

CITY OF HARRISONVILLE, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2020



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

CITY OF HARRISONVILLE, MISSOURI
TABLE OF CONTENTS

	Page
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1 - 2
Organization Chart	3
Principal Officials	4
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	5 - 7
MANAGEMENT'S DISCUSSION AND ANALYSIS	8 - 15
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	16 - 17
Statement of Activities	18 - 19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	24 - 25
Statement of Net Position - Proprietary Funds	26 - 27
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29 - 30
Statement of Net Position - Fiduciary Funds	31
Statement of Revenues and Expenses - Fiduciary Funds	32
Notes to Financial Statements	33 - 73
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule - General Fund	74
Budgetary Comparison Schedule - Community Center Fund	75
Notes to Budgetary Comparison Schedules	76
Schedule of Employer's Contributions	77
Schedule of Changes in Net Pension Liability	78
Schedule of Changes in Net OPEB Liability and Related Ratios	79
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
General Fund - Combining Balance Sheet	80
General Fund - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	81
Nonmajor Governmental Funds - Combining Balance Sheet	82

CITY OF HARRISONVILLE, MISSOURI
TABLE OF CONTENTS

	Page
<u>OTHER SUPPLEMENTARY INFORMATION (Continued)</u>	
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
Nonmajor Enterprise Funds - Combining Statement of Net Position	84
Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Net Position	85
Nonmajor Enterprise Funds - Combining Statement of Cash Flows	86
Park Fund - Budgetary Comparison Schedule	87
Debt Service Fund - Budgetary Comparison Schedule	88
Emergency Services Fund - Budgetary Comparison Schedule	89

STATISTICAL SECTION (UNAUDITED)

Net Position by Component	90
Changes in Net Position	91 - 92
Fund Balances, Governmental Funds	93
Changes in Fund Balances, Governmental Funds - Modified Accrual	94 - 95
Assessed Value of Taxable Property	96
Direct and Overlapping Property Tax Rates	97
Principal Property Taxpayers	98
Property Tax Levies and Collections	99
Direct and Overlapping Sales Tax Rates	100
Taxable Retail Sales	101
Ratios of Outstanding Debt by Type	102
Computation of Legal Debt Margin	103
Computation of Direct and Estimated Overlapping Debt	104
Demographic Statistics	105
Principal Employers	106
Schedule of Property Value, Construction Permits Issued, and Total Dollars on Deposit at Year End with Local Banks and Savings and Loans	107
Capital Asset Statistics by Function/Program	108
Full-Time Equivalent City Government Employees by Function/Program	109

REPORTS REQUIRED UNDER GOVERNMENT AUDITING STANDARDS

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 <i>Government Auditing Standards</i>	110 - 111
Schedule of Findings and Responses	112
Summary Schedule of Prior Audit Findings	113

INTRODUCTORY SECTION



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

June 17, 2021

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Comprehensive Annual Financial Report of the City of Harrisonville, Missouri, for the fiscal year ended December 31, 2020. 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, 2020, 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.

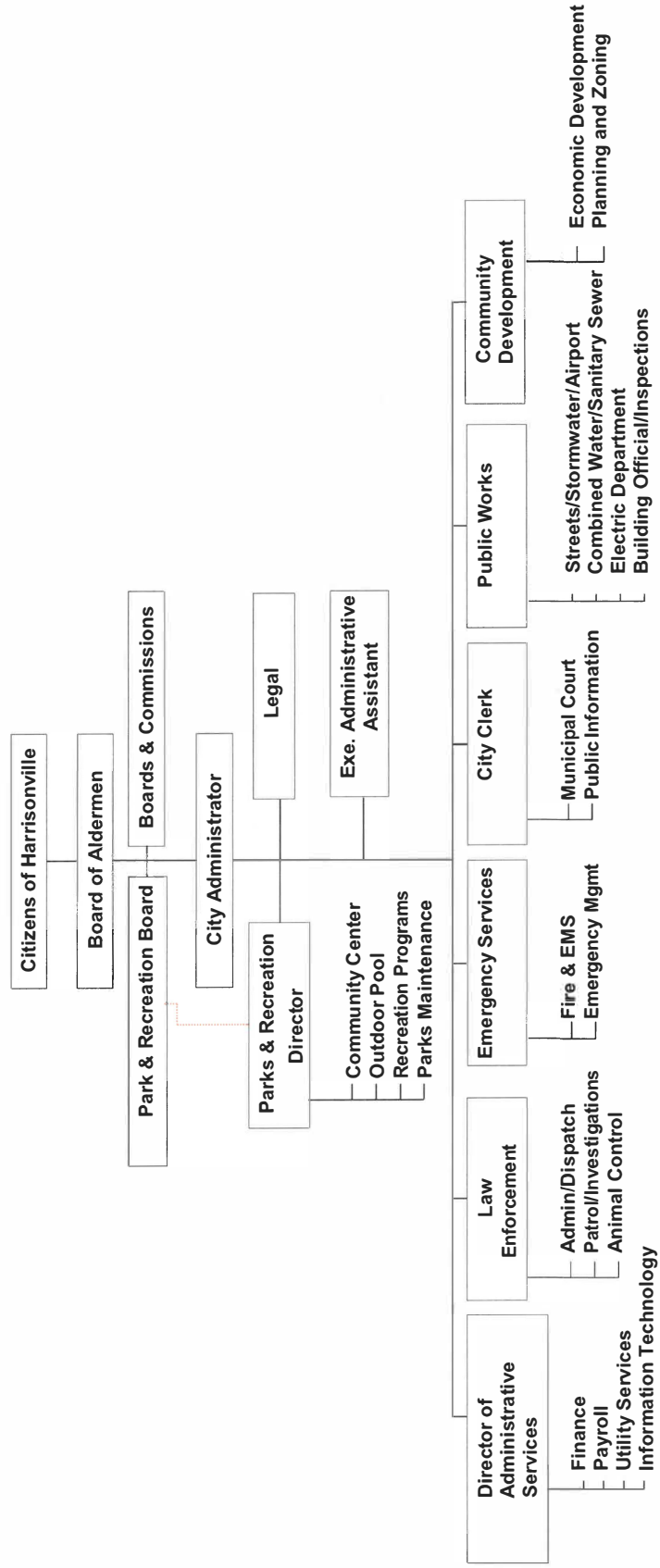
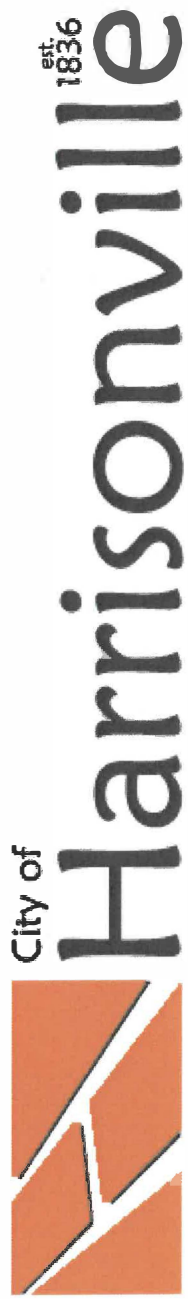
Long-term financial planning - The City prepares a ten-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included 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
Finance Director



CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2020

MAYOR AND BOARD OF ALDERMEN

Judy Bowman	Mayor
Michael Zaring	Alderman Ward 1
Dave Doerhoff	Alderman Ward 1
Judy Reece	Alderman Ward 2
Marcia Milner	Alderman Ward 2
Vacant	Alderman Ward 3
Vacant	Alderman Ward 3
Gary Davidson	Alderman Ward 4
Matt Turner	Alderman Ward 4

ADMINISTRATOR AND DEPARTMENT HEADS

Brad Ratliff	City Administrator
Carl Brooks	Director of Public Works and Water/Sewer Superintendent
Andy Pollard	Electric Superintendent
Rodney Jacobs	Street Superintendent
Grant Purkey	Director of Parks & Recreation
Jim Clarke	Director of Community/Economic Development
Jeremy Smith	Director of Administrative Services
John Hofer	Police Chief
Eric Myler	Fire Chief and Director of Emergency Management
Steve Mauer	City Attorney
Don Lagrasso	Municipal Judge
Sarah Carnes	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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 - 15, the budgetary comparison schedules on pages 74 - 76, the schedule of employer's contributions on page 77, the schedule of changes in net pension liability on page 78, and the schedule of changes in net OPEB liability and related ratios on page 79 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisonville, Missouri's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 80 - 89 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information on pages 80 - 89 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections on pages 1 - 4 and 90 - 109 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2021, 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 17, 2021

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, 2020. 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, 2020, fiscal year by \$23,029,136 for the City's governmental activities and \$43,419,840 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 \$7,962,232, an increase of \$2,116,452 in comparison with the prior year. A majority of this increase (\$1,646,000) is due to the portion of 2020 Certificates of Deposit that were issued on December 30, 2020, and will be used to pay principal and interest on the 2012 Series of Certificates of Participation. Of the total fund balances, \$4,566,673 is unassigned and available for spending at the government's discretion, which is an increase from the unassigned balance in the prior year of \$4,339,212.

The unassigned fund balance for the General Fund consists of approximately 49% of the total General Fund expenditures for 2020, which is an increase from the prior year percentage of 44%.

Overview of the Financial Statements

The 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 (of 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 supplement 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, 2020, compared with the same information for the fiscal year ending December 31, 2019:

City of Harrisonville, Missouri's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	9,538,842	8,833,701	29,359,254	18,112,577	38,898,096	26,946,278
Capital assets	21,796,108	21,875,193	39,860,887	41,144,633	61,656,995	63,019,826
Deferred outflows of resources	<u>1,636,375</u>	<u>993,351</u>	<u>370,338</u>	<u>160,926</u>	<u>2,006,713</u>	<u>1,154,277</u>
Total assets and deferred outflows of resources	<u>32,971,325</u>	<u>31,702,245</u>	<u>69,590,479</u>	<u>59,418,136</u>	<u>102,561,804</u>	<u>91,120,381</u>

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Other liabilities	647,559	357,778	1,916,671	1,800,468	2,564,230	2,158,246
Long-term liabilities	8,613,897	7,676,053	24,178,434	14,821,839	32,792,331	22,497,892
Deferred inflows of resources	680,733	1,430,310	75,534	417,911	756,267	1,848,221
Total liabilities and deferred inflows of resources	9,942,189	9,464,141	26,170,639	17,040,218	36,112,828	26,504,359
Net position						
Net investment in capital assets	19,382,968	19,592,986	26,367,288	26,494,501	45,750,256	46,087,487
Restricted	2,458,533	2,546,782	2,226,202	3,444,181	4,684,735	5,990,963
Unrestricted	1,187,635	98,336	14,826,350	12,439,236	16,013,985	12,537,572
Total net position	23,029,136	22,238,104	43,419,840	42,377,918	66,448,976	64,616,022

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 \$66,448,976 as the close of fiscal year ended December 31, 2020. Of this total, \$4,684,735 is restricted; \$2,323,500 for pension benefits; \$1,951,449 for debt service; and \$409,786 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, 2020, compared with the same information for the fiscal year ending December 31, 2019:

	Governmental Activities		Business-Type Activities		Total	
REVENUES	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	4,069,399	4,577,784	17,473,767	16,800,663	21,543,166	21,378,447
Operating grants and contributions	853,827	515,130		14,824	853,827	529,954
Capital grants and contributions		16,050				16,050
General revenues						
Taxes	6,826,548	6,464,181			6,826,548	6,464,181
Investment earnings	221,181	208,527	388,318	423,453	609,499	631,980
Other miscellaneous revenues	186,851	189,406	42,221	28,076	229,072	217,482
Total revenues	12,157,806	11,971,078	17,904,306	17,267,016	30,062,112	29,238,094

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
EXPENSES	2020	2019	2020	2019	2020	2019
General Government	1,834,267	1,839,069			1,834,267	1,839,069
Public safety	3,105,508	3,080,641			3,105,508	3,080,641
Street	1,228,054	1,860,140			1,228,054	1,860,140
Economic Development	486,445	379,232			486,445	379,232
Animal Control	170,161	179,637			170,161	179,637
Airport	269,445	243,365			269,445	243,365
Emergency Services	2,795,717	2,776,094			2,795,717	2,776,094
Park	532,222	580,630			532,222	580,630
Community Center	1,550,888	1,493,221			1,550,888	1,493,221
Interest on long-term debt and related expenses	263,666	276,475			263,666	276,475
Electric			10,514,816	10,493,564	10,514,816	10,493,564
Water/Sewer			4,803,955	4,286,057	4,803,955	4,286,057
Aquatic Center			96,670	273,973	96,670	273,973
Refuse			577,344	583,900	577,344	583,900
Total expenses	<u>12,236,373</u>	<u>12,708,504</u>	<u>15,992,785</u>	<u>15,637,494</u>	<u>28,229,158</u>	<u>28,345,998</u>
Transfers in (out)	(10,417)	(31,950)	10,417	31,950		
Payment in lieu of taxes	<u>880,016</u>	<u>905,144</u>	<u>(880,016)</u>	<u>(905,144)</u>		
Change in net position	791,032	135,768	1,041,922	756,328	1,832,954	892,096
Net position, beginning	<u>22,238,104</u>	<u>22,102,336</u>	<u>42,377,918</u>	<u>41,621,590</u>	<u>64,616,022</u>	<u>63,723,926</u>
Net position, ending	<u>23,029,136</u>	<u>22,238,104</u>	<u>43,419,840</u>	<u>42,377,918</u>	<u>66,448,976</u>	<u>64,616,022</u>

Total revenues increased \$824,018 over 2019. In 2020, approximately 71.7% 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 39.9% of governmental revenues.

