
CITY OF CUBA, MISSOURI

FINANCIAL REPORT
(Audited)

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

January xx, 2021

Honorable Mayor and Board of Aldermen
CITY OF CUBA, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF CUBA, MISSOURI** (the City), as of and for the year ended June 30, 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

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

with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued a report dated January xx, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Nochschild, Bloom + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS
Washington, Missouri

Draft

CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The City of Cuba, Missouri (the City) presents this narrative to help readers review the accompanying annual financial statements for the year ended June 30, 2020. We have prepared the management's discussion and analysis (MD&A) of the City's financial activities to add additional information to the financial schedules and the note disclosures.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$25,272,029 (net position). Net position is comprised of \$17,439,940 net investment in capital assets; \$2,869,281 restricted for debt service and other purposes; \$910,850 unrestricted and available for governmental activities; and \$4,051,958 unrestricted and available for the City's business-type activities.
- The City's total net position decreased \$166,229. Of this amount, \$87,825 was a decrease from the City's governmental activities and \$78,404 was a decrease from business-type activities.
- Total fund balances in the governmental funds increased from \$3,124,268 to \$3,672,383, an increase of \$548,115.
- The unassigned fund balance for the General Fund was \$1,081,201 or 36.7% of total General Fund expenditures.
- The City's long-term debt decreased \$121,000 during the current fiscal year. Regular principal payments were made on the waterworks revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three major components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplemental information, the budgetary comparisons, to provide additional information that readers can use to analyze the City's finances.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with an overview of the City's finances, presenting all funds in a more simplified format. This section is similar to financial reporting used by commercial entities.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including long-term debt and capital assets. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as transactions occur, regardless of when the related cash flows are reported. Therefore, some revenues and expenses included in this statement may reflect cash flows that actually occur in future periods (e.g., accrued vacation leave).

Government-wide financial statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues and 2) business-type activities that are supported with user fees and charges. Governmental activities include general government, public safety, highways and streets, culture and recreation, economic development, and airport. Business-type activities include electric, waterworks, and natural gas.

Fund financial statements. Funds are used in governmental accounting to separate resources that are designated for specific programs or activities. The City, like other state and local governments, uses fund accounting to demonstrate compliance with the laws, regulations, and contractual agreements that establish the authority for the City's programs and services. The City has two types of funds: governmental and proprietary funds.

Governmental funds. Governmental funds are used to account for the City's basic services, the same services that are included in the governmental activities on the government-wide financial statements. However, the information in the fund statements is measured differently. Governmental funds focus on current financial resources rather than economic resources. Therefore, the statements include the short-term resources, such as cash, investments, and receivables that will be collected within 60 days and liabilities that will be retired with these monies. This information is important for assessing the City's current financial resources.

The reconciliation in the fund statements explains the difference between the governmental funds in the fund statements and the governmental activities found in the government-wide financial statements. This reconciliation will explain the adjustments necessary to compile the long-term resources and liabilities for the government-wide financial statements with the current picture presented in the fund statements.

The City uses the following governmental funds:

Major Funds

- ✓ General
- ✓ Capital Improvement

Nonmajor Funds

- ✓ Street
- ✓ City Transportation Trust
- ✓ Pool
- ✓ Park
- ✓ Airport
- ✓ Convention and Visitor Center

The larger funds are presented as major funds while the other funds are presented in the combining statements for nonmajor funds. Both major and nonmajor fund statements include a balance sheet and statement of revenues, expenditures, and changes in fund balances.

The budgetary comparison for the General Fund is included with the required supplemental information. Budgetary comparisons for all other funds are presented with other supplemental information.

CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Proprietary funds. The City maintains three different types of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its electric, waterworks, and natural gas operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Fund, Waterworks Fund, and Natural Gas Fund.

Notes to financial statements. Notes provide additional information that is essential to a full understanding of the information included in the financial schedules. Notes provide additional details about the balances and transactions in the City's financial statements.

Supplemental information. In addition to the basic financial statements and accompanying notes, certain required and other supplemental information can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The first statement in the government-wide financial statements is the statement of net position. The following table summarizes the statement of net position for the governmental activities and business-type activities as of June 30, 2020 and 2019:

	June 30					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 4,087,257	3,443,183	6,175,632	6,055,946	10,262,889	9,499,129
Capital assets, net	9,952,819	10,382,272	9,058,121	9,158,320	19,010,940	19,540,592
Total Assets	<u>14,040,076</u>	<u>13,825,455</u>	<u>15,233,753</u>	<u>15,214,266</u>	<u>29,273,829</u>	<u>29,039,721</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>605,270</u>	<u>420,089</u>	<u>296,714</u>	<u>169,644</u>	<u>901,984</u>	<u>589,733</u>
LIABILITIES						
Current and other liabilities	291,051	205,260	1,065,507	1,003,123	1,356,558	1,208,383
Long-term liabilities	1,136,604	442,621	2,330,782	2,029,081	3,467,386	2,471,702
Total Liabilities	<u>1,427,655</u>	<u>647,881</u>	<u>3,396,289</u>	<u>3,032,204</u>	<u>4,823,944</u>	<u>3,680,085</u>
DEFERRED INFLOWS OF RESOURCES	<u>50,952</u>	<u>343,099</u>	<u>28,888</u>	<u>168,012</u>	<u>79,840</u>	<u>511,111</u>
NET POSITION						
Net investment in capital assets	9,952,819	10,382,272	7,487,121	7,466,320	17,439,940	17,848,592
Restricted	2,303,070	1,746,928	566,211	535,112	2,869,281	2,282,040
Unrestricted	910,850	1,125,364	4,051,958	4,182,262	4,962,808	5,307,626
Total Net Position	<u>\$ 13,166,739</u>	<u>13,254,564</u>	<u>12,105,290</u>	<u>12,183,694</u>	<u>25,272,029</u>	<u>25,438,258</u>

CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The statement of net position is an accrual based financial statement. The statement of net position presents the same information as a balance sheet; it assesses the balance of the City's assets, the resources it can use to provide service and operate, against its liabilities, its obligations to turn over resources to other organizations or individuals. The difference between the City's assets, deferred outflows of resources, liabilities, and its deferred inflows of resources is called net position. In other words, this statement quantifies what the City would have remaining after satisfying its liabilities. The bulk of net position is comprised of capital assets which are not liquid assets.

Assets include \$7,223,523 in unrestricted cash and investments and \$1,089,069 in restricted cash and investments. Total net position decreased by \$166,229.

The second statement in the government-wide financial statements is the statement of activities. This statement outlines the City's primary programs or governmental activities and business-type activities. The following table outlines the major components of the statement of activities for the years ended June 30, 2020 and 2019:

	For The Years Ended June 30					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program revenues:						
Charges for services	\$ 249,156	329,692	8,992,382	9,585,737	9,241,538	9,915,429
Operating grants and contributions	121,373	125,741	-	5,000	121,373	130,741
Capital grants and contributions	47,124	7,194	-	-	47,124	7,194
General revenues:						
Taxes	2,084,982	1,884,501	-	-	2,084,982	1,884,501
Other	63,866	57,494	94,306	123,851	158,172	181,345
Transfers	1,830,000	2,815,455	(1,830,000)	(2,815,455)	-	-
Total Revenues	<u>4,396,501</u>	<u>5,220,077</u>	<u>7,256,688</u>	<u>6,899,133</u>	<u>11,653,189</u>	<u>12,119,210</u>
EXPENSES						
General government	1,796,072	1,882,364	-	-	1,796,072	1,882,364
Public safety	1,198,049	1,444,846	-	-	1,198,049	1,444,846
Highways and street	936,327	834,668	-	-	936,327	834,668
Culture and recreation	296,107	368,218	-	-	296,107	368,218
Airport	257,771	233,732	-	-	257,771	233,732
Electric	-	-	4,801,620	5,171,001	4,801,620	5,171,001
Waterworks	-	-	1,233,047	1,141,371	1,233,047	1,141,371
Natural gas	-	-	1,300,425	1,549,569	1,300,425	1,549,569
Total Expenses	<u>4,484,326</u>	<u>4,763,828</u>	<u>7,335,092</u>	<u>7,861,941</u>	<u>11,819,418</u>	<u>12,625,769</u>
CHANGE IN NET POSITION	(87,825)	456,249	(78,404)	(962,808)	(166,229)	(506,559)
NET POSITION, JULY 1	<u>13,254,564</u>	<u>12,798,315</u>	<u>12,183,694</u>	<u>13,146,502</u>	<u>25,438,258</u>	<u>25,944,817</u>
NET POSITION, JUNE 30	<u>\$13,166,739</u>	<u>13,254,564</u>	<u>12,105,290</u>	<u>12,183,694</u>	<u>25,272,029</u>	<u>25,438,258</u>

**CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Revenues and expenses are presented by major function or program. The City, like all cities, depends on tax revenues to provide funding for governmental services and activities.

Total revenues decreased by \$466,021. Governmental activities revenues decreased \$823,576 mainly due to a decrease in transfers. Business-type activities revenues increased \$357,555. Charges for services decreased \$593,355 primarily because of decreased usage. Transfers from business-type activities to governmental activities decreased \$985,455. Total expenses decreased \$806,351. Governmental activities expenses decreased \$279,502, and business-type activities expenses decreased \$526,849.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,672,383, an increase of \$548,115 in comparison with the prior year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,081,201. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 36.7%. The fund balance of the General Fund increased by \$263 during the current fiscal year due to normal activity of the City.

The Capital Improvement Fund increased by \$342,916 due to lower transfers needed in the current year.

Changes in net position for the major proprietary funds can be described as follows:

- The Electric Fund decreased by \$400,514. At June 30, 2020, total net position was \$3,013,538.
- The Waterworks Fund increased by \$371,734 to a net position of \$6,229,453.
- The Natural Gas Fund decreased by \$49,624 to a net position of \$2,862,299.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City approved various budget amendments. Significant differences between the original budget and the final budget can be summarized as follows:

- \$44,100 increase in revenues for licenses and permits, charges for services, and various other revenues

CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

- \$48,400 increase in general government expenditures for additional capital outlay projects and salaries and benefits increases.
- \$3,700 increase in public safety expenditures
- \$8,000 increase in other financing sources

Total revenues were \$163,702 below the final budgeted amount of \$1,310,800. Total expenditures were \$372,790 below the final budgeted amount of \$3,319,225. Other financing sources were \$208,825 below the final budgeted amount of \$2,008,825.

CAPITAL ASSETS

The following table summarizes the capital assets, net of depreciation, for the governmental and business-type activities as of June 30, 2020 and 2019:

	June 30					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,177,256	2,177,256	104,218	104,218	2,281,474	2,281,474
Construction in progress	-	5,432	447,158	59,106	447,158	64,538
Buildings	2,320,680	2,382,632	-	-	2,320,680	2,382,632
Improvements	474,647	548,449	-	-	474,647	548,449
Equipment	724,227	682,237	504,133	523,327	1,228,360	1,205,564
Infrastructure	4,256,009	4,586,266	8,002,612	8,471,669	12,258,621	13,057,935
Total	<u>\$ 9,952,819</u>	<u>10,382,272</u>	<u>9,058,121</u>	<u>9,158,320</u>	<u>19,010,940</u>	<u>19,540,592</u>

Additional information on capital assets can be found in Note C of the financial statements.

