government-wide and a fund basis.

The City's Finance Department prepares the year end trial balances and supporting schedules and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP, and that audit resulted in an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2021, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the Financial Section of the Comprehensive Annual Financial Report.

Following the independent auditors' report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provides an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of Harrisonville and, along with the introductory section, provide context to the report.

Profile of the City of Harrisonville

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the state of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Col. H. W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich local history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center, with Interstate 49 and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville, Missouri, is a fourth-class city organized under Missouri statutes and is governed by a Mayor and eight-member Board of Aldermen, two from each of the four wards. The Mayor and Board appoint a City Administrator to serve as the chief administrative officer of the City, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

Factors Affecting Financial Conditions

Local economy - Overall retail sales have recovered to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains tied to the stable population, economic development continues to focus on the creation and expansion of employment opportunities. Outside investors have continued to show interest in Harrisonville's location and workforce when considering potential business sites. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

Long-term financial planning - The City prepares a ten-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Aldermen's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains low compared to historical averages, but the security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department, with special thanks to the City's finance consultant, Ben Hart. The City's independent audit firm of Dana F. Cole & Company, LLP, was instrumental in the preparation of this report and highly professional in their dealings with our staff. I would also like to thank Mayor Bowman, the Board of Aldermen, and City Administrator Brad Ratliff for their continued interest in and support of the maintenance of the financial health of our City.

Respectfully submitted,

Kim Hubbard

Kim Hubbard
Finance Manager

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2021

MAYOR AND BOARD OF ALDERMEN

Judy Bowman
Michael Zaring
Dave Doerhoff
Judy Reece
Marcia Milner
Sandy Franklin
Bill Mills
Gary Davidson
Matt Turner

Mayor
Alderman Ward 1
Alderman Ward 1
Alderman Ward 2
Alderman Ward 2
Alderman Ward 3
Alderman Ward 3
Alderman Ward 4
Alderman Ward 4

ADMINISTRATOR AND DEPARTMENT HEADS

Brad Ratliff
Carl Brooks
Andy Pollard
Rodney Jacobs
Grant Purkey
Jim Clarke
Jeremy Smith
John Hofer
Eric Myler
Steve Mauer
Don Lagrasso
Sarah Carnes

City Administrator
Director of Public Works and Water/Sewer Superintendent
Electric Superintendent
Street Superintendent
Director of Parks & Recreation
Director of Community/Economic Development
Director of Administrative Services
Police Chief
Fire Chief and Director of Emergency Management
City Attorney
Municipal Judge
City Prosecuting Attorney

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

FINANCIAL SECTION



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Harrisonville, Missouri, as of December 31, 2021, and the respective changes in financial position and cash flows 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Harrisonville, Missouri 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.

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.

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 of Harrisonville, Missouri'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.

Auditors' 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 auditors' report that includes our opinion. 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 include 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 of Harrisonville, Missouri'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 of Harrisonville, Missouri'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 on pages 8 - 15, budgetary comparison schedules on pages 70 - 71, the schedule of employer's required contributions on page 73, and the schedule of changes in net pension liability on page 74 be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 an opinion on the financial statements that collectively comprise the City of Harrisonville, Missouri's financial statements as a whole. The combining balance sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Nonmajor Governmental Funds on pages 75 - 78, the combining statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows on pages 79 - 81, and budgetary comparison schedules for nonmajor governmental funds on pages 82 - 84, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The introductory section on pages 1 - 3, and the statistical section on pages 85 - 104, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Our opinion on the basic financial statements does 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 June 20, 2022, on our consideration of the City of Harrisonville, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Harrisonville, Missouri's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Overland Park, Kansas
June 20, 2022

CITY OF HARRISONVILLE, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Harrisonville's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (Net position) at the close of the December 31, 2021, fiscal year by \$27,799,329 for the City's governmental activities and \$44,545,234 for the City's business-type activities.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,050,697, an increase of \$1,088,375 in comparison with the prior year. A majority of this increase is due to the receipt of federal grant awards that will be expended in the next fiscal year. Of the total fund balances, \$5,183,164 is unassigned and available for spending at the government's discretion, which is an increase from the unassigned balance in the prior year of \$4,566,673.

The unassigned fund balance for the General Fund consists of approximately 49% of the total General Fund expenditures for 2021.

Overview of the Financial Statements

The management's 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: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 10. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities reports information about the City as a whole and its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in it. You can think of the City's net position – the difference between the assets and deferred outflows less liabilities and deferred inflows – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the City as a Whole (Continued)

To aid in the understanding of the Statements of Activities, some additional explanation is given. Of particular interest is that the format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative net financial costs of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including general government, public safety, streets, community development, airport, emergency services, parks and recreation, and community center. Taxes (sales, property, and franchise), charges for services, fines, and state and federal grants finance most of these activities.

Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. These services include electric, water and sewer, refuse, and aquatic center.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements begin on page 20 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by debt covenants. The City establishes other funds to help it control and manage money for particular purposes. The City uses three types of funds to manage its resources: governmental, proprietary, and agency funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation following the fund financial statements.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the City's Most Significant Funds - Fund Financial Statements (Continued)

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide financial statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements since the resources of those funds are not available to support the City's operations. This accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information that further explains and supports the information in the financial statements. This report also contains other supplementary information that provides certain combining and individual fund statements and schedules.

Statement of Net Position

The following table summarizes the combined statement of net position as of December 31, 2021, compared with the same information for the fiscal year ending December 31, 2020:

City of Harrisonville, Missouri's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	9,516,700	8,965,931	28,559,326	28,896,287	38,076,026	37,862,218
Net pension asset	8,185,166	572,911	788,538	287,982	8,973,704	860,893
Capital assets	23,654,359	21,978,472	39,877,190	39,620,495	63,531,549	61,598,967
Deferred outflows of resources	673,952	1,636,375	545,868	370,338	1,219,820	2,006,713
Total assets and deferred outflows of resources	42,030,177	33,153,689	69,770,922	69,175,102	111,801,099	102,328,791

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Other liabilities	270,110	647,559	1,953,093	1,916,671	2,223,203	2,564,230
Long-term liabilities	8,456,606	8,613,897	23,246,038	24,178,434	31,702,644	32,792,331
Deferred inflows of resources	5,504,132	680,733	26,557	75,534	5,530,689	756,267
Total liabilities and deferred inflows of resources	14,230,848	9,942,189	25,225,688	26,170,639	39,456,536	36,112,828
Net position						
Net investment in capital assets	19,752,510	19,565,332	26,219,786	26,126,896	45,972,296	45,692,228
Restricted	6,626,553	2,458,533	3,180,537	2,226,202	9,807,090	4,684,735
Unrestricted	1,420,266	1,187,635	15,144,911	14,651,365	16,565,177	15,839,000
Total net position	27,799,329	23,211,500	44,545,234	43,004,463	72,344,563	66,215,963

Net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$72,344,563 as of the close of the fiscal year ended December 31, 2021. Of this total, \$9,807,090 is restricted; \$4,780,618 for pension benefits; \$1,608,265 for debt service; \$1,016,798 for unexpended federal grants; \$1,949,490 for capital outlay; and \$451,919 for other purposes.

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2021, compared with the same information for the fiscal year ending December 31, 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	4,610,391	4,069,399	18,794,707	17,473,767	23,405,098	21,543,166
Operating grants and contributions	165,193	853,827			165,193	853,827
General revenues						
Taxes	8,094,240	6,826,548			8,094,240	6,826,548
Federal sources	1,016,798				1,016,798	
Investment earnings	61,976	221,181	84,936	388,318	146,912	609,499
Other miscellaneous revenues	332,773	186,851	46,118	42,221	378,891	229,072
Total revenues	14,281,371	12,157,806	18,925,761	17,904,306	33,207,132	30,062,112

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
EXPENSES	2021	2020	2021	2020	2021	2020
General Government	2,024,385	1,834,267			2,024,385	1,834,267
Public safety	2,464,102	2,923,144			2,464,102	2,923,144
Street	1,017,662	1,228,054			1,017,662	1,228,054
Codes	255,013				255,013	
Economic Development	246,632	486,445			246,632	486,445
Animal Control	164,340	170,161			164,340	170,161
Airport	379,809	269,445			379,809	269,445
Emergency Services	2,508,026	2,795,717			2,508,026	2,795,717
Park	489,436	532,222			489,436	532,222
Community Center	1,120,216	1,550,888			1,120,216	1,550,888
Interest on long-term debt and related expenses	338,589	263,666			338,589	263,666
Electric			10,918,845	10,930,193	10,918,845	10,930,193
Water/Sewer			4,469,633	4,803,955	4,469,633	4,803,955
Aquatic Center			104,124	96,670	104,124	96,670
Refuse			577,720	577,344	577,720	577,344
Total expenses	<u>11,008,210</u>	<u>12,054,009</u>	<u>16,070,322</u>	<u>16,408,162</u>	<u>27,078,532</u>	<u>28,462,171</u>
Transfers in (out)		(10,417)		10,417		
Payment in lieu of taxes	<u>1,314,668</u>	<u>880,016</u>	<u>(1,314,668)</u>	<u>(880,016)</u>		
Change in net position	4,587,829	973,396	1,540,771	626,545	6,128,600	1,599,941
Net position, beginning	<u>23,211,500</u>	<u>22,238,104</u>	<u>43,004,463</u>	<u>42,377,918</u>	<u>66,215,963</u>	<u>64,616,022</u>
Net position, ending	<u>27,799,329</u>	<u>23,211,500</u>	<u>44,545,234</u>	<u>43,004,463</u>	<u>72,344,563</u>	<u>66,215,963</u>

Total revenues increased \$3,145,020 over the prior year, approximately 70.5% of total revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sewer utility funds. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues which account for 48.1% of governmental revenues.

Total program expenses for 2021 are \$27,078,532 with the majority, \$16,070,322, stemming from business-type activities. Governmental activities expenses decreased \$1,045,799 while the business-type activities expenses decreased \$337,840. Public safety expenses of \$2,464,102, totaled approximately 22.4% of the governmental activities, while the electric utility expenses compose 68.0% of the business-type activities expenses.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

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

As mentioned earlier in this analysis, at the end of the current fiscal year, the City's governmental fund reported combined ending fund balances of \$9,050,697. Of this amount \$629,263 is non-spendable, \$3,238,270 is restricted for specific purposes, and \$5,183,164 is unassigned.

The City's fund balance of the General Fund increased \$1,674,954 during the current fiscal year. For external financial reporting, the City's Emergency Services Fund activities are combined with the General Fund's activities. The General Fund activities increased fund balance by \$1,946,663 while the Emergency Services Fund activities decreased fund balance by \$271,709. General Fund combining financial statements are presented in the other supplementary information section.

The Community Center Fund balance increased by \$385,652. The Towne Center TIF Fund has an ending balance of \$161,883.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the electric fund at the end of the year totaled \$11,895,386, an increase of \$436,195 from 2020. The net position of the water/sewer fund amounted to \$32,255,027 at the end of 2021, an increase of \$1,129,977 from 2020.

General Fund Budgetary Highlights

On a budgetary basis, the General Fund is the main operating fund of the City. The fund balance increased \$1,946,663 from the prior year. The General Fund's expenditures were less than budgeted amounts by \$501,570.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

City of Harrisonville, Missouri's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	838,674	838,674	1,588,031	1,588,031	2,426,705	2,426,705
Construction in progress	826,993		1,622,157	32,999	2,449,150	32,999
Buildings and improvements	11,575,319	11,179,360	19,326,780	19,908,625	30,902,099	31,087,985
Machinery and equipment	1,363,320	1,079,995	1,748,303	1,657,750	3,111,623	2,737,745
Vehicles	1,302,380	1,347,435	303,514	321,796	1,605,894	1,669,231
Infrastructure	7,747,673	7,533,007	15,288,405	15,863,211	23,036,078	23,396,218
Total	<u>23,654,359</u>	<u>21,978,471</u>	<u>39,877,190</u>	<u>39,372,412</u>	<u>63,531,549</u>	<u>61,350,883</u>

At the end of December 31, 2021, the City had \$63,531,549 invested in capital assets including land, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure, net of accumulated depreciation. This represents a net increase of \$2,180,666 from last year. See Note 6 to the basic financial statements for more information and detail on the City's capital assets.

City of Harrisonville, Missouri's Debt Administration

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Compensated absences	290,454	286,036	85,846	124,607	376,300	410,643
OPEB liability		162,780		59,430		222,210
Revenue bonds			11,862,800	13,075,300	11,862,800	13,075,300
Certificates of Participation	815,000	3,260,000	10,005,000	10,005,000	10,820,000	13,265,000
Tax increment revenue bonds	3,765,000	4,250,000			3,765,000	4,250,000
Capital leases	3,537,988	556,000	426,312		3,964,300	556,000
Promissory notes	27,495	45,783	27,048	61,331	54,543	107,114
Premiums	20,669	27,298	839,032	878,766	859,701	906,064
Total	<u>8,456,606</u>	<u>8,587,897</u>	<u>23,246,038</u>	<u>24,204,434</u>	<u>31,702,644</u>	<u>32,792,331</u>

Economic Outlook

The City of Harrisonville, Missouri, benefited from a relatively stable economic situation in 2021, with an overall increase in sales tax collections.

The City has seen new businesses come to town. Culvers opened in November 2021, Scooters opened in April 2022, and Starbucks is scheduled to open later in 2022.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Outlook (Continued)

At the end of 2020, the City received \$11,625,000 in Refunding and Improvement Certificates of Participation for improvements to the UV Disinfection at the Wastewater Treatment Plant, repairs to the City Lake and Lake Luna Spillways, Muddy Creek, South Sewer, and repairs to the Lake Harrisonville Spillway.

At the beginning of 2021, the City received \$3,734,700 in funding through a Lease Purchase Agreement with Zions Bancorporation. This funding has provided the City the opportunity to repair the outdoor pool and provide new features, replace air conditioning units at the Community Center, as well as new flooring, provide maintenance updates to the indoor pool, and rebuild the foundation at the Marler Wirt Allen Park, among other updates and needs. With the updates to the community center, staff has seen an increase to memberships and usage. Since the re-opening of the outdoor pool on May 28, 2021, there have been 4,351 visitors.

The City has implemented the Fleet Management Program through Enterprise. This will provide the City the opportunity to ensure adequate funds are available to provide for the replacement of vehicles and stabilize budgeting for major purchases and provide sufficient cash flows.

As the 2022 year has gotten underway, the economy remains uncertain with the rising costs of goods and services affecting every household and business. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends to anticipate any major problems.

Financial Contact

These financial statements are designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Any questions or request for additional information should be directed to the Director of Finance, 300 E. Pearl Street, Harrisonville, Missouri, 64701.

