



**MISSOURI**

**FINANCIAL REPORT**  
(Audited)

Year Ended September 30, 2018

**CITY OF ROLLA, MISSOURI**  
**FINANCIAL REPORT**

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

## **INDEPENDENT AUDITOR'S REPORT**

April 9, 2019

Honorable Mayor and City Council  
**CITY OF ROLLA, MISSOURI**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the **CITY OF ROLLA, MISSOURI** (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **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.

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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, the discretely presented component unit, and each major fund of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

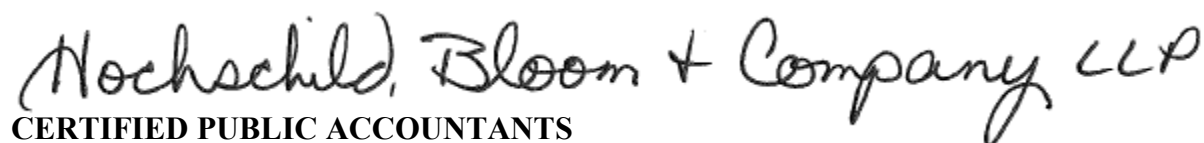
## **Other Matters**

### *Required 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
**CERTIFIED PUBLIC ACCOUNTANTS**  
*Chesterfield, Missouri*

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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As management of the City of Rolla, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here along with the City's financial statements, including the footnotes that follow this Management's Discussion and Analysis (MD&A).

## **FINANCIAL HIGHLIGHTS**

- The net position of the City's governmental activities decreased by \$870,435 for the year as a result of current year activities. The net position of the City's business-type activities increased \$51,698 for the year.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2018, by \$100 million (net position) (down from \$105 million in fiscal year 2017). Of this amount, \$4.4 million was unrestricted from overall operations and may be used to meet future obligations of the City.
- Total value of new building construction for fiscal year 2018 was \$28,981,400 compared to \$67,445,377 in fiscal year 2017 (construction of Westside MarketPlace). Overall 136 new housing units were added in 2018. Multi-family construction permits continue to be strong while detached single family home construction remains slow (9 single family homes).
- The City Sales Tax Rate of 2.25% is distributed among the General Fund (1%), the Street Fund (0.5% for transportation and 0.5% for capital improvements) and the Park Fund (0.25%). In fiscal year 2018, the City received \$9,710,042 in total sales tax revenues -- a 4.3% increase from fiscal year 2017. Since sales tax revenues account for approximately 41.8% of total revenue, sales tax revenues are carefully monitored. Both the Westside MarketPlace and Kohl's TIF projects redirect 50%/75% of the sales taxes generated from those developments to extraordinary development costs for the purpose of eliminating blight. In FY 2018 \$163,074 was transferred from total sales tax receipts to those development projects.
- Fiscal year 2018 completes the 16<sup>th</sup> full year of operations at the Centre - the City's recreation center. Over that time the average recapture rate of revenues over operational expenses is 86%. Revenues of \$1.2 million are generated through memberships, user fees, and program revenues with operating expenditures of \$1,360,000. In fiscal year 2018 recreation center revenues increased by 2.5% while operating expenditures decreased 0.4% over fiscal year 2017.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$8,416,562.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,069,043.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

The statement of activities 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 the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, police department, and municipal court. The business-type activities include the sewer and sanitation operations of the City.

One separate organization is considered a component unit of the City -- Rolla Municipal Utilities (RMU). RMU's purpose is to provide electric and water services to the City, and is under the direction of the Rolla Board of Public Works.

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

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

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

The City maintains seven governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Recreation Center Fund, Parks Fund, Airport Fund, Cemetery Fund, and Park Land Reserve Fund which are considered major funds.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

**Proprietary fund.** The City maintains two 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 sewer and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the Internal Service Fund to account for health insurance premiums. Because these services predominantly benefit governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

**Required supplemental information.** In addition to the basic financial statements and accompanying notes, certain supplemental information can be found in this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

A condensed version of the statement of net position follows below.

**Governmental and business-type activities.** Governmental and business-type activities decreased the City's net position by \$818,737. Key elements of this are as follows:

**CITY OF ROLLA, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	September 30					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	\$ 15,672,158	12,536,645	6,627,396	6,262,062	22,299,554	18,798,707
Capital assets	77,927,519	78,390,973	26,434,210	27,055,595	104,361,729	105,446,568
Total Assets	<u>93,599,677</u>	<u>90,927,618</u>	<u>33,061,606</u>	<u>33,317,657</u>	<u>126,661,283</u>	<u>124,245,275</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>857,491</u>	<u>1,932,775</u>	<u>139,841</u>	<u>407,416</u>	<u>997,332</u>	<u>2,340,191</u>
<b>LIABILITIES</b>						
Other liabilities	2,651,978	1,271,337	906,312	483,648	3,558,290	1,754,985
Long-term liabilities	13,713,400	10,709,335	8,217,911	8,346,734	21,931,311	19,056,069
Total Liabilities	<u>16,365,378</u>	<u>11,980,672</u>	<u>9,124,223</u>	<u>8,830,382</u>	<u>25,489,601</u>	<u>20,811,054</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,755,597</u>	<u>491,077</u>	<u>417,165</u>	<u>113,638</u>	<u>2,172,762</u>	<u>604,715</u>
<b>NET POSITION</b>						
Net investment in capital assets	69,831,661	70,299,103	19,776,172	19,670,192	89,607,833	89,969,295
Restricted	4,038,444	563,004	1,947,070	665,545	5,985,514	1,228,549
Unrestricted	<u>2,466,088</u>	<u>9,526,537</u>	<u>1,936,817</u>	<u>4,445,316</u>	<u>4,402,905</u>	<u>13,971,853</u>
Total Net Position	<u>\$ 76,336,193</u>	<u>80,388,644</u>	<u>23,660,059</u>	<u>24,781,053</u>	<u>99,996,252</u>	<u>105,169,697</u>



**CITY OF ROLLA, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$13,996,621	7,553,082	7,097,069	6,738,953	21,093,690	14,292,035
Operating grants and contributions	337,303	227,122	15,609	9,718	352,912	236,840
Capital grants and contributions	38,891	870,129	12,317	42,479	51,208	912,608
General revenues:						
Property taxes	1,243,814	1,165,081	-	-	1,243,814	1,165,081
Sales taxes	9,547,535	9,129,056	-	-	9,547,535	9,129,056
Motor vehicle taxes	789,114	788,865	-	-	789,114	788,865
Payment in lieu of taxes	1,586,658	1,460,472	-	-	1,586,658	1,460,472
Other taxes	478,811	478,473	-	-	478,811	478,473
Franchise fees	613,074	638,906	-	-	613,074	638,906
Investment income	49,720	36,238	128,717	153,831	178,437	190,069
Other	142,109	140,576	31,007	103,293	173,116	243,869
Total Revenue	<u>28,823,650</u>	<u>22,488,000</u>	<u>7,284,719</u>	<u>7,048,274</u>	<u>36,108,369</u>	<u>29,536,274</u>
<b>EXPENSES</b>						
General government and other	4,916,177	4,970,131	-	-	4,916,177	4,970,131
Public safety	6,843,019	6,944,316	-	-	6,843,019	6,944,316
Public works and maintenance	14,260,955	6,184,090	-	-	14,260,955	6,184,090
Parks and recreation	3,181,159	3,081,184	-	-	3,181,159	3,081,184
Airport	931,375	826,124	-	-	931,375	826,124
Sewer	-	-	3,366,778	3,289,967	3,366,778	3,289,967
Environmental services	-	-	3,427,643	3,317,196	3,427,643	3,317,196
Total Expenses	<u>30,132,685</u>	<u>22,005,845</u>	<u>6,794,421</u>	<u>6,607,163</u>	<u>36,927,106</u>	<u>28,613,008</u>
<b>EXCESS BEFORE TRANSFERS</b>	(1,309,035)	482,155	490,298	441,111	(818,737)	923,266
<b>TRANSFERS</b>	438,600	421,900	(438,600)	(421,900)	-	-
<b>CHANGE IN NET POSITION</b>	(870,435)	904,055	51,698	19,211	(818,737)	923,266
NET POSITION, OCTOBER 1	80,388,644	79,299,529	24,781,053	24,761,842	105,169,697	104,061,371
<b>RESTATEMENT</b>	(3,182,016)	185,060	(1,172,692)	-	(4,354,708)	185,060
NET POSITION, AS RESTATED	<u>77,206,628</u>	<u>79,484,589</u>	<u>23,608,361</u>	<u>24,761,842</u>	<u>100,814,989</u>	<u>104,246,431</u>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$76,336,193</u>	<u>80,388,644</u>	<u>23,660,059</u>	<u>24,781,053</u>	<u>99,996,252</u>	<u>105,169,697</u>

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Change in net position.** The decrease in net position of \$870,435 in the governmental activities was mainly due to construction spending for the Hwy 72 extension and the MoveRolla Transportation project planning and design. The increase in net position of \$51,698 in the business-type activities was due to increases in sewer and solid waste fees.