LONG-TERM DEBT

The following table summarizes the City's scheduled long-term outstanding debt for the governmental activities and business-type activities as of June 30, 2020 and 2019:

	June 30					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	-	1,571,000	1,692,000	1,571,000	1,692,000
Compensated absences	228,152	217,368	206,112	174,422	434,264	391,790
Total	<u>\$ 228,152</u>	<u>217,368</u>	<u>1,777,112</u>	<u>1,866,422</u>	<u>2,005,264</u>	<u>2,083,790</u>

The above schedule does not include the restricted liability and SRF funds.

**CITY OF CUBA, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Additional information on long-term debt can be found in Note D of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for Crawford County is currently 8.3% (June 2020) which is an increase from a rate of 4.0% a year ago. This rate is higher than the state average unemployment rate of 7.8%.
- The City has had a little industrial growth in the current year.

All of these factors were considered in preparing the City's budget for the 2021 fiscal year. The City appropriated \$1,106,750 of net position/fund balance for fiscal year 2021 use as follows:

Net position of \$251,400 as follows:

- Waterworks - \$176,400 for treatment plant flow splitter and gear box bearing, water hydraulic study, Rutz Subdivision lift station replacement and Paul Bryan lift station replacement.
- Natural Gas - \$75,000 for natural gas maintenance and improvements to the system.

Fund balance of \$855,350 as follows:

- Parks - \$168,800 for a splash park and pool resurfacing.
- City Transportation Trust - \$295,550 to engineer the curb and guttering on Oak Hill Road.
- Capital Improvement - \$391,000 North hangar roof, City Hall/Police Station building, grounds tractor, updated sewer infrastructure, comprehensive plan.

REQUESTS FOR INFORMATION

The MD&A is designed to provide a general overview of the information contained in the financial report and the City's finances in general. Questions concerning any of the information contained in the MD&A or in the body of the financial report should be addressed to: City Clerk, City of Cuba, 202 N. Smith Street, P.O. Box K, Cuba, MO 65453.

CITY OF CUBA, MISSOURI
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,567,396	3,656,127	7,223,523
Receivables	377,149	1,229,526	1,606,675
Prepaid items	123,823	-	123,823
Inventory	-	219,799	219,799
Restricted cash and investments	18,889	1,070,180	1,089,069
Capital assets:			
Land and construction in progress	2,177,256	551,376	2,728,632
Other capital assets, net of accumulated depreciation	7,775,563	8,506,745	16,282,308
Total Assets	14,040,076	15,233,753	29,273,829
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	605,270	296,714	901,984
LIABILITIES			
Accounts payable	177,945	483,236	661,181
Accrued wages	81,211	29,301	110,512
Accrued liabilities	17,511	35,032	52,543
Accrued interest payable	-	12,568	12,568
Escrow deposit	11,534	-	11,534
Customer deposits payable	2,850	503,969	506,819
Arbitrage rebate liability	-	1,401	1,401
Noncurrent liabilities:			
Due within one year	114,076	228,056	342,132
Due in more than one year	114,076	1,549,056	1,663,132
Due in more than one year - net pension liability	908,452	553,670	1,462,122
Total Liabilities	1,427,655	3,396,289	4,823,944
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	50,952	28,888	79,840
NET POSITION			
Net investment in capital assets	9,952,819	7,487,121	17,439,940
Restricted for:			
Debt service	-	566,211	566,211
Highways and streets	831,493	-	831,493
Tourism	41,121	-	41,121
Capital improvements	1,312,602	-	1,312,602
Parks and recreation	117,854	-	117,854
Unrestricted	910,850	4,051,958	4,962,808
Total Net Position	\$ 13,166,739	12,105,290	25,272,029

See notes to financial statements

CITY OF CUBA, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS Primary Government	Program Revenues				Net Revenues (Expenses) And Changes In Net Position			Total
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Total	
Governmental Activities								
General government	\$ 1,796,072	102,561	162	-	(1,693,349)	-	(1,693,349)	
Public safety	1,198,049	34,850	1,077	47,124	(1,114,998)	-	(1,114,998)	
Highways and street	936,327	18,084	117,092	-	(801,151)	-	(801,151)	
Culture and recreation	296,107	18,755	3,042	-	(274,310)	-	(274,310)	
Airports	257,771	74,906	-	-	(182,865)	-	(182,865)	
Total Governmental Activities	<u>4,484,326</u>	<u>249,156</u>	<u>121,373</u>	<u>47,124</u>	<u>(4,066,673)</u>	-	<u>(4,066,673)</u>	
Business-type Activities								
Electric	4,801,620	5,828,435	-	-	-	1,026,815	1,026,815	
Waterworks	1,233,047	1,581,287	-	-	-	348,240	348,240	
Natural gas	1,300,425	1,582,660	-	-	-	282,235	282,235	
Total Business-type Activities	<u>7,335,092</u>	<u>8,992,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,657,290</u>	<u>1,657,290</u>	
Total Primary Government	<u>\$ 11,819,418</u>	<u>9,241,538</u>	<u>121,373</u>	<u>47,124</u>	<u>(4,066,673)</u>	<u>1,657,290</u>	<u>(2,409,383)</u>	
General Revenues								
Taxes:								
Sales					1,999,917	-	1,999,917	
Franchise					23,638	-	23,638	
Other					61,427	-	61,427	
Investment income					56,842	76,455	133,297	
Gain on sale of capital assets					7,024	17,851	24,875	
Transfers					1,830,000	(1,830,000)	-	
Total General Revenues And Transfers					<u>3,978,848</u>	<u>(1,735,694)</u>	<u>2,243,154</u>	
CHANGE IN NET POSITION					(87,825)	(78,404)	(166,229)	
NET POSITION, JULY 1					13,254,564	12,183,694	25,438,258	
NET POSITION, JUNE 30					<u>\$ 13,166,739</u>	<u>12,105,290</u>	<u>25,272,029</u>	

See notes to financial statements

CITY OF CUBA, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 1,075,481	1,242,183	1,249,732	3,567,396
Receivables, net:				
Sales tax	140,837	70,419	116,941	328,197
Other	47,124	-	1,828	48,952
Due from other funds	-	-	1,157	1,157
Restricted cash	18,889	-	-	18,889
	<u>1,282,331</u>	<u>1,312,602</u>	<u>1,369,658</u>	<u>3,964,591</u>
Total Assets	<u>\$ 1,282,331</u>	<u>1,312,602</u>	<u>1,369,658</u>	<u>3,964,591</u>
LIABILITIES				
Accounts payable	\$ 104,316	-	73,629	177,945
Accrued expenses	14,371	-	-	14,371
Wages payable	69,752	-	11,459	81,211
Escrow deposit	11,534	-	-	11,534
Other payables	-	-	3,140	3,140
Customer deposits	-	-	2,850	2,850
Due to other funds	1,157	-	-	1,157
	<u>201,130</u>	<u>-</u>	<u>91,078</u>	<u>292,208</u>
Total Liabilities	<u>201,130</u>	<u>-</u>	<u>91,078</u>	<u>292,208</u>
FUND BALANCES				
Restricted for:				
Highways and streets	-	-	831,493	831,493
Tourism	-	-	41,121	41,121
Capital improvements	-	1,312,602	-	1,312,602
Parks and recreation	-	-	117,854	117,854
Committed for:				
Highways and streets	-	-	56,669	56,669
Parks and recreation	-	-	236,116	236,116
Unassigned	1,081,201	-	(4,673)	1,076,528
	<u>1,081,201</u>	<u>1,312,602</u>	<u>1,278,580</u>	<u>3,672,383</u>
Total Fund Balances	<u>1,081,201</u>	<u>1,312,602</u>	<u>1,278,580</u>	<u>3,672,383</u>
Total Liabilities And Fund Balances	<u>\$ 1,282,331</u>	<u>1,312,602</u>	<u>1,369,658</u>	<u>3,964,591</u>

See notes to financial statements

CITY OF CUBA, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds \$ 3,672,383

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$19,778,254 and the accumulated depreciation is \$9,825,435. 9,952,819

Prepaid insurance is reported as an expenditure in the governmental funds but the unused economic benefit is reflected as an asset in the statement of net position. 123,823

Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:

Net pension liability	(908,452)
Deferred outflows related to pensions	605,270
Deferred inflows related to pensions	(50,952)

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

Accrued compensated absences	<u>(228,152)</u>
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Total Net Position Of Governmental Activities \$ 13,166,739

CITY OF CUBA, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 932,334	436,582	847,888	2,216,804
Licenses and permits	10,732	-	-	10,732
Fines and forfeitures	24,329	-	-	24,329
Charges for services	8,114	-	90,029	98,143
Grants and contributions	77,131	-	3,042	80,173
Investment income	19,087	18,334	19,421	56,842
Other	75,371	-	6,986	82,357
Total Revenues	<u>1,147,098</u>	<u>454,916</u>	<u>967,366</u>	<u>2,569,380</u>
EXPENDITURES				
Current:				
General government	1,693,274	-	-	1,693,274
Public safety	1,013,451	-	-	1,013,451
Highways and streets	-	-	359,836	359,836
Culture and recreation	-	-	75,477	75,477
Airport	-	-	93,634	93,634
Tourism	-	-	55,898	55,898
Capital outlay	240,110	-	319,585	559,695
Total Expenditures	<u>2,946,835</u>	<u>-</u>	<u>904,430</u>	<u>3,851,265</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,799,737)</u>	<u>454,916</u>	<u>62,936</u>	<u>(1,281,885)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,800,000	-	152,000	1,952,000
Transfers out	-	(112,000)	(10,000)	(122,000)
Total Other Financing Sources (Uses)	<u>1,800,000</u>	<u>(112,000)</u>	<u>142,000</u>	<u>1,830,000</u>
NET CHANGE IN FUND BALANCES	263	342,916	204,936	548,115
FUND BALANCES, JULY 1	<u>1,080,938</u>	<u>969,686</u>	<u>1,073,644</u>	<u>3,124,268</u>
FUND BALANCES, JUNE 30	<u><u>\$ 1,081,201</u></u>	<u><u>1,312,602</u></u>	<u><u>1,278,580</u></u>	<u><u>3,672,383</u></u>

See notes to financial statements

CITY OF CUBA, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change In Fund Balances - Governmental Funds \$ 548,115

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$694,834) exceeded capital outlays over the capitalization threshold (\$265,381) in the current period. (429,453)

Governmental funds report expenditures for insurance and similar services extending over more than one accounting period as expenditures in the period of acquisition:
 Prepaid insurance 10,168

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:
 Accrued compensated absences (10,784)
 Pension expense (205,871)

Change In Net Position Of Governmental Activities \$ (87,825)