Total program expenses for 2020 are \$28,229,158 with the majority, \$15,992,785, stemming from business-type activities. Governmental activities expenses decreased \$472,131 while the business-type activities expenses increased \$355,291. Public safety expenses at \$3,105,508, totaled approximately 25.4% of the governmental activities, while the electric utility expenses compose 66.6% 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 \$7,962,322. Of this amount \$1,034,112 is non-spendable, \$2,361,537 is restricted for specific purposes, and \$4,566,673 is unassigned.

The City's fund balance of the General Fund increased \$688,951 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 Funds activities increased fund balance by \$724,960 while the Emergency Services Fund activities decreased fund balance by \$36,009. General Fund combining financial statements are presented in the other supplementary information section.

The Community Center Fund as a deficit fund balance of \$267,012. Fund balance decreased by \$324,542 as expenditures were incurred, but revenue was reduced primarily from COVID-19 pandemic reasons during the year.

The Towne Center TIF Fund has an ending balance of \$119,130 of which \$117,850 is restricted. The Towne Center TIF Fund continues to impact the net position of the City. The anchor tenant opened in spring 2007. One additional pad site has been occupied, and a hotel has been opened on the south end. The two remaining pad sites are still open for development. The City budget and contributed City funds to help meet the debt service schedule in 2020, but will need additional development to continue to service the debt without impacting other City funds.

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 \$11,874,568, a decrease of \$161,636 from 2019. The net position of the water/sewer fund amounted to \$31,125,050 at the end of 2020, an increase of \$1,248,996 from 2019.

General Fund Budgetary Highlights

On a budgetary basis, the General Fund is the main operating fund of the City. The fund balance increased \$724,960 from the prior year. The General Fund's expenditures were less than budgeted amounts by \$936,037. The primary reason for the General Fund not meeting budgeted expenditures was due to restrictions of the COVID-19 pandemic.

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	
	2020	2019	2020	2019	2020	2019
Land	838,674	838,674	1,588,031	1,588,031	2,426,705	2,426,705
Buildings and improvements	15,920,003	16,399,485	23,319,476	24,257,270	39,239,479	40,656,755
Machinery and equipment	791,766	846,668	773,741	439,715	1,565,507	1,286,383
Vehicles	1,414,444	686,205	280,623	361,194	1,695,067	1,047,399
Infrastructure	2,831,221	3,104,161	13,899,016	14,498,423	16,730,237	17,602,584
Total	<u>21,796,108</u>	<u>21,875,193</u>	<u>39,860,887</u>	<u>41,144,633</u>	<u>61,656,995</u>	<u>63,019,826</u>

At the end of December 31, 2020, the City had \$61,656,995 invested in capital assets including land, buildings and improvements, equipment, vehicles, infrastructure, and water and sewer lines net of accumulated depreciation. This represents a net decrease of \$1,362,831 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	
	2020	2019	2020	2019	2020	2019
Compensated absences	286,036	266,533	124,607	112,277	410,643	378,810
OPEB liability	162,780	162,780	59,430	59,430	222,210	222,210
Revenue bonds			13,075,300	14,511,700	13,075,300	14,511,700
Certificates of Participation	3,286,000	2,425,000	9,979,000		13,265,000	2,425,000
Tax increment revenue bonds	4,250,000	4,720,000			4,250,000	4,720,000
Capital lease	556,000				556,000	
Promissory notes	45,783	63,532	61,331	94,771	107,114	158,303
Premiums	27,298	38,208	878,766	44,894		83,102
Discounts				(1,233)		(1,233)
Total	<u>8,613,897</u>	<u>7,676,053</u>	<u>24,178,434</u>	<u>14,821,839</u>	<u>31,886,267</u>	<u>22,497,892</u>

Economic Outlook and Next Year's Budget

Despite the coronavirus pandemic in 2020 the City is experiencing commercial growth in 2020. Harrisonville's economy is diversified as the county seat of Cass County serving as the area center for commerce, banking, education, agriculture enterprise, and light industry. The City's December 2020 unemployment rate was 5.2% versus a national average of 6.7%. Its location provides access to the cultural, commercial, leisure, and sporting attractions of the Kansas City MSA. Harrisonville's median household income is \$47,404 with 10,078 residents.

CITY OF HARRISONVILLE, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Outlook and Next Year's Budget (Continued)

Harrisonville's major employers include the Wal-Mart distribution center, Cass Medical Center and Cass R-IX Schools. Its major commercial tax payers include Church & Dwight Consumer Goods, Wal-Mart, Harrisonville MP II LLC, HFMD Properties LLC, Harrisonville MP II LLC, and Love's Travel Stops & Country Store.

Harrisonville has direct access to the Kansas City Metro Area with well-known employers such as: Cerner Corporation, HCA Midwest Health System, Saint Luke's Health System, and Ford Motor Company.

With debt issued in 2020 the City is busy renovating it's 68,000 square feet community center. Improvements include new HVAC systems, fitness equipment, and major pool improvements. The City's 2021 capital improvement plan includes a total of \$15,115,000. Of that total approximately \$675,000 of infrastructure improvements are planned for 2021 including sidewalks, storm water, and street overlay projects. A new ambulance was purchased as well as other fleet replacements. The financial software system update implementation has been completed in 2021. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends in order to forestall 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	4,310,086	13,780,397	18,090,483	
Accounts receivable, net of allow- ance for doubtful accounts	580,496	2,144,394	2,724,890	
Taxes receivable	685,772		685,772	26,470
Inventory	132,638	649,333	781,971	
Prepaid expenses	626,474	226,045	852,519	2,560
Restricted cash and investments	2,355,465	12,271,103	14,626,568	
Due from component unit	275,000		275,000	
Net pension asset	572,911	287,982	860,893	
Capital assets				
Not being depreciated	838,674	1,588,031	2,426,705	
Being depreciated, net of depreciation	<u>20,957,434</u>	<u>38,272,856</u>	<u>59,230,290</u>	
TOTAL ASSETS	<u>31,334,950</u>	<u>69,220,141</u>	<u>100,555,091</u>	<u>29,030</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related activity	24,327	8,882	33,209	
Pension related activity	1,445,823	361,456	1,807,279	
Deferred charges on refunding	<u>166,225</u>		<u>166,225</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,636,375</u>	<u>370,338</u>	<u>2,006,713</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>32,971,325</u>	<u>69,590,479</u>	<u>102,561,804</u>	<u>29,030</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payable	185,890	738,024	923,914	45,568
Expenses accrued	342,882	88,318	431,200	
Unearned revenue	79,735		79,735	
Court bonds payable	8,184		8,184	
Interest accrued	30,868		30,868	105,547
Customer deposits		1,090,329	1,090,329	
Due to primary government				275,000
Noncurrent liabilities				
Due within one year	1,769,470	2,103,425	3,872,895	
Due in more than one year	<u>6,844,427</u>	<u>22,075,009</u>	<u>28,919,436</u>	<u>14,326,059</u>
TOTAL LIABILITIES	<u>9,261,456</u>	<u>26,095,105</u>	<u>35,356,561</u>	<u>14,752,174</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	386,918		386,918	
OPEB related activity	18,077	6,600	24,677	
Pension related activity	<u>275,738</u>	<u>68,934</u>	<u>344,672</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>680,733</u>	<u>75,534</u>	<u>756,267</u>	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>9,942,189</u>	<u>26,170,639</u>	<u>36,112,828</u>	<u>14,752,174</u>
NET POSITION				
Net investment in capital assets	19,382,968	26,367,288	45,750,256	
Restricted for:				
Pension benefits	1,742,996	580,504	2,323,500	
Debt service	305,751	1,645,698	1,951,449	
Other purposes	409,786		409,786	
Unrestricted (deficit)	<u>1,187,635</u>	<u>14,826,350</u>	<u>16,013,985</u>	<u>(14,723,144)</u>
TOTAL NET POSITION	<u>23,029,136</u>	<u>43,419,840</u>	<u>66,448,976</u>	<u>(14,723,144)</u>
TOTAL LIABILITIES AND NET POSITION	<u>32,971,325</u>	<u>69,590,479</u>	<u>102,561,804</u>	<u>29,030</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, 2020

Functions/programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			Total
				Governmental Activities	Business-Type Activities		
Primary government							
Governmental activities							
General government	1,834,267	1,896,764	450,262	512,759		512,759	
Public safety	3,105,508	123,239	114,422	(2,867,847)		(2,867,847)	
Streets	1,228,054		289,143	(938,911)		(938,911)	
Community development	486,445			(486,445)		(486,445)	
Animal control	170,161	3,698		(166,463)		(166,463)	
Airport	269,445	146,084		(123,361)		(123,361)	
Emergency services	2,795,717	1,306,953		(1,488,764)		(1,488,764)	
Park	532,222	54,009		(478,213)		(478,213)	
Community center	1,550,888	538,652		(1,012,236)		(1,012,236)	
Debt issuance costs	14,622			(14,622)		(14,622)	
Interest on long-term debt	249,044			(249,044)		(249,044)	
Total governmental activities	12,236,373	4,069,399	853,827	(7,313,147)		(7,313,147)	
Business-type activities							
Electric	10,514,816	11,122,372			607,556	607,556	
Water/Sewer	4,803,955	5,733,284			929,329	929,329	
Aquatic Center	96,670	1,114			(95,556)	(95,556)	
Refuse	577,344	616,997			39,653	39,653	
Total business-type activities	15,992,785	17,473,767			1,480,982	1,480,982	
Total primary government	28,229,158	21,543,166	853,827	(7,313,147)	1,480,982	(5,832,165)	
Market Place Component Unit	662,721					(662,721)	

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Unit
				Governmental Activities	Business-Type Activities	
General revenues						
Taxes						
Property tax				1,358,224	1,358,224	205,820
Sales tax				4,648,796	4,648,796	275,601
Franchise taxes				497,716	497,716	
Other taxes				321,812	321,812	
Investment earnings				221,181	609,499	269
Gain on sale of capital assets				18,191	18,191	
Other miscellaneous revenues				168,660	42,221	
Transfers						
Transfers in (out)				(10,417)	10,417	
Payment in lieu of taxes				880,016	(880,016)	
Total general revenues and transfers				8,104,179	(439,060)	481,690
CHANGE IN NET POSITION				791,032	1,041,922	(181,031)
NET POSITION (DEFICIT), beginning of year				22,238,104	42,377,918	(14,542,113)
NET POSITION (DEFICIT), end of year				23,029,136	43,419,840	(14,723,144)