**GOVERNMENTAL ACTIVITIES**

Governmental activities decreased the net position of the City by \$870,435. Total tax revenues for the City were \$13.6 million, which represents 47% of the financing of these activities. Program revenues for the functions totaled \$14.3 million or 50% of the funding. The following table shows the cost of the City's programs as well as each programs net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

	<b>Net Cost Of Governmental Activities</b>			
	<b>Total Cost Of Service</b>		<b>Net Cost Of Service</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
General government and other	\$ 4,916,177	4,970,131	3,012,777	2,675,704
Public safety	6,843,019	6,944,316	5,958,537	6,453,219
Public works and maintenance	14,260,955	6,184,090	4,479,354	2,681,368
Parks and recreation	3,181,159	3,081,184	1,818,199	1,666,507
Airport	931,375	826,124	491,003	(121,286)
Total	\$ 30,132,685	22,005,845	15,759,870	13,355,512

**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the City's net position by \$51,698. Last year the business-type activities increased \$19,211.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

At September 30, 2018 the General Fund's fund balance was \$3,634,393.

The City's General Fund's fund balance increased by \$338,019 or 10.3% from the prior year fund balance. This was mainly due to an increase in other financing sources of revenue.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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Changes for fund balances for other major governmental funds can be described as follows:

- The Street Fund decreased by \$103,775 from the fund balance at the end of the prior year. This decrease is due to higher capital outlay expenditures in 2018.
- The Recreation Center Fund decreased by \$427,515 from the fund balance at the end of the prior year. This decrease is due to capital outlay purchases, General Fund transfer, and operating deficit, in 2018.
- The Parks Fund increased by \$18,855 from the fund balance at the end of the prior year. This increase is due to revenues in excess of expenditures in fiscal year 2018.
- The Airport Fund increased by \$6,723 from the fund balance at the end of the prior year. This increase is due to grant reimbursements and revenue exceeding expenditures from regular activity.
- The Cemetery Fund increased by \$5,400 from the fund balance at the end of the prior year. This increase is due to an increase in charges for services.
- The Park Land Reserve Fund increased by \$490 over the prior year fund balance. This increase is due to an increase in revenues.

**Proprietary funds.** The fund statement for the proprietary funds looks much like the business-type activities in the government-wide financial statements. Proprietary funds financial information is measured with the same principles used by commercial enterprises, so this information does not change from the fund statement to the government-wide financial statement.

Unrestricted net position at the end of the year for the Sewer Fund totaled \$1,046,707. The total increase in net position was \$56,476 or 0.3% from the prior year fund balance. Unrestricted net position at the end of the year for the Environmental Services Fund totaled \$890,110. The total decrease in net position was \$4,778 or 0.1% from the prior year fund balance.

## **CAPITAL ASSETS**

The City has invested \$104,361,729 at September 30, 2018 in a broad range of capital assets, net of depreciation, including land, construction in progress, buildings and improvements, machinery and equipment, infrastructure, and the sewer collection system. This amount represents a net decrease for the current fiscal year (including additions and deductions) of \$1,084,839. The City's capital assets, net of accumulated depreciation, consisted of:

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 12,824,329	12,824,329	1,387,172	1,386,999	14,211,501	14,211,328
Construction in progress	1,117,113	-	3,081,735	3,081,735	4,198,848	3,081,735
Buildings and improvements	10,229,744	11,139,550	2,264,145	2,460,890	12,493,889	13,600,440
Machinery and equipment	3,696,694	3,675,601	1,992,591	1,947,408	5,689,285	5,623,009
Infrastructure	50,059,639	50,751,493	-	-	50,059,639	50,751,493
Sewer collection system	-	-	17,708,567	18,178,563	17,708,567	18,178,563
Total Capital Assets, Net Of Accumu- lated Depreciation	<u>\$ 77,927,519</u>	<u>78,390,973</u>	<u>26,434,210</u>	<u>27,055,595</u>	<u>104,361,729</u>	<u>105,446,568</u>

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

**LONG-TERM DEBT**

The City had government-wide debt outstanding for September 30, 2018 of \$14,595,074 compared to \$15,411,315 for September 30, 2017. The decrease of debt outstanding of \$816,241 was due to payments made on outstanding debt.

The following is a summary of long-term debt:

	For The Years Ended September 30					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital leases payable	\$ 3,426,402	2,723,880	228,672	302,435	3,655,074	3,026,315
Certificates of participation	4,037,999	4,124,670	3,837,001	4,090,330	7,875,000	8,215,000
General obligation bonds	620,000	1,220,000	-	-	620,000	1,220,000
Revenue bonds payable	-	-	2,445,000	2,950,000	2,445,000	2,950,000
Total	<u>\$ 8,084,401</u>	<u>8,068,550</u>	<u>6,510,673</u>	<u>7,342,765</u>	<u>14,595,074</u>	<u>15,411,315</u>

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues for the City's General Fund of \$10,975,575 were \$132,035 over the budgeted revenues of \$10,843,540. This was mainly due to sales tax revenues coming in over budget. The City's General Fund expenditures of \$12,834,652 were \$89,328 under the budgeted amount of \$12,923,980 mainly due to expenditures being less than anticipated.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

City spending patterns will continue to require a conservative approach to help rebuild reserves. It appears as if the local and regional economies are improving with slow positive revenue growth. The addition of several new retail establishments in FY 2018 will continue to draw regional spending

- Economic Development -- Since 2004 the City Council has contracted with the Rolla Regional Economic Commission for development opportunities. The 2018 contractual contribution was \$95,000. With the opening of the Westside MarketPlace and spin off retail businesses retail activity is strong. The Westside MarketPlace project included both TIF (Tax Increment Financing) and TDD (Transportation Development District) financing to assist in development. The City continues to monitor its first TIF redevelopment project with Kohl's which opened in March 2012. The City and Associated Wholesale Grocers successfully negotiated a CID (Community Improvement District) for the redevelopment of the Forum Plaza in 2015 resulting in a new, large grocery store (Price Chopper) and a redevelopment of the entire Plaza. A 1% CID was imposed in the Forum Plaza to help eliminate blighting conditions. Lastly, Hartmann US chose their new manufacturing facility at the old Briggs & Stratton building in 2016 and Fed Ex Ground constructed a new distribution facility at HyPoint in early 2017.
- To address traffic congestion and to enhance transportation and safety along the City's primary routes the City and County initiated the MoveRolla Transportation Strategy culminating in the formation of a 1 cent TDD overlay district over much of the City's commercial corridors. The MRTDD was approved by a vote of the effected property owners in late 2016 and approved in formation in early 2017. The sales tax receipts were pledged against transportation bonds of \$36,470,000 for a number of major transportation improvements including the Hwy. 72 extension.
- Total sales tax receipts increased 4.3% in fiscal year 2017. A portion of that growth is redirected back to the two TIF projects (50% of the sales tax increment from those areas). Staff will continue to monitor the situation closely and has conservatively budgeted sales tax growth in fiscal year 2019. The City has a solid economic base but one that had stagnated from 2007 to 2013 despite growth in healthcare and education.
- The City's self-funded health insurance program ended calendar year 2017 with an employee contribution rate of 30.5% (below the objective of 33% employee coverage). Premium increase in 2016 and 2017 have FY 2018 approaching 34% employee coverage. This percentage is made up of premiums withheld from payroll, co-payments, and deductibles paid by employees. Note: the employee contribution calculated from the Internal Service Fund reported in this audit does not include the copayments and deductibles paid by employees.
- A consolidated public services facility was completed in February 2013. Phase I of the project included a new vehicle services facility and a new sanitation division workshop. Plans include the relocation of the Street Shop and Yard from Sharp Road to this new facility in coming years.
- As the City has actively been selling the Sharp Road property off 18<sup>th</sup> Street, the City has initiated efforts to begin planning for the relocation of the outdated Rolla Animal Shelter. A substantial donation from Mr. Bob Eck (\$441,000) in 2013 kicked off a formal fundraising effort to build a new shelter facility. As of

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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September 2018 the Community has donated funds of approximately \$650,000 -- approximately half of the projected cost.