CITY OF CUBA, MISSOURI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2020

ASSETS	Business-type Activities - Enterprise Funds			
	Electric	Waterworks	Natural Gas	Total
Current Assets				
Cash and investments	\$ 1,107,715	896,435	1,651,977	3,656,127
Receivables, net	786,785	273,252	169,489	1,229,526
Inventory	76,542	118,874	24,383	219,799
Total Current Assets	1,971,042	1,288,561	1,845,849	5,105,452
Noncurrent Assets				
Capital assets:				
Land and construction in progress	-	447,158	104,218	551,376
Other capital assets, net of accumulated depreciation	1,618,044	5,794,763	1,093,938	8,506,745
Restricted cash and investments	320,490	635,567	114,123	1,070,180
Total Noncurrent Assets	1,938,534	6,877,488	1,312,279	10,128,301
Total Assets	3,909,576	8,166,049	3,158,128	15,233,753
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	121,409	103,650	71,655	296,714
LIABILITIES				
Current Liabilities				
Accounts payable	337,457	95,891	49,888	483,236
Wages payable	11,746	10,462	7,093	29,301
Accrued liabilities	22,856	5,145	7,031	35,032
Accrued interest payable	-	12,568	-	12,568
Compensated absences - current	43,264	35,459	24,333	103,056
Debt payable - current	-	125,000	-	125,000
Total Current Liabilities	415,323	284,525	88,345	788,193
Noncurrent Liabilities				
Customer deposits payable	320,490	69,356	114,123	503,969
Debt payable	-	1,446,000	-	1,446,000
Compensated absences	43,264	35,460	24,332	103,056
Arbitrage rebate liability	-	1,401	-	1,401
Net pension liability	226,550	193,412	133,708	553,670
Total Noncurrent Liabilities	590,304	1,745,629	272,163	2,608,096
Total Liabilities	1,005,627	2,030,154	360,508	3,396,289
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	11,820	10,092	6,976	28,888
NET POSITION				
Net investment in capital assets	1,618,044	4,670,921	1,198,156	7,487,121
Restricted for debt service	-	566,211	-	566,211
Unrestricted	1,395,494	992,321	1,664,143	4,051,958
Total Net Position	\$ 3,013,538	6,229,453	2,862,299	12,105,290

See notes to financial statements

CITY OF CUBA, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Electric	Waterworks	Natural Gas	Total
OPERATING REVENUES				
Charges for services	\$ 5,775,588	1,540,129	1,576,063	8,891,780
Other revenue	52,847	41,158	6,597	100,602
Total Operating Revenues	<u>5,828,435</u>	<u>1,581,287</u>	<u>1,582,660</u>	<u>8,992,382</u>
OPERATING EXPENSES				
Personnel services	401,927	374,339	237,920	1,014,186
Contracted services	70,718	284,515	31,450	386,683
Utilities	4,033,237	-	894,797	4,928,034
Materials and supplies	65,402	129,449	28,383	223,234
Depreciation	156,071	336,514	87,933	580,518
Other	74,265	82,606	19,942	176,813
Total Operating Expenses	<u>4,801,620</u>	<u>1,207,423</u>	<u>1,300,425</u>	<u>7,309,468</u>
OPERATING INCOME	<u>1,026,815</u>	<u>373,864</u>	<u>282,235</u>	<u>1,682,914</u>
NONOPERATING REVENUES				
(EXPENSES)				
Investment income	24,820	23,494	28,141	76,455
Gain on sale of capital assets	17,851	-	-	17,851
Interest expense and fees	-	(25,624)	-	(25,624)
Total Nonoperating Revenues (Expenses)	<u>42,671</u>	<u>(2,130)</u>	<u>28,141</u>	<u>68,682</u>
INCOME BEFORE TRANSFERS	1,069,486	371,734	310,376	1,751,596
TRANSFERS				
Transfers out	(1,470,000)	-	(360,000)	(1,830,000)
CHANGE IN NET POSITION	(400,514)	371,734	(49,624)	(78,404)
NET POSITION, JULY 1	<u>3,414,052</u>	<u>5,857,719</u>	<u>2,911,923</u>	<u>12,183,694</u>
NET POSITION, JUNE 30	<u>\$ 3,013,538</u>	<u>6,229,453</u>	<u>2,862,299</u>	<u>12,105,290</u>

See notes to financial statements

CITY OF CUBA, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Electric	Waterworks	Natural Gas	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash flows from operating activities:				
Receipts from customers and users	\$ 5,960,698	1,545,635	1,578,948	9,085,281
Payments to suppliers	(4,230,182)	(496,665)	(801,293)	(5,528,140)
Payments to employees	(354,848)	(296,537)	(202,705)	(854,090)
Net Cash Provided By Operating Activities	<u>1,375,668</u>	<u>752,433</u>	<u>574,950</u>	<u>2,703,051</u>
Cash flows used in noncapital financing activities:				
Transfer to other funds	<u>(1,470,000)</u>	-	<u>(360,000)</u>	<u>(1,830,000)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(7,790)	(455,497)	(17,032)	(480,319)
Proceeds from sale of capital assets	17,851	-	-	17,851
Principal payments on long-term debt	-	(121,000)	-	(121,000)
Interest paid on long-term debt	-	(26,592)	-	(26,592)
Net Cash Provided By (Used In) Capital And Related Financing Activities	<u>10,061</u>	<u>(603,089)</u>	<u>(17,032)</u>	<u>(610,060)</u>
Cash flows provided by investing activities:				
Investment income	<u>24,820</u>	<u>23,494</u>	<u>28,141</u>	<u>76,455</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(59,451)	172,838	226,059	339,446
CASH AND CASH EQUIVALENTS, JULY 1	<u>1,487,656</u>	<u>1,359,164</u>	<u>1,540,041</u>	<u>4,386,861</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 1,428,205</u></u>	<u><u>1,532,002</u></u>	<u><u>1,766,100</u></u>	<u><u>4,726,307</u></u>

CITY OF CUBA, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

Business-type Activities - Enterprise Funds

	<u>Electric</u>	<u>Water/ Wastewater</u>	<u>Solid Waste</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,026,815	373,864	282,235	1,682,914
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	156,071	336,514	87,933	580,518
(Increase) decrease in:				
Utility receivables	124,840	(37,519)	(8,436)	78,885
Inventory	(2,298)	(71,745)	15,823	(58,220)
Prepaid items	-	-	199,095	199,095
Deferred outflows related to pensions	(50,872)	(45,021)	(31,177)	(127,070)
Increase (decrease) in:				
Accounts payable	18,150	67,992	(46,166)	39,976
Accrued wages	458	2,210	921	3,589
Accrued compensated absences	(3,387)	31,389	3,688	31,690
Accrued expenses	(2,412)	3,658	4,527	5,773
Customer deposits payable	7,423	1,867	4,724	14,014
Net pension liability	158,918	137,197	94,896	391,011
Deferred inflows related to pensions	(58,038)	(47,973)	(33,113)	(139,124)
Total Adjustments	<u>348,853</u>	<u>378,569</u>	<u>292,715</u>	<u>1,020,137</u>
Net Cash Provided By Operating Activities	<u>\$ 1,375,668</u>	<u>752,433</u>	<u>574,950</u>	<u>2,703,051</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION				
Cash and investments	\$ 1,107,715	896,435	1,651,977	3,656,127
Restricted cash and investments	<u>320,490</u>	<u>635,567</u>	<u>114,123</u>	<u>1,070,180</u>
Total Cash And Cash Equivalents	<u>\$ 1,428,205</u>	<u>1,532,002</u>	<u>1,766,100</u>	<u>4,726,307</u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF CUBA, MISSOURI** (the City) was founded in 1884. The City operates under a Mayor - Board of Aldermen form of government. The City provides services to residents in many areas, including law enforcement, fire protection, animal control, electrical, water, wastewater, natural gas, airport, community enrichment and development, recreation, and various social services. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. Reporting Entity

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

Related organizations excluded from the reporting entity: the City's officials are also responsible for appointing the members of the Cuba Industrial Development Authority (the IDA). The City's accountability for this organization does not extend beyond making the appointments. The IDA is excluded from the accompanying financial statements because the IDA is an autonomous corporation over which the City exercises no oversight responsibility and has no accountability for fiscal matters.

2. Government-wide and Fund Financial Statements

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due (i.e., matured).

Franchise and sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Capital Improvement Fund -- This fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities which are not financed by proprietary and trust funds.

The City reports the following major proprietary funds:

Electric Fund -- This fund is used to account for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.

Waterworks Fund -- This fund is used to account for the acquisition, operation, and maintenance of the City's water and wastewater utility facilities and services.

Natural Gas Fund -- This fund is used to account for the operations of the City's natural gas services.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility funds and various other functions of the City, if any. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include the cost of services, administration expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash, Cash Equivalents, and Investments

The City pools the cash of all funds, except for monies in certain restricted and special funds. The cash and investments balance in each fund represents the fund's equity share of the City's cash and investment pool. Interest income earned on pooled cash and investments is allocated to the various funds based on their respective participation. Interest income on restricted cash and investments is credited directly to the related fund.

For cash flow statement purposes, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are reported at fair value.

5. Allowance for Doubtful Accounts

The allowance for uncollectible receivables is as follows:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Allowance for Doubtful Accounts (Continued)

	June 30 2020
Electric Fund	\$ 42,134
Waterworks Fund	9,749
Natural Gas Fund	3,655
Total	\$ 55,538

6. Inventory and Prepaid Items

Inventories of the proprietary funds consist of electric, waterworks, and natural gas utility materials. They are stated at cost using the first in/first out (FIFO) method.

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items on the consumption method. Prepaid items are recorded as expenditures when consumed rather than when purchased. Prepaids are recorded only in the government-wide financial statements.

7. Restricted Assets

Certain cash and investments are restricted as to use for court bonds, debt service, bond reserves, and system replacement and extension as provided by bond covenants.

8. Customer Deposits

The City collects a refundable deposit from customers prior to initiating metered utility service. Customer deposits are reported in restricted assets and as liabilities.

9. Interfund Transactions

The City has the following types of transactions among funds:

Transfers -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

Due To/From Other Funds -- Current portions of long-term interfund loans receivable/payable are considered "available spendable resources" and are reported as assets and liabilities of the appropriate funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Capital Assets

Capital assets, which include buildings, other improvements, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

The City has determined that all works of art and historical treasures, other than certain sculptures, meet the definition of a collection and, accordingly, has not capitalized these assets. A collection is defined as items which are:

- Held for public exhibition and education;
- Protected, cared for, and preserved; and
- Subject to an organizational policy that requires the proceeds from the sale to be used to acquire other items for the collection.

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

Assets	Years
Buildings	10 - 50
Improvements	10 - 20
Equipment	5 - 15
Infrastructure	10 - 50

11. Compensated Absences

City employees are granted vacation and sick leave in varying amounts, based on length of service. Vacation time cannot be carried forward. Upon departure of employment from the City, an employee is entitled to payment for vacation accrued up to the date of separation. Sick leave can be accumulated at the rate of one day per month, up to 120 days. Upon the employee's retirement, the employee will be compensated for the number of unused sick days. All vacation pay and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Long-term Obligations

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

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 currently has deferred outflows of resources related to the pension reported on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 currently has deferred inflows of resources related to the pension reported on the statement of net position.