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

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Community Center Fund	Towne Center TIF Fund	Nonmajor Funds	Elimin- ations	Total Governmental Funds
ASSETS						
ASSETS						
Cash and investments	4,310,086					4,310,086
Accounts receivable	544,929	35,567				580,496
Taxes receivable	463,540	181,700	37,887	2,645		685,772
Due from other funds	444,506				(444,506)	444,506
Due from component unit	275,000					275,000
Inventory	132,638					132,638
Prepays, deposits, and other assets	527,011	37,025	1,280	61,158		626,474
Restricted cash	300,120		103,594	1,951,751		2,355,465
Restricted investments						
TOTAL ASSETS	6,997,830	254,292	142,761	2,015,554	(444,506)	9,410,437
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	168,238	9,268		8,384		185,890
Due to other funds		396,269	23,631	24,606	(444,506)	444,506
Liabilities accrued	294,293	36,032		12,557		342,882
Unearned revenue		79,735				79,735
Court bonds payable	8,184					8,184
Total liabilities	470,715	521,304	23,631	45,547	(444,506)	1,061,197
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	367,125			19,793		386,918
FUND BALANCES						
Nonspendable	934,649	37,025	1,280	61,158		1,034,112
Restricted	291,936		117,850	1,951,751		2,361,537
Unassigned (deficit)	4,933,405	(304,037)		(62,695)		4,566,673
Total fund balances (deficit)	6,159,990	(267,012)	119,130	1,950,214		7,962,322
TOTAL LIABILITIES AND FUND BALANCES	6,997,830	254,292	142,761	2,015,554	(444,506)	9,410,437

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

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

Fund balance - total governmental funds	7,962,322
---	-----------

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

Governmental capital assets	42,394,453	
Less accumulated depreciation	<u>(20,598,345)</u>	21,796,108

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	(8,137,783)	
Premiums on long-term debt	(27,298)	
Net OPEB liability	(162,780)	
Compensated absences	(286,036)	
Accrued interest payable	<u>(30,868)</u>	(8,644,765)

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

166,225

The effects of GASB 68 and 75 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	572,911	
Deferred outflows and inflows of resources related to pension activity	1,170,085	
Deferred outflows and inflows of resources related to OPEB activity	<u>6,250</u>	<u>1,749,246</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>23,029,136</u></u>
---	--------------------------

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, 2020

REVENUES	General Fund	Community Center Fund	Towne Center TIF Fund	Nonmajor Funds	Elimin- ations	Total Governmental Funds
Taxes						
Property	1,001,942		164,892	191,390		1,358,224
Sales	3,127,766	1,177,852	343,178			4,648,796
Franchise	497,716					497,716
Other	315,673			6,139		321,812
Licenses, fees, and permits	238,514					238,514
Charges for services	3,238,224	538,652		54,009		3,830,885
Intergovernmental	853,827					853,827
Interest	219,562	1,288	170	161		221,181
Miscellaneous	162,645			6,015		168,660
Total revenues	<u>9,655,869</u>	<u>1,717,792</u>	<u>508,240</u>	<u>257,714</u>		<u>12,139,615</u>

EXPENDITURES

Current						
General government	1,636,756					1,636,756
Public safety	2,865,508					2,865,508
Streets	833,382					833,382
Community development	430,473		10,698			441,171
Animal control	161,308					161,308
Airport	112,744					112,744
Emergency services	2,534,304					2,534,304
Park				447,901		447,901
Community Center		1,171,387				1,171,387

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General Fund	Community Center Fund	Towne Center TIF Fund	Nonmajor Funds	Elimin- ations	Total Governmental Funds
EXPENDITURES (Continued)						
Debt service						
Principal		17,749	470,000	785,000		1,272,749
Interest		1,182	138,188	63,337		202,707
Capital outlay	1,393,323	6,396		18,695		1,418,414
Total expenditures	<u>9,967,798</u>	<u>1,196,714</u>	<u>618,886</u>	<u>1,314,933</u>		<u>13,098,331</u>
REVENUES OVER (UNDER) EXPENDI- TURES BEFORE OTHER FINANCING						
SOURCES (USES)	<u>(311,929)</u>	<u>521,078</u>	<u>(110,646)</u>	<u>(1,057,219)</u>		<u>(958,716)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	16,100	2,091				18,191
Proceeds from debt issuance	556,000			1,646,000		2,202,000
Debt issuance costs	(14,622)					(14,622)
Payment in lieu of taxes	880,016					880,016
Transfers in			191,873	1,082,035	(1,273,908)	
Transfers out	(436,614)	(847,711)			1,273,908	(10,417)
Total other financing sources (uses)	<u>1,000,880</u>	<u>(845,620)</u>	<u>191,873</u>	<u>2,728,035</u>		<u>3,075,168</u>
NET CHANGE IN FUND BALANCES	688,951	(324,542)	81,227	1,670,816		2,116,452
FUND BALANCES, January 1, 2020	<u>5,471,039</u>	<u>57,530</u>	<u>37,903</u>	<u>279,398</u>		<u>5,845,870</u>
FUND BALANCES (DEFICIT), December 31, 2020	<u>6,159,990</u>	<u>(267,012)</u>	<u>119,130</u>	<u>1,950,214</u>		<u>7,962,322</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, 2020

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

Net change in fund balances - total governmental funds	2,116,452
--	-----------

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	1,418,414	
Depreciation	<u>(1,497,499)</u>	(79,085)

Governmental funds report the proceeds from the disposal of assets as revenues. However, in the statement of activities, the revenues are reported less the amount of nondepreciated cost. This is the amount by which the cost exceeded any proceeds.

Cost	(241,300)	
Accumulated depreciation	<u>241,300</u>	

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	1,272,749	
Proceeds of long-term debt	(2,202,000)	
Deferred charges on refunding	(57,247)	
Compensated absences	(19,503)	
Amortization of premiums	<u>10,910</u>	(995,091)

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, 2020

Governmental funds report payments required for pension 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 expense by the pension plan was less than the amounts paid into the plan.

Plan payments made by the City	465,596	
Pension expense reported by pension plan	<u>(716,840)</u>	(251,244)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>791,032</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, 2020

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Total
ASSETS				
Current assets				
Cash and investments	5,323,862	8,330,756	125,779	13,780,397
Accounts receivable	1,395,320	707,125	41,949	2,144,394
Inventory	475,649	173,684		649,333
Prepaid expenses	61,791	158,882	5,372	226,045
Total current assets	<u>7,256,622</u>	<u>9,370,447</u>	<u>173,100</u>	<u>16,800,169</u>
Noncurrent assets				
Restricted cash and investments		12,271,103		12,271,103
Net pension asset	172,542	115,440		287,982
Capital assets				
Not being depreciated	99,716	1,488,315		1,588,031
Being depreciated, net of depreciation	<u>6,116,279</u>	<u>31,907,884</u>	<u>248,693</u>	<u>38,272,856</u>
Total noncurrent assets	<u>6,388,537</u>	<u>45,782,742</u>	<u>248,693</u>	<u>52,419,972</u>
TOTAL ASSETS	<u>13,645,159</u>	<u>55,153,189</u>	<u>421,793</u>	<u>69,220,141</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related activity	3,993	4,645	244	8,882
Pension related activity	<u>154,399</u>	<u>207,057</u>		<u>361,456</u>
Total deferred outflows of resources	<u>158,392</u>	<u>211,702</u>	<u>244</u>	<u>370,338</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>13,803,551</u>	<u>55,364,891</u>	<u>422,037</u>	<u>69,590,479</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current liabilities				
Accounts payable	677,115	60,909		738,024
Accrued expenses	34,563	53,755		88,318
Customer deposits	1,090,329			1,090,329
Current portion of long-term obligations	<u>44,207</u>	<u>2,059,218</u>		<u>2,103,425</u>
Total current liabilities	<u>1,846,214</u>	<u>2,173,882</u>		<u>4,020,096</u>
Noncurrent liabilities				
Net OPEB liability	26,715	31,081	1,634	59,430
Noncurrent portion of long-term obligations		<u>22,015,579</u>		<u>22,015,579</u>
Total noncurrent liabilities	<u>26,715</u>	<u>22,046,660</u>	<u>1,634</u>	<u>22,075,009</u>
TOTAL LIABILITIES	<u>1,872,929</u>	<u>24,220,542</u>	<u>1,634</u>	<u>26,095,105</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related activity	2,967	3,452	181	6,600
Pension related activity	<u>53,087</u>	<u>15,847</u>		<u>68,934</u>
Total deferred inflows of resources	<u>56,054</u>	<u>19,299</u>	<u>181</u>	<u>75,534</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,928,983</u>	<u>24,239,841</u>	<u>1,815</u>	<u>26,170,639</u>
NET POSITION				
Net investment in capital assets	6,171,788	19,946,807	248,693	26,367,288
Restricted for:				
Debt service		1,645,698		1,645,698
Pension benefits	273,854	306,650		580,504
Unrestricted	<u>5,428,926</u>	<u>9,225,895</u>	<u>171,529</u>	<u>14,826,350</u>
TOTAL NET POSITION	<u>11,874,568</u>	<u>31,125,050</u>	<u>420,222</u>	<u>43,419,840</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, 2020

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	<u>11,122,372</u>	<u>5,733,284</u>	<u>618,111</u>	<u>17,473,767</u>
EXPENSES				
Production		1,268,731		1,268,731
Distribution	8,105,763	649,784		8,755,547
Administration	2,092,948	1,088,570	591,957	3,773,475
Depreciation	305,497	1,284,203	82,057	1,671,757
Total expenses	<u>10,504,208</u>	<u>4,291,288</u>	<u>674,014</u>	<u>15,469,510</u>
INCOME (LOSS) FROM OPERATIONS	<u>618,164</u>	<u>1,441,996</u>	<u>(55,903)</u>	<u>2,004,257</u>
NONOPERATING INCOME (EXPENSE)				
Transfers in			10,417	10,417
Payment in lieu of taxes (PILOTS)	(880,016)			(880,016)
Other income	41,435	786		42,221
Interest income	69,389	318,881	48	388,318
Debt issuance costs		(199,020)		(199,020)
Interest expense	<u>(10,608)</u>	<u>(313,647)</u>		<u>(324,255)</u>
Total nonoperating income (expense)	<u>(779,800)</u>	<u>(193,000)</u>	<u>10,465</u>	<u>(962,335)</u>
CHANGE IN NET POSITION	(161,636)	1,248,996	(45,438)	1,041,922
TOTAL NET POSITION, beginning of year	<u>12,036,204</u>	<u>29,876,054</u>	<u>465,660</u>	<u>42,377,918</u>
TOTAL NET POSITION, end of year	<u>11,874,568</u>	<u>31,125,050</u>	<u>420,222</u>	<u>43,419,840</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, 2020

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	10,780,972	5,649,469	614,106	17,044,547
Cash payments to suppliers	(9,511,975)	(2,205,805)	(594,876)	(12,312,656)
Cash payments to employees	<u>(694,648)</u>	<u>(846,413)</u>	<u>(512)</u>	<u>(1,541,573)</u>
Net cash provided by operating activities	<u>574,349</u>	<u>2,597,251</u>	<u>18,718</u>	<u>3,190,318</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payment in lieu of taxes	(880,016)			(880,016)
Transfers in	<u></u>	<u></u>	<u>10,417</u>	<u>10,417</u>
Net cash provided by (used in) noncapital financing activities	<u>(880,016)</u>	<u></u>	<u>10,417</u>	<u>(869,599)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(236,085)	(151,925)		(388,010)
Net Proceeds of long-term debt		10,625,405		10,625,405
Other income	41,435	786		42,221
Payments of long-term debt	(238,656)	(1,229,174)		(1,467,830)
Interest paid on bonds	<u>(10,608)</u>	<u>(313,647)</u>	<u></u>	<u>(324,255)</u>
Net cash provided by (used in) capital and related financing activities	<u>(443,914)</u>	<u>8,931,445</u>	<u></u>	<u>8,487,531</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>69,389</u>	<u>318,881</u>	<u>48</u>	<u>388,318</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>(680,192)</u>	<u>11,847,577</u>	<u>29,183</u>	<u>11,196,568</u>