BASIC FINANCIAL STATEMENTS

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	4,017,637	14,662,037	18,679,674	
Accounts receivable, net of allow- ance for doubtful accounts	394,141	2,030,149	2,424,290	
Taxes receivable	1,076,345		1,076,345	31,805
Inventory	123,720	733,793	857,513	
Prepaid expenses	230,543	162,633	393,176	
Restricted cash and investments	3,393,438	10,976,590	14,370,028	
Due from component unit	275,000		275,000	
Internal balances	5,876	(5,876)		
Net pension asset	8,185,166	788,538	8,973,704	
Capital assets				
Not being depreciated	1,665,667	3,210,188	4,875,855	
Being depreciated, net of depreciation	<u>21,988,692</u>	<u>36,667,002</u>	<u>58,655,694</u>	
 TOTAL ASSETS	 <u>41,356,225</u>	 <u>69,225,054</u>	 <u>110,581,279</u>	 <u>31,805</u>
 DEFERRED OUTFLOWS OF RESOURCES				
Pension related activity	564,974	545,868	1,110,842	
Deferred charges on refunding	<u>108,978</u>		<u>108,978</u>	
 TOTAL DEFERRED OUTFLOWS OF RESOURCES	 <u>673,952</u>	 <u>545,868</u>	 <u>1,219,820</u>	
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>42,030,177</u>	 <u>69,770,922</u>	 <u>111,801,099</u>	 <u>31,805</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	56,799	655,617	712,416	77,061
Expenses accrued	135,912	56,901	192,813	
Unearned revenue	42,601		42,601	
Court bonds payable	3,930		3,930	
Interest accrued	30,868		30,868	218,784
Customer deposits		1,240,575	1,240,575	
Due to primary government				275,000
Noncurrent liabilities				
Due within one year	1,897,747	1,454,733	3,352,480	
Due in more than one year	<u>6,558,859</u>	<u>21,791,305</u>	<u>28,350,164</u>	<u>14,069,069</u>
TOTAL LIABILITIES	<u>8,726,716</u>	<u>25,199,131</u>	<u>33,925,847</u>	<u>14,639,914</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	226,761		226,761	
Pension related activity	<u>5,277,371</u>	<u>26,557</u>	<u>5,303,928</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,504,132</u>	<u>26,557</u>	<u>5,530,689</u>	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>14,230,848</u>	<u>25,225,688</u>	<u>39,456,536</u>	<u>14,639,914</u>
NET POSITION				
Net investment in capital assets	19,752,510	26,219,786	45,972,296	
Restricted for				
Pension benefits	3,472,769	1,307,849	4,780,618	
Debt service	134,463	1,473,802	1,608,265	
Unexpended federal grants	1,016,798		1,016,798	
Capital outlay	1,550,604	398,886	1,949,490	
Other purposes	451,919		451,919	
Unrestricted	<u>1,420,266</u>	<u>15,144,911</u>	<u>16,565,177</u>	<u>(14,608,109)</u>
TOTAL NET POSITION	<u>27,799,329</u>	<u>44,545,234</u>	<u>72,344,563</u>	<u>(14,608,109)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
Functions/programs							
Primary government							
Governmental activities							
General government	2,024,385	2,331,769	80,820	388,204		388,204	
Public safety	2,464,102	121,367	84,373	(2,258,362)		(2,258,362)	
Streets	1,017,662			(1,017,662)		(1,017,662)	
Codes	255,013			(255,013)		(255,013)	
Community development	246,632			(246,632)		(246,632)	
Animal control	164,340	1,825		(162,515)		(162,515)	
Airport	379,809	164,428		(215,381)		(215,381)	
Emergency services	2,508,026	1,117,650		(1,390,376)		(1,390,376)	
Park	489,436	53,095		(436,341)		(436,341)	
Community center	1,120,216	820,257		(299,959)		(299,959)	
Debt issuance costs	72,291			(72,291)		(72,291)	
Interest on long-term debt	266,298			(266,298)		(266,298)	
Total governmental activities	11,008,210	4,610,391	165,193	(6,232,626)		(6,232,626)	
Business-type activities							
Electric	10,918,845	12,170,994			1,252,149	1,252,149	
Water/Sewer	4,469,633	5,967,270			1,497,637	1,497,637	
Aquatic Center	104,124				(104,124)	(104,124)	
Refuse	577,720	656,443			78,723	78,723	
Total business-type activities	16,070,322	18,794,707			2,724,385	2,724,385	
Total primary government	27,078,532	23,405,098	165,193	(6,232,626)	2,724,385	(3,508,241)	
Market Place Component Unit	548,070						(548,070)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Component Unit
				Governmental Activities	Business-Type Activities	Total
General revenues						
Taxes						
Property tax				1,012,058		1,012,058
Sales tax				5,853,798		5,853,798
Franchise taxes				416,932		416,932
Other taxes				811,452		811,452
American Recovery Plan Act				1,016,798		1,016,798
Investment earnings				61,976	84,936	146,912
19 Other miscellaneous revenues				332,773	46,118	378,891
Transfers						
Payment in lieu of taxes				1,314,668	(1,314,668)	
Total general revenues and transfers				<u>10,820,455</u>	<u>(1,183,614)</u>	<u>9,636,841</u>
CHANGE IN NET POSITION				4,587,829	1,540,771	6,128,600
NET POSITION (DEFICIT), beginning of year				<u>23,211,500</u>	<u>43,004,463</u>	<u>66,215,963</u>
NET POSITION (DEFICIT), end of year				<u>27,799,329</u>	<u>44,545,234</u>	<u>72,344,563</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Community Center Fund	Towne Center TIF Fund	Nonmajor Funds	Elimin- ations	Total Governmental Funds
ASSETS						
ASSETS						
Cash (claim on cash) and investments	4,579,400	(288,554)	(47,336)	(225,873)		4,017,637
Accounts receivable	358,033	36,108				394,141
Taxes receivable	807,395	216,340	44,388	8,222		1,076,345
Due from other funds	50,502			7,958	(52,584)	5,876
Due from component unit	275,000					275,000
Inventory	123,720					123,720
Prepays, deposits, and other assets	181,476	34,154		14,913		230,543
Restricted cash	<u>1,838,556</u>	<u>232,776</u>	<u>164,831</u>	<u>1,157,275</u>		<u>3,393,438</u>
TOTAL ASSETS	<u>8,214,082</u>	<u>230,824</u>	<u>161,883</u>	<u>962,495</u>	<u>(52,584)</u>	<u>9,516,700</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	56,093	119		587		56,799
Due to other funds		52,584			(52,584)	
Liabilities accrued	113,538	16,880		5,494		135,912
Unearned revenue		42,601				42,601
Court bonds payable	<u>3,930</u>					<u>3,930</u>
Total liabilities	<u>173,561</u>	<u>112,184</u>		<u>6,081</u>	<u>(52,584)</u>	<u>239,242</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	<u>205,577</u>			<u>21,184</u>		<u>226,761</u>
FUND BALANCES						
Nonspendable	580,196	34,154		14,913		629,263
Restricted	1,834,626	84,486	161,883	1,157,275		3,238,270
Unassigned (deficit)	<u>5,420,122</u>			<u>(236,958)</u>		<u>5,183,164</u>
Total fund balances	<u>7,834,944</u>	<u>118,640</u>	<u>161,883</u>	<u>935,230</u>		<u>9,050,697</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>8,214,082</u>	<u>230,824</u>	<u>161,883</u>	<u>962,495</u>	<u>(52,584)</u>	<u>9,516,700</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

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

Fund balance - total governmental funds	9,050,697
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	45,760,280	
Less accumulated depreciation	<u>(22,105,921)</u>	23,654,359

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund statements.

Long-term debt	(8,172,183)	
Premiums on long-term debt	(20,669)	
Compensated absences	(263,754)	
Accrued interest payable	<u>(30,868)</u>	(8,487,474)

Deferred charges on refunding are not due and payable in the current period and therefore are not reported in the governmental fund statements.

108,978

The effects of GASB 68 to record the net pension asset (liability), OPEB, and related deferred outflows and inflows of resources are not reflected in the fund financial statements.

Net pension asset	8,185,166	
Deferred outflows and inflows of resources related to pension activity	<u>(4,712,397)</u>	<u>3,472,769</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>27,799,329</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Community Center Fund	Towne Center TIF Fund	Nonmajor Funds	Elimin- ations	Total Governmental Funds
REVENUES						
Taxes						
Property	714,568		177,408	120,082		1,012,058
Sales	4,008,226	1,361,947	483,625			5,853,798
Franchise	416,932					416,932
Other	805,336			6,116		811,452
Licenses, fees, and permits	285,637					285,637
Charges for services	3,451,402	820,257		53,095		4,324,754
Intergovernmental	1,181,991					1,181,991
Interest	60,558	724	18	676		61,976
Miscellaneous	239,361	74,957	78	18,377		332,773
Total revenues	<u>11,164,011</u>	<u>2,257,885</u>	<u>661,129</u>	<u>198,346</u>		<u>14,281,371</u>
EXPENDITURES						
Current						
General government	2,568,339					2,568,339
Public safety	2,650,376					2,650,376
Streets	784,004					784,004
Codes	390,847					390,847
Community development	300,437		9,288			309,725
Animal control	174,771					174,771
Airport	199,285					199,285
Emergency services	2,462,249					2,462,249
Park				491,122		491,122
Community Center		927,949				927,949

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Community Center Fund	Towne Center TIF Fund	Nonmajor Funds	Elimin- ations	Total Governmental Funds
EXPENDITURES (Continued)						
Debt service						
Principal	184,300	75,888	485,000	2,469,302		3,214,490
Interest	15,016	2,345	124,088	74,231		215,680
Capital outlay	1,262,398	1,530,957		502,071		3,295,426
Total expenditures	<u>10,992,022</u>	<u>2,537,139</u>	<u>618,376</u>	<u>3,536,726</u>		<u>17,684,263</u>
23 REVENUES OVER (UNDER) EXPENDI- TURES BEFORE OTHER FINANCING SOURCES (USES)	<u>171,989</u>	<u>(279,254)</u>	<u>42,753</u>	<u>(3,338,380)</u>		<u>(3,402,892)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from debt issuance	674,290	1,211,763		1,362,837		3,248,890
Debt issuance costs	(15,004)	(26,963)		(30,324)		(72,291)
Payment in lieu of taxes	1,314,668					1,314,668
Transfers in		180,106		990,883	(1,170,989)	
Transfers out	(470,989)	(700,000)			1,170,989	
Total other financing sources (uses)	<u>1,502,965</u>	<u>664,906</u>		<u>2,323,396</u>		<u>4,491,267</u>
NET CHANGE IN FUND BALANCES	1,674,954	385,652	42,753	(1,014,984)		1,088,375
FUND BALANCES (DEFICIT), January 1, 2021	<u>6,159,990</u>	<u>(267,012)</u>	<u>119,130</u>	<u>1,950,214</u>		<u>7,962,322</u>
FUND BALANCES, December 31, 2021	<u>7,834,944</u>	<u>118,640</u>	<u>161,883</u>	<u>935,230</u>		<u>9,050,697</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2021

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

Net change in fund balances - total governmental funds	1,088,375
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Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	3,295,426	
Depreciation	<u>(1,619,539)</u>	1,675,887

The issuance of long-term debt (e.g., bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Debt principal payments	3,214,490	
Proceeds of long-term debt	(3,248,890)	
Deferred charges on refunding	(57,247)	
Compensated absences	22,282	
Amortization of premiums	<u>6,629</u>	(62,736)

CITY OF HARRISONVILLE, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2021

Governmental funds report payments required for pension and other post employment benefit plan costs as expenditures. However, in the statement of activities, these costs are adjusted for the actuarial balances of the net pension asset/liability and deferred outflows and inflows of resources. This is the amount by which the reported pension and OPEB expense by the plans were less than the amounts paid into the plan.