14. Fund Balance Policies

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Fund Balance Policies (Continued)

Assigned -- The portion of fund balance that the City intends to use for a specific purpose, as determined by the applicable designated officials to which the Board of Aldermen has designated authority. Intent can be expressed by the Board of Aldermen in the form of a motion. Action by the Board of Aldermen must occur prior to year-end.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund. In other governmental funds other than the General Fund; if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditures from restricted fund balance and then from less restrictive classifications - committed, assigned, and then unassigned fund balances.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a rolling beginning fund balance of not less than 17% of annual operating expenditures for the current fiscal year.

15. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

16. Pensions

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

NOTE B - CASH AND INVESTMENTS

1. Deposits

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

As of June 30, 2020, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

2. Investments

As of June 30, 2020, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturities</u>			<u>Credit Risk</u>
		<u>No Maturity</u>	<u>Less Than One Year</u>	<u>1 - 5 Years</u>	
Primary Government					
Money market funds	\$ 74,574	-	74,574	-	Not rated

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Although the City has no formal investment policy regarding credit risk, the portfolio is diversified to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City has no formal investment policy regarding interest rate risk, but interest rate risk is minimized by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no formal investment policy relating to concentration of credit risk, but concentration of credit risk is minimized by diversifying the investment portfolio.

CITY OF CUBA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City only has money market funds as of June 30, 2020, which are not subject to fair value level classification.

NOTE C - CAPITAL ASSETS

Capital asset activity for governmental activities was as follows:

	For The Year Ended June 30, 2020			Balance June 30 2020
	Balance June 30 2019	Increases	Decreases	
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 2,177,256	-	-	2,177,256
Construction in progress	5,432	44,296	49,728	-
Total Capital Assets Not Being Depreciated	<u>2,182,688</u>	<u>44,296</u>	<u>49,728</u>	<u>2,177,256</u>
Capital assets being depreciated:				
Buildings	5,296,791	115,391	-	5,412,182
Improvements	1,160,030	-	-	1,160,030
Equipment	2,045,017	155,422	46,954	2,153,485
Infrastructure	8,875,301	-	-	8,875,301
Total Capital Assets Being Depreciated	<u>17,377,139</u>	<u>270,813</u>	<u>46,954</u>	<u>17,600,998</u>
Less - Accumulated depreciation for:				
Buildings	2,914,159	177,343	-	3,091,502
Improvements	611,581	73,802	-	685,383
Equipment	1,362,780	113,432	46,954	1,429,258
Infrastructure	4,289,035	330,257	-	4,619,292
Total Accumulated Depreciation	<u>9,177,555</u>	<u>694,834</u>	<u>46,954</u>	<u>9,825,435</u>
Total Capital Assets Being Depreciated, Net	<u>8,199,584</u>	<u>(424,021)</u>	<u>-</u>	<u>7,775,563</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,382,272</u>	<u>(379,725)</u>	<u>49,728</u>	<u>9,952,819</u>

CITY OF CUBA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

	<u>For The Year Ended June 30 2020</u>
Governmental Activities	
General government	\$ 66,734
Public safety	55,454
Highways and streets	315,182
Culture and recreation	130,285
Airport	124,386
Tourism	<u>2,793</u>
Total	<u>\$ 694,834</u>

Capital asset activity for business-type activities was as follows:

	For The Year Ended June 30, 2020			<u>Balance June 30 2020</u>
	<u>Balance June 30 2019</u>	<u>Increases</u>	<u>Decreases</u>	
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 104,218	-	-	104,218
Construction in progress	59,106	388,052	-	447,158
Total Capital Assets Not Being Depreciated	<u>163,324</u>	<u>388,052</u>	<u>-</u>	<u>551,376</u>
Capital assets being depreciated:				
Buildings	50,000	-	-	50,000
Equipment	1,642,130	41,677	25,000	1,658,807
Infrastructure	22,237,451	50,590	-	22,288,041
Total Capital Assets Being Depreciated	<u>23,929,581</u>	<u>92,267</u>	<u>25,000</u>	<u>23,996,848</u>
Less - Accumulated depreciation for:				
Buildings	50,000	-	-	50,000
Equipment	1,118,803	60,871	25,000	1,154,674
Infrastructure	13,765,782	519,647	-	14,285,429
Total Accumulated Depreciation	<u>14,934,585</u>	<u>580,518</u>	<u>25,000</u>	<u>15,490,103</u>
Total Capital Assets Being Depreciated, Net	<u>8,994,996</u>	<u>(488,251)</u>	<u>-</u>	<u>8,506,745</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,158,320</u>	<u>(100,199)</u>	<u>-</u>	<u>9,058,121</u>

CITY OF CUBA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

	For The Year Ended June 30 2020
Business-type Activities	
Electric	\$ 156,071
Waterworks	336,514
Natural gas	87,933
Total	\$ 580,518

NOTE D - LONG-TERM DEBT

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

	For The Year Ended June 30, 2020			Balance June 30 2020	Amounts Due Within One Year
	Balance June 30 2019	Additions	Reductions		
Governmental Activities					
Compensated absences	\$ 217,368	119,468	108,684	228,152	114,076
Business-type Activities					
Revenue bonds payable	\$ 1,692,000	-	121,000	1,571,000	125,000
Compensated absences	174,422	118,900	87,210	206,112	103,056
Total Business-type Activities	\$ 1,866,422	118,900	208,210	1,777,112	228,056

Compensated absences are generally liquidated by the General Fund and the appropriate related enterprise fund. The revenue bonds are liquidated by the Waterworks Fund.

Business-type Activities - Revenue Bonds

Series 2011 Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri - Direct Loan Program) due in varying annual installments through January 1, 2031 with an interest rate of 1.60%.	June 30 2020
	\$ 1,571,000

NOTE D - LONG-TERM DEBT (Continued)

Annual principal and interest for business-type activities are as follows:

For The Years Ending June 30	Business-type Activities Revenue Bonds		
	Principal	Interest	Total
2021	\$ 125,000	24,640	149,640
2022	128,000	22,624	150,624
2023	131,000	20,568	151,568
2024	135,000	18,456	153,456
2025	139,000	16,280	155,280
2026 - 2030	748,000	46,688	794,688
2031	165,000	2,000	167,000
Total	<u>\$ 1,571,000</u>	<u>151,256</u>	<u>1,722,256</u>

NOTE E - PENSION PLAN

Plan Description

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

Benefits Provided

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

NOTE E - PENSION PLAN (Continued)

	2020 Valuation
Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	Noncontributory for employees

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	19
Active employees	42
Total	102

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 18.9% (General), and 14.0% (Police) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2020. The pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing procedures incorporating the actuarial assumptions.

Actuarial Assumptions

The total pension liability in the February 29, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE E - PENSION PLAN (Continued)

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

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

The actuarial assumptions used in the February 29, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

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

Discount Rate

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

CITY OF CUBA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2019	\$ 11,834,545	11,446,633	387,912
Changes for the year:			
Service cost	232,713	-	232,713
Interest	846,572	-	846,572
Difference between expected and actual experience	475,397	-	475,397
Contributions - employer	-	327,229	(327,229)
Net investment income	-	143,142	(143,142)
Benefit payments, including refunds	(553,720)	(553,720)	-
Administrative expense	-	(12,906)	12,906
Other changes	-	23,007	(23,007)
Net Changes	<u>1,000,962</u>	<u>(73,248)</u>	<u>1,074,210</u>
Balances at June 30, 2020	<u>\$ 12,835,507</u>	<u>11,373,385</u>	<u>1,462,122</u>

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

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

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	<u>\$ 3,289,558</u>	<u>1,462,122</u>	<u>(37,299)</u>

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

For the year ended June 30, 2020, the City recognized pension expense of \$657,917. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

CITY OF CUBA, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - PENSION PLAN (Continued)

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ 638,727	(79,840)	558,887
Assumption changes	4,129	-	4,129
Excess (deficit) investment returns	259,128	-	259,128
Total	<u>\$ 901,984</u>	<u>(79,840)</u>	<u>822,144</u>

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

<u>For The Plan Years Ending June 30</u>	
2021	\$ 113,394
2022	261,340
2023	278,925
2024	168,485
Total	<u>\$ 822,144</u>

Payable to the Pension Plan

At June 30, 2020, the City had \$24,646 of required contributions payable to the pension plan.

NOTE F - INTERFUND TRANSFERS

Individual interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended June 30 2020</u>
General Fund	Electric Fund	\$ 1,440,000
General Fund	Natural Gas Fund	305,000
General Fund	Capital Improvement Fund	55,000
Street Fund	Capital Improvement Fund	49,000
Street Fund	Electric Fund	30,000
Street Fund	Natural Gas Fund	25,000
Pool Fund	Parks Fund	10,000
Pool Fund	Natural Gas Fund	20,000
Airport Fund	Natural Gas Fund	10,000
Airport Fund	Capital Improvement Fund	8,000
Total		<u>\$ 1,952,000</u>

NOTE F - INTERFUND TRANSFERS (Continued)

Interfund transfers were used to: 1) use revenues collected to finance other funds in accordance with budgetary authorization or 2) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

NOTE G - RESTRICTED NET POSITION

The government-wide statement of net position reports \$2,869,281 of restricted net position, of which \$2,303,070 is restricted by enabling legislation.

NOTE H - RISK MANAGEMENT

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

NOTE I - CONTINGENCIES AND COMMITMENTS

The City is subject to various litigation. Although the outcome of these lawsuits are not presently determinable, the City believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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

NOTE J - DEFICIT BALANCE

The Airport Fund has a deficit fund balance of \$4,673. The deficit will be offset by future revenues.