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH AND INVESTMENTS, January 1, 2020	<u>6,004,054</u>	<u>8,754,282</u>	<u>96,596</u>	<u>14,854,932</u>
CASH AND INVESTMENTS, December 31, 2020	<u>5,323,862</u>	<u>20,601,859</u>	<u>125,779</u>	<u>26,051,500</u>
ALLOCATION OF CASH AND INVESTMENTS				
Unrestricted cash and investments	5,323,862	8,330,756	125,779	13,780,397
Restricted cash and investments		<u>12,271,103</u>		<u>12,271,103</u>
	<u>5,323,862</u>	<u>20,601,859</u>	<u>125,779</u>	<u>26,051,500</u>
Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities:				
Income (loss) from operations	<u>618,164</u>	<u>1,441,996</u>	<u>(55,903)</u>	<u>2,004,257</u>
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:				
Depreciation	305,497	1,284,203	82,057	1,671,757
(Increase) Decrease in assets:				
Accounts receivable	(425,158)	(83,815)	(4,005)	(512,978)
Inventories	(11,466)	(55,987)		(67,453)
Prepaid expenses	(25,901)	(83,885)	(3,398)	(113,184)
Net pension asset and related deferred outflows and inflows of resources	36,864	54,853		91,717
Increase (Decrease) in liabilities:				
Accounts payable	34,435	21,606	(33)	56,008
Expenses accrued	(41,844)	18,280		(23,564)
Customer deposits	83,758			83,758
Total adjustments	<u>(43,815)</u>	<u>1,155,255</u>	<u>74,621</u>	<u>1,186,061</u>
Net cash provided by (used in) operating activities	<u>574,349</u>	<u>2,597,251</u>	<u>18,718</u>	<u>3,190,318</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, 2020

	Hospital Interchange TDD	Highways 71/291 TDD	Total
ASSETS			
Cash	6,485	355,042	361,527
Taxes receivable	<u> </u>	<u>203,593</u>	<u>203,593</u>
TOTAL ASSETS	<u>6,485</u>	<u>558,635</u>	<u>565,120</u>
LIABILITIES			
Deposits held for Hospital Interchange TDD	6,485		6,485
Deposits held for Highways 71/291 TDD		126,917	126,917
Due to City of Harrisonville		430,444	430,444
Accounts payable	<u> </u>	<u>1,274</u>	<u>1,274</u>
TOTAL LIABILITIES	<u>6,485</u>	<u>558,635</u>	<u>565,120</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, 2020

	Hospital Interchange TDD	Highways 71/291 TDD	Total
REVENUES			
Interest	3	1,545	1,548
Taxes	<u> </u>	<u>1,202,123</u>	<u>1,202,123</u>
TOTAL REVENUES	<u>3</u>	<u>1,203,668</u>	<u>1,203,671</u>
EXPENSES			
Remittances for debt service		1,185,990	1,185,990
Administration	<u> </u>	<u>17,614</u>	<u>17,614</u>
TOTAL EXPENSES	<u> </u>	<u>1,203,604</u>	<u>1,203,604</u>
REVENUES OVER EXPENSES	<u>3</u>	<u>64</u>	<u>67</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, 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)

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 percent 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 percent 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 focus is upon determination of financial position and changes in financial position, rather than upon 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 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 give (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 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 in 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, 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 market 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 vacation time based on the number of years' service to the City. Outstanding vacation leave is payable upon termination of employment. 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 BOND DISCOUNTS/PREMIUMS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three 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 results from assumption changes, and the difference in experience in calculating the OPEB obligation. The third 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three 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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available over five to seven years. The second item relates to the change in assumptions related to calculating the OPEB liability. These amounts are deferred and recognized as an inflow of resources in future periods. The third 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 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 Council 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.

Unassigned

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

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION (Continued)

Fund Statements (Continued)

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 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.

NOTE 2. CASH AND INVESTMENTS

The City's cash and investments at December 31, 2020, are summarized below:

Deposits	5,306,220
Certificates of deposit	14,234,330
Investments held in trust	13,173,201
Petty cash	<u>3,300</u>
	<u>32,717,051</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Unrestricted	18,090,483
Restricted	<u>14,626,568</u>
	<u>32,717,051</u>

Investment Policy

The City deposits and invests all monies as allowed by state statute 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 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 investments 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.

At December 31, 2020, investments were held in the City's name by trustees in accordance with related debt agreements and all deposits were insured by the Federal Depository Insurance Corporation (FDIC) and uninsured deposits were fully collateralized by securities held by the City's agents in the City's name.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

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 other 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

	Grants/ Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Governmental Activities</u>				
General	6,047	411,116		417,163
Emergency services	4,620,549	52,424	(4,081,667)	591,306
Community Center	105,912	181,700	(70,345)	217,267
Park		2,645		2,645
Towne Center TIF		37,887		37,887
Total governmental activities	<u>4,732,508</u>	<u>685,772</u>	<u>(4,152,012)</u>	<u>1,266,268</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 3. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE (Continued)

	Grants/ Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
<u>Business-Type Activities</u>				
Electric	1,530,094		(134,774)	1,395,320
Water/sewer	782,294		(75,169)	707,125
Refuse	55,219		(13,270)	41,949
Total business-type activities	<u>2,367,607</u>	<u></u>	<u>(223,213)</u>	<u>2,144,394</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, 2020, was as follows:

Real estate	118,877,304
Personal property	<u>29,405,489</u>
	<u>148,282,793</u>

The tax levy per \$100 of assessed valuation of tangible property for the calendar year 2020 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, 2020, consisted of the following:

Federal sources	564,684
State sources	<u>289,143</u>
	<u>853,824</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance January 1, 2020	Additions and Transfers	Retirements and Transfers	Balance December 31, 2020
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	838,674			838,674
Total capital assets, not being depreciated	838,674			838,674
Capital assets, being depreciated				
Buildings and improvements	27,049,403	336,720		27,386,123
Machinery and equipment	4,174,552	157,654	(15,900)	4,316,306
Vehicles	3,276,417	924,040	(225,400)	3,975,057
Infrastructure	5,878,293			5,878,293
Total capital assets, being depreciated	40,378,665	1,418,414	(241,300)	41,555,779
Less accumulated depreciation for:				
Buildings and improvements	10,649,918	816,202		11,466,120
Machinery and equipment	3,327,884	212,556	(15,900)	3,524,540
Vehicles	2,590,212	195,801	(225,400)	2,560,613
Infrastructure	2,774,132	272,940		3,047,072
Total accumulated depreciation	19,342,146	1,497,499	(241,300)	20,598,345
Total capital assets being depreciated, net	21,036,519	(79,085)		20,957,434
Governmental activities capital assets, net	21,875,193	(79,085)		21,796,108
<u>Business-Type Activities - Electric Fund</u>				
Capital assets, not being depreciated				
Land	99,716			99,716
Total capital assets, not being depreciated	99,716			99,716

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	Balance January 1, 2020	Additions and Transfers	Retirements and Transfers	Balance December 31, 2020
<u>Business-Type Activities - Electric Fund</u>				
(Continued)				
Capital assets, being depreciated				
Buildings and improvements	4,536,177			4,536,177
Machinery and equipment	626,819	236,085		862,904
Vehicles	818,987			818,987
Infrastructure	8,479,730			8,479,730
Total capital assets, being depreciated	<u>14,461,713</u>	<u>236,085</u>		<u>14,697,798</u>
Less accumulated depreciation for:				
Buildings and improvements	2,680,054	79,698		2,759,752
Machinery and equipment	429,243	16,872		446,115
Vehicles	545,931	53,762		599,693
Infrastructure	4,620,794	155,165		4,775,959
Total accumulated depreciation	<u>8,276,022</u>	<u>305,497</u>		<u>8,581,519</u>
Total capital assets being depreciated, net	<u>6,185,691</u>	<u>(69,412)</u>		<u>6,116,279</u>
Business-type activities - Electric Fund capital assets, net	<u>6,285,407</u>	<u>(69,412)</u>		<u>6,215,995</u>
<u>Business-Type Activities - Water/ Sewer Fund</u>				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Total capital assets, not being depreciated	<u>1,488,315</u>			<u>1,488,315</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	Balance January 1, 2020	Additions and Transfers	Retirements and Transfers	Balance December 31, 2020
<u>Business-Type Activities - Water/ Sewer Fund (Continued)</u>				
Capital assets, being depreciated				
Buildings and improvements	32,928,528			32,928,528
Machinery and equipment	1,290,902	151,925		1,442,827
Vehicles	611,529			611,529
Infrastructure	18,383,337			18,383,337
Total capital assets, being depreciated	<u>53,214,296</u>	<u>151,925</u>		<u>53,366,221</u>
Less accumulated depreciation for:				
Buildings and improvements	10,849,721	778,394		11,628,115
Machinery and equipment	1,057,172	34,758		1,091,930
Vehicles	523,391	26,809		550,200
Infrastructure	7,743,850	444,242		8,188,092
Total accumulated depreciation	<u>20,174,134</u>	<u>1,284,203</u>		<u>21,458,337</u>
Total capital assets being depreciated, net	<u>33,040,162</u>	<u>(1,132,278)</u>		<u>31,907,884</u>
Business-type activities - Water/Sewer Fund capital assets, net	<u>34,528,477</u>	<u>(1,132,278)</u>		<u>33,396,199</u>
<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	<u>2,046,229</u>			<u>2,046,229</u>
Less accumulated depreciation for:				
Buildings and improvements	1,700,610	79,702		1,780,312
Machinery and equipment	14,869	2,355		17,224
Total accumulated depreciation	<u>1,715,479</u>	<u>82,057</u>		<u>1,797,536</u>
Business-type activities - Aquatic Center capital assets, net	<u>330,750</u>	<u>(82,057)</u>		<u>248,693</u>

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, 2020:

	Governmental Activities	Business-Type Activities
General government	124,507	
Public safety	153,755	
Streets	369,734	
Community development	27,626	
Animal control	6,285	
Airport	156,701	
Emergency services	223,770	
Parks and recreation	70,943	
Community center	364,178	
Electric		305,497
Water and sewer		1,284,203
Aquatic center		82,057
	<u>1,497,499</u>	<u>1,671,757</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2020, consisted of the following:

	Balance January 1, 2020	Addi- tions	Retire- ments	Balance December 31, 2020	Due in One Year
Tax increment refunding bonds	4,720,000		(470,000)	4,250,000	485,000
Tax increment premium	21,061		(2,340)	18,721	2,340
Promissory notes	63,532		(17,749)	45,783	18,105
Certificates of Participation	2,425,000		(785,000)	1,640,000	810,000
COP premium	17,147		(8,570)	8,577	4,289
Capital Lease		556,000		556,000	51,000
Allocated Certificates of Participation		1,646,000		1,646,000	112,700
Net OPEB liability	162,780			162,780	
Compensated absences	266,533	286,036	(266,533)	286,036	286,036
Total governmental debt	<u>7,676,053</u>	<u>2,488,036</u>	<u>(1,550,192)</u>	<u>8,613,897</u>	<u>1,769,470</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 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% to 3.0%.

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

Years Ending December 31,	Principal	Interest
2021	485,000	124,088
2022	500,000	109,538
2023	515,000	94,538
2024	500,000	79,088
2025	540,000	63,188
2026 - 2028	<u>1,710,000</u>	<u>103,012</u>
	<u>4,250,000</u>	<u>573,452</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
2021	18,105	826
2022	18,469	462
2023	9,209	92
	45,783	1,380

Certificates of Participation

On May 1, 2012, Refunding Certificates of Participation were issued to refund the 2003 issued Certificates of Participation in the amount of \$7,830,000 at rates ranging from 2.0% to 3.0%. These Refunding Certificates of Participation mature on December 1, 2022, with annual principal payments and semiannual interest payments.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2021	810,000	44,085
2022	830,000	22,825
	1,640,000	66,910

On December 30, 2020, the City issued Certificates of Participation in the amount of \$11,625,000. Of this amount, \$1,646,000 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.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Certificates of Participation (Continued)

The allocated aggregate annual principal and interest payments related to the refunding portion is as follows:

Years Ending December 31,	Principal	Interest
2021	112,700	42,368
2022	114,100	47,292
2023		43,869
2024		43,869
2025	44,100	43,869
2026 - 2030	250,600	191,261
2031 - 2035	303,100	138,845
2036 - 2040	353,500	88,578
2041 - 2045	210,700	45,903
2046 - 2050	257,200	18,165
	<u>1,646,000</u>	<u>704,019</u>

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.