Plan payments made by the City	529,548	
Pension expense reported by pension plan	1,200,225	
Other post employment benefits	<u>156,530</u>	1,886,303
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>4,587,829</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Total
ASSETS				
Current assets				
Cash and investments	5,663,713	8,826,686	171,638	14,662,037
Accounts receivable	1,266,478	717,692	45,979	2,030,149
Inventory	552,025	181,768		733,793
Prepaid expenses	43,316	113,947	5,370	162,633
Total current assets	<u>7,525,532</u>	<u>9,840,093</u>	<u>222,987</u>	<u>17,588,612</u>
Noncurrent assets				
Restricted cash and investments		10,976,590		10,976,590
Net pension asset	350,934	437,604		788,538
Capital assets				
Not being depreciated	99,716	3,110,472		3,210,188
Being depreciated, net of depreciation	<u>5,648,410</u>	<u>30,846,758</u>	<u>171,834</u>	<u>36,667,002</u>
Total noncurrent assets	<u>6,099,060</u>	<u>45,371,424</u>	<u>171,834</u>	<u>51,642,318</u>
TOTAL ASSETS	<u>13,624,592</u>	<u>55,211,517</u>	<u>394,821</u>	<u>69,230,930</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related activity	<u>205,121</u>	<u>340,747</u>		<u>545,868</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>13,829,713</u>	<u>55,552,264</u>	<u>394,821</u>	<u>69,776,798</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current liabilities				
Accounts payable	611,824	43,793		655,617
Accrued expenses	39,015	17,886		56,901
Due to other funds		5,876		5,876
Customer deposits	1,240,575			1,240,575
Current portion of long-term obligations	<u>19,929</u>	<u>1,434,804</u>		<u>1,454,733</u>
Total current liabilities	<u>1,911,343</u>	<u>1,502,359</u>		<u>3,413,702</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations		<u>21,791,305</u>		<u>21,791,305</u>
TOTAL LIABILITIES	<u>1,911,343</u>	<u>23,293,664</u>		<u>25,205,007</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related activity	<u>22,984</u>	<u>3,573</u>		<u>26,557</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,934,327</u>	<u>23,297,237</u>		<u>25,231,564</u>
NET POSITION				
Net investment in capital assets	5,748,126	20,299,826	171,834	26,219,786
Restricted for				
Debt service		1,473,802		1,473,802
Capital outlay		398,886		398,886
Pension benefits	533,071	774,778		1,307,849
Unrestricted	<u>5,614,189</u>	<u>9,307,735</u>	<u>222,987</u>	<u>15,144,911</u>
TOTAL NET POSITION	<u>11,895,386</u>	<u>32,255,027</u>	<u>394,821</u>	<u>44,545,234</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	<u>12,170,994</u>	<u>5,967,270</u>	<u>656,443</u>	<u>18,794,707</u>
EXPENSES				
Production		905,195		905,195
Distribution	8,563,641	546,399		9,110,040
Administration	1,982,994	1,145,872	604,985	3,733,851
Depreciation	<u>372,210</u>	<u>1,311,708</u>	<u>76,859</u>	<u>1,760,777</u>
Total expenses	<u>10,918,845</u>	<u>3,909,174</u>	<u>681,844</u>	<u>15,509,863</u>
INCOME (LOSS) FROM OPERATIONS	<u>1,252,149</u>	<u>2,058,096</u>	<u>(25,401)</u>	<u>3,284,844</u>
NONOPERATING INCOME (EXPENSE)				
Payment in lieu of taxes (PILOTS)	(875,829)	(438,839)		(1,314,668)
Other income	39,574	6,544		46,118
Interest income	20,301	64,635		84,936
Debt issuance costs		(10,810)		(10,810)
Interest expense		<u>(549,649)</u>		<u>(549,649)</u>
Total nonoperating income (expense)	<u>(815,954)</u>	<u>(928,119)</u>		<u>(1,744,073)</u>
CHANGE IN NET POSITION	436,195	1,129,977	(25,401)	1,540,771
TOTAL NET POSITION, beginning of year	<u>11,459,191</u>	<u>31,125,050</u>	<u>420,222</u>	<u>43,004,463</u>
TOTAL NET POSITION, end of year	<u>11,895,386</u>	<u>32,255,027</u>	<u>394,821</u>	<u>44,545,234</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	12,450,082	5,956,703	652,413	19,059,198
Cash payments to suppliers	(10,416,436)	(2,231,433)	(606,554)	(13,254,423)
Cash payments to employees	<u>(558,123)</u>	<u>(938,492)</u>		<u>(1,496,615)</u>
Net cash provided by operating activities	<u>1,475,523</u>	<u>2,786,778</u>	<u>45,859</u>	<u>4,308,160</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment in lieu of taxes	(875,829)	(438,839)		(1,314,668)
Increase in due to other funds		<u>(5,876)</u>		<u>(5,876)</u>
Net cash used in noncapital financing activities	<u>(875,829)</u>	<u>(444,715)</u>		<u>(1,320,544)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(144,733)	(1,870,630)		(2,015,363)
Net proceeds of long-term debt		485,810		485,810
Debt issuance costs		(10,810)		(10,810)
Other income	39,574	6,544		46,118
Payments of long-term debt		(1,306,281)		(1,306,281)
Interest paid on bonds		<u>(509,914)</u>		<u>(509,914)</u>
Net cash used in capital and related financing activities	<u>(105,159)</u>	<u>(3,205,281)</u>		<u>(3,310,440)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>20,301</u>	<u>64,635</u>		<u>84,936</u>
Net cash provided by investing activities	<u>20,301</u>	<u>64,635</u>		<u>84,936</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	514,836	(798,583)	45,859	(237,888)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH AND INVESTMENTS, January 1, 2021	<u>5,148,877</u>	<u>20,601,859</u>	<u>125,779</u>	<u>25,876,515</u>
CASH AND INVESTMENTS, December 31, 2021	<u>5,663,713</u>	<u>19,803,276</u>	<u>171,638</u>	<u>25,638,627</u>
ALLOCATION OF CASH AND INVESTMENTS				
Unrestricted cash and investments	5,663,713	8,826,686	171,638	14,662,037
Restricted cash and investments	<u>5,663,713</u>	<u>10,976,590</u>	<u>171,638</u>	<u>10,976,590</u>
	<u>5,663,713</u>	<u>19,803,276</u>	<u>171,638</u>	<u>25,638,627</u>
Reconciliation Of Income (Loss) From Operations To Net Cash Provided By (Used In) Operating Activities				
Income (loss) from operations	<u>1,252,149</u>	<u>2,058,096</u>	<u>(25,401)</u>	<u>3,284,844</u>
Adjustments to reconcile income (loss) to net cash provided by operating activities:				
Depreciation	372,210	1,311,708	76,859	1,760,777
(Increase) Decrease in assets				
Accounts receivable	128,842	(10,567)	(4,030)	114,245
Inventories	(76,376)	(8,084)		(84,460)
Prepaid expenses	18,475	44,935	2	63,412
Net pension asset and related deferred outflows and inflows of resources	(259,217)	(468,128)		(727,345)
Increase (Decrease) in liabilities				
Net change in OPEB related accounts	(25,689)	(29,507)	(1,571)	(56,767)
Accounts payable	(65,291)	(17,116)		(82,407)
Accrued expenses	4,452	(35,869)		(31,417)
Compensated absences	(24,278)	(58,690)		(82,968)
Customer deposits	150,246			150,246
Total adjustments	<u>223,374</u>	<u>728,682</u>	<u>71,260</u>	<u>1,023,316</u>
Net cash provided by operating activities	<u>1,475,523</u>	<u>2,786,778</u>	<u>45,859</u>	<u>4,308,160</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Hospital Interchange TDD	Highways 71/291 TDD	Total
ASSETS			
Cash	6,485	355,162	361,647
Taxes receivable	<u> </u>	<u>114,074</u>	<u>114,074</u>
TOTAL ASSETS	<u>6,485</u>	<u>469,236</u>	<u>475,721</u>
LIABILITIES			
Deposits held for Hospital Interchange TDD	6,485		6,485
Deposits held for Highways 71/291 TDD		38,792	38,792
Due to City of Harrisonville	<u> </u>	<u>430,444</u>	<u>430,444</u>
TOTAL LIABILITIES	<u>6,485</u>	<u>469,236</u>	<u>475,721</u>
NET POSITION	<u> </u>	<u> </u>	<u> </u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES AND EXPENSES
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Hospital Interchange TDD	Highways 71/291 TDD	Total
REVENUES			
Interest		120	120
Miscellaneous		78	78
Taxes	<u> </u>	<u>1,231,335</u>	<u>1,231,335</u>
TOTAL REVENUES	<u> </u>	<u>1,231,533</u>	<u>1,231,533</u>
EXPENSES			
Remittances for debt service		1,302,702	1,302,702
Administration	<u> </u>	<u>16,955</u>	<u>16,955</u>
TOTAL EXPENSES	<u> </u>	<u>1,319,657</u>	<u>1,319,657</u>
REVENUES UNDER EXPENSES	<u> </u>	<u>(88,124)</u>	<u>(88,124)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Harrisonville, Missouri (the City), was founded in 1837. The City is a fourth-class city in which citizens elect the Mayor at large and eight Board of Aldermen members by wards. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, airport, and cemetery operations. Other services include electric, water, sewer, and sanitation operations.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

A. REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The accompanying financial statements present the City (the primary government) and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with GAAP, 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 exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility; which includes financial interdependency, selection of governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters; scope of public service, and special financing relationships. Component units are reported in the City's financial statements as follows:

Discretely Presented Component Unit

A discretely presented component unit is a separate legal entity that meets the component unit criteria. This criteria includes the ability to impose its will on or significantly influence the organization or if a financial benefit or burden relationship exists.

The Market Place TIF District Fund accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Units

In addition to the criteria noted above, a blended component unit's governing body is the same or substantially the same as the City's Board of Aldermen, or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation.

The Towne Center TIF Fund accounts for proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

B. BASIS OF PRESENTATION

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Major funds are determined based on the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focuses on determination of financial position and changes in financial position, rather than net income determination.

The City reports the following major governmental funds:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. For financial reporting purposes, the City's Emergency Services Fund's activities are included in the General Fund.

Community Center Fund - This fund is responsible for the operations of the City's Community Center. The fund is financed by the park sales tax and charges for services.

Towne Center TIF Fund - This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax increment financing revenues generated by the TIF District. The City has not adopted an annual budget for this fund.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

Proprietary Funds (Continued)

The City reports the following major proprietary funds:

Electric Fund - this fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operations and capital outlay to maintain this service.

Water and Sewer Fund - this fund accounts for the billing and collection of charges for water and sanitary sewer services to the residents of the City and a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following nonmajor funds:

Governmental Funds

Park Fund - this fund is primarily used for the maintenance of the City's parks. The fund is financed by property taxes, intergovernmental revenues, and charges for services.

Debt Service Fund - this fund is used to account for the accumulation of financial resources for, and the payment of, the principal and interest for the 2012 Certificates of Participation and a portion of the 2020 Certificates of Participation which are for the early retirement of the 2012 issuance.

Proprietary Funds

Aquatic Center Fund - this fund accounts for the operations and maintenance of the Aquatic Center.

Refuse Fund - this fund accounts for the provision of refuse collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Fiduciary Funds

This fund accounts for the City's fiduciary responsibility to account for the receipts and disbursements associated with the Highway 71/291 Partners in Progress TDD and for the deposits held for the Hospital Interchange TDD.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

Governmental fund financial statements are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available. The City considers all revenues for investment earnings, special assessments, state levied, locally shared taxes (including motor vehicle fees) and other intergovernmental revenues to be available if the revenues are collected within sixty days after year end. Proceeds and payments of long-term debt are reported as other financing sources and uses.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Proprietary Fund Financial Statements

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included in the statement of net position and statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

D. CASH AND INVESTMENTS

The City maintains a cash and investment pool which a majority of the City's funds share. Each fund type's portion of this pool is displayed in the financial statements as cash and investments, and investments made in accordance with bond ordinances are reflected as restricted cash and investments. Permissible investments include obligations of the U.S. Government; the State of Missouri; bonds, bills, or notes guaranteed by the U.S. state or city governments; certificates of deposit; repurchase agreements; banker's acceptances; and commercial paper. Investments are reported at fair value based on quoted market prices. Interest earned from the pool is allocated to the funds on the basis of average monthly cash and investment balances.

E. ACCOUNTS RECEIVABLE

Governmental activities accounts receivable consists of miscellaneous services provided to citizens. Business-type activities represent billed and unbilled charges for water, electric, sewer, and sanitation services. Accounts receivable are shown net of an allowance for uncollectible accounts.

F. PREPAID EXPENSES

Prepaid expenses reflect the payment of expenses that benefit more than one fiscal period. The amount is amortized over the consumption method over the period the expense is for and is included in both the government-wide and fund financial statements.

G. INVENTORY

Inventory is stated at the lower of costs or net realizable value using the first-in, first-out (FIFO) method. Inventory primarily consists of materials and supplies. The costs of these inventories are recorded as expenses when consumed or sold.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. CAPITAL ASSETS

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g. roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures when purchased in the governmental fund statements and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at estimated fair market value as of the date of the donation.

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

Depreciation of buildings, equipment, and vehicles is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 - 50 years
Machinery and equipment	5 - 40 years
Vehicles	5 - 20 years
Street infrastructure	7 - 50 years
Transmission lines and mains	30 - 50 years

I. COMPENSATED ABSENCES

Employees earn paid time off (PTO) based on the number of years of service to the City. Outstanding PTO is payable upon termination of employment, which is limited to specified amounts for years of service provided to the City. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement.

J. LONG-TERM OBLIGATIONS AND DEBT PREMIUMS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Premiums on issued debt are capitalized and amortized over the terms of the respective debt instrument using a straight-line method. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net 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 future periods and so it will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first item results from actuarial assumption changes, the change in actual and projected experience in calculating the pension asset, and pension contributions made by the City subsequent to the pension valuation date. The contribution amount will be applied during the next fiscal year while the changes in actual versus projected amounts will be amortized over five to seven years. The second item is the deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

In addition to liabilities, the statement of net position 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 that applies to future periods and so it will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item relates to the change in actual and projected experience in calculating the pension liability and the difference between actual and projected earnings in calculating the net pension asset. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available over five to seven years. The second item is the unavailable revenue reported for property taxes that were levied for use in the year subsequent to when it was collected. These amounts are deferred and will be recognized as an inflow of resources during the subsequent year.

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expenses, 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.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. INTERFUND ACTIVITY

Loans are for amounts provided with a requirement for payment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds, and interfund payables (i.e. due to other funds) in borrower funds.

Services provided and used for sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or statement of net position.

Payment in lieu of taxes (PILOTS) are paid from the City's electric and water/sewer fund to the General Fund.

Transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving transfers.

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

M. NET POSITION

Government-Wide Statements

Net position is displayed in three components:

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.

Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION (Continued)

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either by external groups such as creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) 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 currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Administrator through the budgetary process.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION (Continued)

Fund Statements (Continued)

Unassigned

This classification includes the residual fund balance for the General Fund and any deficit balance in any other fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

O. STATEMENT OF CASH FLOWS

Proprietary fund investments maintained by the City's pooled investments are readily convertible to known amounts of cash, and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates, and generally have a maturity of less than three months when purchased. Accordingly, for purposes of the statement of cash flows, these investments are considered cash equivalents.

P. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The Missouri Revised Statutes (RSMo) require all political subdivisions of the State to prepare an annual budget. Governmental funds required to have legally adopted budgets include the General Fund. Annual budgets for all governmental funds are adopted using the modified accrual basis of accounting. Budgeted expenditures cannot exceed budgeted revenues and unencumbered positive fund balances as required by Section 67.010 RSMo.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

The City's cash and investments at December 31, 2021, are summarized below:

Deposits	7,681,801
Certificates of deposit	12,250,023
Investments held in trust	13,114,578
Petty cash	<u>3,300</u>
	<u>33,049,702</u>
Unrestricted	18,679,674
Restricted	<u>14,370,028</u>
	<u>33,049,702</u>

Investment Policy

The City deposits and invests all monies as allowed by state statutes and in accordance with its investment policy. State statutes allow the City to deposit in open accounts and certificates of deposit, and to invest in direct obligations of the U.S. Government, U.S. Government agency obligations, and repurchase agreements. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less Federal Deposit Insurance Corporation (FDIC) insured amounts. Pledged securities must be held by the City or a disinterested third party and must be of the kind prescribed by state statutes and approved by the State of Missouri.

The City maintains a cash and investment pool, which is available for use by most funds. Substantially all excess cash is invested in repurchase agreements, certificates of deposit, and federal agency securities. Each fund's portion of this pool is displayed as cash and investments or restricted cash and investments. Interest earned is allocated to the funds on the basis of average monthly cash and investment balances. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted cash and investments are invested in accordance with debt agreements by trustees in money market mutual funds and U.S. Government agency obligations.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, the City follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less FDIC insured amounts. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize all deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name but does not limit the holdings of any one counterparty.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

At December 31, 2021, investments were held in the City's name by trustees in accordance with related debt agreements and all deposits were insured by the FDIC and uninsured deposits were fully collateralized by securities held by the City's agents in the City's name.

Interest Rate Risk

The City's investment policy limits investment maturities to five years as a means of managing its exposure to fair value losses arising from changes in interest rates. To minimize the risk of loss, the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk which have maturity dates ranging from January 8, 2021 to December 30, 2024.

Credit Risk

Credit risk is the risk that the issuer of another counterparty to an investment will be unable to fulfill its obligations. It is the City's policy to minimize credit risk by limiting its investments to Certificates of Deposit, bonds, or other obligations of the United States, and other debt securities given the highest available rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The City's investment policy does not limit the amount that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of U.S. Government agency securities and are included above.

NOTE 3. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

	Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Governmental Activities</u>				
General	8,991	699,227		708,218
Emergency services	3,415,075	108,168	(3,066,033)	457,210
Community Center	106,453	216,340	(70,345)	252,448
Park		8,222		8,222
Towne Center TIF		44,388		44,388
Total governmental activities	<u>3,530,519</u>	<u>1,076,345</u>	<u>(3,136,378)</u>	<u>1,470,486</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 3. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE (Continued)

	Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Business-Type Activities</u>				
Electric	1,401,252		(134,774)	1,266,478
Water/sewer	792,861		(75,169)	717,692
Refuse	59,249		(13,270)	45,979
Total business-type activities	<u>2,253,362</u>		<u>(223,213)</u>	<u>2,030,149</u>

NOTE 4. PROPERTY TAXES

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City, and are delinquent on January 1 (the lien date) following the levy date. Assessed values are established by the county assessor, subject to review by the County's Board of Equalization.