NOTE K - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 coronavirus a global pandemic. As a result, economic uncertainties have arisen which could adversely affect certain revenues, expenditure, and net income. Other financial impacts could also occur though such potential impacts are unknown at this time. In addition, accounting controls could be impacted.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

Draft

CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Over
	Original	Final		(Under)
REVENUES				Budget
Sales tax	\$ 885,000	885,000	908,696	23,696
Gross receipts tax	24,000	24,000	23,638	(362)
Licenses and permits	22,200	25,900	10,732	(15,168)
Fines and forfeitures	30,000	30,000	24,329	(5,671)
Charges for services	6,000	6,500	8,114	1,614
Grants and contributions	94,100	94,100	77,131	(16,969)
Investment income	150,000	150,000	19,087	(130,913)
Other	55,400	95,300	75,371	(19,929)
Total Revenues	<u>1,266,700</u>	<u>1,310,800</u>	<u>1,147,098</u>	<u>(163,702)</u>
EXPENDITURES				
General Government				
Administration:				
Salaries and benefits	357,400	358,150	402,629	44,479
Contract labor	55,000	65,000	61,506	(3,494)
Supplies and materials	16,000	16,000	5,676	(10,324)
Repairs and maintenance	6,000	6,000	3,061	(2,939)
Refuse collection	187,200	187,200	171,460	(15,740)
Other	394,500	422,800	382,881	(39,919)
Capital outlay	83,600	63,450	21,760	(41,690)
Total Administration	<u>1,099,700</u>	<u>1,118,600</u>	<u>1,048,973</u>	<u>(69,627)</u>
City Collector:				
Commissions and taxes	13,000	13,000	13,087	87
Supplies and materials	500	500	147	(353)
Other	800	800	300	(500)
Total City Collector	<u>14,300</u>	<u>14,300</u>	<u>13,534</u>	<u>(766)</u>
Code enforcement:				
Salaries and benefits	47,500	51,000	50,741	(259)

(Continued)

CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
General Government (Continued)				
Emergency preparedness:				
Salaries and benefits	6,500	6,500	6,459	(41)
Contract labor	800	800	-	(800)
Supplies and materials	2,000	2,000	1,697	(303)
Repairs and maintenance	300	500	436	(64)
Other	3,600	3,600	2,622	(978)
Capital outlay	-	8,000	-	(8,000)
Total Emergency Preparedness	<u>13,200</u>	<u>21,400</u>	<u>11,214</u>	<u>(10,186)</u>
Mechanic shop:				
Salaries and benefits	59,900	59,900	52,304	(7,596)
Contract labor	100	350	254	(96)
Supplies and materials	10,000	10,000	5,224	(4,776)
Repairs and maintenance	2,500	2,500	409	(2,091)
Other	80,000	80,200	48,225	(31,975)
Capital outlay	6,000	6,000	4,017	(1,983)
Total Mechanic Shop	<u>158,500</u>	<u>158,950</u>	<u>110,433</u>	<u>(48,517)</u>
Animal control:				
Salaries and benefits	80,880	80,880	69,293	(11,587)
Contract labor	24,000	24,000	23,353	(647)
Supplies and materials	3,000	3,000	2,180	(820)
Repairs and maintenance	1,000	1,000	660	(340)
Other	4,445	4,445	3,808	(637)
Capital outlay	500	3,400	3,400	-
Total Animal Control	<u>113,825</u>	<u>116,725</u>	<u>102,694</u>	<u>(14,031)</u>
Municipal division:				
Salaries and benefits	59,700	59,700	57,190	(2,510)
Supplies and materials	1,500	1,500	1,622	122
Repairs and maintenance	500	500	-	(500)
Other	8,200	8,400	4,982	(3,418)
Total Municipal Division	<u>69,900</u>	<u>70,100</u>	<u>63,794</u>	<u>(6,306)</u>

(Continued)

CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
EXPENDITURES (Continued)				
General Government (Continued)				
Property management:				
Salaries and benefits	144,400	144,400	133,701	(10,699)
Contract labor	200	200	138	(62)
Supplies and materials	2,000	2,000	2,575	575
Repairs and maintenance	5,000	5,000	4,652	(348)
Other	15,900	15,900	6,139	(9,761)
Total Property Management	<u>167,500</u>	<u>167,500</u>	<u>147,205</u>	<u>(20,295)</u>
Inventory control:				
Salaries and benefits	49,500	57,500	54,057	(3,443)
Contract labor	1,000	7,000	6,480	(520)
Supplies and materials	17,000	16,700	12,005	(4,695)
Repairs and maintenance	5,000	5,000	1,388	(3,612)
Other	23,600	23,800	14,771	(9,029)
Total Inventory Control	<u>96,100</u>	<u>110,000</u>	<u>88,701</u>	<u>(21,299)</u>
Grounds and maintenance:				
Salaries and benefits	114,800	114,800	70,481	(44,319)
Contract labor	100	200	160	(40)
Supplies and materials	4,000	4,000	4,614	614
Repairs and maintenance	3,000	3,250	4,721	1,471
Other	6,600	6,600	5,186	(1,414)
Capital outlay	6,000	6,000	4,745	(1,255)
Total Grounds And Maintenance	<u>134,500</u>	<u>134,850</u>	<u>89,907</u>	<u>(44,943)</u>
Total General Government	<u>1,915,025</u>	<u>1,963,425</u>	<u>1,727,196</u>	<u>(236,229)</u>
Public Safety				
Police department:				
Salaries and benefits	961,500	961,500	896,888	(64,612)
Contract labor	14,500	14,500	1,399	(13,101)
Supplies and materials	18,000	18,000	18,233	233
Repairs and maintenance	22,000	22,000	19,424	(2,576)

(Continued)

CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Police department (Continued):				
Other	69,500	69,500	70,736	1,236
Capital outlay	267,000	270,700	206,188	(64,512)
Total Police Department	<u>1,352,500</u>	<u>1,356,200</u>	<u>1,212,868</u>	<u>(143,332)</u>
Fire department:				
Contract labor	-	-	6,771	6,771
Total Public Safety	<u>1,352,500</u>	<u>1,356,200</u>	<u>1,219,639</u>	<u>(136,561)</u>
Total Expenditures	<u>3,267,525</u>	<u>3,319,625</u>	<u>2,946,835</u>	<u>(372,790)</u>
REVENUES UNDER EXPENDITURES	<u>(2,000,825)</u>	<u>(2,008,825)</u>	<u>(1,799,737)</u>	<u>209,088</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,000,825</u>	<u>2,008,825</u>	<u>1,800,000</u>	<u>(208,825)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>263</u>	<u>263</u>
FUND BALANCE, JULY 1			<u>1,080,938</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,081,201</u>	

CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales tax	\$ 380,000	380,000	436,582	56,582
Investment income	-	-	18,334	18,334
Total Revenues	<u>380,000</u>	<u>380,000</u>	<u>454,916</u>	<u>74,916</u>
OTHER FINANCING USES				
Transfers out	<u>(634,000)</u>	<u>(634,000)</u>	<u>(112,000)</u>	<u>(522,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (254,000)</u>	<u>(254,000)</u>	342,916	<u>596,916</u>
FUND BALANCE, JULY 1			<u>969,686</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,312,602</u>	

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CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

Budgetary Data

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

- a. Prior to July 1, the City Clerk, submits to the Board of Aldermen a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Total actual expenditures may not legally exceed total budgeted expenditures.
- b. Public hearings and open Board of Aldermen meetings are held to obtain taxpayer comments.
- c. Prior to July 1, the budget is adopted by the Board of Aldermen.
- d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America except for the Enterprise Fund, which includes capital outlay but does not include depreciation.
- e. Current year budget includes amendments. Budget amendments must be approved by the Board of Aldermen.
- f. Unused appropriations lapse at the end of the year.

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CITY OF CUBA, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES
IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service cost	\$ 232,713	210,509	209,553	196,203	198,557	204,710
Interest on the total pension liability	846,572	777,407	761,425	687,370	652,809	630,235
Difference between expected and actual experience	475,397	503,817	(231,789)	652,712	(132,036)	(70,334)
Changes of assumptions	-	-	-	-	320,086	-
Benefit payments, including refunds	(553,720)	(543,748)	(495,533)	(546,365)	(576,223)	(328,556)
Net Change In Total Pension Liability	<u>1,000,962</u>	<u>947,985</u>	<u>243,656</u>	<u>989,920</u>	<u>463,193</u>	<u>436,055</u>
Total Pension Liability Beginning	<u>11,834,545</u>	<u>10,886,560</u>	<u>10,642,904</u>	<u>9,652,984</u>	<u>9,189,791</u>	<u>8,753,736</u>
Total Pension Liability Ending (a)	<u>\$ 12,835,507</u>	<u>11,834,545</u>	<u>10,886,560</u>	<u>10,642,904</u>	<u>9,652,984</u>	<u>9,189,791</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 327,229	300,057	269,047	262,207	256,883	303,865
Net investment income	143,142	739,319	1,268,657	1,103,946	(34,040)	186,566
Benefit payments, including refunds	(553,720)	(543,748)	(495,533)	(546,365)	(576,223)	(328,556)
Administrative expense	(12,906)	(11,349)	(7,597)	(7,585)	(7,402)	(7,736)
Other	23,007	15,800	(92,490)	691	52,483	36,273
Net Change In Plan Fiduciary Net Position	<u>(73,248)</u>	<u>500,079</u>	<u>942,084</u>	<u>812,894</u>	<u>(308,299)</u>	<u>190,412</u>
Plan Fiduciary Net Position Beginning	<u>11,446,633</u>	<u>10,946,554</u>	<u>10,004,470</u>	<u>9,191,576</u>	<u>9,499,875</u>	<u>9,309,463</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 11,373,385</u>	<u>11,446,633</u>	<u>10,946,554</u>	<u>10,004,470</u>	<u>9,191,576</u>	<u>9,499,875</u>
Net Pension Liability (Asset) Ending (a)-(b)	<u>\$ 1,462,122</u>	<u>387,912</u>	<u>(59,994)</u>	<u>638,434</u>	<u>461,408</u>	<u>(310,084)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.61 %	96.72	100.55	94.00	95.22	103.37
Covered Payroll (for February 28/29 Valuation)	\$ 1,944,288	1,737,103	1,586,937	1,668,882	1,527,778	1,635,878
Net Pension Liability (Asset) as a Percentage of Covered Payroll	75.20 %	22.33	(3.78)	38.26	30.20	(18.96)

Notes:

Information is not available for fiscal years prior to 2015.

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

	For The Years Ended June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined pension contribution	\$ 360,586	356,261	269,046	259,675	258,513	305,199	311,192	318,678	288,481	283,979
Contributions in relation to the actuarially determined contribution	327,229	300,057	269,046	259,675	258,513	304,768	308,509	303,649	262,849	238,380
Contribution Deficiency	\$ 33,357	56,204	-	-	-	431	2,683	15,029	25,632	45,599

Covered Payroll	\$ 1,897,663	1,832,167	1,759,755	1,675,890	1,601,146	1,652,505	1,678,385	1,638,955	1,496,836	1,439,925
Contributions as a Percentage of Covered Payroll	17.24 %	16.38	15.29	15.49	16.15	18.44	18.38	18.53	17.56	16.56

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method
- Amortization method
 - Entry age normal and modified terminal funding
 - 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.
 - Multiple bases from 9 to 18 years
 - 5 years smoothed market; 20% corridor
 - 3.25% wage inflation; 2.50% price inflation
 - 3.25% to 6.55%; includes wage inflation
 - 7.25%, net of investment expenses
- Remaining amortization period
- Asset valuation method
- Inflation
- Salary increases
- Investment rate of return
- Retirement age
- Mortality
 - Experience-based table of rates that are specific to the type of eligibility condition
 - The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.