**REQUESTS FOR INFORMATION**

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

Finance Director  
City of Rolla  
910 North Elm  
Rolla, MO 65401  
Telephone: 573-426-6980

RMU issues a complete set of financial statements that are more detailed than the data presented herein. Copies of the separately issued RMU statements can be obtained by contacting RMU at:

Rolla Municipal Utilities  
102 W. 9<sup>th</sup> Street  
Rolla, MO 65401  
Telephone: 573-364-1572

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Rolla Municipal Utilities
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,541,602	3,309,370	8,850,972	18,305,288
Taxes receivable, net	1,771,409	-	1,771,409	-
Utilities receivable, net	-	1,039,458	1,039,458	2,489,063
Other accounts receivable	1,925,675	-	1,925,675	-
Court fines receivable, net	66,738	-	66,738	-
Intergovernmental receivable	28,892	-	28,892	-
Special assessments receivable	442,776	-	442,776	-
Accrued interest receivable	-	7,320	7,320	-
Inventory	39,333	-	39,333	654,604
Prepaid items	461,218	97,845	559,063	371,394
Restricted cash and cash equivalents	1,320,209	626,409	1,946,618	-
Restricted investments	-	666,895	666,895	-
Net pension asset	4,074,306	880,099	4,954,405	2,867,313
Capital assets:				
Nondepreciable	13,941,442	4,468,908	18,410,350	2,747,451
Depreciable, net	63,986,077	21,965,302	85,951,379	36,163,709
Total Assets	<u>93,599,677</u>	<u>33,061,606</u>	<u>126,661,283</u>	<u>63,598,822</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	9,132	-	9,132	-
Deferred amounts related to pension	848,359	139,841	988,200	256,384
Total Deferred Outflows Of Resources	<u>857,491</u>	<u>139,841</u>	<u>997,332</u>	<u>256,384</u>
<b>LIABILITIES</b>				
Accounts payable	2,369,976	543,031	2,913,007	2,232,242
Accrued expenses	211,443	219,051	430,494	31,355
Police evidence payable	12,263	-	12,263	-
Deposits payable	1,500	-	1,500	1,756,588
Court bonds payable	3,473	-	3,473	-
Unearned revenue	3,444	-	3,444	-
Refundable permits	8,867	-	8,867	-
Accrued interest payable	41,012	64,148	105,160	5,263
Arbitrage payable	-	80,082	80,082	-
Noncurrent liabilities:				
Due within one year	1,854,430	944,144	2,798,574	288,518
Due in more than one year	7,270,501	6,150,165	13,420,666	690,000
Due in more than one year - net OPEB obligation	4,588,469	1,123,602	5,712,071	427,969
Total Liabilities	<u>16,365,378</u>	<u>9,124,223</u>	<u>25,489,601</u>	<u>5,431,935</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to OPEB	208,234	50,991	259,225	17,806
Deferred amounts related to pension	1,547,363	366,174	1,913,537	989,277
Total Deferred Inflows Of Resources	<u>1,755,597</u>	<u>417,165</u>	<u>2,172,762</u>	<u>1,007,083</u>
<b>NET POSITION</b>				
Net investment in capital assets	69,831,661	19,776,172	89,607,833	38,071,160
Restricted	4,038,444	1,947,070	5,985,514	2,134,420
Unrestricted	2,466,088	1,936,817	4,402,905	17,210,608
Total Net Position	<u>\$ 76,336,193</u>	<u>23,660,059</u>	<u>99,996,252</u>	<u>57,416,188</u>

See notes to financial statements

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FUNCTIONS/PROGRAMS	Net Revenues (Expenses) And Changes In Net Position							Component Unit Rolla Municipal Utilities
	Expenses	Program Revenues			Primary Government			
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
Administrative	\$ 568,869	73,555	-	-	(495,314)	-	(495,314)	-
Administrator	331,240	-	-	-	(331,240)	-	(331,240)	-
Finance	645,943	167,738	-	-	(478,205)	-	(478,205)	-
Legal services	69,150	-	-	-	(69,150)	-	(69,150)	-
City court	91,712	-	-	-	(91,712)	-	(91,712)	-
911 telecommunications	1,138,543	1,074,590	-	-	(63,953)	-	(63,953)	-
Animal shelter	140,812	58,530	42,471	-	(39,811)	-	(39,811)	-
Police	3,557,296	211,910	192,356	13,558	(3,139,472)	-	(3,139,472)	-
Fire	3,285,723	422,175	44,483	-	(2,819,065)	-	(2,819,065)	-
Building maintenance	90,440	-	-	-	(90,440)	-	(90,440)	-
Engineering	774,712	-	-	-	(774,712)	-	(774,712)	-
Community development	403,470	127,290	-	-	(276,180)	-	(276,180)	-
Library	208,312	216,417	-	-	8,105	-	8,105	-
Economic development	233,390	120,699	-	-	(112,691)	-	(112,691)	-
Public works	14,260,955	9,759,282	-	22,319	(4,479,354)	-	(4,479,354)	-
Parks and recreation	3,181,159	1,304,967	57,993	-	(1,818,199)	-	(1,818,199)	-
Airport	931,375	437,358	-	3,014	(491,003)	-	(491,003)	-
Cemetery	-	22,110	-	-	22,110	-	22,110	-
Interest on long-term debt	219,584	-	-	-	(219,584)	-	(219,584)	-
Total Governmental Activities	<u>30,132,685</u>	<u>13,996,621</u>	<u>337,303</u>	<u>38,891</u>	<u>(15,759,870)</u>	<u>-</u>	<u>(15,759,870)</u>	<u>-</u>
<b>Business-type Activities</b>								
Sewer	3,366,778	3,546,971	-	12,317	-	192,510	192,510	-
Environmental services	3,427,643	3,550,098	15,609	-	-	138,064	138,064	-
Total Business-type Activities	<u>6,794,421</u>	<u>7,097,069</u>	<u>15,609</u>	<u>12,317</u>	<u>-</u>	<u>330,574</u>	<u>330,574</u>	<u>-</u>
Total Primary Government	<u>\$ 36,927,106</u>	<u>21,093,690</u>	<u>352,912</u>	<u>51,208</u>	<u>(15,759,870)</u>	<u>330,574</u>	<u>(15,429,296)</u>	<u>-</u>
<b>Component Unit</b>								
Rolla Municipal Utilities	<u>\$ 30,392,911</u>	<u>31,938,126</u>	<u>-</u>	<u>709,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254,604</u>
<b>General Revenues</b>								
Taxes:								
Property					1,243,814	-	1,243,814	-
Sales					9,547,535	-	9,547,535	-
Motor vehicle taxes					789,114	-	789,114	-
Payment in lieu of taxes					1,586,658	-	1,586,658	-
Other					478,811	-	478,811	-
Franchise fees					613,074	-	613,074	-
Investment income					49,720	128,717	178,437	70,203
Other					142,109	31,007	173,116	296,741
Transfers					438,600	(438,600)	-	-
Total General Revenues And Transfers					<u>14,889,435</u>	<u>(278,876)</u>	<u>14,610,559</u>	<u>366,944</u>
<b>CHANGE IN NET POSITION</b>					(870,435)	51,698	(818,737)	2,621,548
NET POSITION, OCTOBER 1, RESTATED					<u>77,206,628</u>	<u>23,608,361</u>	<u>100,814,989</u>	<u>54,794,640</u>
<b>NET POSITION, SEPTEMBER 30</b>					<u>\$ 76,336,193</u>	<u>23,660,059</u>	<u>99,996,252</u>	<u>57,416,188</u>