Aggregate annual principal and interest payments are as follows:

Years Ending December 31,	Principal	Interest
2021	51,000	8,408
2022	53,000	8,206
2023	53,000	7,346
2024	54,000	6,484
2025	55,000	5,606
2026 - 2030	290,000	14,300
	<u>556,000</u>	<u>50,350</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, 2020, consisted of the following:

	Balance January 1, 2020	Addi- tions	Retire- ments	Balance December 31, 2020	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	1,050,000		(255,000)	795,000	260,000
2003 Waterworks and Sewerage Revenue Bonds	1,125,000		(205,000)	920,000	215,000
2005 Waterworks and Sewerage Revenue Bonds	600,000		(95,000)	505,000	95,000
2007 Electric System Refunding Revenue Bonds	250,000		(250,000)		
2010 Waterworks and Sewerage Revenue Bonds	2,362,700		(204,400)	2,158,300	208,500
2017 Waterworks and Sewerage Revenue Bonds	9,124,000		(427,000)	8,697,000	434,000
2020 Certificates of Participation		9,979,000		9,979,000	692,300
Promissory note	94,771		(33,440)	61,331	34,282
Net OPEB liability	59,430			59,430	
Compensated absences	112,277	124,607	(112,277)	124,607	124,607
Discounts	(1,233)		1,233		
Premiums	44,894	845,426	(11,554)	878,766	39,736
Total business-type activities	14,821,839	10,949,033	(1,592,438)	24,178,434	2,103,425

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% to 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% to 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% to 5.0%.

On September 1, 2007, the City issued \$2,730,000 in Electric System Refunding Revenue Bonds for the purpose of providing funds to refund outstanding Series 1999 Electric System Revenue Bonds. 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 May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2020. The interest rate on this issue ranges from 4.0% to 4.5%.

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, 2020, 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
2021	1,212,500	234,478
2022	1,243,600	197,459
2023	1,270,000	159,789
2024	1,027,200	121,584
2025	792,700	102,153
2026 - 2030	3,503,300	299,024
2031 - 2035	2,632,000	194,293
2036 - 2038	1,394,000	29,915
	<u>13,075,300</u>	<u>1,338,695</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
2021	34,282	1,320
2022	27,049	458
	<u>61,331</u>	<u>1,778</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, \$1,646,000 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 \$9,979,000 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
2021	692,300	260,262
2022	700,900	290,508
2023		269,481
2024		269,481
2025	270,900	269,481
2026 - 2030	1,539,400	1,174,889
2031 - 2035	1,861,900	852,905
2036 - 2040	2,171,500	544,122
2041 - 2045	1,294,300	281,973
2046 - 2050	1,447,800	111,585
	<u>9,979,000</u>	<u>4,324,687</u>

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, 2020, the total obligations under these agreements was \$5,326,059.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Component Unit (Continued)

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.

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.

NOTE 8. POST EMPLOYMENT HEALTH BENEFITS

Plan Description

The City provides for a continuation of medical, prescription drug, hearing, and vision insurance benefits to employees that retire from City employment. The City provides retiree healthcare benefits through Midwest Public Risk (MPR), which is a risk pool comprised of approximately 115 entity members. It has been determined the MPR functions as an agent multiple-employer plan. The plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75 (GASB Statement 75).

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. POST EMPLOYMENT HEALTH BENEFITS (Continued)

Benefits Provided

The City requires the retirees to pay 135% of the premiums charged to active employees. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. (The retiree insurance is guaranteed issue: no medical questionnaire is required.) The difference between these amounts is the implicit rate subsidy, which is considered other post-employment benefits (OPEB) under GASB Statement 75.

Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates upon Medicare entitlement or payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

Employees Covered by Benefit Terms

As of the July 1, 2017, actuarial valuation, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	3
Active employees	<u>105</u>
	<u>108</u>

Total OPEB Liability

The City's total OPEB liability of \$222,210 was measured as of December 31, 2019, and was determined by an actuarial valuation as of July 1, 2017. A measurement for the year ending December 31, 2020, was not conducted. The effects are deemed to be immaterial.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Salary increase	2.5% per year
Discount rate	3% (December 31, 2019)
Healthcare cost trend rates	6.5% for 2019, decreasing by 0.5% per year through 2021 and then decreasing by 0.25% per year to an ultimate rate of 5.0% and later years.
Retiree's share of benefit-Related costs	145% of plan premiums

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. POST EMPLOYMENT HEALTH BENEFITS (Continued)

Actuarial Assumptions (Continued)

The discount rate was based on the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustments to reflect the Society of Actuaries RPH-2014 adjusted to 2006 total dataset head-count mortality table with MP-2018 full generational improvement.

The actuarial assumptions used in the July 1, 2017, valuation were based on an experience analysis of the plan's past experience, the actuary's experience with plans of similar size, plan design, retiree and spouse contribution level, and assumptions used in the City's participation in the corresponding pension plan through LAGERS, as applicable.

Change in the Total OPEB Liability

Balance, January 1, 2019	<u>236,116</u>
Changes:	
Service cost	17,611
Interest	9,061
Changes in benefit terms	(61,556)
Differences between actual and expected experience	18,513
Changes in assumptions and other inputs	17,463
Employer contributions	(15,000)
Net Changes	<u>(13,908)</u>
Balance, December 31, 2019	<u>222,210</u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the OPEB Liability of the City, calculated using the discount rate of 3.00%, as well as what the City's OPEB Liability would be using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current rate.

	1% Decrease 2.00%	Discount Rate 3.00%	1% Increase 4.00%
Total OPEB Liability	244,082	222,210	204,412

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. POST EMPLOYMENT HEALTH BENEFITS (Continued)

Sensitivity of the total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the OPEB Liability, calculated using the healthcare cost trend rate of 6.5%, as well as what the City's OPEB Liability would be using a discount rate that is one percentage point lower (5.5% decreasing to 4.0%) or one percentage point higher (7.5% decreasing to 6.0%) than the current rate.

	1% Decrease (5.5% decreasing to 4.0%)	Discount Rate (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	190,295	222,210	260,906

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of (\$34,360). The City reported deferred outflows and inflows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	17,089	
Changes in assumptions	<u>16,120</u>	<u>24,677</u>
Total	<u>33,209</u>	<u>24,677</u>

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

2020	524
2021	524
2022	524
2023	524
2024	524
Thereafter	<u>5,912</u>
Total	<u>8,532</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. POST EMPLOYMENT HEALTH BENEFITS (Continued)

Financial Statement Reporting of the City's OPEB

The following table summarized the City's OPEB reporting:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities	162,780	24,327	18,077
Business-type activities	<u>59,430</u>	<u>8,882</u>	<u>6,600</u>
Total	<u>222,210</u>	<u>33,209</u>	<u>24,677</u>

NOTE 9. 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 806 local participating employers. These participating employers include 314 cities, 60 counties, and 432 other public entities during the plan year ended June 30, 2020.

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, 2020, the net pension asset is based on an actuarial valuation performed as of February 29, 2020, and a measurement date of June 30, 2020.

At the date the actuarial valuation was performed, the City had 108 active members; 84 inactive members entitled to but not yet receiving benefits, and 89 inactive members (or their beneficiaries) who are currently receiving benefits.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. 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, 2020, 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 11 to 15 years

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increases	3.25% to 6.55% (7.15% for fire) including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The health retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other information	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 9. PENSION PLAN (Continued)

Discount Rate (Continued)

The expected rate of return on pension investments is 7.25%; the municipal bond rate is 2.45% (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 7.25% 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 9. PENSION PLAN (Continued)

Assumed Asset Allocation (Continued)

To achieve the goal of a 7.25% 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	35.0%
Fixed Income	31.0%
Real Assets/Return	36.0%
Strategic	8.0%
Alpha**	15.0%
Cash*	10.0%
Leverage*	(35.0%)

*LAGERS targets 30% of the leveraged portfolio to be held in cash.

**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

Net difference between projected and actual earnings on pension plan investments	666,342
Changes in assumptions	26,833
Differences between expected and actual experience	825,458
Employer contributions subsequent to the measurement date	<u>288,646</u>
	1,807,279

Deferred Inflows of Resources

Net difference between projected and actual Earnings on pension plan investments	<u>344,672</u>
Net deferred outflows (inflows) of resources	<u>1,462,607</u>

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources (Continued)

\$288,646 reported 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
2021	299,897
2022	166,597
2023	345,082
2024	295,212
2025	<u>711</u>
Total	<u>1,107,499</u>

Changes in Net Pension Liability

Total Pension Liability (Asset)	
Service cost	650,667
Interest on total pension liability	2,080,408
Difference between expected and actual experience of the total pension liability	572,917
Benefit payments, including refunds of employee contributions	<u>(1,542,692)</u>
Net change in total pension liability	1,761,300
Total pension liability, beginning	<u>29,133,503</u>
Total pension liability, ending	<u>30,894,803</u>
Contributions – employer	603,058
Net investment income	428,908
Benefit payments, including refunds of employee contributions	(1,542,692)
Pension plan administrative expense	(32,269)
Other	<u>42,207</u>
Net change in plan fiduciary net position	(500,788)
Plan fiduciary net position, beginning	<u>32,256,484</u>
Plan fiduciary net position, ending	<u>31,755,696</u>
Net Pension Liability (Asset)	<u>(860,393)</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 9. 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, 2020, calculated using the discount rate of 7.25%, 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 (6.25%)	Current Rate (7.25%)	1.00% Increase (8.25%)
General Division	2,153,851	(789,222)	(3,224,849)
Police Division	1,264,252	283,859	(517,056)
Fire Division	<u>176,236</u>	<u>(355,530)</u>	<u>(776,823)</u>
Total	<u>3,594,339</u>	<u>(860,893)</u>	<u>(4,518,728)</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, 2020. 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 10. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2020, were as follows:

	<u>Transfers Out:</u>		Total
	General	Community Center	
Transfers in:			
Town Center TIF	191,873		191,873
Emergency services	629,429		629,429
Debt service	234,324	847,711	1,082,035
Aquatic Center	<u>10,417</u>		<u>10,417</u>
Total	<u>1,066,043</u>	<u>847,711</u>	<u>1,913,754</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 11. 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 has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the prior year.

The amount of settlements has not exceeded the City's insurance coverage in any of the past three fiscal years.

The City is a member of the MPR (Midwest Public Risk), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in the workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury, and U.S. governmental agency obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year, and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment.

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

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.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

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 zero percent 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 uncollectible note receivable that is equal to the outstanding balance of the note receivable of \$744,270 at December 31, 2020. There were no payments received on the note receivable for the year ended December 31, 2020. 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.

Long-term Contract

On March 21, 2005, the City of Harrisonville, Missouri (the "City") entered into the Amended and Restated 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.

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

Long-term Contract (Continued)

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, 2020.

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 contract to serve MoPEP Members as established from time to time by the Pool Committee.

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 operation 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

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

Long-term Contract (Continued)

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

Commitments

On March 15, 2015, the City entered into a loan agreement with The Highways 71/291 Partners in Progress Transportation Development District (a fiduciary fund), to coordinate efforts for the design, construction, and operation of District projects. The agreement established a funding plan in which the City will provide funding advances to the District in the amount not to exceed \$1,500,000. Under the agreement, the District Highways 71/291 Partners in Progress Transportation Development District is schedule to begin repaying the City with interest at 6%. As of December 31, 2020, the total amount outstanding due to the City under this loan agreement was \$430,444.