OTHER SUPPLEMENTAL INFORMATION SECTION

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CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds						Total
	Street	City Transportation Trust	Pool	Park	Airport	Convention And Visitor Center	
ASSETS							
Cash and investments	\$ 61,083	763,443	17,170	316,210	50,684	41,142	1,249,732
Receivables, net:							
Sales tax	11,321	70,419	-	35,201	-	-	116,941
Other	-	-	-	-	1,828	-	1,828
Due from other funds	-	-	-	-	-	1,157	1,157
Total Assets	\$ 72,404	833,862	17,170	351,411	52,512	42,299	1,369,658
LIABILITIES							
Accounts payable	\$ 2,254	2,369	159	11,602	57,185	60	73,629
Wages payable	10,341	-	-	-	-	1,118	11,459
Other payables	3,140	-	-	-	-	-	3,140
Customer deposits	-	-	-	2,850	-	-	2,850
Total Liabilities	15,735	2,369	159	14,452	57,185	1,178	91,078
FUND BALANCES							
Restricted for:							
Highways and streets	-	831,493	-	-	-	-	831,493
Tourism	-	-	-	-	-	41,121	41,121
Parks and recreation	-	-	-	117,854	-	-	117,854
Committed for:							
Highways and streets	56,669	-	-	-	-	-	56,669
Parks and recreation	-	-	17,011	219,105	-	-	236,116
Unassigned	-	-	-	-	(4,673)	-	(4,673)
Total Fund Balances	56,669	831,493	17,011	336,959	(4,673)	41,121	1,278,580
Total Liabilities And Fund Balances	\$ 72,404	833,862	17,170	351,411	52,512	42,299	1,369,658

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION -
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds							Total
	City		Pool	Park	Airport	Convention And Visitor Center		
	Street	Transportation Trust				Convention Center	Center	
REVENUES								
Taxes	\$ 131,822	436,582	-	218,057	-	61,427	847,888	
Charges for services	-	-	9,868	4,995	74,674	492	90,029	
Intergovernmental	-	-	-	-	-	3,042	3,042	
Investment income	915	12,464	313	4,301	948	480	19,421	
Miscellaneous	3,354	-	200	3,200	232	-	6,986	
Total Revenues	<u>136,091</u>	<u>449,046</u>	<u>10,381</u>	<u>230,553</u>	<u>75,854</u>	<u>65,441</u>	<u>967,366</u>	
EXPENDITURES								
Current:								
Highways and streets	228,061	131,775	-	-	-	-	359,836	
Culture and recreation	-	-	23,221	52,256	-	-	75,477	
Airport	-	-	-	-	93,634	-	93,634	
Tourism	-	-	-	-	-	55,898	55,898	
Capital outlay	870	231,442	5,675	37,947	43,651	-	319,585	
Total Expenditures	<u>228,931</u>	<u>363,217</u>	<u>28,896</u>	<u>90,203</u>	<u>137,285</u>	<u>55,898</u>	<u>904,430</u>	
REVENUES OVER (UNDER) EXPENDITURES	<u>(92,840)</u>	<u>85,829</u>	<u>(18,515)</u>	<u>140,350</u>	<u>(61,431)</u>	<u>9,543</u>	<u>62,936</u>	
OTHER FINANCING SOURCES (USES)								
Transfers in	104,000	-	30,000	-	18,000	-	152,000	
Transfers out	-	-	-	(10,000)	-	-	(10,000)	
Total Other Financing Sources (Uses)	<u>104,000</u>	<u>-</u>	<u>30,000</u>	<u>(10,000)</u>	<u>18,000</u>	<u>-</u>	<u>142,000</u>	
NET CHANGES IN FUND BALANCES	<u>11,160</u>	<u>85,829</u>	<u>11,485</u>	<u>130,350</u>	<u>(43,431)</u>	<u>9,543</u>	<u>204,936</u>	
FUND BALANCES, JULY 1	45,509	745,664	5,526	206,609	38,758	31,578	1,073,644	
FUND BALANCES, JUNE 30	<u>\$ 56,669</u>	<u>831,493</u>	<u>17,011</u>	<u>336,959</u>	<u>(4,673)</u>	<u>41,121</u>	<u>1,278,580</u>	

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - STREET FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Sales tax	\$ 135,000	134,350	131,822	(2,528)
Investment income	-	-	915	915
Miscellaneous	-	2,650	3,354	704
Total Revenues	<u>135,000</u>	<u>137,000</u>	<u>136,091</u>	<u>(909)</u>
EXPENDITURES				
Current:				
Salaries and benefits	206,700	206,700	207,344	644
Supplies and materials	11,000	13,000	4,265	(8,735)
Repairs and maintenance	7,500	7,500	6,195	(1,305)
Other	11,750	11,750	10,257	(1,493)
Capital outlay	2,500	2,500	870	(1,630)
Total Expenditures	<u>239,450</u>	<u>241,450</u>	<u>228,931</u>	<u>(12,519)</u>
REVENUES UNDER EXPENDITURES	(104,450)	(104,450)	(92,840)	11,610
OTHER FINANCING SOURCES				
Transfers in	<u>104,450</u>	<u>104,450</u>	<u>104,000</u>	<u>(450)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	11,160	<u>11,160</u>
FUND BALANCE, JULY 1			<u>45,509</u>	
FUND BALANCE, JUNE 30			<u>\$ 56,669</u>	

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CITY TRANSPORTATION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Sales tax	\$ 380,000	380,000	436,582	56,582
Investment income	-	-	12,464	12,464
Total Revenues	<u>380,000</u>	<u>380,000</u>	<u>449,046</u>	<u>69,046</u>
 EXPENDITURES				
Current:				
Salaries and benefits	104,300	107,800	107,025	(775)
Repairs and maintenance	60,000	60,000	24,750	(35,250)
Capital outlay	420,000	416,500	231,442	(185,058)
Total Expenditures	<u>584,300</u>	<u>584,300</u>	<u>363,217</u>	<u>(221,083)</u>
 NET CHANGE IN FUND BALANCE	<u>\$ (204,300)</u>	<u>(204,300)</u>	85,829	<u>290,129</u>
 FUND BALANCE, JULY 1			<u>745,664</u>	
 FUND BALANCE, JUNE 30			<u>\$ 831,493</u>	

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - POOL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
REVENUES				
Charges for services	\$ 23,500	23,500	9,868	(13,632)
Investment income	-	-	313	313
Miscellaneous	-	200	200	-
Total Revenues	<u>23,500</u>	<u>23,700</u>	<u>10,381</u>	<u>(13,319)</u>
EXPENDITURES				
Current:				
Salaries and benefits	54,500	54,500	17,100	(37,400)
Contract labor	1,500	1,500	644	(856)
Supplies and materials	7,000	7,200	2,141	(5,059)
Repairs and maintenance	6,000	5,750	262	(5,488)
Other	8,000	8,250	3,074	(5,176)
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>5,675</u>	<u>(9,325)</u>
Total Expenditures	<u>92,000</u>	<u>92,200</u>	<u>28,896</u>	<u>(63,304)</u>
REVENUES UNDER EXPENDITURES	(68,500)	(68,500)	(18,515)	49,985
OTHER FINANCING SOURCES				
Transfers in	<u>68,500</u>	<u>68,500</u>	<u>30,000</u>	<u>(38,500)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	11,485	<u>11,485</u>
FUND BALANCE, JULY 1			<u>5,526</u>	
FUND BALANCE, JUNE 30			<u>\$ 17,011</u>	

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - PARK FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Sales tax	\$ 187,000	187,000	218,057	31,057
Charges for services	10,000	10,050	4,995	(5,055)
Investment income	-	-	4,301	4,301
Miscellaneous revenue	-	3,205	3,200	(5)
Total Revenues	<u>197,000</u>	<u>200,255</u>	<u>230,553</u>	<u>30,298</u>
EXPENDITURES				
Current:				
Contract labor	2,000	25,000	24,131	(869)
Supplies and materials	8,000	8,000	5,647	(2,353)
Repairs and maintenance	6,000	6,000	2,105	(3,895)
Other	18,000	18,000	20,373	2,373
Capital outlay	<u>126,500</u>	<u>125,225</u>	<u>37,947</u>	<u>(87,278)</u>
Total Expenditures	<u>160,500</u>	<u>182,225</u>	<u>90,203</u>	<u>(92,022)</u>
REVENUES OVER EXPENDITURES	36,500	18,030	140,350	122,320
OTHER FINANCING USES				
Transfers out	<u>(53,500)</u>	<u>(53,500)</u>	<u>(10,000)</u>	<u>43,500</u>
NET CHANGE IN FUND BALANCE	<u>\$ (17,000)</u>	<u>(35,470)</u>	130,350	<u>165,820</u>
FUND BALANCE, JULY 1			<u>206,609</u>	
FUND BALANCE, JUNE 30			<u>\$ 336,959</u>	

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Charges for services	\$ 100,000	100,000	74,674	(25,326)
Intergovernmental	343,000	343,000	-	(343,000)
Investment income	-	-	948	948
Miscellaneous	-	250	232	(18)
Total Revenues	<u>443,000</u>	<u>443,250</u>	<u>75,854</u>	<u>(367,396)</u>
EXPENDITURES				
Current:				
Contract labor	27,000	27,050	28,725	1,675
Supplies and materials	15,000	15,200	4,886	(10,314)
Repairs and maintenance	10,000	10,000	5,259	(4,741)
Other	66,000	66,000	54,764	(11,236)
Capital outlay	<u>381,000</u>	<u>381,000</u>	<u>43,651</u>	<u>(337,349)</u>
Total Expenditures	<u>499,000</u>	<u>499,250</u>	<u>137,285</u>	<u>(361,965)</u>
REVENUES UNDER EXPENDITURES	(56,000)	(56,000)	(61,431)	(5,431)
OTHER FINANCING SOURCES				
Transfers in	<u>56,000</u>	<u>56,000</u>	<u>18,000</u>	<u>(38,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>(43,431)</u>	<u>(43,431)</u>
FUND BALANCE, JULY 1			<u>38,758</u>	
FUND BALANCE (DEFICIT), JUNE 30			<u>\$ (4,673)</u>	

CITY OF CUBA, MISSOURI
OTHER SUPPLEMENTAL INFORMATION - SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - CONVENTION AND VISITOR CENTER FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Tourism tax	\$ 52,000	52,000	61,427	9,427
Charges for services	5,000	5,000	492	(4,508)
Intergovernmental	11,153	11,153	3,042	(8,111)
Investment income	-	-	480	480
Total Revenues	<u>68,153</u>	<u>68,153</u>	<u>65,441</u>	<u>(2,712)</u>
EXPENDITURES				
Current:				
Salaries and benefits	35,541	35,541	21,416	(14,125)
Contract labor	18,000	17,900	12,721	(5,179)
Supplies and materials	2,000	1,950	201	(1,749)
Other	32,000	32,150	21,560	(10,590)
Total Expenditures	<u>87,541</u>	<u>87,541</u>	<u>55,898</u>	<u>(31,643)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (19,388)</u>	<u>(19,388)</u>	9,543	<u>28,931</u>
FUND BALANCE, JULY 1			<u>31,578</u>	
FUND BALANCE, JUNE 30			<u>\$ 41,121</u>	

INTERNAL CONTROL AND COMPLIANCE SECTION

Draft

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

January xx, 2021

Honorable Mayor and Board of Aldermen
CITY OF CUBA, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF CUBA, MISSOURI** (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January xx, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Nochschild, Bloom + Company LLP

CERTIFIED PUBLIC ACCOUNTANTS
Washington, Missouri

January xx, 2021

Honorable Mayor and Members of the Board of Aldermen
CITY OF CUBA, MISSOURI

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF CUBA, MISSOURI** (the City) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of depreciation expense of its depreciable capital assets (including infrastructure assets) is based upon management's assumptions regarding the useful lives of these assets.

Management's estimate of the net pension liability (asset) (including deferred outflows and inflows of resources) of the City's pension plan is based on the actuarial valuation performed by LAGER's actuary.