The assessed value of local property as of January 1, 2021, was as follows:

Real estate	138,205,591
Personal property	<u>29,352,207</u>
	<u>167,557,798</u>

The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2021 was as follows:

General	0.5295
Park	<u>0.1197</u>
	<u>0.6492</u>

NOTE 5. INTERGOVERNMENTAL REVENUES

Intergovernmental revenue during the year ending December 31, 2021, consisted of the following:

Federal sources	1,095,544
State sources	<u>86,447</u>
	<u>1,181,991</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	838,674			838,674
Construction-in-progress		826,993		826,993
Total capital assets, not being depreciated	<u>838,674</u>	<u>826,993</u>		<u>1,665,667</u>
Capital assets, being depreciated				
Buildings and improvements	19,281,230	923,115		20,204,345
Machinery and equipment	4,718,224	522,036		5,240,260
Vehicles	3,904,781	262,639		4,167,420
Infrastructure	<u>13,721,944</u>	<u>760,644</u>		<u>14,482,588</u>
Total capital assets, being depreciated	<u>41,626,179</u>	<u>2,468,434</u>		<u>44,094,613</u>
Less accumulated depreciation for:				
Buildings and improvements	8,101,870	527,155		8,629,025
Machinery and equipment	3,638,229	238,711		3,876,940
Vehicles	2,557,346	307,694		2,865,040
Infrastructure	<u>6,188,937</u>	<u>545,979</u>		<u>6,734,916</u>
Total accumulated depreciation	<u>20,486,382</u>	<u>1,619,539</u>		<u>22,105,921</u>
Total capital assets being depreciated, net	<u>21,139,797</u>	<u>848,895</u>		<u>21,988,692</u>
Governmental activities capital assets, net	<u>21,978,471</u>	<u>1,675,888</u>		<u>23,654,359</u>
<u>Business-Type Activities - Electric Fund</u>				
Capital assets, not being depreciated				
Land	<u>99,716</u>			<u>99,716</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
<u>Business-Type Activities - Electric Fund</u>				
(Continued)				
Capital assets, being depreciated				
Buildings and improvements	1,049,825			1,049,825
Machinery and equipment	988,152			988,152
Vehicles	614,426	31,572		645,998
Infrastructure	<u>11,734,631</u>	<u>114,662</u>		<u>11,849,293</u>
Total capital assets, being depreciated	<u>14,387,034</u>	<u>146,234</u>		<u>14,533,268</u>
Less accumulated depreciation for:				
Buildings and improvements	718,621	15,489		734,110
Machinery and equipment	677,321	41,592		718,913
Vehicles	358,069	42,394		400,463
Infrastructure	<u>6,758,636</u>	<u>272,736</u>		<u>7,031,372</u>
Total accumulated depreciation	<u>8,512,647</u>	<u>372,211</u>		<u>8,884,858</u>
Total capital assets being depreciated, net	<u>5,874,387</u>	<u>(225,977)</u>		<u>5,648,410</u>
Business-type activities - Electric Fund capital assets, net	<u>5,974,103</u>	<u>(225,977)</u>		<u>5,748,126</u>
<u>Business-Type Activities - Water/ Sewer Fund</u>				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	<u>32,999</u>	<u>1,589,158</u>		<u>1,622,157</u>
Total capital assets, not being depreciated	<u>1,521,314</u>	<u>1,589,158</u>		<u>3,110,472</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
<u>Business-Type Activities - Water/ Sewer Fund (Continued)</u>				
Capital assets, being depreciated				
Buildings and improvements	30,428,261			30,428,261
Machinery and equipment	2,988,637	267,472		3,256,109
Vehicles	611,529	14,000		625,529
Infrastructure	19,289,158			19,289,158
Total capital assets, being depreciated	53,317,585	281,472		53,599,057
Less accumulated depreciation for:				
Buildings and improvements	10,850,840	734,490		11,585,330
Machinery and equipment	1,641,718	139,025		1,780,743
Vehicles	546,090	21,460		567,550
Infrastructure	8,401,942	416,734		8,818,676
Total accumulated depreciation	21,440,590	1,311,709		22,752,299
Total capital assets being depreciated, net	31,876,995	(1,030,237)		30,846,758
Business-type activities - Water/Sewer Fund capital assets, net	33,398,309	558,921		33,957,230
<u>Business-Type Activities - Aquatic Fund</u>				
Capital assets, being depreciated				
Buildings and improvements	2,022,950			2,022,950
Machinery and equipment	23,279			23,279
Total capital assets, being depreciated	2,046,229			2,046,229
Less accumulated depreciation for:				
Buildings and improvements	1,780,312	74,504		1,854,816
Machinery and equipment	17,224	2,355		19,579
Total accumulated depreciation	1,797,536	76,859		1,874,395
Business-type activities - Aquatic Center capital assets, net	248,693	(76,859)		171,834

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended December 31, 2021:

	Governmental Activities	Business-Type Activities
General government	52,713	
Public safety	183,640	
Streets	427,921	
Codes	1,506	
Community development	27,939	
Animal control	8,783	
Airport	180,524	
Emergency services	288,352	
Parks and recreation	91,650	
Community center	356,511	
Electric		372,210
Water and sewer		1,311,708
Aquatic center		76,859
	<u>1,619,539</u>	<u>1,760,777</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities

Changes in debt for the year ended December 31, 2021, consisted of the following:

	Balance January 1, 2021	Addi- tions	Retire- ments	Balance December 31, 2021	Due in One Year
Tax increment refunding bonds	4,250,000		(485,000)	3,765,000	500,000
Tax increment premium	18,721		(2,340)	16,381	2,340
Direct borrowings					
Promissory notes	45,783		(18,288)	27,495	18,469
Certificates of Participation	1,640,000		(1,640,000)		
COP premium	8,577		(4,289)	4,288	4,288
Capital Lease	556,000	3,248,190	(266,202)	3,537,988	267,196
Allocated Certificates of Participation	1,646,000		(831,000)	815,000	815,000
Net OPEB liability	162,780		(162,780)		
Compensated absences	286,036	290,454	(286,036)	290,454	290,454
Total governmental debt	<u>8,613,897</u>	<u>3,538,644</u>	<u>(3,695,935)</u>	<u>8,456,606</u>	<u>1,897,747</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Bonds

On April 16, 2018, the City issued Series 2018 City of Harrisonville, Missouri, Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Town Center Project) in the amount of \$5,580,000 to refund the remaining \$6,245,000 of the outstanding Series 2007 Tax Increment Revenue Bonds. Net proceeds of the Series 2018 revenue bonds along with available Series 2007 revenue bond trust funds and additional City funds totaling \$954,237 were deposited in a trust with an escrow agent to pay accrued interest and all of the outstanding balance of the 2007 bonds.

The 2018 bonds are special, limited obligations of the City payable solely from and secured as to payments of principal and interest by a pledge of certain payments in lieu of taxes and economic activity taxes generated within the Towne Center TIF District, subject to annual appropriation. The bonds mature semi-annually on May 1 and November 1 beginning on November 1, 2018, and continuing through November 1, 2028 in amounts ranging from \$400,000 to \$590,000 including interest at 2.0% - 3.0%.

Aggregate annual principal and interest payments applicable to the Bonds are:

Years Ending December 31,	Principal	Interest
2022	500,000	109,538
2023	515,000	94,538
2024	500,000	79,088
2025	540,000	63,188
2026	550,000	47,288
2027 - 2028	<u>1,160,000</u>	<u>55,724</u>
	<u>3,765,000</u>	<u>449,364</u>

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received \$171,931 to assist with upcoming costs for these expenses in the Community Center. The note bears interest at 2.0% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2022	18,469	462
2023	9,026	92
	27,495	554

Certificates of Participation

On December 30, 2020, the City issued Certificates of Participation in the amount of \$11,625,000. Of this amount, \$1,620,000 of Certificate proceeds were transferred to an escrow agent for deposit in an escrow fund to be applied to the payment of principal and interest on the 2020 Series Certificates of Participation. The remaining portion of the issuance was deposited in the Water/Sewer Fund for a specified project.

The allocated aggregate annual principal and interest payments related to the refunding portion to be paid from the Governmental Activities is as follows:

Years Ending December 31,	Principal	Interest
2022	815,000	77,635

Capital Lease Obligations

On October 26, 2020, The City entered into a capital lease agreement for the purchase of a fire truck. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception in the amount of \$556,000.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Lease Obligations (Continued)

Aggregate annual principal and interest payments are as follows:

Years Ending December 31,	Principal	Interest
2022	53,000	8,206
2023	53,000	7,346
2024	54,000	6,484
2025	55,000	5,606
2026	56,000	4,728
2027 - 2030	<u>234,000</u>	<u>14,300</u>
	<u>505,000</u>	<u>46,670</u>

On February 10, 2021, the City entered into a capital lease agreement for the funding of several projects and equipment in the amount of \$3,734,000. Of this amount, \$3,248,190 is scheduled to be funded for Governmental Activities. The remaining portion of the issuance was for scheduled Water/Sewer Fund equipment.

The allocated aggregate annual principal and interest payments related to the refunding portion to be paid from Governmental Activities is as follows:

Years Ending December 31,	Principal	Interest
2022	214,196	38,749
2023	1,026,415	37,985
2024	981,034	24,029
2025	734,696	12,403
2026	25,201	1,035
2027	<u>51,446</u>	<u>1,399</u>
	<u>3,032,988</u>	<u>115,600</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Business-Type Activities

Changes in the debt for the year ended December 31, 2021, consisted of the following:

	Balance January 1, 2021	Addi- tions	Retire- ments	Balance December 31, 2021	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	795,000		(260,000)	535,000	265,000
2003 Waterworks and Sewerage Revenue Bonds	920,000		(215,000)	705,000	225,000
2005 Waterworks and Sewerage Revenue Bonds	505,000		(95,000)	410,000	100,000
2010 Waterworks and Sewerage Revenue Bonds	2,158,300		(208,500)	1,949,800	212,600
2017 Waterworks and Sewerage Revenue Bonds	8,697,000		(434,000)	8,263,000	441,000
2020 Certificates of Participation	10,005,000			10,005,000	
Direct Borrowings					
Promissory note	61,331		(34,283)	27,048	27,048
Capital lease		485,810	(59,498)	426,312	58,504
Net OPEB liability	59,430		(59,430)		
Compensated absences	124,607	85,847	(124,607)	85,847	85,847
Premiums	878,766		(39,735)	839,031	39,734
Total business-type activities	<u>24,204,434</u>	<u>571,657</u>	<u>(1,530,053)</u>	<u>23,246,038</u>	<u>1,454,733</u>

Revenue Bonds

On October 23, 2002, the City issued \$4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). Of the bonds, \$3,660,000 was issued for the purpose of extending and improving the City's combined waterworks and sewerage system and \$710,000 was issued to refund a prior issue of bonds of the City. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semi-annually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% - 5.0%.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

On April 1, 2003, the City issued \$3,295,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semi-annually on January 1 and July 1. Principal is due each year on January 1 through the maturity date of January 1, 2024. The interest rate on this issue ranges from 2.0% - 5.25%.

On May 19, 2005, the City issued \$1,710,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semi-annually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2025. The interest rate on this issue ranges from 3.0% - 5.0%.

In March 2010, the City issued the Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of \$4,300,000. Semi-annual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011, and maturing on July 1, 2030. The City issued \$3,288,541 on this bond.

In 2017, the City issued Combined Waterworks and Sewerage System Revenue Bonds in the amount of \$9,544,000. Semi-annual payments are due each January 1 and July 1, commencing January 1, 2019, through maturity on January 1, 2038, with interest at 1.15% and an administrative fee at .05%. Proceeds were used to fund certain improvements to the City's water treatment plant.

As of December 31, 2021, the sinking funds and the reserve funds were adequately funded, and the City was in compliance with its rate covenants for all bonds.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

Aggregate annual principal and interest payments applicable to the revenue bonds are:

Years Ending December 31,	Principal	Interest
2022	1,243,600	197,459
2023	1,270,000	159,789
2024	1,027,200	121,584
2025	792,700	102,153
2026	700,200	82,722
2027 - 2031	3,313,100	299,024
2032 - 2036	2,674,000	194,293
2037 - 2038	842,000	29,915
	<u>11,862,800</u>	<u>1,186,939</u>

Promissory Note Payable

In 2011, the City entered into a promissory note payable of \$380,000 with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment in the City's Water/Sewer facilities. The note bears interest at 2.0% and requires semiannual payments of principal and interest until maturity on October 1, 2022.

Aggregate annual principal and interest payments applicable to the promissory note are:

Year Ending December 31,	Principal	Interest
2022	27,048	458
	<u>27,048</u>	<u>458</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Certificates of Participation

On December 30, 2020, the City issued Certificates of Participation in the amount of \$11,625,000. Of this amount, \$1,620,000 of Certificate proceeds were transferred to an escrow agent for deposit in an escrow fund to be applied to the payment of principal and interest on the 2020 Series Certificates of Participation. The remaining portion of the issuance in the amount of \$10,005,000 was deposited in the Water/Sewer Fund for a specified project. The allocated aggregate annual principal and interest payments related to the refunding portion is as follows:

Years Ending December 31,	Principal	Interest
2022		
2023		313,350
2024		313,350
2025	315,000	313,350
2026	330,000	300,750
2027 - 2031	1,860,000	1,294,550
2032 - 2036	2,245,000	918,600
2037 - 2041	2,330,000	556,950
2042 - 2046	1,545,000	290,250
2047 - 2050	1,380,000	87,125
	<u>10,005,000</u>	<u>4,388,275</u>

Capital Lease Obligations

On February 10, 2021, the City entered into a capital lease agreement for the funding of several projects and equipment in the amount of \$3,734,000. Of this amount, \$485,810 is scheduled to be funded for Water/Sewer Fund equipment. The remaining portion of the issuance was scheduled Governmental Activities projects and equipment.

The allocated aggregate annual principal and interest payments related to the refunding portion to be paid from the Water/Sewer Fund is as follows:

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Capital Lease Obligations (Continued)

Years Ending December 31,	Principal	Interest
2022	58,504	10,584
2023	59,285	8,541
2024	60,066	7,839
2025	60,918	5,411
2026	61,699	2,533
2027 - 2028	125,840	2,202
	426,312	37,110

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the fund responsible for generating the liability.

Component Unit

Developer Obligations

Certain developers have incurred certain costs that are eligible for reimbursement under the Market Place TIF Plan. These obligations are special limited obligations of the City, payable only to the extent that tax increment financing revenues are available upon retirement of the tax increment revenue note discussed below. At December 31, 2021, the total obligations under these agreements was \$5,326,059.

Tax Increment Revenue Note

On December 18, 2009, the City issued \$9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and the Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District (the District). Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Component Unit (Continued)

Tax Increment Revenue Note (Continued)

From the date of this Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and subsequently on April 1, 2014, it was adjusted again to 6.5%, and on April 1, 2017 to 6.0% with payments due annually. The restructured Note does not call for regular principal payments, and no balloon payment is disclosed in the Note. The City is required to submit collections of revenues for the District to a separate account, which is used to pay the required annual debt service payments.

As of December 31, 2021, the remaining principal balance was \$8,743,011 with accrued interest of \$218,784.

NOTE 8. PENSION PLAN

Plan Description

The City of Harrisonville, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 836 local participating employers. These participating employers includes 324 cities, 60 counties, and 452 other public entities during the plan year ended June 30, 2021.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

For the City's year ending December 31, 2021, the net pension asset is based on an actuarial valuation performed as of February 28, 2021, and a measurement date of June 30, 2021.