**CITY OF ROLLA, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	<u>General</u>	<u>Street</u>	<u>Recreation Center</u>	<u>Parks</u>	<u>Airport</u>	<u>Cemetery</u>	<u>Park Land Reserve</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,274,893	955,557	2,111,368	164,018	27,701	350,050	94,586	4,978,173
Taxes receivable, net	992,690	634,171	131	148,022	-	-	-	1,775,014
Other accounts receivable	155,872	1,671,517	1,512	177	18,747	-	-	1,847,825
Court fines receivable, net	66,738	-	-	-	-	-	-	66,738
Due from other funds	239,159	-	-	-	-	-	-	239,159
Intergovernmental receivable	7,773	21,119	-	-	-	-	-	28,892
Inventory	-	-	-	-	39,333	-	-	39,333
Prepaid items	331,981	43,512	50,334	28,109	7,282	-	-	461,218
Special assessments receivable	442,625	-	-	-	-	-	-	442,625
Restricted cash and cash equivalents	1,320,209	-	-	-	-	-	-	1,320,209
<b>Total Assets</b>	<u>\$ 4,831,940</u>	<u>3,325,876</u>	<u>2,163,345</u>	<u>340,326</u>	<u>93,063</u>	<u>350,050</u>	<u>94,586</u>	<u>11,199,186</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 959,846	1,148,397	48,885	69,130	5,073	-	-	2,231,331
Accrued liabilities	148,102	32,392	17,842	12,262	2,345	-	-	212,943
Due to other funds	-	-	-	-	239,159	-	-	239,159
Police evidence payable	12,263	-	-	-	-	-	-	12,263
Court bonds payable	3,473	-	-	-	-	-	-	3,473
Refundable permits	8,867	-	-	-	-	-	-	8,867
<b>Total Liabilities</b>	<u>1,132,551</u>	<u>1,180,789</u>	<u>66,727</u>	<u>81,392</u>	<u>246,577</u>	<u>-</u>	<u>-</u>	<u>2,708,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue								
Special assessments	53,552	-	-	-	-	-	-	53,552
Court fines	11,444	-	-	-	-	-	-	11,444
Taxes	-	9,592	-	-	-	-	-	9,592
<b>Total Deferred Inflows Of Resources</b>	<u>64,996</u>	<u>9,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,588</u>
<b>FUND BALANCES</b>								
Nonspendable:								
Inventory	-	-	-	-	39,333	-	-	39,333
Prepaid items	331,981	43,512	50,334	28,109	7,282	-	-	461,218
Due from other funds - long-term	239,159	-	-	-	-	-	-	239,159
Restricted for:								
Police	57,553	-	-	-	-	-	-	57,553
Animal shelter	522,155	-	-	-	-	-	-	522,155
TIF-EATS	83,434	-	-	-	-	-	-	83,434
Committed for:								
Depreciation and replacement	-	-	2,495,019	-	-	-	-	2,495,019
Assigned for:								
Risk management	331,068	28,525	31,435	15,592	5,232	-	-	411,852
Street	-	2,063,458	-	-	-	-	-	2,063,458
Parks and recreation	-	-	-	215,233	-	-	-	215,233
Cemetery	-	-	-	-	-	350,050	-	350,050
Park land reserve	-	-	-	-	-	-	94,586	94,586
Unassigned	2,069,043	-	(480,170)	-	(205,361)	-	-	1,383,512
<b>Total Fund Balances</b>	<u>3,634,393</u>	<u>2,135,495</u>	<u>2,096,618</u>	<u>258,934</u>	<u>(153,514)</u>	<u>350,050</u>	<u>94,586</u>	<u>8,416,562</u>
<b>Total Liabilities, Deferred Inflows Of Resources, And Fund Balances</b>	<u>\$ 4,831,940</u>	<u>3,325,876</u>	<u>2,163,345</u>	<u>340,326</u>	<u>93,063</u>	<u>350,050</u>	<u>94,586</u>	<u>11,199,186</u>

**CITY OF ROLLA, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

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Total Fund Balances - Governmental Funds \$ 8,416,562

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 \$141,084,036 and the accumulated depreciation is \$63,156,517. 77,927,519

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. 74,588

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

Net pension asset	4,074,306
Deferred outflows - pension related	848,359
Deferred inflows - pension related	(1,547,363)
OPEB obligation	(4,588,469)
Deferred inflows - OPEB	(208,234)

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:

Bonds and certificates of participation payable	(4,657,999)
Capital leases	(3,426,402)
Accrued compensated absences	(1,019,941)
Accrued interest payable	(41,012)
Unamortized bond discount	1,459
Unamortized bond premium	(22,048)
Unamortized bond deferred charges	9,132

The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position. 495,736

Total Net Position Of Governmental Activities \$ 76,336,193

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General</u>	<u>Street</u>	<u>Recreation Center</u>	<u>Parks</u>	<u>Airport</u>	<u>Cemetery</u>	<u>Park Land Reserve</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>								
Taxes	\$ 8,099,679	4,841,074	2,535	1,315,150	-	-	-	14,258,438
Licenses and permits	201,257	-	-	-	-	-	-	201,257
Intergovernmental	2,082,580	9,645,737	-	-	5,671	-	-	11,733,988
Charges for services	54,349	135,864	1,110,599	243,267	437,358	5,400	-	1,986,837
Fines and forfeitures	207,962	-	-	-	-	-	-	207,962
Investment income	16,034	9,377	18,314	3,220	97	2,188	490	49,720
Miscellaneous	313,714	5,136	26,492	15,861	8,402	-	-	369,605
Total Revenues	<u>10,975,575</u>	<u>14,637,188</u>	<u>1,157,940</u>	<u>1,577,498</u>	<u>451,528</u>	<u>7,588</u>	<u>490</u>	<u>28,807,807</u>
<b>EXPENDITURES</b>								
Current:								
Administrative	446,629	-	-	-	-	-	-	446,629
Administrator	315,318	-	-	-	-	-	-	315,318
Finance	612,052	-	-	-	-	-	-	612,052
Legal services	69,150	-	-	-	-	-	-	69,150
City court	82,748	-	-	-	-	-	-	82,748
911 telecommunications	1,053,513	-	-	-	-	-	-	1,053,513
Animal shelter	130,274	-	-	-	-	-	-	130,274
Police	3,276,724	-	-	-	-	-	-	3,276,724
Fire	2,818,537	-	-	-	-	-	-	2,818,537
Building maintenance	77,158	-	-	-	-	-	-	77,158
Engineering	788,048	-	-	-	-	-	-	788,048
Community development	365,497	-	-	-	-	-	-	365,497
Library	208,049	-	-	-	-	-	-	208,049
Economic development	226,833	-	-	-	-	-	-	226,833
Public works	-	1,810,365	-	-	-	-	-	1,810,365
Parks and recreation	-	-	1,387,041	1,100,119	-	-	-	2,487,160
Airport	-	-	-	-	540,822	-	-	540,822
Capital outlay	1,830,651	11,588,713	68,608	382,912	23,441	-	-	13,894,325
Debt service:								
Principal	308,323	706,895	31,192	-	37,575	-	-	1,083,985
Interest and other fiscal charges	225,148	179,995	26,614	-	12,967	-	-	444,724
Total Expenditures	<u>12,834,652</u>	<u>14,285,968</u>	<u>1,513,455</u>	<u>1,483,031</u>	<u>614,805</u>	<u>-</u>	<u>-</u>	<u>30,731,911</u>
<b>REVENUES OVER (UNDER)</b>	<u>(1,859,077)</u>	<u>351,220</u>	<u>(355,515)</u>	<u>94,467</u>	<u>(163,277)</u>	<u>7,588</u>	<u>490</u>	<u>(1,924,104)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Capital lease	1,299,996	-	-	-	-	-	-	1,299,996
Sale of capital assets	-	23,705	-	-	-	-	-	23,705
Transfers in	1,067,100	-	-	2,188	170,000	-	-	1,239,288
Transfers out	(170,000)	(478,700)	(72,000)	(77,800)	-	(2,188)	-	(800,688)
Total Other Financing Sources (Uses)	<u>2,197,096</u>	<u>(454,995)</u>	<u>(72,000)</u>	<u>(75,612)</u>	<u>170,000</u>	<u>(2,188)</u>	<u>-</u>	<u>1,762,301</u>
<b>NET CHANGE IN FUND BALANCES</b>	338,019	(103,775)	(427,515)	18,855	6,723	5,400	490	(161,803)
FUND BALANCES, OCTOBER 1	<u>3,296,374</u>	<u>2,239,270</u>	<u>2,524,133</u>	<u>240,079</u>	<u>(160,237)</u>	<u>344,650</u>	<u>94,096</u>	<u>8,578,365</u>
<b>FUND BALANCES, SEPTEMBER 30</b>	<u>\$ 3,634,393</u>	<u>2,135,495</u>	<u>2,096,618</u>	<u>258,934</u>	<u>(153,514)</u>	<u>350,050</u>	<u>94,586</u>	<u>8,416,562</u>