Management makes various other accounting estimates related to investments, long-term debt, donations, and allowance for doubtful accounts. These estimates are based on market value and historical experience.

We evaluated the key factors and the assumptions used to develop the above estimates and determined they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements considered to be material, either individually or in the aggregate. Refer to the attached schedule labeled Adjusting Journal Entries for a summary of the corrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January xx, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during the audit we became aware of certain comments for management.

The attachment that accompanies this letter entitled "Schedule of Management Comments and Recommendations" summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January xx, 2021 on the financial statements. We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various personnel.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the required supplemental information (RSI), as listed in the table of contents of the financial report, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were also engaged to report on other supplemental information, as listed in the table of contents of the financial report, which accompany the financial statements but are not RSI. With respect to this supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of management, the Mayor, and the Board of Aldermen, and is not intended to be and should not be used by anyone other than these specified parties.

Hochschild, Bloom + Company LLP

CERTIFIED PUBLIC ACCOUNTANTS
Washington, Missouri

CITY OF CUBA, MISSOURI
ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To adjust inventory to actual			
02.00.1250	INVENTORY	2,298.00	
03.00.1250	INVENTORY	71,744.00	
21.00.7600	SUPPLIES & MATERIALS	15,822.00	
02.00.7600	SUPPLIES & MATERIALS		2,298.00
03.03.7600	SUPPLIES & MATERIALS		34,506.00
03.08.7550	REPAIRS & MAINTENANCE		11,306.00
03.08.7600	SUPPLIES & MATERIALS		7,156.00
03.18.7600	SUPPLIES & MATERIALS		18,776.00
21.00.1250	INVENTORY		15,822.00
Total		89,864.00	89,864.00
Adjusting Journal Entries JE # 2			
To adjust balance sheet accounts			
01.00.2430	AFLAC	845.00	
01.00.2450	CAFETERIA	21,436.00	
01.00.2470	LIBERTY VOLUNTARY LIFE	425.00	
01.00.2480	AMER VOLUNTARY LIFE	957.00	
01.00.2550	DEFERED COMP. WITHHELD	597.00	
01.01.7250	HEALTH INSURANCE	4,840.00	
01.01.7260	LIFE & AD&D INSURANCE	250.00	
01.01.7275	DENTAL INSURANCE	250.00	
01.05.7250	HEALTH INSURANCE	1,000.00	
01.13.7250	HEALTH INSURANCE	250.00	
01.15.7250	HEALTH INSURANCE	250.00	
01.19.7250	HEALTH	250.00	
02.00.2470	LIBERTY VOLUNTARY LIFE	108.00	
02.00.7250	HEALTH INSURANCE	1,758.00	
02.00.7275	DENTAL INSURANCE	285.00	
03.00.2430	AFLAC	27.00	
03.00.2550	DEFERED COMP. WITHHELD	116.00	
03.03.7250	HEALTH INSURANCE	69.00	
03.03.7260	LIFE & AD&D INSURANCE	185.00	
04.00.2430	AFLAC	109.00	
04.00.2470	LIBERTY VOLUNTARY LIFE	116.00	
04.00.7260	LIFE & AD&D INSURANCE	337.00	
21.00.2430	AFLAC	104.00	
21.00.2450	CAFETERIA	500.00	
21.00.2470	LIBERTY VOLUNTARY LIFE	156.00	
01.00.2250	ACCRUED HEALTH INSURANCE		26,162.00
01.00.2300	ACCRUED LIFE/AD&D INSURANCE		1,317.00
01.00.2420	VISION INSURANCE		2,807.00
01.00.2440	DENTAL INSURANCE		778.00
01.00.2460	ASSURANT VOLUNTARY LIF		286.00
02.00.2250	ACCRUED HEALTH INSURANCE		1,758.00
02.00.2300	ACCRUED LIFE/AD&D INSURANCE		273.00
02.00.2440	DENTAL INSURANCE		120.00
03.00.2250	ACCRUED HEALTH INSURANCE		69.00
03.00.2300	ACCRUED LIFE/AD&D INSURANCE		163.00
03.00.2420	VISION INSURANCE		19.00
03.00.2440	DENTAL INSURANCE		146.00
04.00.2300	ACCRUED LIFE/AD&D INSURANCE		176.00
04.00.2440	DENTAL INSURANCE		386.00

CITY OF CUBA, MISSOURI
ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 2 (Continued)			
To adjust balance sheet accounts			
21.00.2300	ACCRUED LIFE/AD&D INSURANCE		109.00
21.00.2440	DENTAL INSURANCE		40.00
21.00.2460	ASSURANT VOLUNTARY LIFE		56.00
21.00.7250	HEALTH INSURANCE		455.00
21.00.7260	LIFE & AD&D INSURANCE		100.00
Total		<u><u>35,220.00</u></u>	<u><u>35,220.00</u></u>
Adjusting Journal Entries JE # 3			
To adjust court bond cash to actual			
01.00.2120	COURT BONDS PAYABLE	62.00	
01.00.1140	POLICE BOND ACCOUNT #2		62.00
Total		<u><u>62.00</u></u>	<u><u>62.00</u></u>
Adjusting Journal Entries JE # 5			
To allocate interest income			
01.01.5700	INTEREST INCOME	113,988.00	
02.00.1100	ELECTRIC CHECKING ACCT	24,820.00	
03.00.1100	WATERWORKS CHECKING AC	23,271.00	
04.00.1100	STREET CHECKING - ACCT	915.00	
06.00.1100	POOL CHECKING - ACCT.#	313.00	
07.00.1100	PARK CHECKING ACCT. #9	4,301.00	
09.00.1100	AIRPORT - CHECKING ACC	948.00	
21.00.1100	GAS CHECKING ACCT. #90	28,141.00	
22.00.1100	CITY TRANS. TRUST CHCK	12,464.00	
27.00.1120	VISITOR RESTRICTED CAS	480.00	
29.00.1120	CAPITAL IMPRV TAX CKIN	18,334.00	
01.00.1100	GENERAL CHECKING - ACC		113,988.00
02.00.5700	INTEREST INCOME		24,820.00
03.03.5700	INTEREST INCOME		23,271.00
04.00.5700	INTEREST INCOME		915.00
06.00.5700	INTEREST INCOME		313.00
07.00.5700	INTEREST INCOME		4,301.00
09.00.5700	INTEREST INCOME		948.00
21.00.5700	INTEREST INCOME		28,141.00
22.00.5700	INTEREST INCOME		12,464.00
27.00.5700	INTEREST REVENUE - TOUR		480.00
29.00.5700	INTEREST INCOME		18,334.00
Total		<u><u>227,975.00</u></u>	<u><u>227,975.00</u></u>
Adjusting Journal Entries JE # 5			
To reverse AP entry from prior year			
02.00.2100	ACCOUNTS PAYABLE	305,314.00	
06.00.2100	ACCOUNTS PAYABLE	5,221.00	
21.00.2100	ACCOUNTS PAYABLE	65,802.00	
02.00.8900	ELECTRICAL POWER		305,314.00
06.00.7850	EQUIPMENT		5,221.00
21.00.8900	PIPELINE NATURAL GAS		65,802.00
Total		<u><u>376,337.00</u></u>	<u><u>376,337.00</u></u>
Adjusting Journal Entries JE # 6			
To adjust sales tax revenue and receivable to actual			
01.00.1260	SALES TAX RECEIVABLE	99,410.00	
07.00.1270	SALES TAX RECEIVABLE	24,844.00	
22.00.1260	SALES TAX RECEIVABLE	49,706.00	
29.00.1260	SALES TAX RECEIVABLE	49,706.00	
01.01.5350	SALES TAX REVENUE		99,410.00

CITY OF CUBA, MISSOURI
ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6 (Continued)			
To adjust sales tax revenue and receivable to actual			
07.00.5350	SALES TAX REVENUE		24,844.00
22.00.5100	HALF-CENT SALES TAX RE		49,706.00
29.00.5100	CAPITAL IMPRV TAX REVE		49,706.00
Total		<u><u>223,666.00</u></u>	<u><u>223,666.00</u></u>
Adjusting Journal Entries JE # 7			
To adjust gas & MV tax revenue and receivable			
04.00.1260	GAS TAX RECEIVABLE	6,463.00	
04.00.1270	MOTOR VEHICLE TAX RECE	4,789.00	
04.00.5100	GAS TAX REVENUE		6,463.00
04.00.5200	VEHICLE TAX REVENUE		3,347.00
04.00.5300	VEHICLE FEE REVENUE		1,442.00
Total		<u><u>11,252.00</u></u>	<u><u>11,252.00</u></u>
Adjusting Journal Entries JE # 8			
To reverse grant revenue recorded in prior year			
27.00.5400	EDSI - GRANT REVENUE	6,402.00	
27.00.1280	GRANT RECEIVABLE		6,402.00
Total		<u><u>6,402.00</u></u>	<u><u>6,402.00</u></u>
Adjusting Journal Entries JE # 9			
To adjust airport AR to actual			
09.00.1200	HANGAR RENT & FUEL REC	12,044.00	
09.00.2100	ACCOUNTS PAYABLE		11,469.00
09.00.5200	HANAGER RENT		575.00
Total		<u><u>12,044.00</u></u>	<u><u>12,044.00</u></u>
Adjusting Journal Entries JE # 10			
To reverse settlement received in prior year			
21.00.8900	PIPELINE NATURAL GAS	199,095.00	
21.00.1285	PREPAID EXPENSE		199,095.00
Total		<u><u>199,095.00</u></u>	<u><u>199,095.00</u></u>
Adjusting Journal Entries JE # 11			
To record sales tax payable			
02.00.2100	ACCOUNTS PAYABLE	19,606.00	
03.00.2100	ACCOUNTS PAYABLE	1,514.00	
21.00.2100	ACCOUNTS PAYABLE	4,988.00	
02.00.2400	ACCRUED SALES TAX		19,606.00
03.00.2400	ACCRUED SALES TAX		1,514.00
21.00.2400	ACCRUED SALES TAX		4,988.00
Total		<u><u>26,108.00</u></u>	<u><u>26,108.00</u></u>
Adjusting Journal Entries JE # 12			
To adjust Lagers liability to actual			
01.00.1100	GENERAL CHECKING - ACC	13,337.00	
01.01.5800	MISCELLANEOUS REVENUES	4,753.00	
02.00.1100	ELECTRIC CHECKING ACCT	3,250.00	
02.00.2350	ACCRUED LAGERS RETIREMENT	1,796.00	
03.00.1100	WATERWORKS CHECKING AC	2,876.00	
04.00.1100	STREET CHECKING - ACCT	3,140.00	
21.00.1100	GAS CHECKING ACCT. #90	2,043.00	
01.00.2350	ACCRUED LAGERS RETIREMENT		18,090.00
02.00.5800	MISCELLANEOUS - REVENUE		5,046.00