At the date the actuarial valuation was performed, the City had 97 active members; 99 inactive members entitled to but not yet receiving benefits, and 98 inactive members (or their beneficiaries) who are currently receiving benefits.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Benefits Provided

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of 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 then in effect for their political subdivision. 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. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. 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 4.0% per year.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

Actuarial Assumptions

The pension liability for the June 30, 2021, measurement date was determined using the following actuarial assumptions applied to the measurement:

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 8 - 15 years.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Asset Valuation Method	5-Year smoothed market; 20% corridor.
Inflation	2.75% wage inflation; 2.25% price inflation.
Salary Increases	2.75% - 7.15% including wage inflation.
Investment Rate of Return	7.00%, net of investment expenses.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the Pub-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information	None.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Discount Rate (Continued)

The expected rate of return on pension investments is 7.00%; the municipal bond rate is 1.92% (based on the weekly rate closest to but not later than the measurement date of the "20-Year Municipal GO AA Index" rate from Fidelity; and the resulting single discount rate is 7.00% for the General, Police, and Fire Divisions.

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Assumed Asset Allocation

Activities undertaken by LAGERS Investment Team include setting and implementing investment strategies, appointing and dismissing investment managers, monitoring investment allocation, liquidity, and performance; and ensuring safekeeping of assets.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Assumed Asset Allocation (Continued)

To achieve the goal of a 7.00% long-term rate of return, LAGERS Investment Team sets an investment strategy which is devised after analyzing the long-term view of the market and consulting with LAGERS' Board of Trustees. The assumed asset allocation is as follows:

Equities	24.6%
Fixed Income	28.0%
Real Assets/Return	32.1%
Strategic	7.2%
Alpha*	8.1%

*Alpha portfolio allocation is based on a volatility adjusted exposure targeting 8% overall.

Deferred Outflows and Inflows of Resources

The balances of deferred outflows and inflows of resources to be recognized in future pension expense consists of the following:

Deferred Outflows of Resources

Changes in assumptions	18,469
Differences between expected and actual experience	726,850
Employer contributions subsequent to the measurement date	<u>365,523</u>
	<u>1,110,842</u>

Deferred Inflows of Resources

Changes in assumptions	488,842
Differences between expected and actual experience	514,311
Net difference between projected and actual earnings on pension plan investments	<u>4,300,775</u>
	<u>5,303,928</u>
Net deferred outflows (inflows) of resources	<u>4,193,086</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

The City reported \$365,523 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as net deferred outflows (inflows) of resources by year to be recognized in future pension expenses is as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2022	(1,206,470)
2023	(912,420)
2024	(1,015,984)
2025	(1,394,368)
2026	(26,936)
Thereafter	<u>(2,431)</u>
Total	<u>4,558,609</u>

Changes in Net Pension Liability

Total Pension Liability (Asset)	
Service cost	631,590
Interest on total pension liability	2,197,682
Difference between expected and actual experience of the total pension liability	62,621
Changes in assumptions	(659,234)
Benefit payments, including refunds of employee contributions	<u>(1,816,205)</u>
Net change in total pension liability	416,454
Total pension liability, beginning	<u>30,894,803</u>
Total pension liability, ending	<u>31,311,257</u>
Contributions – employer	604,592
Net investment income	8,830,970
Benefit payments, including refunds of employee contributions	(1,816,205)
Pension plan administrative expense	(26,504)
Other	<u>936,412</u>
Net change in plan fiduciary net position	8,529,265
Plan fiduciary net position, beginning	<u>31,755,696</u>
Plan fiduciary net position, ending	<u>40,284,961</u>
Net Pension Liability (Asset)	<u>8,973,704</u>

Funds typically used to liquidate pension liabilities include the General, Community Center, Park, Water/Sewer, and Electric Funds.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. PENSION PLAN (Continued)

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2021, calculated using the discount rate of 7.00%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.00% Decrease (6.00%)	Current Rate (7.00%)	1.00% Increase (8.00%)
General Division	3,444,889	6,357,913	8,773,947
Police Division	384,312	1,329,100	2,103,584
Fire Division	<u>757,814</u>	<u>1,286,691</u>	<u>1,705,675</u>
Total	<u>4,587,015</u>	<u>8,973,704</u>	<u>12,583,206</u>

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2021. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), P.O. Box 1665, Jefferson City, MO, 65102.

NOTE 9. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2021, were as follows:

	<u>Transfers Out</u>	
	General	Community Center
Transfers in		
Park	290,883	700,000
Emergency services	199,850	
Community Center	<u>180,106</u>	<u>180,106</u>
Total	<u>670,839</u>	<u>700,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES

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; workers' compensation; and natural disasters. The City maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

Federal and State Grants

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

Promissory Note Receivable

On March 18, 2011, the City received a promissory note from Harrisonville Housing Associates, L.P., Clarkton, Missouri, in the amount of \$750,490 with 0% interest. The note calls for repayment of principal annually in an amount equal to 50% of cash flow allowed by the Missouri Housing Development Commission and the United States Department of Agriculture, Rural Housing Service (Rural Development) "the agency." Such payment is due thirty days after the date that the audit of the Harrisonville Housing Associates, L.P., is approved by the agency. In any event, all remaining indebtedness is due and payable on March 18, 2062. The note is secured by a Deed of Trust.

Since the ultimate collectability is uncertain, City management has established an allowance for an uncollectible note receivable that is equal to the outstanding balance of the note receivable of \$742,196 at December 31, 2021. A payment of \$2,074 was received on the note receivable for the year ended December 31, 2021. Funding for the loan was made available with a CDBG grant which is available for re-use from collections of principal for other eligible CDBG activity.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)

Long-term Contract

On March 21, 2005, the City of Harrisonville, Missouri, entered into the Amended and Re-stated Missouri Public Energy Pool #1 Agreement (the "MoPEP Agreement") among the Missouri Joint Municipal Electric Utility Commission ("MJMEUC") and various cities within the State of Missouri who have also signed the MoPEP Agreement. Each of the cities who have signed the MoPEP Agreement are collectively referred to as "MoPEP Members".

Under the MoPEP Agreement, each MoPEP Member, including the City, has agreed to purchase from MJMEUC all of the MoPEP Members' requirements for electric capacity, energy, transmission, and other necessary electric services from MJMEUC. MoPEP Members may also dedicate any member-owned electric capacity to MJMEUC for the benefit of MoPEP.

MJMEUC is required under the MoPEP Agreement to provide electric capacity, energy, transmission, and other necessary electric services needed by MoPEP Members to fulfill their full requirements to service the MoPEP Members' retail customers. To meet the power and energy requirements of the City and the other MoPEP Members, MJMEUC presently obtains power and energy through: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts, and interruptible contracts; (ii) MJMEUC-owned generation; (iii) MoPEP Member capacity; and (iv) spot market purchases. Neither the City nor any other MoPEP Member has an ownership interest in any of MJMEUC's assets.

Each MoPEP Member (including the City) is liable under the MoPEP Agreement for its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement.

MoPEP operations are governed by a committee ("Pool Committee") consisting of one representative from each MoPEP Member and is currently comprised of 35 members as of December 31, 2021.

The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP Members. These rates include recovery of all of MJMEUC's costs (the "Direct Costs") incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP Members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make under contracts and/or financial commitments and obligations entered into by MJMEUC necessary to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP Member. Direct Costs also include amounts required to fund capital and/or operating reserves and debt service coverages MJMEUC is required to maintain pursuant to contracts to serve MoPEP Members as established from time to time by the Pool Committee.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)

Long-term Contract (Continued)

The MoPEP Agreement requires that rates charged to each MoPEP Member be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months. Charges based on such rates are assessed and billed monthly. The City's payment obligations under the MoPEP Agreement are limited to the obligation to make payments from revenues of the City's electric utility system and available electric utility system revenues. All payments made by the City pursuant to the MoPEP Agreement are considered operational and maintenance expenses of the electric utility system. MoPEP Members are required under the MoPEP Agreement to, at all times, establish, maintain, and collect rates, fees, and charges for electric service sufficient to meet the MoPEP Member's obligations under the MoPEP Agreement.

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

MJMEUC's audited financial statements are available on its website at www.mpua.org

NOTE 11. COMPLIANCE WITH MISSOURI STATUTES

RSMo section 302.341 requires the City to annually calculate the percentage of its general revenue that comes from traffic violations. Any such revenues that exceed 20% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue.

Fines and costs for traffic violations	78,633
Annual general operating revenue	9,982,020
Fines and costs for traffic violations as a percentage of annual general operating revenue	0.79%

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 12. TAX ABATEMENT

Tax abatements may be granted under the Urban Redevelopment program described under Chapter 353 of the RSMo, the Industrial Development program described under Chapter 100 of RSMo, and the Enhanced Enterprise Zone program described under Sections 135.950 to 135.973 of RSMo. For each of these programs, property taxes are abated by reducing the assessed valuation of the associated properties. For the year ended December 31, 2021, management has determined that any tax abatements are not significant or material to the City's financial position.

NOTE 13. SUBSEQUENT EVENT

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 20, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Property	924,043	714,568	(209,475)
Sales	2,657,962	3,288,644	630,682
Franchise	1,244,952	416,932	(828,020)
Other		805,336	805,336
Licenses, fees, and permits	131,425	285,637	154,212
Charges for services	413,750	2,333,752	1,920,002
Intergovernmental	2,242,939	1,181,991	(1,060,948)
Interest	129,550	60,374	(69,176)
Miscellaneous	94,989	216,307	121,318
TOTAL REVENUES	<u>7,839,610</u>	<u>9,303,541</u>	<u>1,463,931</u>
EXPENDITURES			
Current			
General government	2,515,826	2,568,339	(52,513)
Public safety	2,945,890	2,650,376	295,514
Streets	941,363	784,004	157,359
Codes	398,734	390,847	7,887
Community development	414,379	300,437	113,942
Animal control	247,904	174,771	73,133
Airport	130,981	199,285	(68,304)
Debt service			
Principal	83,400	85,312	(1,912)
Interest and fiscal charges		4,224	(4,224)
Capital outlay	1,243,086	1,262,398	(19,312)
Total expenditures	<u>8,921,563</u>	<u>8,419,993</u>	<u>501,570</u>
REVENUES OVER EXPENDITURES	(1,081,953)	883,548	1,965,501
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	419,286	428,828	9,542
Debt issuance costs		(9,542)	(9,542)
Payment in lieu of taxes	1,314,668	1,314,668	
Transfers out	(652,001)	(670,839)	(18,838)
Total other financing sources (uses)	<u>1,081,953</u>	<u>1,063,115</u>	<u>(18,838)</u>
NET CHANGE IN FUND BALANCES		<u>1,946,663</u>	<u>1,946,663</u>
FUND BALANCE, beginning of year		<u>6,889,956</u>	
FUND BALANCE, end of year		<u>8,836,619</u>	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY CENTER FUND
YEAR ENDED DECEMBER 31, 2021

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Sales	1,062,854	1,361,947	299,093
Charges for services	1,110,305	820,257	(290,048)
Interest	730	724	(6)
Miscellaneous	30,650	74,957	44,307
	<u>2,204,539</u>	<u>2,257,885</u>	<u>53,346</u>
TOTAL REVENUES			
	<u>2,204,539</u>	<u>2,257,885</u>	<u>53,346</u>
EXPENDITURES			
Current			
Community center	1,349,963	927,949	422,014
Capital outlay	1,565,100	1,530,957	34,143
Debt service			
Principal	75,888	75,888	
Interest	5,217	2,345	2,872
Total expenditures	<u>2,996,168</u>	<u>2,537,139</u>	<u>459,029</u>
REVENUES UNDER EXPENDITURES	(791,629)	(279,254)	(405,683)
OTHER FINANCING SOURCES (USES)			
Proceeds from debt issuance	1,348,800	1,211,763	(137,037)
Debt issuance costs		(26,963)	(26,963)
Transfers in	180,106	180,106	
Transfers out	(737,277)	(700,000)	37,277
Total other financing sources (uses)	<u>791,629</u>	<u>664,906</u>	<u>(126,723)</u>
NET CHANGE IN FUND BALANCES	<u> </u>	<u>385,652</u>	<u>385,652</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(267,012)</u>	
FUND BALANCE, end of year		<u>118,640</u>	

CITY OF HARRISONVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1. BUDGETARY INFORMATION

An annual budget prepared under the modified accrual basis of accounting is adopted in December prior to the beginning of each fiscal year for all revenues and expenditures of all Governmental Funds of the City, except for the Towne Center TIF Fund. The primary basis of budgetary control is at the department level. Departments may not legally exceed their total appropriation without the Board of Aldermen approval. A review of the current year's budget is made by the departments in December of each year and inter-departmental transfers are made with Board of Aldermen approval. Any remaining unencumbered appropriations lapse at fiscal year end unless re-appropriated by the Board of Aldermen. Any increase in appropriations during the fiscal year must be approved by the Board of Aldermen.

NOTE 2. GENERAL FUND RECONCILIATION

A reconciliation from the budgetary presentation to the basic financial statements is as follows:

Net change in fund balance - General Fund	1,946,663
Net change in fund balance - Emergency Services Fund	<u>(271,709)</u>
Net change in fund balance - Basic Financial Statements	<u>1,674,954</u>

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/d)
6/30/12	775,215	691,373	83,842	5,236,634	13.20%
6/30/13	738,479	721,852	16,627	5,327,580	13.55%
6/30/14	737,736	737,736		5,581,355	13.22%
6/30/15	622,293	622,293		5,469,323	11.38%
6/30/16	572,884	560,847	12,037	5,420,430	10.35%
6/30/17	563,293	556,600	6,693	5,566,093	10.00%
6/30/18	610,839	610,839		5,855,455	10.43%
6/30/19	646,167	638,989	7,178	5,868,177	10.89%
6/30/20	584,779	576,067	8,712	5,582,763	10.32%
6/30/21	712,588	683,890	28,698	6,085,079	11.24%