**CITY OF ROLLA, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net Change In Fund Balances - Governmental Funds \$ (161,803)

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,442,705) exceeded capital outlay over the capitalization threshold (\$2,984,612) in the current period. (458,093)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to decrease net position. (5,361)

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds financial statements. 156

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

Capital leases	(1,299,996)	
Repayments:		
Capital leases	597,474	
Bonds and certificates of participation payable	686,671	
Amortization	11,863	
Net Adjustment	(3,988)	(3,988)

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 interest on debt	1,143	
Accrued compensated absences	(28,489)	
OPEB expense	(7,767)	
Pension expense	(367,692)	(402,805)

The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The net income of certain activities of the Internal Service Fund is reported with governmental activities. 161,459

Change In Net Position Of Governmental Activities \$ (870,435)

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Enterprise Funds</b>			<b>Internal Service Fund</b>
	<b>Sewer</b>	<b>Environmental Services</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,799,416	1,509,954	3,309,370	563,429
Utilities receivable, net	653,593	385,865	1,039,458	-
Other accounts receivable	-	-	-	74,396
Accrued interest receivable	7,320	-	7,320	-
Prepaid items	37,964	59,881	97,845	-
Total Current Assets	<u>2,498,293</u>	<u>1,955,700</u>	<u>4,453,993</u>	<u>637,825</u>
<b>Noncurrent Assets</b>				
Cash and cash equivalents - restricted	626,409	-	626,409	-
Investments - restricted	666,895	-	666,895	-
Net pension asset	357,443	522,656	880,099	-
Capital assets:				
Land	716,510	670,663	1,387,173	-
Construction in progress	3,081,735	-	3,081,735	-
Buildings	1,896,721	2,912,070	4,808,791	-
Sewer treatment plant	14,921,590	-	14,921,590	-
Sewer mains and lines	13,258,437	-	13,258,437	-
Manhole covers	1,459,701	-	1,459,701	-
Major moveable equipment	2,136,268	3,875,970	6,012,238	-
Less - Accumulated depreciation	(14,695,891)	(3,799,564)	(18,495,455)	-
Total Capital Assets	<u>22,775,071</u>	<u>3,659,139</u>	<u>26,434,210</u>	<u>-</u>
Total Noncurrent Assets	<u>24,425,818</u>	<u>4,181,795</u>	<u>28,607,613</u>	<u>-</u>
Total Assets	<u>26,924,111</u>	<u>6,137,495</u>	<u>33,061,606</u>	<u>637,825</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pension	56,794	83,047	139,841	-
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	365,954	177,077	543,031	138,645
Accrued liabilities	33,597	31,762	65,359	-
Unearned revenue	-	-	-	3,444
Accrued interest payable	64,148	-	64,148	-
Arbitrage payable	80,082	-	80,082	-
Current maturities of long-term debt	891,559	52,585	944,144	-
Total Current Liabilities	<u>1,435,340</u>	<u>261,424</u>	<u>1,696,764</u>	<u>142,089</u>
<b>Noncurrent Liabilities</b>				
Certificates of participation payable	3,576,303	-	3,576,303	-
Revenue bonds payable, net	1,952,900	-	1,952,900	-
Capital lease payable	153,692	-	153,692	-
Payable to other governments	542,500	-	542,500	-
Net OPEB Obligation	404,649	718,953	1,123,602	-
Compensated absences payable	25,877	52,585	78,462	-
Total Noncurrent Liabilities	<u>6,655,921</u>	<u>771,538</u>	<u>7,427,459</u>	<u>-</u>
Total Liabilities	<u>8,091,261</u>	<u>1,032,962</u>	<u>9,124,223</u>	<u>142,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amounts related to OPEB	18,363	32,628	50,991	-
Deferred amounts related to pension	148,718	217,456	366,174	-
Total Deferred Inflows of Resources	<u>167,081</u>	<u>250,084</u>	<u>417,165</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	16,117,033	3,659,139	19,776,172	-
Restricted	1,558,823	388,247	1,947,070	-
Unrestricted	1,046,707	890,110	1,936,817	495,736
Total Net Position	<u>\$ 18,722,563</u>	<u>4,937,496</u>	<u>23,660,059</u>	<u>495,736</u>

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN**  
**NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Enterprise Funds</b>			<b>Internal Service Fund</b>
	<b>Sewer</b>	<b>Environmental Services</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,546,787	3,550,098	7,096,885	-
Charges to other departments	-	-	-	2,541,957
Contributions - employees	-	-	-	820,805
Miscellaneous	184	-	184	-
Total Operating Revenues	<u>3,546,971</u>	<u>3,550,098</u>	<u>7,097,069</u>	<u>3,362,762</u>
<b>OPERATING EXPENSES</b>				
Personnel services	902,013	1,535,572	2,437,585	-
Contractual services	382,112	23,462	405,574	-
Repairs and maintenance	492,132	193,448	685,580	-
Supplies	33,441	429,498	462,939	-
Utilities	276,943	22,704	299,647	-
Insurance claims and expenses	48,307	80,694	129,001	3,204,775
Landfill	-	728,984	728,984	-
Depreciation	717,754	331,977	1,049,731	-
Miscellaneous	212,584	81,304	293,888	-
Total Operating Expenses	<u>3,065,286</u>	<u>3,427,643</u>	<u>6,492,929</u>	<u>3,204,775</u>
<b>OPERATING INCOME</b>	<u>481,685</u>	<u>122,455</u>	<u>604,140</u>	<u>157,987</u>
<b>NONOPERATING REVENUES</b>				
<b>(EXPENSES)</b>				
Intergovernmental	-	15,609	15,609	-
Investment income	128,382	335	128,717	3,472
Gain on sale of capital assets	9,184	21,823	31,007	-
Interest and fiscal charges	(301,492)	-	(301,492)	-
Total Nonoperating Revenues (Expenses)	<u>(163,926)</u>	<u>37,767</u>	<u>(126,159)</u>	<u>3,472</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	317,759	160,222	477,981	161,459
CAPITAL CONTRIBUTIONS	12,317	-	12,317	-
TRANSFERS OUT	<u>(273,600)</u>	<u>(165,000)</u>	<u>(438,600)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	56,476	(4,778)	51,698	161,459
NET POSITION, OCTOBER 1, RESTATED	<u>18,666,087</u>	<u>4,942,274</u>	<u>23,608,361</u>	<u>334,277</u>
<b>NET POSITION, SEPTEMBER 30</b>	<u>\$ 18,722,563</u>	<u>4,937,496</u>	<u>23,660,059</u>	<u>495,736</u>