COVID-19 Pandemic

The COVID-19 pandemic is having a broad impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on the City's operational and financial performance may depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's residents, customers, employees, and vendors, all of which cannot be determined at the present time. Accordingly, the extent to which COVID-19 may impact the City's financial position, results of operations, and cash flows is uncertain and the accompanying financial statement include no adjustments relating the effects of this pandemic.

NOTE 12. 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	48,382
Annual general operating revenue	8,802,042
Fines and costs for traffic violations as a percentage of annual general operating revenue	0.55%

CITY OF HARRISONVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 13. 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, 2020, management has determined that any tax abatements are not significant or material to the City's financial position.

NOTE 14. DEFICIT FUND BALANCE

As of December 31, 2020, the City had a deficit fund balance of \$267,012 in the Community Center Fund. The city experienced a decrease in revenues primarily from restrictions due to the COVID-19 pandemic that did not cover operating expenditures. The City intends to restore this balance through future operating revenues exceeding expenditures and/or through possible transfers.

NOTE 15. SUBSEQUENT EVENT

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 17, 2021, 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, 2020

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Property	831,150	1,001,942	170,792
Sales	2,401,500	2,577,267	175,767
Franchise	675,099	497,716	(177,383)
Other	637,000	315,673	(321,327)
Licenses, fees, and permits	125,600	238,514	112,914
Charges for services	2,194,020	1,931,271	(262,749)
Intergovernmental	193,050	827,175	634,125
Interest	129,550	218,918	89,368
Miscellaneous	205,500	155,780	(49,720)
TOTAL REVENUES	<u>7,392,469</u>	<u>7,764,256</u>	<u>371,787</u>
EXPENDITURES			
Current			
General government	1,841,180	1,636,756	204,424
Public safety	3,260,645	2,865,508	395,137
Streets	858,850	833,382	25,468
Community development	591,010	430,473	160,537
Animal control	246,650	161,308	85,342
Airport	142,230	112,744	29,486
Capital outlay	1,008,475	813,098	195,377
Total expenditures	<u>7,949,040</u>	<u>6,853,269</u>	<u>1,095,771</u>
REVENUES OVER EXPENDITURES	(556,571)	910,987	(723,984)
OTHER FINANCING SOURCES (USES)			
Payment in lieu of taxes	880,016	880,016	
Transfers out	(950,105)	(1,066,043)	(115,938)
Total other financing sources (uses)	<u>(70,089)</u>	<u>(186,027)</u>	<u>(115,938)</u>
NET CHANGE IN FUND BALANCES	<u>(626,660)</u>	724,960	<u>(839,922)</u>
FUND BALANCE, beginning of year		<u>6,164,996</u>	
FUND BALANCE, end of year		<u>6,889,956</u>	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY CENTER FUND
YEAR ENDED DECEMBER 31, 2020

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Sales	1,021,975	1,177,852	155,877
Charges for services	1,078,505	538,652	(539,853)
Interest	730	1,288	558
Miscellaneous	<u>30,650</u>	<u>2,091</u>	<u>(28,559)</u>
TOTAL REVENUES	<u>2,131,860</u>	<u>1,719,883</u>	<u>(411,977)</u>
EXPENDITURES			
Current			
Community center	1,264,670	1,171,387	93,283
Capital outlay	20,000	6,396	13,604
Debt service			
Principal	17,749	17,749	
Interest	<u>1,730</u>	<u>1,182</u>	<u>548</u>
Total expenditures	<u>1,304,149</u>	<u>1,196,714</u>	<u>107,435</u>
REVENUES OVER (UNDER) EXPENDITURES	827,711	523,169	(519,412)
OTHER FINANCING USES			
Transfers out	<u>(847,711)</u>	<u>(847,711)</u>	
Total other financing uses	<u>(847,711)</u>	<u>(847,711)</u>	
NET CHANGE IN FUND BALANCES	<u>(20,000)</u>	<u>(324,542)</u>	<u>(519,412)</u>
FUND BALANCE, beginning of year		<u>57,530</u>	
FUND BALANCE (DEFICIT), end of year		<u>(267,012)</u>	

CITY OF HARRISONVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

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)
6/30/11	757,093	673,908	83,185	5,373,244	12.54%
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%

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2020

	2015	2016	2017	2018	2019	2020
Total pension liability						
Service costs	592,093	594,597	576,243	595,775	651,813	650,667
Interest on total pension liability	1,580,623	1,673,775	1,797,529	1,890,390	2,015,512	2,080,408
Difference between expected and actual experience of the total pension liability	(68,776)	(492,706)	11,392	422,754	(380,787)	572,917
Changes in assumptions		852,733				
Benefit payments and refunds	(861,393)	(777,773)	(1,051,857)	(1,178,211)	(1,244,212)	(1,542,692)
Net change in total pension liability	1,242,547	1,850,626	1,333,307	1,730,708	1,042,326	1,761,300
Total pension liability - beginning of year	21,933,989	23,176,536	25,027,162	26,360,469	28,091,177	29,133,503
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
Plan Fiduciary Net Position						
Contributions - employer	685,868	586,924	549,378	600,629	626,631	603,058
Net investment income (loss)	499,642	(78,361)	3,029,700	3,412,078	1,997,427	428,908
Benefit payments and refunds	(861,393)	(777,773)	(1,051,857)	(1,178,211)	(1,244,212)	(1,542,692)
Administrative expenses	(17,429)	(16,911)	(18,037)	(19,123)	(27,534)	(32,269)
Other	296,476	(6,963)	(25,782)	151,573	93,578	42,207
Net change in plan fiduciary net position	603,164	(293,084)	2,483,402	2,966,946	1,445,890	(500,788)
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
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
Net pension liability (asset) (a-b)	(2,476,794)	(333,084)	(1,483,179)	(2,719,417)	(3,122,981)	(860,893)
Plan net position as a percentage of the total pension liability	110.69%	101.33%	105.63%	109.68%	110.72%	102.79%
Covered payroll	5,466,344	5,254,719	5,217,578	5,863,833	5,782,370	5,844,218
Net pension liability (asset) as a percentage of covered payroll	-45.31%	-6.34%	-28.43%	-46.38%	-54.01%	-14.73%

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

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2018	2019	2020
Total OPEB Liability			
Service costs	24,653	17,611	
Interest on total OPEB liability	10,442	9,061	
Changes in benefit terms	(60,937)	(61,556)	
Differences between actual and expected experience		18,513	
Changes in assumptions	(29,163)	17,463	
Employer contributions	(13,000)	(15,000)	
Net change in total pension liability	(68,005)	(13,908)	
Total OPEB liability - beginning of year	304,123	236,118	222,210
Total OPEB liability - end of year	<u>236,118</u>	<u>222,210</u>	<u>222,210</u>
 Covered employee payroll	 5,059,655	 5,059,655	
 Total OPEB liability as a percentage of payroll	 4.67%	 4.39%	

Covered employee payroll is measured as of the valuation date.

GASB 75 requires presentation of ten years. Only the period from 2018 is available.

A calculation for 2020 was not conducted - the effects are deemed immaterial.

OTHER SUPPLEMENTARY INFORMATION

CITY OF HARRISONVILLE, MISSOURI
GENERAL FUND
COMBINING BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Emergency Services Fund	Elimin- ations	Total
ASSETS				
ASSETS				
Cash and investments	4,754,592			4,754,592
Taxes receivable	411,116	52,424		463,540
Accounts receivable	6,047	538,882		544,929
Due from other funds	1,394,873		(1,394,873)	
Due from component unit	275,000			275,000
Prepays, deposits, and other assets	372,238	154,773		527,011
Inventory	92,293	40,345		132,638
Restricted cash	300,120			300,120
TOTAL ASSETS	<u>7,606,279</u>	<u>786,424</u>	<u>(1,394,873)</u>	<u>6,997,830</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	128,565	39,673		168,238
Due to other funds		1,394,873	(1,394,873)	
Liabilities accrued	212,449	81,844		294,293
Court bonds payable	8,184			8,184
Total liabilities	<u>349,198</u>	<u>1,516,390</u>	<u>(1,394,873)</u>	<u>470,715</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	367,125			367,125
FUND BALANCES				
Nonspendable	739,531	195,118		934,649
Restricted	291,936			291,936
Unassigned (deficit)	5,858,489	(925,084)		4,933,405
Total fund balances	<u>6,889,956</u>	<u>(729,966)</u>		<u>6,159,990</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>7,606,279</u>	<u>786,424</u>		<u>6,997,830</u>

CITY OF HARRISONVILLE, MISSOURI
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	General Fund	Emergency Services Fund	Elimin- ations	Total
REVENUES				
Taxes				
Property	1,001,942			1,001,942
Sales	2,577,267	550,499		3,127,766
Franchise	497,716			497,716
Other	315,673			315,673
Licenses, fees and permits	238,514			238,514
Charges for services	1,931,271	1,306,953		3,238,224
Intergovernmental	827,175	26,652		853,827
Interest	218,918	644		219,562
Miscellaneous	155,780	6,865		162,645
Total revenues	<u>7,764,256</u>	<u>1,891,613</u>		<u>9,655,869</u>
EXPENDITURES				
Current				
General government	1,636,756			1,636,756
Public safety	2,865,508			2,865,508
Streets	833,382			833,382
Community development	430,473			430,473
Animal control	161,308			161,308
Airport	112,744			112,744
Emergency services		2,534,304		2,534,304
Capital outlay	813,098	580,225		1,393,323
Total expenditures	<u>6,853,269</u>	<u>3,114,529</u>		<u>9,967,798</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	910,987	(1,222,916)		(311,929)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets		16,100		16,100
Proceeds from debt issuance		556,000		556,000
Debt issuance costs		(14,622)		(14,622)
Payment in lieu of taxes	880,016			880,016
Transfers in		629,429	(629,429)	
Transfers out	(1,066,043)		629,429	(436,614)
Total other financing sources (uses)	<u>(186,027)</u>	<u>1,186,907</u>		<u>1,000,880</u>
NET CHANGE IN FUND BALANCES	724,960	(36,009)		688,951
FUND BALANCES (DEFICIT), January 1, 2020	<u>6,164,996</u>	<u>(693,957)</u>		<u>5,471,039</u>
FUND BALANCES (DEFICIT), December 31, 2020	<u>6,889,956</u>	<u>(729,966)</u>		<u>6,159,990</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2020