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2021

	2015	2016	2017	2018	2019	2020	2021
Total pension liability							
Service costs	592,093	594,597	576,243	595,775	651,813	650,667	631,590
Interest on total pension liability	1,520,623	1,673,775	1,797,529	1,890,390	2,015,512	2,080,408	2,197,682
Difference between expected and actual experience of the total pension liability	(68,776)	(492,706)	11,392	422,754	(380,787)	572,917	62,621
Changes in assumptions		852,733					(659,234)
Benefit payments and refunds	(861,393)	(777,773)	(1,051,857)	(1,178,211)	(1,244,212)	(1,542,692)	(1,816,205)
Net change in total pension liability	1,182,547	1,850,626	1,333,307	1,730,708	1,042,326	1,761,300	416,454
Total pension liability - beginning of year	21,993,989	23,176,536	25,027,162	26,360,469	28,091,177	29,133,503	30,894,803
Total pension liability - end of year (a)	23,176,536	25,027,162	26,360,469	28,091,177	29,133,503	30,894,803	31,311,257
Plan Fiduciary Net Position							
Contributions - employer	685,868	586,924	549,378	600,629	626,631	603,058	604,592
Net investment income (loss)	499,642	(78,361)	3,029,700	3,412,078	1,997,427	428,908	8,830,970
Benefit payments and refunds	(861,393)	(777,773)	(1,051,857)	(1,178,211)	(1,244,212)	(1,542,692)	(1,816,205)
Administrative expenses	(17,429)	(16,911)	(18,037)	(19,123)	(27,534)	(32,269)	(26,504)
Other	296,476	(6,963)	(25,782)	151,573	93,578	42,207	936,412
Net change in plan fiduciary net position	603,164	(293,084)	2,483,402	2,966,946	1,445,890	(500,788)	8,529,265
Plan fiduciary net position - beginning of year	25,050,166	25,653,330	25,360,246	27,843,648	30,810,594	32,256,484	31,755,696
Plan fiduciary net position - end of year (b)	25,653,330	25,360,246	27,843,648	30,810,594	32,256,484	31,755,696	40,284,961
Net pension liability (asset) (a-b)	(2,476,794)	(333,084)	(1,483,179)	(2,719,417)	(3,122,981)	(860,893)	(8,973,704)
Plan net position as a percentage of the total pension liability	110.69%	101.33%	105.63%	109.68%	110.72%	102.79%	128.66%
Covered payroll	5,466,344	5,254,719	5,217,578	5,863,833	5,782,370	5,844,218	5,229,901
Net pension liability (asset) as a percentage of covered payroll	-45.31%	-6.34%	-28.43%	-46.38%	-54.01%	-14.73%	-171.58%

* Schedule is to be provided prospectively beginning with the year ended December 31, 2015.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HARRISONVILLE, MISSOURI
GENERAL FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2021

	General Fund	Emergency Services Fund	Elimin- ations	Total
ASSETS				
ASSETS				
Cash and investments	4,579,400			4,579,400
Taxes receivable	699,227	108,168		807,395
Accounts receivable	8,991	349,042		358,033
Due from other funds	1,829,382	9,147	(1,788,027)	50,502
Due from component unit	275,000			275,000
Prepays, deposits, and other assets	106,122	75,354		181,476
Inventory	84,764	38,956		123,720
Restricted cash	1,598,434	240,122		1,838,556
TOTAL ASSETS	<u>9,181,320</u>	<u>820,789</u>	<u>(1,788,027)</u>	<u>8,214,082</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	50,241	5,852		56,093
Due to other funds		1,788,027	(1,788,027)	
Liabilities accrued	84,953	28,585		113,538
Court bonds payable	3,930			3,930
Total liabilities	<u>139,124</u>	<u>1,822,464</u>	<u>(1,788,027)</u>	<u>173,561</u>
Unavailable revenues	<u>205,577</u>			<u>205,577</u>
Nonspendable	465,886	114,310		580,196
Restricted	1,594,504	240,122		1,834,626
Unassigned (deficit)	6,776,229	(1,356,107)		5,420,122
Total fund balances (deficit)	<u>8,836,619</u>	<u>(1,001,675)</u>		<u>7,834,944</u>
RESOURCES AND FUND BALANCES	<u>9,181,320</u>	<u>820,789</u>		<u>8,214,082</u>

CITY OF HARRISONVILLE, MISSOURI
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021

	General Fund	Emergency Services Fund	Elimin- ations	Total
REVENUES				
Taxes				
Property	714,568			714,568
Sales	3,288,644	719,582		4,008,226
Franchise	416,932			416,932
Other	805,336			805,336
Licenses, fees and permits	285,637			285,637
Charges for services	2,333,752	1,117,650		3,451,402
Intergovernmental	1,181,991			1,181,991
Interest	60,374	184		60,558
Miscellaneous	216,307	23,054		239,361
Total revenues	<u>9,303,541</u>	<u>1,860,470</u>		<u>11,164,011</u>
EXPENDITURES				
Current				
General government	2,568,339			2,568,339
Public safety	2,650,376			2,650,376
Streets	784,004			784,004
Codes	390,847			390,847
Community development	300,437			300,437
Animal control	174,771			174,771
Airport	199,285			199,285
Emergency services		2,462,249		2,462,249
Debt service				
Principal	85,312	98,988		184,300
Interest and fiscal charges	4,224	10,792		15,016
Capital outlay	<u>1,262,398</u>			<u>1,262,398</u>
Total expenditures	<u>8,419,993</u>	<u>2,572,029</u>		<u>10,992,022</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	883,548	(711,559)		171,989
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	428,828	245,462		674,290
Debt issuance costs	(9,542)	(5,462)		(15,004)
Payment in lieu of taxes	1,314,668			1,314,668
Transfers in		199,850	(199,850)	
Transfers out	<u>(670,839)</u>		<u>199,850</u>	<u>(470,989)</u>
Total other financing sources (uses)	<u>1,063,115</u>	<u>439,850</u>		<u>1,502,965</u>
NET CHANGE IN FUND BALANCES	1,946,663	(271,709)		1,674,954
FUND BALANCES (DEFICIT), January 1, 2021	<u>6,889,956</u>	<u>(729,966)</u>		<u>6,159,990</u>
FUND BALANCES (DEFICIT), December 31, 2021	<u>8,836,619</u>	<u>(1,001,675)</u>		<u>7,834,944</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2021

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
ASSETS			
Cash (claim on cash)	(225,873)		(225,873)
Due from other funds	7,958		7,958
Taxes receivable	8,222		8,222
Prepays, deposits, and other assets	14,913		14,913
Restricted cash	<u>1,022,812</u>	<u>134,463</u>	<u>1,157,275</u>
TOTAL ASSETS	<u>828,032</u>	<u>134,463</u>	<u>962,495</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	587		587
Liabilities accrued	<u>5,494</u>		<u>5,494</u>
Total liabilities	<u>6,081</u>		<u>6,081</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>21,184</u>		<u>21,184</u>
FUND BALANCES			
Nonspendable	14,913		14,913
Restricted	1,022,812	134,463	1,157,275
Unassigned (deficit)	<u>(236,958)</u>		<u>(236,958)</u>
Total fund balances	<u>800,767</u>	<u>134,463</u>	<u>935,230</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>828,032</u>	<u>134,463</u>	<u>962,495</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	120,082		120,082
Other	6,116		6,116
Charges for services	53,095		53,095
Interest	676		676
Miscellaneous	18,377		18,377
Total revenues	<u>198,346</u>		<u>198,346</u>
EXPENDITURES			
Park	491,122		491,122
Capital outlay	502,071		502,071
Debt service			
Principal	24,302	2,445,000	2,469,302
Interest and fiscal charges	1,943	72,288	74,231
Total expenditures	<u>1,019,438</u>	<u>2,517,288</u>	<u>3,536,726</u>
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(821,092)	(2,517,288)	(3,338,380)
OTHER FINANCING SOURCES			
Transfers in	290,883	700,000	990,883
Debt issuance costs	(30,324)		(30,324)
Proceeds of debt issuance	<u>1,362,837</u>		<u>1,362,837</u>
Total other financing sources	<u>1,623,396</u>	<u>700,000</u>	<u>2,323,396</u>
NET CHANGE IN FUND BALANCES	802,304	(1,817,288)	(1,014,984)
FUND BALANCES (DEFICIT), January 1, 2021	<u>(1,537)</u>	<u>1,951,751</u>	<u>1,950,214</u>
FUND BALANCES, December 31, 2021	<u>800,767</u>	<u>134,463</u>	<u>935,230</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current assets			
Cash (claim on cash)	(27,130)	198,768	171,638
Accounts receivable		45,979	45,979
Prepaid insurance	5,370		5,370
Total current assets	<u>(21,760)</u>	<u>244,747</u>	<u>222,987</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	171,834		171,834
Total noncurrent assets	<u>171,834</u>		<u>171,834</u>
TOTAL ASSETS	<u>150,074</u>	<u>244,747</u>	<u>394,821</u>
LIABILITIES	- 0 -	- 0 -	- 0 -
NET POSITION			
Net investment in capital assets	171,834		171,834
Unrestricted (deficit)	<u>(21,760)</u>	<u>244,747</u>	<u>222,987</u>
TOTAL NET POSITION	<u>150,074</u>	<u>244,747</u>	<u>394,821</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	<u> </u>	<u>656,443</u>	<u>656,443</u>
EXPENSES			
Administration	27,265	577,720	604,985
Depreciation	<u>76,859</u>	<u> </u>	<u>76,859</u>
Total expenses	<u>104,124</u>	<u>577,720</u>	<u>681,844</u>
CHANGE IN NET POSITION	(104,124)	78,723	(25,401)
TOTAL NET POSITION, beginning of year	<u>254,198</u>	<u>166,024</u>	<u>420,222</u>
TOTAL NET POSITION, end of year	<u>150,074</u>	<u>244,747</u>	<u>394,821</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers		652,413	652,413
Cash payments to suppliers	<u>(28,834)</u>	<u>(577,720)</u>	<u>(606,554)</u>
Net cash provided by (used in) operating activities	<u>(28,834)</u>	<u>74,693</u>	<u>45,859</u>
NET INCREASE (DECREASE) IN CASH	(28,834)	74,693	45,859
CASH, January 1, 2021	<u>1,704</u>	<u>124,075</u>	<u>125,779</u>
CASH (CLAIM ON CASH), December 31, 2021	<u><u>(27,130)</u></u>	<u><u>198,768</u></u>	<u><u>171,638</u></u>
Reconciliation Of Income (Loss) From Operations To Net Cash Provided By (Used In) Operating Activities			
Income (loss) from operations	<u>(104,124)</u>	<u>78,723</u>	<u>(25,401)</u>
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities			
Depreciation and amortization	76,859		76,859
(Increase) Decrease in			
Accounts receivable		(4,030)	(4,030)
Prepaid expenses	2		2
Increase (Decrease) in			
Net change in OPEB related accounts	<u>(1,571)</u>		<u>(1,571)</u>
Total adjustments	<u>75,290</u>	<u>(4,030)</u>	<u>71,260</u>
Net cash provided by (used in) operating activities	<u><u>(28,834)</u></u>	<u><u>74,693</u></u>	<u><u>45,859</u></u>

CITY OF HARRISONVILLE, MISSOURI
PARK FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Property	202,266	120,082	(82,184)
Other		6,116	6,116
Charges for services	87,106	53,095	(34,011)
Interest	200	676	476
Miscellaneous	16,250	18,377	2,127
Total revenues	<u>305,822</u>	<u>198,346</u>	<u>(107,476)</u>
EXPENDITURES			
Park	546,042	491,122	54,920
Debt service			
Principal	24,302	24,302	
Interest	8,811	1,943	6,868
Capital outlay	<u>1,089,387</u>	<u>502,071</u>	<u>587,316</u>
Total expenditures	<u>1,668,542</u>	<u>1,019,438</u>	<u>649,104</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,362,720)	(821,092)	541,628
OTHER FINANCING SOURCES			
Transfers in	290,883	290,883	
Transfers out	(12,550)		12,550
Debt issuance costs		(30,324)	(30,324)
Proceeds of debt issuance	<u>1,084,387</u>	<u>1,362,837</u>	<u>278,450</u>
Total other financing sources	<u>1,362,720</u>	<u>1,623,396</u>	<u>260,676</u>
NET CHANGE IN FUND BALANCES	<u> </u>	802,304	<u>802,304</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(1,537)</u>	
FUND BALANCE, end of year		<u>800,767</u>	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Interest	<u>1,250</u>	<u> </u>	<u>(1,250)</u>
EXPENDITURES			
Debt Service			
Principal	810,000	2,445,000	(1,635,000)
Interest	<u>45,350</u>	<u>72,288</u>	<u>(26,938)</u>
Total expenditures	<u>855,350</u>	<u>2,517,288</u>	<u>(1,661,938)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(854,100)	(2,517,288)	(1,663,938)
OTHER FINANCING SOURCES			
Transfers in	<u>854,100</u>	<u>700,000</u>	<u>(154,100)</u>
NET CHANGE IN FUND BALANCES	<u> </u>	(1,817,288)	<u>(1,817,288)</u>
FUND BALANCE, beginning of year		<u>1,951,751</u>	
FUND BALANCE, end of year		<u>134,463</u>	

CITY OF HARRISONVILLE, MISSOURI
EMERGENCY SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2021

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Sales tax	562,606	719,582	156,976
Charges for services	2,697,120	1,117,650	(1,579,470)
Interest		184	184
Miscellaneous	40,820	23,054	(17,766)
Total revenues	<u>3,300,546</u>	<u>1,860,470</u>	<u>(1,440,076)</u>
EXPENDITURES			
Emergency services	3,579,528	2,462,249	(1,117,279)
Debt service			
Principal	98,988	98,988	
Interest	21,012	10,792	(10,220)
Capital outlay	334,300		(334,300)
Total expenditures	<u>4,033,828</u>	<u>2,572,029</u>	<u>(1,461,799)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(733,282)	(711,559)	21,723
OTHER FINANCING SOURCES (USES)			
Debt issuance costs		(5,462)	(5,462)
Proceeds of debt issuance	240,000	245,462	5,462
Transfers out	(341,568)		341,568
Transfers in	834,850	199,850	(635,000)
Total other financing sources (uses)	<u>733,282</u>	<u>439,850</u>	<u>(293,432)</u>
NET CHANGE IN FUND BALANCES	<u> </u>	(271,709)	<u>(271,709)</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(729,966)</u>	
FUND BALANCE (DEFICIT), end of year		<u>(1,001,675)</u>	

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION
(Unaudited)

This part of the City of Harrisonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	85 - 90
Revenue Capacity These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	91 - 96
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	97 - 99
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101 - 102
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	103 -104

CITY OF HARRISONVILLE, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities											
Net investment in											
capital assets		14,660,071	16,629,597	17,372,336	17,620,666	18,094,342	19,097,020	19,696,449	19,592,986	19,382,968	19,752,510
Restricted		1,186,071	1,007,888	1,062,950	1,000,182	3,674,556	3,252,840	2,559,902	2,546,782	2,458,533	6,626,553
Unrestricted (deficit)		<u>344,053</u>	<u>(1,427,705)</u>	<u>(1,829,279)</u>	<u>2,337,987</u>	<u>(405,005)</u>	<u>(680,762)</u>	<u>(153,985)</u>	<u>98,336</u>	<u>1,187,635</u>	<u>1,420,266</u>
Total governmental											
activities net position		<u>16,190,195</u>	<u>16,209,780</u>	<u>16,606,007</u>	<u>20,958,835</u>	<u>21,363,893</u>	<u>21,669,098</u>	<u>22,102,366</u>	<u>22,238,104</u>	<u>23,029,136</u>	<u>27,799,329</u>
Business-type activities											
Net investment in											
capital assets		22,757,615	24,103,550	25,037,013	25,377,303	27,020,727	27,393,693	27,265,490	26,494,501	26,367,288	26,219,786
Restricted		2,194,593	2,170,113	1,957,857	1,745,814	3,196,059	3,106,087	3,424,730	3,444,181	2,226,202	3,180,537
Unrestricted		<u>7,506,505</u>	<u>7,455,912</u>	<u>7,691,175</u>	<u>9,818,049</u>	<u>7,755,565</u>	<u>8,923,292</u>	<u>10,931,370</u>	<u>12,439,236</u>	<u>14,826,350</u>	<u>15,144,911</u>
Total business-type											
activities net position		<u>32,458,713</u>	<u>33,729,575</u>	<u>34,686,045</u>	<u>36,941,166</u>	<u>37,972,351</u>	<u>39,423,072</u>	<u>41,621,590</u>	<u>42,377,918</u>	<u>43,419,840</u>	<u>44,545,234</u>
Primary government											
Net investment in											
capital assets		37,417,686	40,733,147	42,409,349	42,409,349	45,115,069	46,490,713	46,961,939	46,087,487	45,750,256	45,972,296
Restricted		3,380,664	3,178,001	3,020,807	3,020,807	6,870,615	6,358,927	5,984,632	5,990,963	4,684,735	9,807,090
Unrestricted		<u>7,850,558</u>	<u>6,028,207</u>	<u>5,861,896</u>	<u>5,861,896</u>	<u>7,350,560</u>	<u>8,242,530</u>	<u>10,777,385</u>	<u>12,537,572</u>	<u>16,013,985</u>	<u>16,565,177</u>
Total primary govern-											
ment net position		<u>48,648,908</u>	<u>49,939,355</u>	<u>51,292,052</u>	<u>51,292,052</u>	<u>59,336,244</u>	<u>61,092,170</u>	<u>63,723,956</u>	<u>64,616,022</u>	<u>66,448,976</u>	<u>72,344,563</u>