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Environmental Services</u>	<u>Total</u>	
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 3,503,947	3,609,412	7,113,359	3,315,903
Cash paid to suppliers	(1,247,423)	(1,499,529)	(2,746,952)	(3,243,951)
Cash paid to employees	(856,509)	(1,398,152)	(2,254,661)	-
Net Cash Provided By Operating Activities	<u>1,400,015</u>	<u>711,731</u>	<u>2,111,746</u>	<u>71,952</u>
<b>Cash flows from noncapital financing activities:</b>				
Operating grants	-	15,609	15,609	-
Payments to other governments	(248,500)	-	(248,500)	-
Operating transfer out	(273,600)	(165,000)	(438,600)	-
Net Cash Used In Noncapital Financing Activities	<u>(522,100)</u>	<u>(149,391)</u>	<u>(671,491)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(112,464)	(303,565)	(416,029)	-
Proceeds from sale of capital assets	9,184	21,823	31,007	-
Payment of capital lease obligation	(73,763)	-	(73,763)	-
Payment of bond principal	(505,000)	-	(505,000)	-
Payment of interest expense	(312,239)	-	(312,239)	-
Payment of principal on COPs	(253,325)	-	(253,325)	-
Net Cash Used In Capital And Related Financing Activities	<u>(1,247,607)</u>	<u>(281,742)</u>	<u>(1,529,349)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Maturity of investments	244,171	-	244,171	-
Investment income	131,734	335	132,069	3,472
Net Cash Provided By Investing Activities	<u>375,905</u>	<u>335</u>	<u>376,240</u>	<u>3,472</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,213	280,933	287,146	75,424
<b>CASH AND CASH EQUIVALENTS, OCTOBER 1</b>	<u>2,419,612</u>	<u>1,229,021</u>	<u>3,648,633</u>	<u>488,005</u>
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	<u>\$ 2,425,825</u>	<u>1,509,954</u>	<u>3,935,779</u>	<u>563,429</u>

**CITY OF ROLLA, MISSOURI**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer</u>	<u>Environmental Services</u>	<u>Total</u>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 481,685	122,455	604,140	157,987
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	717,754	331,977	1,049,731	-
(Increase) decrease in:				
Utilities receivable	(43,024)	59,314	16,290	-
Other accounts receivable	-	-	-	(46,859)
Prepaid items	(2,550)	447	(2,103)	-
Net pension asset	(158,182)	(181,716)	(339,898)	-
Deferred outflows - pension related	93,486	174,089	267,575	-
Increase (decrease) in:				
Accounts payable	200,448	60,118	260,566	(27,787)
Accrued liabilities	11,276	2,941	14,217	(11,389)
Compensated absences	(8,561)	(4,846)	(13,407)	-
Arbitrage payable	198	-	198	-
Net OPEB Obligation	2,946	5,235	8,181	-
Deferred inflows - OPEB	(2,262)	(4,018)	(6,280)	-
Deferred inflows - pension related	106,801	145,735	252,536	-
Total Adjustments	<u>918,330</u>	<u>589,276</u>	<u>1,507,606</u>	<u>(86,035)</u>
Net Cash Provided By Operating Activities	<u>\$ 1,400,015</u>	<u>711,731</u>	<u>2,111,746</u>	<u>71,952</u>

Noncash investing, capital, and financing activities:  
Sewer Fund received \$12,317, in contributed sewer lines from developers.



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The **CITY OF ROLLA, MISSOURI** (the City) was incorporated on January 25, 1861, under the provisions of the State of Missouri. The City operates under a City Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include sewer operations and sanitation services. Rolla Municipal Utilities (RMU) provides water and electric services.

The accounting and financial reporting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of the more significant policies:

**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.

**Discretely Presented Component Unit**

RMU was established by City Ordinance in 1944. RMU is operated by a Board of Public Works, the members of which are appointed by the Mayor and approved by the City Council. In accordance with GASB Statement No. 14, after consideration of the financial benefits and other criteria, RMU has been included as a component unit in the City's reporting entity and is discretely presented as such in the basic financial statements. RMU's audited component unit financial statements for the year ended September 30, 2018, are available in their entirety at RMU.

**Related Organization**

After due consideration of each criteria, especially the substance of the City's relationship with organizations/entities and using professional judgment, an organization was excluded from the City's financial statements because significant financial accountability does not exist. This organization together with the reasons for its exclusion from the City's reporting entity is as follows:

The Phelps County Landfill Board (Landfill Board) is an independent organization that operates a county-wide landfill. The board members are representatives of the cities within Phelps County, Missouri, and a representative of the Phelps County Commission. The City provides daily managerial and accounting services for a monthly fee. The Landfill Board maintains oversight responsibility and holds title to its assets. The City does not have budgetary authority, has no control over selection of board members, and is not responsible for funding deficits. The landfill has been closed and is no longer accepting refuse. However, the Landfill Board operates a transfer station for disposal of area solid waste.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 City. For the most part, the effect of interfund activities have been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, 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 and other items 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.

**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 revenue 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 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 and claims and judgments, are recorded only when payment is due (i.e., matured).

Property taxes, franchise 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.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The City reports the following major governmental funds:

**General Fund** -- The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

**Street Fund** -- The Street Fund of the City is used to account for resources restricted, committed, or assigned for the street department and certain other capital improvements within the City.

**Recreation Center Fund** -- The Recreation Center Fund is used to account for tax revenues and charges for services that are restricted, committed, or assigned for the City's recreation center.

**Parks Fund** -- The Parks Fund is used to account for tax revenues and charges for services that are restricted, committed, or assigned for the City's parks.

**Airport Fund** -- The Airport Fund is used to account for charges for services and expenditures that are restricted, committed, or assigned for the City's airport.

**Cemetery Fund** -- The Cemetery Fund is used to account for resources that are restricted, committed, or assigned for the City's cemetery.

**Park Land Reserve Fund** -- The Park Land Reserve Fund is used to account for proceeds that are restricted, committed, or assigned from the sale of park land.

The City reports the following major proprietary funds:

**Sewer Fund** -- The Sewer Fund accounts for the activities and capital improvements of the City's sewer system.

**Environmental Services Fund** -- The Environmental Services Fund accounts for the activities and capital improvements of the City's sanitation department and recycling center.

**Internal Service Fund** -- The Internal Service Fund accounts for the costs of self-insurance funds on a cost-reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payment-in-lieu of taxes and other charges and various other functions of the City. 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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

contributions, including special assessments. 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 operations. The principal operating revenues of the City's Enterprise Funds are charges for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**4. Capital Assets**

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimate fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB Statement No. 34, infrastructure, such as streets and storm sewers, completed in the current year has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis.

The service lives by type of asset are as follows:

<b>Assets</b>	<b>Years</b>
<b>Primary Government</b>	
Major moveable equipment	4 - 10
Sewer mains and lines	100
Sewer plant	40
Manhole additions	100
Buildings and improvements	10 - 30
Streets	50
Wearing surfaces	7 - 13
Inlets	100
Sidewalks	50
Storm sewers	50 - 100

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Capital Assets (Continued)**

<b>Assets</b>	<b>Years</b>
<b>RMU</b>	
Electric plant:	
General electric plant	20
Transportation equipment	6 <sup>2</sup> / <sub>3</sub>
Power operated equipment	6 <sup>2</sup> / <sub>3</sub>
Stores, laboratory tools, communication and miscellaneous equipment	10
Water plant:	
General water plant	33 <sup>1</sup> / <sub>3</sub>
Pumping plant	10
Chlorination and fluoridation equipment	20
Laboratory and general equipment	10

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

**5. Pooled Cash and Cash Equivalents**

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

**6. Inventory**

**Primary Government**

Inventories are stated at the lower of cost of market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

**RMU**

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

**7. Compensated Absences**

**Primary Government**

Annual vacation leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for up to 6 weeks unused accrued vacation leave.

Effective October 1, 1990, the City adopted a sick leave policy whereby full-time employees with five years or more employment with the City can accumulate up to 18 weeks sick leave.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Compensated Absences (Continued)**

Upon retirement or resignation in good faith, full-time employees are entitled to one-fourth (1/4) regular pay; [one-sixth (1/6) regular pay for nonexempt fire personnel] for the first nine weeks unused sick leave and one-half (1/2) regular pay [one-third (1/3) regular pay for fire personnel] for any unused sick leave above nine weeks to a maximum of 18 weeks in total.

Liabilities for compensated absences are determined at the end of the year based on current salary rates. Compensated absences are reported in the statement of net position for both the governmental and business-type activities. The accumulated annual leave of the Enterprise Funds is included as an accrued liability of such funds.

Liability for sick leave was recognized during the current year based on the following criteria:

- a) The City's obligation relating to sick leave is attributable to employees' services already rendered.
- b) The obligation relates to rights that vest or accumulate.
- c) The amount can be reasonably estimated based on current pay rates.

Compensated absences are recorded as a liability in the statement of net position.