CITY OF CUBA, MISSOURI
ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 12 (Continued)			
To adjust Lagers liability to actual			
03.00.2350	ACCRUED LAGERS RETIREMENT		2,876.00
04.00.2350	ACCRUED LAGERS RETIREMENT		3,140.00
21.00.2350	ACCRUED LAGERS RETIREMENT		2,043.00
Total		<u><u>31,195.00</u></u>	<u><u>31,195.00</u></u>
Adjusting Journal Entries JE # 13			
To adjust compensated absences for enterprise funds			
02.00.2704	SHORT-TERM COMP ABSENCE	1,694.00	
02.00.2705	ACCRUED VACATIONS	1,135.00	
02.00.2706	ACCRUED SICK TIME	1,480.00	
02.00.2708	ACCRUED COMP TIME	73.00	
03.00.2705	ACCRUED VACATIONS	833.00	
03.08.7115	PAID TIME OFF (PTO)	31,389.00	
21.00.7115	PAID TIME OFF (PTO)	3,688.00	
02.00.2707	ACCRUED PERSONAL TIME		995.00
02.00.7115	PAID TIME OFF (PTO)		3,387.00
03.00.2704	SHORT-TERM COMP ABSENCE		15,694.00
03.00.2706	ACCRUED SICK TIME		15,899.00
03.00.2707	ACCRUED PERSONAL TIME		623.00
03.00.2708	ACCRUED COMP TIME		6.00
21.00.2704	SHORT-TERM COMP ABSENCE		1,845.00
21.00.2705	ACCRUED VACATIONS		176.00
21.00.2706	ACCRUED SICK TIME		674.00
21.00.2707	ACCRUED PERSONAL TIME		759.00
21.00.2708	ACCRUED COMP TIME		234.00
Total		<u><u>40,292.00</u></u>	<u><u>40,292.00</u></u>
Adjusting Journal Entries JE # 14			
To record items that should have been in AP			
02.00.8900	ELECTRICAL POWER	330,075.00	
03.08.8150	CONTRACT LABOR & SERVICE	27,898.00	
03.18.8100	LEGAL & PROFESSIONAL F	36,782.00	
09.00.7905	CAPITAL IMPROVEMENT	43,651.00	
02.00.2100	ACCOUNTS PAYABLE		330,075.00
03.00.2100	ACCOUNTS PAYABLE		64,680.00
09.00.2100	ACCOUNTS PAYABLE		43,651.00
Total		<u><u>438,406.00</u></u>	<u><u>438,406.00</u></u>
Adjusting Journal Entries JE # 15			
To adjust accrued payroll to actual			
01.01.7100	SALARIES EXPENSE - ADM	7,727.00	
01.01.7150	SOCIAL SECURITY TAXES	591.00	
02.00.7100	SALARIES EXPENSE - ELE	425.00	
02.00.7150	SOCIAL SECURITY TAXES	32.00	
03.03.7100	SALARIES EXPENSE - WAT	2,053.00	
03.03.7150	SOCIAL SECURITY TAXES	157.00	
04.00.7100	SALARIES EXPENSE - STR	807.00	
04.00.7150	SOCIAL SECURITY TAXES	62.00	
06.00.2125	WAGES PAYABLE	4,712.00	
06.00.2150	ACCRUED FEDERAL P.R. T	360.00	
21.00.7100	SALARIES EXPENSE - NAT	856.00	
21.00.7150	SOCIAL SECURITY TAXES	65.00	
27.00.7100	SALARIES EXPENSE -VISI	20.00	
27.00.7150	SOCIAL SECURITY TAXES	1.00	
01.00.2125	WAGES PAYABLE		7,727.00
01.00.2150	ACCRUED FEDERAL P.R. T		591.00

CITY OF CUBA, MISSOURI
ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 15 (Continued)			
To adjust accrued payroll to actual			
02.00.2125	WAGES PAYABLE		425.00
02.00.2150	ACCRUED FEDERAL P.R. T		32.00
03.00.2125	WAGES PAYABLE		2,053.00
03.00.2150	ACCRUED FEDERAL P.R. T		157.00
04.00.2125	WAGES PAYABLE		807.00
04.00.2150	ACCRUED FEDERAL P.R. T		62.00
06.00.7100	SALARIES EXPENSE - POO		4,712.00
06.00.7150	SOCIAL SECURITY TAXES		360.00
21.00.2125	WAGES PAYABLE		856.00
21.00.2150	ACCRUED FEDERAL PAYROLL		65.00
27.00.2125	WAGES PAYABLE		20.00
27.00.2150	ACCRUED FEDERAL P.R. T		1.00
Total		<u><u>17,868.00</u></u>	<u><u>17,868.00</u></u>
Adjusting Journal Entries JE # 16			
To remove items under capitalization threhsold from fixed assets and record additions			
02.00.7600	SUPPLIES & MATERIALS	25,495.00	
03.00.1220	CONSTRUCTION IN PROGRESS	131,123.00	
03.00.1220	CONSTRUCTION IN PROGRESS	256,929.00	
03.00.1240	EQUIPMENT - WATERWORKS	24,645.00	
03.03.7600	SUPPLIES & MATERIALS	833.00	
03.03.7600	SUPPLIES & MATERIALS	74,900.00	
03.08.7600	SUPPLIES & MATERIALS	13,091.00	
03.18.7600	SUPPLIES & MATERIALS	40,625.00	
21.00.1240	EQUIPMENT - NATURAL GA	17,032.00	
21.00.7600	SUPPLIES & MATERIALS	1,466.00	
02.00.1230	ELECTRIC SYSTEM		25,495.00
03.00.1203	WATERWORKS SYSTEM - WA		833.00
03.00.1208	WATERWORKS SYSTEM - TR		13,091.00
03.00.1218	WATERWORKS SYSTEM - SE		297,554.00
03.00.1230	WATERWORKS SYSTEM		74,900.00
03.08.7860	PRETREATMENT EXPENSE		24,645.00
03.18.8100	LEGAL & PROFESSIONAL F		131,123.00
21.00.1230	NATURAL GAS SYSTEM		1,466.00
21.00.1230	NATURAL GAS SYSTEM		17,032.00
Total		<u><u>586,139.00</u></u>	<u><u>586,139.00</u></u>
Adjusting Journal Entries JE # 17			
To record enterprise fund fixed asset disposals			
02.00.2040	ACCUMULATED DEPRECIATION	25,000.00	
02.00.1240	EQUIPMENT - ELECTRIC		25,000.00
Total		<u><u>25,000.00</u></u>	<u><u>25,000.00</u></u>
Adjusting Journal Entries JE # 18			
To record current year enterprise fund depreciation			
02.00.7025	DEPRECIATION EXPENSE	40,012.00	
02.00.7035	AMORTIZATION EXPENSE	33,278.00	
03.03.7025	DEPRECIATION EXPENSE	97,441.00	
03.08.7025	DEPRECIATION EXPENSE	53,314.00	
03.18.7025	DEPRECIATION EXPENSE	18,952.00	
21.00.7025	DEPRECIATION EXPENSE	42,894.00	
02.00.2040	ACCUMULATED DEPRECIATION		73,290.00
03.00.2040	ACCUMULATED DEPRECIATION		169,707.00
21.00.2040	ACCUMULATED DEPRECIATION		42,894.00
Total		<u><u>285,891.00</u></u>	<u><u>285,891.00</u></u>

CITY OF CUBA, MISSOURI
ADJUSTING JOURNAL ENTRIES
FOR THE YEAR ENDED JUNE 30, 2020

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 19			
To adjust accrued interest payable to actual			
03.00.2090	ACCRUED INTEREST	968.00	
03.08.7050	INTEREST EXPENSE		968.00
Total		<u>968.00</u>	<u>968.00</u>
Adjusting Journal Entries JE # 20			
To record Enterprise funds change for GASB 68			
02.00.1820	OUTFLOW: PROJECTED/ACTUAL	50,872.00	
02.00.2810	INFLOW: EXPECTED/ACTUAL	58,038.00	
02.00.7210	PENSION ADJ FOR GASB 6	50,008.00	
03.00.1820	OUTFLOW: PROJECTED/ACTUAL	45,021.00	
03.00.2810	INFLOW: EXPECTED/ACTUAL	47,973.00	
03.03.7210	PENSION ADJ FOR GASB 6	44,203.00	
21.00.1820	OUTFLOW: PROJECTED/ACTUAL	31,177.00	
21.00.2810	INFLOW: EXPECTED/ACTUAL	33,113.00	
21.00.7210	PENSION ADJ FOR GASB 6	30,606.00	
02.00.1400	NET PENSION ASSET		158,918.00
03.00.1400	NET PENSION ASSET		137,197.00
21.00.1400	NET PENSION ASSET		94,896.00
Total		<u>391,011.00</u>	<u>391,011.00</u>
Adjusting Journal Entries JE # 21			
To adjust collectors account to actual			
01.02.5300	MERCHANTS LICENSES & F	15,905.00	
01.00.1130	COLLECTOR'S ACCOUNT #2		15,905.00
Total		<u>15,905.00</u>	<u>15,905.00</u>
Adjusting Journal Entries JE # 22			
PBC to adjust the LAGERS ability which hit the GL but wasn't paid			
01.00.2350	ACCRUED LAGERS RETIREMENT	18,606.00	
02.00.2350	ACCRUED LAGERS RETIREMENT	5,178.00	
03.00.2350	ACCRUED LAGERS RETIREMENT	4,582.00	
04.00.2350	ACCRUED LAGERS RETIREMENT	4,421.00	
21.00.2350	ACCRUED LAGERS RETIREMENT	3,064.00	
01.00.1100	GENERAL CHECKING - ACCT		18,606.00
02.00.1100	ELECTRIC CHECKING ACCT		5,178.00
03.00.1100	WATERWORKS CHECKING AC		4,582.00
04.00.1100	STREET CHECKING - ACCT		4,421.00
21.00.1100	GAS CHECKING ACCT. #90		3,064.00
Total		<u>35,851.00</u>	<u>35,851.00</u>
Adjusting Journal Entries JE # 23			
Record additional AP for grant			
01.05.7805	K9 EXPENSE	20,539.00	
01.00.2100	ACCOUNTS PAYABLE		20,539.00
Total		<u>20,539.00</u>	<u>20,539.00</u>
Adjusting Journal Entries JE # 24			
To record AR for USDA grant			
01.00.1270	GRANT RECEIVABLE	47,124.00	
01.05.5200	MISC GRANT REVENUE		47,124.00
Total		<u>47,124.00</u>	<u>47,124.00</u>

CITY OF CUBA, MISSOURI
SCHEDULE OF MANAGEMENT COMMENTS
AND RECOMMENDATIONS

Findings for the year ended June 30, 2020:

1. COMMENT

As noted in the prior year, the City does not have written accounting policies and procedures for cash disbursements, payroll, investments, capital assets, credit card usage, and fuel card usage. Written procedures will help reduce misunderstandings, duplicated or omitted procedures, and potential fraud possibilities.

RECOMMENDATION

We recommend the City develop written accounting policies and procedures in order to communicate its accounting procedures to other personnel and to document the approved procedures and policies. We understand the City is currently working on implementing policies.

2. COMMENT

We noted that all the investment income was recorded in the General Fund, however, most of the cash and investments are accounted for in other funds. The investment income should be allocated among the funds based on their cash and investment balance.

RECOMMENDATION

We recommend the City allocate the interest income on a monthly basis.

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