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXPENSES											
Governmental activities											
General government		1,795,064	1,905,925	2,002,426	1,583,748	1,722,897	1,947,920	1,889,277	1,839,069	1,834,267	2,024,385
Public safety		2,688,722	2,662,905	2,902,002	2,645,741	2,877,989	2,944,912	2,888,428	3,080,641	3,105,508	2,464,102
Streets		871,419	997,572	1,134,034	1,001,075	1,157,722	1,038,983	1,134,081	1,860,140	1,228,054	1,017,662
Codes											255,013
Community development		237,807	306,143	320,186	439,050	504,401	462,686	391,307	379,232	486,445	246,632
Animal control		167,154	176,656	179,525	192,396	192,369	188,968	214,988	179,637	170,161	164,340
Airport		319,622	359,292	300,459	308,994	339,387	310,155	283,122	243,365	269,445	379,809
Emergency services		2,472,147	2,273,547	2,346,331	2,310,217	2,497,603	2,465,996	2,568,186	2,776,094	2,795,717	2,508,026
Park		590,728	578,777	611,935	550,704	606,756	578,632	534,155	580,630	532,222	489,436
Community center		1,506,078	1,650,035	1,617,794	1,458,666	1,488,614	1,478,570	1,478,927	1,493,221	1,550,888	1,120,216
CDBG pass-through expenses		6,500									
Debt issuance costs											72,291
Interest on long-term debt		772,777	615,807	581,180	559,742	526,562	535,073	519,512	276,475	263,666	266,298
Total governmental activities expenses		<u>11,428,018</u>	<u>11,526,659</u>	<u>11,995,872</u>	<u>11,050,333</u>	<u>11,914,300</u>	<u>11,951,895</u>	<u>11,901,983</u>	<u>12,708,504</u>	<u>12,236,373</u>	<u>11,008,210</u>
Business-type activities											
Electric		11,247,956	11,427,822	11,861,775	10,969,788	10,344,770	10,310,545	9,998,594	10,493,564	10,514,816	10,918,845
Water and sewer		3,703,248	3,693,731	4,102,397	3,953,599	4,079,377	4,140,949	3,995,319	4,286,057	4,604,935	4,469,633
Aquatic center		276,719	260,514	255,901	247,561	262,529	288,454	253,097	273,973	96,670	104,124
Refuse		473,660	468,685	483,766	494,997	505,064	505,148	587,774	583,900	577,344	577,720
Total business-type activities expenses		<u>15,701,583</u>	<u>15,850,752</u>	<u>16,703,839</u>	<u>15,665,945</u>	<u>15,191,740</u>	<u>15,245,096</u>	<u>14,834,784</u>	<u>15,637,494</u>	<u>15,793,765</u>	<u>16,070,322</u>
Total primary government expenses		<u>27,129,601</u>	<u>27,377,411</u>	<u>28,699,711</u>	<u>26,716,278</u>	<u>27,106,040</u>	<u>27,196,991</u>	<u>26,736,767</u>	<u>28,345,998</u>	<u>28,030,138</u>	<u>27,078,532</u>
PROGRAM REVENUES											
Governmental activities											
Charges for services											
General government		1,936,801	1,915,453	1,874,146	1,859,509	1,964,977	1,756,474	1,688,654	1,854,682	1,896,764	2,331,769
Public safety		251,138	293,448	282,196	227,768	222,035	219,959	225,969	215,624	123,239	121,367
Emergency services		1,399,295	1,280,799	1,210,496	1,332,256	1,351,037	1,180,436	1,344,572	1,311,828	1,306,953	1,117,650
Community center		926,252	953,512	949,769	880,798	852,482	843,257	876,717	935,680	538,652	820,257
Others		28,807	60,448	60,478	68,955	125,741	239,739	267,417	259,970	203,791	219,348
Operating grants and contributions		144,163	187,359	258,367	293,635	537,687	521,480	632,508	515,130	853,827	165,193
Capital grants and contributions						352,785	42,678	44,502	16,050		
Total governmental activities program revenues		<u>4,686,456</u>	<u>4,691,019</u>	<u>4,635,452</u>	<u>4,662,921</u>	<u>5,406,744</u>	<u>4,804,023</u>	<u>5,080,339</u>	<u>5,108,964</u>	<u>4,923,226</u>	<u>4,775,584</u>
Business-type activities											
Charges for services											
Electric		11,688,342	12,020,203	12,272,400	11,451,836	11,328,726	11,540,159	12,096,928	11,286,318	11,122,372	12,170,994
Water and sewer		4,581,605	4,313,059	4,351,387	4,747,235	4,864,960	4,885,863	4,816,534	4,752,229	5,733,284	5,967,270

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PROGRAM REVENUES (Continued)										
Business-type activities (Continued)										
Charges for services (Continued)										
Aquatic center	137,666	109,665	111,505	131,291	147,697	160,654	158,201	152,356	1,114	
Refuse	462,386	465,954	490,664	500,253	504,735	515,499	605,413	609,760	616,997	656,443
Operating grants and contributions			10,000			232,190	196,493	14,824		
Capital grants and contributions	280,500			91,811						
Total business-type activities program revenues	17,150,499	16,908,881	17,235,956	16,922,426	16,846,118	17,334,365	17,873,569	16,815,487	17,473,767	18,794,707
Total primary government program revenues	21,836,955	21,599,900	21,871,408	21,585,347	22,252,862	22,138,388	22,953,908	21,924,451	22,396,993	23,570,291
NET (EXPENSE) REVENUE										
Governmental activities	(6,741,562)	(6,835,640)	(7,360,420)	(6,387,412)	(6,507,556)	(7,147,872)	(6,821,644)	(7,599,540)	(7,313,147)	(6,232,626)
Business-type activities	1,448,916	1,058,129	532,117	1,256,481	1,654,378	2,089,269	3,038,785	1,177,993	1,680,002	2,724,385
Total primary government net expense	(5,292,646)	(5,777,511)	(6,828,303)	(5,130,931)	(4,853,178)	(5,058,603)	(3,782,859)	(6,421,547)	(5,633,145)	(3,508,241)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	915,825	965,993	957,930	971,143	780,924	807,004	1,133,550	1,164,401	1,358,224	1,012,058
Sales taxes	4,239,538	4,231,748	4,532,729	4,530,932	4,215,750	4,151,829	4,193,888	4,435,690	4,648,796	5,853,798
Franchise taxes	1,572,099	1,590,453	1,601,918	1,904,019	545,349	534,629	491,198	450,147	497,716	416,932
Other taxes	157,339	352,997	338,935	345,644	437,378	414,216	403,931	413,943	321,812	811,452
Federal sources										1,016,798
Unrestricted investment earnings	29,815	36,838	40,726	41,110	56,623	124,751	158,282	202,604	221,181	61,976
Miscellaneous	294,193	169,275	307,504	271,252	237,768	495,273	124,634	195,329	186,851	332,773
Transfers	(32,595)	(33,265)	(23,095)		905,183	925,375	974,013	873,194	869,599	1,314,668
Total governmental activities	7,176,214	7,314,039	7,756,647	8,064,100	7,178,975	7,453,077	7,479,496	7,735,308	8,104,179	10,820,455
Business-type activities										
Unrestricted investment earnings	216,092	149,424	246,333	239,868	246,329	181,214	187,254	423,453	388,318	84,936
Miscellaneous		130,771	154,925	153,871	60,480	105,613	26,001	28,076	42,221	46,118
Transfers	32,595	33,265	23,095	(200,000)	(905,183)	(935,375)	(974,013)	(873,194)	(869,599)	(1,314,668)
Total business-type activities	248,687	313,460	424,353	193,739	(598,374)	(648,548)	(760,758)	(421,665)	(439,060)	(1,183,614)
Total primary government	7,424,901	7,627,499	8,181,000	8,257,839	6,580,601	6,804,529	6,718,738	7,313,643	7,665,119	9,636,841
CHANGE IN NET POSITION										
Governmental activities	434,652	478,399	396,227	1,676,688	671,419	305,205	657,852	135,768	791,032	4,587,829
Business-type activities	1,697,603	1,371,589	956,470	1,450,220	1,056,004	1,440,721	2,278,027	756,328	1,240,942	1,540,771
Total primary government	2,132,255	1,849,988	1,352,697	3,126,908	1,727,423	1,745,926	2,935,879	892,096	2,031,974	6,128,600

CITY OF HARRISONVILLE, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GENERAL FUND											
	Nonspendable	148,835	170,485	184,885	211,284	222,988	1,087,340	1,331,404	1,097,610	934,649	580,196
	Restricted	114,065	114,159	114,855	115,021	111,610	115,209	115,946	34,217	291,936	1,834,626
	Unassigned	6,304,295	5,384,287	4,784,005	5,336,961	5,810,251	4,814,142	4,352,607	4,339,212	4,933,405	5,420,122
	Total General Fund	<u>6,567,195</u>	<u>5,668,931</u>	<u>5,083,745</u>	<u>5,663,266</u>	<u>6,144,849</u>	<u>6,016,691</u>	<u>5,799,957</u>	<u>5,471,039</u>	<u>6,159,990</u>	<u>7,834,944</u>
ALL OTHER GOVERNMENTAL FUNDS											
∞	Nonspendable	101,248	114,063	113,131	129,281	135,774	31,659	36,827	43,209	99,463	49,067
	Restricted	1,073,822	851,553	944,488	1,313,363	1,280,789	1,189,792	498,540	518,325	2,069,601	1,403,644
	Committed						60,532				
	Assigned	907,262	772,069	659,243	243,727	308,293					
	Unassigned (deficit)	<u>(318,367)</u>	<u>(470,882)</u>	<u>(410,099)</u>		<u>(70,973)</u>	<u>(70,154)</u>	<u>(158,223)</u>	<u>(186,703)</u>	<u>(366,732)</u>	<u>(236,958)</u>
	Total all other governmental funds	<u>1,763,965</u>	<u>1,266,803</u>	<u>1,306,763</u>	<u>1,686,371</u>	<u>1,653,883</u>	<u>1,211,829</u>	<u>377,144</u>	<u>374,831</u>	<u>1,802,332</u>	<u>1,215,753</u>

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES											
Taxes											
Property		915,825	965,993	957,930	971,143	967,740	807,004	1,133,550	1,164,401	1,358,224	1,012,058
Sales		4,239,538	4,231,748	4,532,729	4,530,932	4,695,188	4,151,829	4,193,888	4,435,690	4,648,796	5,853,798
Franchise		1,572,099	1,590,453	1,601,918	1,904,019	1,450,532	534,629	491,198	450,147	497,716	416,932
Other		157,339	352,997	338,935	345,644	347,882	316,737	321,835	326,325	321,812	811,452
Licenses, fees, and permits		161,692	129,094	124,911	148,648	189,068	156,648	145,427	142,494	238,514	285,637
Fines and forfeitures		251,138	293,448	282,196	227,768	222,035	212,799	216,846	211,234	120,676	
Charges for services		4,129,463	4,081,118	3,969,978	3,992,870	4,062,842	3,853,708	4,022,356	4,207,472	3,710,209	4,324,754
Intergovernmental		229,382	187,359	258,367	293,635	485,312	576,643	651,475	512,553	853,827	1,181,991
Investment earnings		29,815	36,838	40,726	41,110	56,623	124,751	158,282	202,604	221,181	61,976
Miscellaneous		294,193	169,275	307,504	271,252	241,132	155,757	217,988	312,235	168,660	332,773
Total revenues		<u>11,980,484</u>	<u>12,038,323</u>	<u>12,415,194</u>	<u>12,727,021</u>	<u>12,718,354</u>	<u>10,890,505</u>	<u>11,552,845</u>	<u>11,965,155</u>	<u>12,139,615</u>	<u>14,281,371</u>
⌘ EXPENDITURES											
General government		1,667,057	1,787,238	1,857,424	1,578,196	1,593,951	1,770,539	1,822,525	1,754,862	1,636,756	2,568,339
Public safety		2,581,042	2,571,510	2,824,957	2,545,685	2,568,837	2,729,997	2,876,073	2,984,290	2,865,508	2,650,376
Streets		635,787	770,736	900,050	759,010	837,799	811,558	826,215	890,508	833,382	784,004
Codes											390,847
Community development		210,273	275,794	296,174	431,365	455,440	412,561	369,190	356,871	441,171	309,725
Animal control		160,398	171,273	177,458	194,045	178,943	175,523	209,266	175,362	161,308	174,771
Airport		171,867	210,681	162,129	177,497	196,537	179,513	203,025	98,270	112,744	199,285
Emergency services		2,389,722	2,163,113	2,229,575	2,224,086	2,307,984	2,201,925	2,391,496	2,589,847	2,534,304	2,462,249
Park		488,375	463,459	505,454	463,685	474,849	493,664	472,138	518,865	447,901	491,122
Community center		1,197,703	1,322,084	1,284,251	1,122,009	1,123,877	1,104,224	1,143,305	1,163,679	1,171,387	927,949
Towne center project		12,766	13,046	8,126	7,654	7,075					
CDBG pass-through expenses		6,500									
Capital outlay		1,020,483	2,152,920	1,163,730	733,847	950,944	992,525	996,397	1,170,970	1,418,414	3,295,426
Debt service											
Principal		815,940	942,088	1,006,082	1,030,336	1,105,726	1,133,777	7,409,843	1,237,399	1,272,749	3,214,490
Interest and fiscal fees		699,696	556,542	521,915	500,477	467,297	425,877	497,522	234,580	202,707	215,680
Total expenditures		<u>12,057,609</u>	<u>13,400,484</u>	<u>12,937,325</u>	<u>11,767,892</u>	<u>12,269,259</u>	<u>12,431,683</u>	<u>19,216,995</u>	<u>13,175,503</u>	<u>13,098,331</u>	<u>17,684,263</u>
EXCESS OF REVENUES											
OVER (UNDER)											
EXPENDITURES		(77,125)	(1,362,161)	(522,131)	959,129	449,095	(1,541,178)	(7,664,150)	(1,210,348)	(958,716)	(3,402,892)

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OTHER FINANCING SOURCES										
(USES)										
Other sources						441,220	58,718	5,923	3,569	
Proceeds of long-term debt							5,580,000		2,202,000	3,248,890
Debt issuance costs										(72,291)
Payments to escrow agent	(1,283,500)									
Transfers in	2,578,093	2,228,146	3,018,833	2,851,276	2,034,398	2,586,847	2,413,759	2,184,954	2,143,507	2,485,657
Transfers out	(2,610,688)	(2,261,411)	(3,041,928)	(2,851,276)	(2,034,398)	(1,661,472)	(1,439,746)	(1,311,760)	(1,273,908)	(1,170,989)
Total other financing sources (uses)	<u>(1,316,095)</u>	<u>(33,265)</u>	<u>(23,095)</u>			<u>1,366,595</u>	<u>6,612,731</u>	<u>879,117</u>	<u>3,075,168</u>	<u>4,491,267</u>
⌘ NET CHANGES IN FUND BALANCES	<u>(1,393,220)</u>	<u>(1,395,426)</u>	<u>(545,226)</u>	<u>959,129</u>	<u>449,095</u>	<u>(174,583)</u>	<u>(1,051,419)</u>	<u>(331,231)</u>	<u>2,116,452</u>	<u>1,088,375</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	13.7%	13.3%	13.0%	13.9%	13.9%	13.6%	43.4%	12.3%	12.6%	23.8%

CITY OF HARRISONVILLE, MISSOURI
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	94,424,728	23,546,390	117,937,341	0.68
2013	95,845,535	22,091,806	117,235,056	0.69
2014	94,552,735	22,682,321	120,940,616	0.69
2015	94,992,339	25,948,277	121,506,475	0.69
2016	96,409,365	25,097,110	121,506,475	0.69
2017	96,807,843	23,807,868	120,615,711	0.69
2018	106,573,191	23,764,255	130,337,446	0.67
2019	118,040,319	29,079,287	147,119,606	0.64
2020	118,877,304	29,405,489	148,282,793	0.65
2021	138,205,591	29,352,207	167,557,798	0.64

Source: Cass County Assessor's Office

Note: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the market value. Those percentages are 32% for commercial, 19% for residential, and 12% for agriculture.