**RMU**

Annual vacation leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for unused accrued vacation leave up to a maximum of 240 hours. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

**8. 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 reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**9. Interest Capitalization**

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with FASB Accounting Standards Codification (ASC) Topic No. 835-20-30 - *The Amount Interest Cost to be Capitalized in Situations Involving Certain Tax-Exempt Borrowing and Certain Gifts and Grants*.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**10. Revenue Recognition - Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

**11. Deposits and Investments**

**Primary Government**

For financial statement purposes, the City considers all accounts subject to withdrawal by check or on demand to be cash equivalents. All other deposits and certificates of deposit are considered to be investments.

**RMU**

For purposes of the statement of cash flow, RMU considers all accounts subject to withdrawal by check or on demand to be cash equivalents. All other deposits and certificates of deposit are considered to be investments. Investments are stated at fair value. Fair value on investments are determined by closing market prices at year-end as reported by the custodian.

**12. 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 a governmental fund's fund balances that are not in a spendable form or are required to be maintained intact.

**Restricted** -- The portion of a governmental fund's fund balances that are subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of a governmental fund's fund balances with self-imposed constraints or limitations by formal action (resolution) of the City Council, the highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

**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 City Council has designated authority. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Fund Balance Policies (Continued)**

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General 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 expenditure from the restricted fund balance and then from less restrictive classification - committed, assigned, and then unassigned fund balances.

City Council has formally adopted a minimum fund balance policy of 25% (three months) of operating expenditures in the General Fund.

**13. Pensions**

For purposes of measuring the net pension asset, 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.

**14. Post-employment Health Care Benefits**

**Retiree Benefits** -- The City offers post-employment health care benefits to all eligible employees who retire from the City. Retirees are eligible until attainment of Medicare Eligibility Age. Retirees pay a rate less than 100% of the cost, determined by City Council as the City is self-insured.

**15. 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 only has two items that qualifies for reporting in this category in the government-wide statement of net position. The first item is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is deferred outflows related to the pension and OPEB.

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



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. Deferred Outflows/Inflows of Resources (Continued)**

acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two type items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting noted as unavailable revenues which, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts have become available. The second item is deferred inflows related to the pension and OPEB on the government-wide financial statements.

**16. Interfund Transactions**

In the fund financial statements, the City has the following types of transactions among funds:

**Transfers** -- Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

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

As of September 30, 2018, 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.

As of September 30, 2018, RMU's bank balances were entirely secured or collateralized with securities held by RMU or by its agent in RMU's name.

**2. Investments**

As of September 30, 2018, the City had the following investments:

**NOTE B - CASH AND INVESTMENTS (Continued)**

**2. Investments (Continued)**

	<b>Fair Value</b>	<b>Maturities</b>			<b>Credit Risk</b>
		<b>No Maturity</b>	<b>1 - 5 Years</b>	<b>6 - 10 Years</b>	
<b>Primary Government</b>					
Guaranteed investment contracts	\$ 666,895	-	666,895	-	Not rated
Money market fund	126,408	126,408	-	-	Not rated
Total Investments	<u>\$ 793,303</u>	<u>126,408</u>	<u>666,895</u>	<u>-</u>	

**Investments Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, the City minimizes credit risk by diversifying the portfolio 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. In accordance with its investment policy, the City minimizes interest rate risk 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 in primarily short-term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. In accordance with its investment policy, the City minimizes concentration of credit risk by diversifying the investment portfolio.

Concentration of credit risk is required to be disclosed by the City for investments in any one issuer that represent 5% or more of total investments (investments issued by or explicitly guaranteed by the United States Government, investments in mutual funds, investments in external investment pools, and investments in other pooled investments are exempt). Defined benefit plans are required to disclose investments in any one issuer that represent 5% or more of total plan net position with the same exemptions as above. At September 30, 2018, the City had the following investment concentrations:

<b>Primary Government</b>	<b>Fair Value</b>	<b>Percent Of Total Investments</b>
Guaranteed investment contracts	\$ 666,895	84.07 %
Money market funds	126,408	15.93

**CITY OF ROLLA, 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. At September 30, 2018 the City's invested in guaranteed investment contracts and money market funds which are not subject to fair value level classification.

**NOTE C - ACCOUNTS RECEIVABLE**

Accounts receivable are presented net of allowance for doubtful accounts as follows:

	<b>For The Year Ended September 30, 2018</b>		
	<b>Accounts Receivable</b>	<b>Allowance</b>	<b>Net Accounts Receivable</b>
<b>Primary Government</b>			
Taxes receivables:			
General Fund	\$ 997,740	(5,050)	992,690
Street Fund	634,171	-	634,171
Parks and Recreation Center Funds	148,153	-	148,153
Total Taxes Receivables	<u>\$ 1,780,064</u>	<u>(5,050)</u>	<u>1,775,014</u>
Utilities receivables:			
Sewer Fund	\$ 659,793	(6,200)	653,593
Environmental Services Fund	385,865	-	385,865
Total Utilities Receivables	<u>\$ 1,045,658</u>	<u>(6,200)</u>	<u>1,039,458</u>
Court fines receivable:			
General Fund	\$ 172,167	(105,429)	66,738
<b>RMU</b>			
Accounts receivables:			
Utilities receivable including refundable deposits	\$ 788,743	(60,000)	728,743
Unbilled utilities receivable	1,760,320	-	1,760,320
Total Accounts Receivables	<u>\$ 2,549,063</u>	<u>(60,000)</u>	<u>2,489,063</u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - RESTRICTED ASSETS**

Cash, investments, and net position have been restricted in the following funds and activities as follows:

	<b>September 30, 2018</b>	
	<b>Restricted Cash And Investments</b>	<b>Restricted Net Position</b>
<b>General Fund</b>		
Court bonds	\$ 3,473	-
TIF deposits	45,051	83,434
Police evidence	12,263	-
Seizures and forfeitures	57,553	57,553
Animal control shelter	522,207	522,155
Property fire	50	-
Escrow account	679,612	-
Total General Fund	\$ 1,320,209	663,142
<b>Sewer Fund</b>		
1996E Revenue Bonds:		
Rebate account	\$ 1,737	1,737
2000A Revenue Bonds:		
Reserve account	542,500	542,500
Rebate account	60,507	60,507
Principal and interest	124,395	124,395
2006B Revenue Bonds:		
Rebate account	17,839	17,839
Principal and interest	46,326	46,326
Depreciation and replacement	500,000	500,000
Total Sewer Fund	\$ 1,293,304	1,293,304

**NOTE E - LONG-TERM LIABILITIES**

**Governmental Activities**

Long-term debt of the City consists of ten capital lease purchase agreements, Series 2012 and Series 2015 certificates of participation, one general obligation bond issue payable, and compensated absences payable.

**NOTE E - LONG-TERM LIABILITIES (Continued)**

**Series 2012 Certificates of Participation**

On, June 29, 2012, the City issued \$2,755,000 of Series 2012 certificates of participation. The certificates of participation were issued to refinance the 2010 DNR Energy Efficiency Project and are split between governmental and business-type activities. The certificates of participation bear interest from 2% to 3.40% and are due on January 1, 2027.

**Capital Leases**

On March 21, 2005, the City entered into a 20-year lease purchase agreement to finance City Hall improvements. The agreement requires annual payments of \$187,621, including interest at 4.3%.

On May 1, 2007, the City entered into an 11-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$65,120, including interest at 6.37%.

On September 5, 2007, the City entered into a 20-year lease purchase agreement to finance the purchase of forest service land. This is a noninterest bearing lease maturing January 1, 2027. In accordance with APB No. 21, an effective interest rate of 4% was calculated based on the City's borrowing abilities. The lease requires annual payments of \$25,550, including effective interest of 4%.

On February 15, 2011, the City entered into a 9-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$76,794, which includes interest at 2.99%.

On February 8, 2013, the City entered into a 10-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$50,432, which includes interest at 2.35%.

On March 19, 2014, the City entered into a 5-year lease purchase agreement to finance the purchase of a new motor grader and dump truck. The agreement requires lease payments of \$52,701, which includes interest at 1.78%.

On March 13, 2015, the City entered into a 5-year lease purchase agreement to finance the purchase of public works equipment. The agreement requires annual lease payments of \$40,851, which includes interest at 1.74%.