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
ASSETS			
Cash (claim on cash)	(24,606)		(24,606)
Taxes receivable	2,645		2,645
Prepays, deposits, and other assets	61,158		61,158
Restricted cash	<u> </u>	<u>1,951,751</u>	<u>1,951,751</u>
TOTAL ASSETS	<u>39,197</u>	<u>1,951,751</u>	<u>1,990,948</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	8,384		8,384
Liabilities accrued	<u>12,557</u>	<u> </u>	<u>12,557</u>
Total liabilities	<u>20,941</u>	<u> </u>	<u>20,941</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	<u>19,793</u>	<u> </u>	<u>19,793</u>
FUND BALANCES			
Nonspendable	61,158		61,158
Restricted		1,951,751	1,951,751
Unassigned (deficit)	<u>(62,695)</u>	<u> </u>	<u>(62,695)</u>
Total fund balances	<u>(1,537)</u>	<u>1,951,751</u>	<u>1,950,214</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>39,197</u>	<u>1,951,751</u>	<u>1,990,948</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	191,390		191,390
Other	6,139		6,139
Charges for services	54,009		54,009
Interest		161	161
Miscellaneous	6,015		6,015
Total revenues	<u>257,553</u>	<u>161</u>	<u>257,714</u>
EXPENDITURES			
Park	447,901		447,901
Capital outlay	18,695		18,695
Debt service			
Principal		785,000	785,000
Interest and fiscal charges		63,337	63,337
Total expenditures	<u>466,596</u>	<u>848,337</u>	<u>1,314,933</u>
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(209,043)	(848,176)	(1,057,219)
OTHER FINANCING SOURCES			
Transfers in	234,324	847,711	1,082,035
Proceeds of debt issuance		1,646,000	1,646,000
Total other financing sources	<u>234,324</u>	<u>2,493,711</u>	<u>2,728,035</u>
NET CHANGE IN FUND BALANCES	25,281	1,645,535	1,670,816
FUND BALANCES (DEFICIT), January 1, 2020	<u>(26,818)</u>	<u>306,216</u>	<u>279,398</u>
FUND BALANCES (DEFICIT), December 31, 2020	<u>(1,537)</u>	<u>1,951,751</u>	<u>1,950,214</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash	1,704	124,075	125,779
Accounts receivable		41,949	41,949
Prepaid insurance	5,372		5,372
Total current assets	<u>7,076</u>	<u>166,024</u>	<u>173,100</u>
Noncurrent Assets			
Capital assets, net of accumulated depreciation	<u>248,693</u>		<u>248,693</u>
TOTAL ASSETS	255,769	166,024	421,793
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related activity	<u>244</u>		<u>244</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>256,013</u>	<u>166,024</u>	<u>422,037</u>
LIABILITIES			
Noncurrent Liabilities			
Net OPEB liability	1,634		1,634
DEFERRED INFLOWS OF RESOURCES			
OPEB related activity	<u>181</u>		<u>181</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,815</u>		<u>1,815</u>
NET POSITION			
Net investment in capital assets	248,693		248,693
Unrestricted	<u>5,505</u>	<u>166,024</u>	<u>171,529</u>
TOTAL NET POSITION	<u>254,198</u>	<u>166,024</u>	<u>420,222</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	<u>1,114</u>	<u>616,997</u>	<u>618,111</u>
EXPENSES			
Administration	14,613	577,344	591,957
Depreciation	<u>82,057</u>		<u>82,057</u>
Total expenses	<u>96,670</u>	<u>577,344</u>	<u>674,014</u>
INCOME (LOSS) FROM OPERATIONS	(95,556)	39,653	(55,903)
NONOPERATING REVENUES			
Transfers in	10,417		10,417
Interest income		48	48
Total nonoperating revenues	<u>10,417</u>	<u>48</u>	<u>10,465</u>
CHANGE IN NET POSITION	(85,139)	39,701	(45,438)
TOTAL NET POSITION, beginning of year	<u>339,337</u>	<u>126,323</u>	<u>465,660</u>
TOTAL NET POSITION, end of year	<u>254,198</u>	<u>166,024</u>	<u>420,222</u>

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	1,114	612,992	614,106
Cash payments to suppliers	(17,532)	(577,344)	(594,876)
Cash payments to employees	<u>(512)</u>	<u> </u>	<u>(512)</u>
Net cash provided by (used in) operating activities	<u>(16,930)</u>	<u>35,648</u>	<u>18,718</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	<u>10,417</u>	<u> </u>	<u>10,417</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u> </u>	<u>48</u>	<u>48</u>
NET INCREASE (DECREASE) IN CASH	(6,513)	35,696	29,183
CASH, January 1, 2020	<u>8,217</u>	<u>88,379</u>	<u>96,596</u>
CASH, December 31, 2020	<u><u>1,704</u></u>	<u><u>124,075</u></u>	<u><u>125,779</u></u>
Reconciliation of income (loss) From operations to net cash used in operating activities			
Income (loss) from operations	<u>(95,556)</u>	<u>39,653</u>	<u>(55,903)</u>
Adjustments to reconcile loss from operations to net cash used in operating activities:			
Depreciation and amortization	82,057		82,057
(Increase) Decrease in:			
Accounts receivable		(4,005)	(4,005)
Prepaid expenses	(3,398)		(3,398)
Increase (Decrease) in:			
Liabilities accrued	(33)		(33)
Total adjustments	<u>78,626</u>	<u>(4,005)</u>	<u>74,621</u>
Net cash provided by (used in) operating activities	<u><u>(16,930)</u></u>	<u><u>35,648</u></u>	<u><u>18,718</u></u>

CITY OF HARRISONVILLE, MISSOURI
PARK FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Property	186,940	191,390	4,450
Other		6,139	6,139
Charges for services	82,570	54,009	(28,561)
Interest	200		(200)
Miscellaneous	16,250	6,015	(10,235)
Total revenues	<u>285,960</u>	<u>257,553</u>	<u>(28,407)</u>
EXPENDITURES			
Park	506,870	447,901	58,969
Capital outlay	25,000	18,695	6,305
Total expenditures	<u>531,870</u>	<u>466,596</u>	<u>65,274</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(245,910)	(209,043)	36,867
OTHER FINANCING SOURCES			
Transfers in	<u>245,910</u>	<u>234,324</u>	<u>(11,586)</u>
NET CHANGE IN FUND BALANCES	<u> </u>	25,281	<u>25,281</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(26,818)</u>	
FUND BALANCE (DEFICIT), end of year		<u>(1,537)</u>	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Interest	<u>1,250</u>	<u>161</u>	<u>(1,089)</u>
EXPENDITURES			
Debt Service			
Principal	785,000	785,000	
Interest	<u>62,430</u>	<u>63,337</u>	<u>(907)</u>
Total expenditures	<u>847,430</u>	<u>848,337</u>	<u>(907)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(846,180)	(848,176)	(182)
OTHER FINANCING SOURCES			
Proceeds of debt issuance		1,646,000	1,646,000
Transfers in	<u>846,180</u>	<u>847,711</u>	<u>1,531</u>
Total other financing sources		<u>2,493,711</u>	<u>2,493,711</u>
NET CHANGE IN FUND BALANCES	<u> </u>	<u>1,645,535</u>	<u>2,493,529</u>
FUND BALANCE, beginning of year		<u>306,216</u>	
FUND BALANCE, end of year		<u>1,951,751</u>	

CITY OF HARRISONVILLE, MISSOURI
EMERGENCY SERVICES FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020

	Budget Original and Final	Actual	Variance Positive (Negative)
REVENUES			
Sales tax	508,200	550,499	42,299
Charges for services	2,697,120	1,306,953	(1,390,167)
Intergovernmental		26,652	26,652
Interest		644	644
Miscellaneous	40,820	6,865	(33,955)
Total revenues	<u>3,246,140</u>	<u>1,891,613</u>	<u>(1,354,527)</u>
EXPENDITURES			
Emergency services	3,850,335	2,534,304	(1,316,031)
Capital outlay	134,500	580,225	(445,725)
Total expenditures	<u>3,984,835</u>	<u>3,114,529</u>	<u>(1,761,756)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(738,695)	(1,222,916)	407,229
OTHER FINANCING SOURCES			
Sale of capital assets		16,100	16,100
Debt issuance costs		(14,622)	(14,622)
Proceeds of debt issuance		556,000	556,000
Transfers in	738,695	629,429	(109,266)
Total other financing sources		<u>1,186,907</u>	<u>1,186,907</u>
NET CHANGE IN FUND BALANCES	<u></u>	(36,009)	<u>1,594,136</u>
FUND BALANCE (DEFICIT), beginning of year		<u>(693,957)</u>	
FUND BALANCE (DEFICIT), end of year		<u>(729,966)</u>	

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.	90 - 95
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.	96 - 101
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.	102 - 104
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.	105 - 107
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.	108 - 109

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	13,911,126	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
Restricted	2,662,683	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
Unrestricted (deficit)	(818,266)	344,053	(1,427,705)	(1,829,279)	2,337,987	(405,005)	(680,762)	(153,985)	98,336	1,187,635
Total governmental activities net position	15,755,543	16,190,195	16,209,780	16,606,007	20,958,835	21,363,893	21,669,098	22,102,366	22,238,104	23,029,136
Business-type activities										
Net investment in capital assets	22,603,002	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
Restricted	2,557,484	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
Unrestricted	5,600,624	7,506,505	7,455,912	7,691,175	9,818,049	7,755,565	8,923,292	10,931,370	12,439,236	14,826,350
Total business-type activities net position	30,761,110	32,458,713	33,729,575	34,686,045	36,941,166	37,972,351	39,423,072	41,621,590	42,377,918	43,419,840
Primary government										
Net investment in capital assets	36,514,128	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
Restricted	5,220,167	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
Unrestricted	4,782,358	7,850,558	6,028,207	5,861,896	5,861,896	7,350,560	8,242,530	10,777,385	12,537,572	16,013,985
Total primary government net position	46,516,653	48,648,908	49,939,355	51,292,052	51,292,052	59,336,244	61,092,170	63,723,956	64,616,022	66,448,976

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES										
Governmental activities										
General government	1,974,816	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
Public safety	2,663,787	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
Streets	1,217,982	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
Community development	201,891	237,807	306,143	320,186	439,050	504,401	482,686	391,307	379,232	486,445
Animal control	162,758	167,154	176,656	179,525	192,396	192,369	188,968	214,988	179,637	170,161
Airport	321,968	319,622	359,292	300,459	308,994	339,387	310,155	283,122	243,365	269,445
Emergency services	2,489,922	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
Park	529,697	590,728	578,777	611,935	550,704	606,756	578,632	534,155	580,630	532,222
Community center	1,450,404	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
CDBG pass-through expenses	753,740	6,500								
Interest on long-term debt	860,401	772,777	615,807	581,180	559,742	526,562	535,073	519,512	276,475	263,666
Total governmental activities expenses	12,627,366	11,428,018	11,526,659	11,995,872	11,050,333	11,914,300	11,951,895	11,901,983	12,708,504	12,236,373
Business-type activities										
Electric	10,637,961	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
Water and sewer	3,652,972	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
Aquatic center	289,610	276,719	260,514	255,901	247,561	262,529	288,454	253,097	583,900	577,344
Refuse	466,719	473,660	468,685	483,766	494,997	505,064	505,148	587,774	273,973	96,670
Total business-type activities expenses	15,047,262	15,701,583	15,850,752	16,703,839	15,665,945	15,191,740	15,245,096	14,834,784	15,637,494	15,793,765
Total primary government expenses	27,674,628	27,129,601	27,377,411	28,699,711	26,716,278	27,106,040	27,196,991	26,736,767	28,345,998	28,030,138
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	1,985,007	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
Public safety	239,292	251,138	293,448	282,196	227,768	222,035	219,959	225,969	215,624	123,239
Emergency services	1,423,372	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
Community center	850,019	926,252	953,512	949,769	880,798	852,482	843,257	876,717	935,680	538,652
Others	24,015	28,807	60,448	60,478	68,955	125,741	239,739	267,417	259,970	203,791
Operating grants and contributions	939,601	144,163	187,359	258,367	293,635	537,687	521,480	632,508	515,130	853,827
Capital grants and contributions	508,546					352,785	42,678	44,502	16,050	
Total governmental activities program revenues	5,969,852	4,686,456	4,691,019	4,635,452	4,662,921	5,406,744	4,804,023	5,080,339	5,108,964	4,923,226
Business-type activities										
Charges for services										
Electric	11,200,157	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
Water and sewer	4,458,249	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