Tax rates are per \$100 of assessed value.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	Fiscal Year Ended December 31,	City Direct Rates			Overlapping Rates		Total Overlapping Rates	Total Direct and Overlapping
		General Fund	Park Fund	Total Direct	State	Other		
92	2012	0.5501	0.1245	0.6746	0.03	6.18	6.21	6.88
	2013	0.5585	0.1264	0.6849	0.03	6.18	6.21	6.89
	2014	0.5658	0.1280	0.6938	0.03	6.18	6.21	6.90
	2015	0.5672	0.1283	0.6955	0.03	6.18	6.21	6.91
	2016	0.5672	0.1283	0.6955	0.03	6.18	6.21	6.91
	2017	0.5672	0.1283	0.6955	0.03	6.18	6.21	6.91
	2018	0.5430	0.1228	0.6658	0.03	6.18	6.21	6.88
	2019	0.5240	0.1185	0.6425	0.03	5.60	5.63	6.27
	2020	0.5295	0.1197	0.6492	0.03	5.60	5.63	6.28
	2021	0.5253	0.1187	0.6440	0.03	5.48	5.51	6.15

Source: Cass County Collector

Note: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

	Taxpayer	2021			2011		
		Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation
33	Church & Dwight/USA Detergents	2,992,470	1	1.79	6,601,360	1	5.60
	Wal-Mart	2,720,000	2	1.62	3,340,180	2	2.83
	Sapp Bros Inc	2,551,160	3	1.52			
	MMPF II Harrisonville Spe LLC	2,534,830	4	1.51			
	Harrisonville Marketplace II, LLC	2,429,660	5	1.45			
	Mill-Walk Mall	1,765,500	6	1.05	1,373,200	6	1.16
	Love's Travel Stops & Country Store	1,454,310	7	0.87			
	Sutherlands Lumber Co.	1,572,960	8	0.94	1,624,010	4	1.38
	UFP Real Estate LLC	1,069,070	9	0.64			
	Harrisonville MP II LLC	523,270	10	0.31	1,992,520	3	1.69
	Harrisonville MP LLC				1,377,660	5	1.17
	Universal Forest Products				1,128,000	7	0.96
	Harrisonville Crossings Properties				930,640	8	0.79
	H.V. Hotel Investment LLC				746,450	9	0.63
	AHG, Inc.				660,260	10	0.56
	TOTALS	<u>19,613,230</u>		<u>11.70</u>	<u>19,774,280</u>		<u>16.77</u>

Data provided by the Cass County Collector

CITY OF HARRISONVILLE, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

94	Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
	2012	807,753	732,284	90.66	75,469	807,753	100.00		
	2013	813,377	728,785	89.60	84,592	813,377	100.00		
	2014	841,142	792,712	94.24	48,430	841,142	100.00		
	2015	845,078	826,840	97.84	9,138	835,978	98.92	9,100	1.08
	2016	838,882	774,804	92.36	56,560	831,364	99.10	7,518	0.90
	2017	856,393	813,075	94.94	36,498	849,573	99.20	6,820	0.80
	2018	892,396	830,520	93.07	54,825	885,345	99.21	7,051	0.79
	2019	917,339	857,577	93.49	52,480	910,057	99.21	7,282	0.79
	2020	962,652	898,475	93.33	61,770	960,245	99.75	2,407	0.25
	2021	946,689	898,718	94.93	19,453	918,171	96.99	28,518	3.01

Source: Collector's Annual Settlement Documentation

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING
SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Rate	Cass County	State	Total
2012	1.875	1.750	4.225	7.850
2013	1.875	1.750	4.225	7.850
2014	1.875	1.750	4.225	7.850
2015	1.875	1.750	4.225	7.850
2016	1.875	1.750	4.225	7.850
2017	1.875	2.000	4.225	8.100
2018	1.875	2.000	4.225	8.100
2019	1.875	1.625	4.225	7.725
2020	1.875	1.625	4.225	7.725
2021	1.875	1.625	4.225	7.725

Source: Missouri Department of Revenue and Cass County, Missouri

CITY OF HARRISONVILLE, MISSOURI
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL RETAIL SALES	<u>204,736</u>	<u>203,559</u>	<u>213,512</u>	<u>217,311</u>	<u>223,335</u>	<u>22,561</u>	<u>228,237</u>	<u>235,832</u>	<u>250,016</u>	<u>283,014</u>

Note: This report does not break out taxable sales by retail category as some detail information is considered confidential by state law.

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	TIF Revenue Bonds	Promissory Notes	Capital Lease Payable	Revenue Bonds	Certificates of Participation	Promissory Note			
2012	7,295,000	7,785,000	171,931	265,136	11,556,672		380,000	36,453,739	0.12	2,737
2013	6,665,000	7,520,000	162,916	227,063	10,711,700		278,869	34,565,548	0.11	256
2014	6,015,000	7,220,000	147,165	186,732	9,885,400		250,060	32,704,357	0.10	2,361
2015	5,350,000	6,920,000	152,066	144,006	9,045,400		220,526	30,831,998	0.09	2,175
2016	4,650,000	6,585,000	126,602	98,744	8,181,700		190,250	19,832,296	0.09	1,963
2017	3,930,000	6,245,000	100,774	50,796	11,401,066		159,974	21,887,610	0.06	1,555
2018	3,185,000	5,180,000	80,931		15,103,034		127,391	23,676,356	0.09	2,328
2019	2,425,000	4,720,000	63,532		14,555,361		94,771	21,858,664	0.10	2,169
2020	3,286,000	4,250,000	45,783	556,000	13,075,300	10,005,000	61,331	31,279,414	0.13	3,262
2021	815,000	3,765,000	27,495	3,537,988	11,862,800	10,005,000	27,048	30,040,331	0.12	2,968

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2021

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Assessed valuation	<u>167,557,798</u>		<u>167,557,798</u>
Constitutional debt limit	16,755,780	16,755,780	33,511,560
Less general obligation bonds payable			- 0 -
	16,755,780	16,755,780	<u>33,511,560</u>
Cash and securities available for retirement			- 0 -
	<u>16,755,780</u>	<u>16,755,780</u>	<u>33,511,560</u>

- (1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.
- (2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary storm systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
DECEMBER 31, 2021

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	29,535,000	65%	19,197,750
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds	<u>- 0 -</u>		<u>- 0 -</u>
Total direct and estimated overlapping debt	<u><u>29,535,000</u></u>		<u><u>19,197,750</u></u>

(1) On the basis of assessed valuation.

NOTE: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Lease purchase agreements are not included in this schedule but have been included in the past. This change accounts for the significant difference among this year and previous years' schedules.

CITY OF HARRISONVILLE, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2012	10,030	230,630,000	23,063	2,585	6.40%
2013	10,040	235,000,000	23,400	2,590	6.40%
2014	10,040	240,000,000	23,750	2,500	6.40%
2015	10,040	232,000,000	23,103	2,459	5.70%
2016	10,104	232,000,000	21,717	2,425	5.70%
2017	10,103	232,000,000	21,335	2,600	4.60%
2018	10,169	251,082,779	24,691	2,375	3.10%
2019	10,078	221,020,618	21,931	2,311	3.50%
2020	9,689	234,483,489	24,201	2,212	4.60%
2021	10121	258,095,621	25,501	2,154	6.50%

Data Sources:

- (1) Bureau of Census and City estimates
- (2) American Community Survey (ACS Estimates)
- (3) School District

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL EMPLOYERS
THIS FISCAL YEAR AND TEN YEARS AGO

Employer	2021		2012	
	Employees	Rank	Employees	Rank
Wal-Mart Distribution Center	792	1	775	1
Cass Medical Center	462	2	412	2
Church & Dwight Co., Inc.	335	3	231	6
Cass County Government	332	4	285	5
Family Center	323	5	98	10
Cass R-IX Schools	294	6	386	4
Wal-Mart	290	7	397	3
City of Harrisonville	202	8	214	7
Casco Area Workshop	182	9	200	8
Advanced Drainage	106	10		
Crown Care Center			<u>101</u>	9
Total employment	<u>3,318</u>		<u>3,099</u>	

Source: Harrisonville Area Chamber of Commerce and Economic Development

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF PROPERTY VALUE, CONSTRUCTION PERMITS ISSUED,
AND TOTAL DOLLARS ON DEPOSIT AT YEAR END
WITH LOCAL BANKS AND SAVINGS AND LOANS
LAST TEN YEARS

Year	Construction Permits and Value (1) and (2)				Total Year End Deposits at Local Banks (Thousands)	Total Property Value (3)
	Residential		Commercial			
	Number	Value	Number	Value		
December 2012	240	2,103,410	76	3,685,500	341,344	117,937,341
December 2013	176	1,331,781	73	5,293,503	379,785	117,235,056
December 2014	176	1,973,875	66	2,416,903	326,918	120,940,616
December 2015	180	2,202,655	59	8,042,346	348,202	121,506,475
December 2016	241	6,672,912	83	10,622,390	340,592	120,615,711
December 2017	775	7,344,761	110	7,465,028	347,380	130,337,446
December 2018	227	4,262,714	113	6,469,647	348,575	135,221,334
December 2019	187	3,605,901	99	4,672,937	359,057	145,846,397
December 2020	231	857,324	118	7,258,714	360,000	147,119,606
December 2021	300	10,561,187	151	21,341,221	360,000	167,557,798

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
103	Police										
	Patrol units	20	20	21	21	21	20	24	24	23	23
	Police stations	1	1	1	1	1	1	1	1	1	1
	Fire										
	Fire stations	1	1	1	1	1	1	1	1	1	1
	Fire hydrants	678	678	678	678	678	792	792	792	792	792
	Streets										
	Miles	69	69	69	69	69	64	66	66	66	66
	Streetlights	900	900	900	900	900	2,000	2,000	2,000	2,000	2,000
	Miles of storm sewers	9	9	9	9	9	17	17	17	17	17
	Parks										
	Parks	6	6	6	6	6	6	6	6	6	6
	Acreage	250	250	250	250	250	450	451	451	451	451
	Golf courses	2	2	2	2	2	1	1	1	1	1
	Swimming pools	2	2	2	2	2	2	2	2	2	2
	Tennis courts	4	4	4	4	4	4	4	4	4	4
	Community centers	7	7	7	7	7	2	2	2	2	2
	Sewer										
	Sanitary sewer (miles)	54	54	54	54	54	63	64	64	64	64
	Plant capacity (mgd)	2	2	2	2	2	2	2	2	2	2
	Treatment plants	1	1	1	1	1	1	1	1	1	1
	Service connections	4,062	4,061	4,073	4,083	4,106	3,629	4,103	4,103	4,103	4,103
	Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
	Water										
	Miles of water mains	56	56	56	56	56	63	63	63	63	63
	Service connections	3,937	3,950	3,944	3,955	4,188	4,105	4,178	4,178	4,178	4,178
	Daily average consump- tion in gallons	950,000	950,000	950,000	950,000	950,000	880,000	880,000	880,000	929,000	929,000

Source: City Department Heads

CITY OF HARRISONVILLE, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Management	4	3	3	3	3	3	3	4	4	4
Finance	6	7	6	6	7	8	8	10	9	13
Codes	2	2								5
Community Development	3	3	4	5	5	4	4	3	5	1
Police										
Officers	23	23	24	23	20	23	23	25	23	21
Civilians	6	5	6	6	8	6	6	7	8	8
Animal Control	1	2	2	2	2	2	3	3	3	2
Court	1	1	1	1	2	2	2	2	1	1
Fire/EMS										
Firefighters/Director*	1			1	1					
Director/Firefighters/EMTs*	19	21	19	18	17	20	20	20	20	22
Clerk	1	1	1	1	1	1	1	1	1	2
Public Works										
Engineering	1	1	1	1						
Streets	8	8	8	8	8	9	8	8	8	8
Electric	7	8	10	11	8	8	9	9	7	8
Water	12	12	12	12	12	10	13	13	13	11
Wastewater	4	4	4	4	4	4	4	4	4	5
Airport	1	1	1	1	1	1	1			
Community Center/Parks	<u>8</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>22</u>
Total	<u>108</u>	<u>112</u>	<u>113</u>	<u>114</u>	<u>110</u>	<u>111</u>	<u>115</u>	<u>119</u>	<u>116</u>	<u>132</u>



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

We have audited, in accordance with the 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 City of Harrisonville, Missouri, which comprise the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2021, and have issued our report thereon dated June 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrisonville, Missouri's internal control over financial reporting (internal control) to determine the 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harrisonville, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

City of Harrisonville, Missouri's Response to Findings

The City of Harrisonville, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Harrisonville, Missouri's response, and accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana F Cole + Company, LLP

Overland Park, Kansas
June 20, 2022

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

2021-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. The auditors drafted the financial statements and related note disclosures from a trial balance and other documentation provided by City personnel.

Cause

City personnel do not obtain the expertise necessary to draft the year end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management.

Views of Responsible Officials and Corrective Action Plan

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytic procedures among other procedures necessary to complete the Management's Discussion and Analysis.

CITY OF HARRISONVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

2020-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2021-001.