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PROGRAM REVENUES (Continued)										
Business-type activities (Continued)										
Charges for services (Continued)										
Aquatic center	166,394	137,666	109,665	111,505	131,291	147,697	160,654	158,201	152,356	1,114
Refuse	469,763	462,386	465,954	490,664	500,253	504,735	515,499	605,413	609,760	616,997
Operating grants and contributions				10,000			232,190	196,493	14,824	
Capital grants and contributions	982,687	280,500			91,811					
Total business-type activities program revenues	17,888,791	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
Total primary government program revenues	22,575,247	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
NET (EXPENSE) REVENUE										
Governmental activities	(6,741,562)	(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)
Business-type activities	2,187,208	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
Total primary government net expense	(4,554,354)	(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)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	816,771	915,825	965,993	957,930	971,143	780,924	807,004	1,133,550	1,164,401	1,358,224
Sales taxes	4,186,070	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
Franchise taxes	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	545,349	534,629	491,198	450,147	497,716
Other taxes	152,046	157,339	352,997	338,935	345,644	437,378	414,216	403,931	413,943	321,812
Unrestricted investment earnings	33,593	29,815	36,838	40,726	41,110	56,623	124,751	158,282	202,604	221,181
Miscellaneous	320,148	294,193	169,275	307,504	271,252	237,768	495,273	124,634	195,329	186,851
Transfers	(490,485)	(32,595)	(33,265)	(23,095)		905,183	925,375	974,013	873,194	869,599
Total governmental activities	6,640,188	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
Business-type activities										
Unrestricted investment earnings	227,646	216,092	149,424	246,333	239,868	246,329	181,214	187,254	423,453	388,318
Miscellaneous			130,771	154,925	153,871	60,480	105,613	26,001	28,076	42,221
Transfers	490,485	32,595	33,265	23,095	(200,000)	(905,183)	(935,375)	(974,013)	(873,194)	(869,599)
Total business-type activities	718,131	248,687	313,460	424,353	193,739	(598,374)	(648,548)	(760,758)	(421,665)	(439,060)
Total primary government	7,358,319	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
CHANGE IN NET POSITION										
Governmental activities	(101,374)	434,652	478,399	396,227	1,676,688	671,419	305,205	657,852	135,768	791,032
Business-type activities	2,905,339	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
Total primary government	2,803,965	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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL FUND										
Nonspendable	137,711	148,835	170,485	184,885	211,284	222,988	1,087,340	1,331,404	1,097,610	934,649
Restricted	113,630	114,065	114,159	114,855	115,021	111,610	115,209	115,946	34,217	291,936
Unassigned	5,930,458	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
Total General Fund	6,181,799	6,567,195	5,668,931	5,083,745	5,663,266	6,144,849	6,016,691	5,799,957	5,471,039	6,159,990
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	112,270	101,248	114,063	113,131	129,281	135,774	31,659	36,827	43,209	99,463
Restricted	2,549,053	1,073,822	851,553	944,488	1,313,363	1,280,789	1,189,792	498,540	518,325	2,069,601
Committed							60,532			
Assigned	1,064,581	907,262	772,069	659,243	243,727	308,293	(70,154)	(158,223)	(186,703)	(366,732)
Unassigned (deficit)	(183,323)	(318,367)	(470,882)	(410,099)		(70,973)				
Total all other governmental funds	3,542,581	1,763,965	1,266,803	1,306,763	1,686,371	1,653,883	1,211,829	377,144	374,831	1,802,332

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Taxes										
Property	891,842	915,825	965,993	957,930	971,143	967,740	807,004	1,133,550	1,164,401	1,358,224
Sales	4,186,070	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
Franchise	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532	534,629	491,198	450,147	497,716
Other	152,046	157,339	352,997	338,935	345,644	347,882	316,737	321,835	326,325	321,812
	162,417	161,692	129,094	124,911	148,648	189,068	156,648	145,427	142,494	238,514
Licenses, fees, and permits										
Fines and forfeitures	239,292	251,138	293,448	282,196	227,768	222,035	212,799	216,846	211,234	120,676
Charges for services	4,119,996	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
Intergovernmental	1,362,928	229,382	187,359	258,367	293,635	485,312	576,643	651,475	512,553	853,827
Investment earnings	33,593	29,815	36,838	40,726	41,110	56,623	124,751	158,282	202,604	221,181
Miscellaneous	336,855	294,193	169,275	307,504	271,252	241,132	155,757	217,988	312,235	168,660
Total revenues	<u>13,107,084</u>	<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>
EXPENDITURES										
General government	1,875,373	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
Public safety	2,554,360	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
Streets	962,085	635,787	770,736	900,050	759,010	837,799	811,558	826,215	890,508	833,382
Community development	176,936	210,273	275,794	296,174	431,365	455,440	412,561	369,190	356,871	441,171
Animal control	156,002	160,398	171,273	177,458	194,045	178,943	175,523	209,266	175,362	161,308
Airport	180,079	171,867	210,681	162,129	177,497	196,537	179,513	203,025	98,270	112,744
Emergency services	2,324,734	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
Park	462,593	488,375	463,459	505,454	463,685	474,849	493,664	472,138	518,865	447,901
Community center	1,151,513	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
Towne center project	10,187	12,766	13,046	8,126	7,654	7,075				
CDBG pass-through expenses	753,740	6,500								
Capital outlay	1,837,010	1,020,483	2,152,920	1,163,730	733,847	950,944	992,525	996,397	1,170,970	1,418,414
Debt service										
Principal	733,926	815,940	942,088	1,006,082	1,030,336	1,105,726	1,133,777	740,843	1,237,399	1,272,749
Interest and fiscal fees	820,637	699,696	556,542	521,915	500,477	467,297	425,877	497,522	234,580	202,707
Total expenditures	<u>13,999,175</u>	<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>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(892,091)</u>	<u>(77,125)</u>	<u>(1,362,161)</u>	<u>(522,131)</u>	<u>959,129</u>	<u>449,095</u>	<u>(1,541,178)</u>	<u>(7,664,150)</u>	<u>(1,210,348)</u>	<u>(958,716)</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
OTHER FINANCING SOURCES										
(USES)										
Other sources	171,931						441,220	58,718	5,923	3,569
Proceeds of long-term debt		(1,283,500)						5,580,000		2,202,000
Payments to escrow agent	2,680,436	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
Transfers in	(3,170,921)	(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)
Transfers out										
Total other financing sources (uses)	(318,554)	(1,316,095)	(33,265)	(23,095)			1,366,595	6,612,731	879,117	3,075,168
NET CHANGES IN FUND BALANCES	(395,679)	(1,393,220)	(1,395,426)	(545,226)	959,129	449,095	(174,583)	(1,051,419)	(331,231)	2,116,452
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	13.7%	13.7%	13.3%	13.0%	13.9%	13.9%	13.6%	43.4%	12.3%	12.6%

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
2011	94,022,248	25,241,452	117,971,118	0.67
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

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
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO

	2020				2010			
	Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation		Taxable Assessed Value	Rank	Percentages of Total Assessed Valuation	
Church & Dwight	3,020,690	1	2.04		8,498,500	1	7.13	
Wal-Mart	2,720,000	2	1.83		3,330,000	2	2.79	
MMPF II Harrisonville Spe LLC	2,522,350	3	1.70					
Harrisonville MP II, LLC	2,408,540	4	1.62		1,620,120	4	1.36	
Mill-Walk Mall	1,753,760	5	1.18		1,373,200	5	1.15	
Sutherland's Lumber Co.	1,551,600	6	1.05		1,649,120	3	1.38	
Advanced Draiage Systems	1,527,920	7	1.03					
Love's Travel Stops & Country Store	1,465,860	8	0.99					
Harrisonville Crossings Properties	1,053,250	9	0.71		986,850	7	0.83	
Universal Forest Products	1,043,220	10	0.70		1,053,370	6	0.88	
AHG, Inc.					839,990	8	0.70	
Harrisonville Lodging LLC					746,450	9	0.63	
Ball Foods/Price Chopper					617,570	10	0.52	
TOTALS	19,067,190		12.86		20,715,170		17.37	

Data provided by the Cass County Collector

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

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
2011	795,833	746,929	93.85	47,436	794,365	99.82	1,468	0.18
2012	807,753	732,284	90.66	74,038	806,322	99.82	1,431	0.18
2013	813,377	728,785	89.60	83,468	812,253	99.86	1,124	0.14
2014	841,142	792,712	94.24	46,785	839,497	99.80	1,645	0.20
2015	845,078	826,840	97.84	9,138	835,978	98.92	9,100	1.08
2016	838,882	774,804	92.36		774,804	92.36	64,078	7.64
2017	856,393	813,075	94.94	36,498	849,573	99.20	6,820	0.80
2018	892,396	830,520	93.07	61,877	892,397	100.00	(1)	(0.00)
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

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
2011	1.875	1.250	4.225	7.350
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

Source: Missouri Department of Revenue and Cass County, Missouri

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TOTAL RETAIL SALES	<u>201,671</u>	<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>

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				Percentage of Personal Income	Per Capita
	Certificates of Participation	TIF Revenue Bonds	Promissory Notes	Capital Lease Payable	Revenue Bonds	Certificates of Participation	Promissory Note	Total Primary Government		
2011	8,530,000	8,030,000	171,931	301,076	11,718,541		380,000	38,131,548	0.13	2,908
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	7,250,000	45,783	556,000	13,075,300	9,979,000	61,331	34,253,414	0.15	3,572

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2020

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Assessed valuation	<u>148,282,793</u>	<u>- 0 -</u>	<u>148,282,793</u>
Constitutional debt limit	14,828,279	14,828,279	29,656,558
Less general obligation bonds payable	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
	<u>14,828,279</u>	<u>14,828,279</u>	<u>29,656,558</u>
Cash and securities available for retirement	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
	<u><u>14,828,279</u></u>	<u><u>14,828,279</u></u>	<u><u>29,656,558</u></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, 2020

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	22,113,028	65%	14,373,468
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds	<u>- 0 -</u>	0%	<u>- 0 -</u>
Total direct and estimated overlapping debt	<u>22,113,028</u>		<u>14,373,468</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
2011	10,019	218,915,150	21,850	2,580	7.90%
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%

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	<u>2020</u>		<u>2011</u>	
	Employees	Rank	Employees	Rank
Wal-Mart Distribution Center	790	1	775	1
Cass Medical Center	459	2	397	2
Church & Dwight Co., Inc.	330	3	214	6
Cass County Government	325	4	285	5
Family Center	308	5	98	10
Cass R-IX Schools	303	6	386	4
Wal-Mart	301	7	412	2
Casco Area Workshop	245	8	200	8
City of Harrisonville	148	9	231	7
Crown Care Center	<u>92</u>	10	<u>101</u>	9
Total employment	<u>3,301</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 2011	318	1,403,626	98	3,392,188	329,770	117,971,118
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

(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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Patrol units	20	20	20	21	21	21	20	24	24	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	678	792	792	792	792
Streets										
Miles	69	69	69	69	69	69	64	66	66	66
Streetlights	900	900	900	900	900	900	2,000	2,000	2,000	2,000
Miles of storm sewers	9	9	9	9	9	9	17	17	17	17
Parks										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	250	250	250	250	250	250	450	451	451	451
Golf courses	2	2	2	2	2	2	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	7	2	2	2	2
Sewer										
Sanitary sewer (miles)	54.0	54.0	54.0	54.0	54.0	54.0	63	64	64	64
Plant capacity (mg/l)	2.0	2.0	2.0	2.0	2.0	2.0	2	2	2	2
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	4,037	4,062	4,061	4,073	4,083	4,106	3,629	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	56	63	63	63	63
Service connections	3,923	3,937	3,950	3,944	3,955	4,188	4,105	4,178	4,178	4,178
Daily average consumption in gallons	950,000	950,000	950,000	950,000	950,000	950,000	880,000	880,000	880,000	880,000

Source: City Department Heads

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Management	4	4	3	3	3	3	3	3	4	4
Finance	7	6	7	6	6	7	8	8	10	9
Codes	4	2	2							
Development	2	3	3	4	5	5	4	4	3	5
Police										
Officers	25	23	23	24	23	20	23	23	25	23
Civilians	6	6	5	6	6	8	6	6	7	8
Animal Control	2	1	2	2	2	2	2	3	3	3
Court	1	1	1	1	1	2	2	2	2	1
Fire/EMS										
Firefighters/Director*	1	1			1	1				
Director/Firefighters/ EMTs*	15	19	21	19	18	17	20	20	20	20
Clerk	1	1	1	1	1	1	1	1	1	1
Public Works										
Engineering	1	1	1	1	1					
Streets	7	8	8	8	8	8	9	8	8	8
Electric	8	7	8	10	11	8	8	9	9	7
Water	12	12	12	12	12	12	10	13	13	13
Wastewater	4	4	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1		
Community Center/Parks	<u>10</u>	<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>
Total	<u>111</u>	<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>



**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, 2020, and have issued our report thereon dated June 17, 2021.

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 2020-001.

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 17, 2021

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

2020-001 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, 2020

2019-001 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 2020-001.