On March 8, 2016 the City entered into a 5-year lease purchase agreement to finance the purchase of public works equipment. The agreement requires annual lease payments of \$97,071, which includes interest at 1.79%.

On October 21, 2016, the City entered into a 5-year lease purchase agreement to finance the purchase of breathing apparatus equipment. The agreement requires annual lease payments of \$39,061, which includes interest at 1.65%.

On November 1, 2016, the City entered into a 3-year lease purchase agreement to finance the purchase of fitness equipment. The agreement requires monthly lease payments of \$2,779, which includes interest at 4.118%.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

On August 20, 2018, the City entered into a 12-year lease purchase agreement to finance the purchase of a new fire truck. The agreement requires annual lease payments of \$129,583, including interest at 3.53%.

On August 16, 2018, the City entered into a 3-year lease purchase agreement to finance the purchase of a generator. The agreement requires annual lease payments of \$16,665, with no interest.

These lease agreements provide for cancellation of the leases on the annual renewal dates if the City should fail to appropriate funds. However, the City does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancellable capital leases.

The assets acquired through the capital leases are as follows:

	<b>September 30 2018</b>
Land	\$ 356,512
Building	1,763,319
Machinery and equipment	4,628,785
Total Cost	6,748,616
Less - Accumulated depreciation	3,123,218
Net Book Value	\$ 3,625,398

The total annual minimum lease payments required at September 30, 2018, are as follows:

For The Years Ending September 30	City Hall Improve- ments	Forest Land	2011 Fire Truck	2013 Fire Truck	Public Works Equip- ment	Public Works Equip- ment	Public Works Equip- ment	Breathing Apparatus Equip- ment	Fitness Equip- ment	Ladder Truck	Generator	Total
2019	\$ 187,621	25,550	76,794	50,432	52,701	40,851	97,071	39,061	33,345	129,584	16,665	749,675
2020	187,621	25,550	76,794	50,432	-	40,851	97,071	39,062	2,779	129,583	16,665	666,408
2021	187,621	25,550	-	50,432	-	-	97,071	39,062	-	129,583	-	529,319
2022	187,621	25,550	-	50,432	-	-	-	-	-	129,584	-	393,187
2023	187,622	25,550	-	-	-	-	-	-	-	129,583	-	342,755
2024 - 2028	281,976	102,200	-	-	-	-	-	-	-	647,917	-	1,032,093
2029 - 2030	-	-	-	-	-	-	-	-	-	259,167	-	259,167
Total Mini- mum Lease Payments	1,220,082	229,950	153,588	201,728	52,701	81,702	291,213	117,185	36,124	1,555,001	33,330	3,972,604
Less - Interest	(165,390)	(39,979)	(6,623)	(11,318)	(920)	(2,086)	(10,269)	(3,763)	(853)	(305,001)	-	(546,202)
Principal Balance, Septem- ber 30, 2018	\$ 1,054,692	189,971	146,965	190,410	51,781	79,616	280,944	113,422	35,271	1,250,000	33,330	3,426,402

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

**Series 2012 General Obligation Refunding Bonds**

	<b>September 30</b> <b>2018</b>
On September 5, 2012, the City issued \$3,445,000 in general obligation refunding bonds due on March 1, 2019, with interest at 2%.	\$ 620,000

**Series 2015 Certificates of Participation**

On, July 1, 2015, the City issued \$3,445,000 of Series 2015 certificates of participation for streets, parking lots and to fund local parks. The certificates of participation bear interest from 1.5% to 3.0% and are due on February 1, 2025.	<b>\$ 3,095,000</b>
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Principal and interest payments are due as follows:

<b>For The Years Ending September 30</b>	<b>General Obligation bonds</b>			<b>Series 2015 Certificates Of Participation</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 620,000	6,200	626,200	-	75,348	75,348
2020	-	-	-	485,000	70,983	555,983
2021	-	-	-	495,000	61,544	556,544
2022	-	-	-	510,000	50,605	560,605
2023	-	-	-	520,000	38,110	558,110
2024 - 2025	-	-	-	1,085,000	32,240	1,117,240
Total	\$ 620,000	6,200	626,200	3,095,000	328,830	3,423,830

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

	<b>For The Year Ended September 30, 2018</b>				<b>Amounts Due Within One Year</b>
	<b>Balance September 30 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance September 30 2018</b>	
	Capital leases payable	\$ 2,723,880	1,299,996	597,474	
General obligation bonds	1,220,000	-	600,000	620,000	620,000
Plus - Premium on bonds	44,096	-	22,048	22,048	-
Certificates of participation	4,124,670	-	86,671	4,037,999	89,298
Less - Discount on bonds	(1,683)	-	(224)	(1,459)	-
Compensated absences payable	991,452	28,489	-	1,019,941	509,971
Total Governmental Activities Long- term Liabilities	\$ 9,102,415	1,328,485	1,305,969	9,124,931	1,854,430

The liability for compensated absences is generally liquidated by the General Fund.

**NOTE E - LONG-TERM LIABILITIES (Continued)**

**Business-type Activities**

Long-term debt in the Sewer Fund consists of one capital lease purchase agreement, the 2000A Wastewater System Revenue Bonds, the 2006B Sewerage System Revenue Bonds, and the Series 2012 and 2012B certificates of participation.

**Capital Lease**

On October 21, 2016, the City entered into a 5-year lease purchase agreement to finance the purchase of a 2014 Freightliner Truck with VactorTRAK system. The agreement requires annual lease payments of \$78,753, which includes interest at 1.650%.

The asset acquired through the capital lease is as follows:

	<b>September 30 2018</b>
Machinery and equipment, cost	\$ 375,157
Less - Accumulated depreciation	68,779
Net Book Value	\$ 306,378

The total annual minimum lease payments required at September 30, 2018, are as follows:

<b>For The Years Ending September 30</b>	<b>2014 Freightliner</b>
2019	\$ 78,753
2020	78,753
2021	78,752
Total Minimum Lease Payments	236,258
Less - Interest	7,586
Present Value Of Minimum Lease Payments	\$ 228,672

**Series 2012 Certificates of Participation**

On June 29, 2012, the City issued \$2,755,000 of Series 2012 certificates of participation. The certificates of participation were issued to refinance the 2010 DNR Energy Efficiency Project and are split between governmental and business-type activities. The certificates of participation bear interest from 2.0% to 3.4% and are due on January 1, 2027.



**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

The annual debt service requirements on the Series 2012 certificates of participation, split between the Sewer Fund and the governmental activities of the City, at September 30, 2018, are as follows:

<u>For The Years Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 89,297	25,594	80,700	23,131	169,997	48,725
2020	91,928	23,488	83,073	21,225	175,001	44,713
2021	94,554	21,155	85,446	19,117	180,000	40,272
2022	97,181	18,566	87,820	16,777	185,001	35,343
2023	99,807	15,708	90,193	14,194	190,000	29,902
2024 - 2027	470,232	29,516	354,769	26,673	825,001	56,189
Total	<u>\$ 942,999</u>	<u>134,027</u>	<u>782,001</u>	<u>121,117</u>	<u>1,725,000</u>	<u>255,144</u>

**Series 2012B Certificates of Participation**

In October 2012, the City issued \$4,080,000 of Series 2012B certificates of participation. The certificates of participation were issued to pay the costs of acquiring, constructing, and equipping improvements to the City's sewer system. The certificates of participation bear interest from 2% to 3.45% and are due on July 1, 2032.

The annual debt service requirements on the Series 2012B certificates of participation at September 30, 2018, are as follows:

<u>For The Years Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 180,000	94,962	274,962
2020	185,000	89,562	274,562
2021	190,000	85,123	275,123
2022	195,000	80,088	275,088
2023	200,000	74,628	274,628
2024 - 2028	1,095,000	279,597	1,374,597
2029 - 2032	1,010,000	88,493	1,098,493
Total	<u>\$ 3,055,000</u>	<u>792,453</u>	<u>3,847,453</u>

**2000A Wastewater System Revenue Bonds**

In March 2000, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$5,000,000 in Wastewater System Revenue Bonds, Series 2000A. The bonds bear interest at 4.6% to 5.75%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves, which earn interest at 5.4%. Interest payments are due semi-annually on January 1 and

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

July 1 of each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 2000A revenue bonds outstanding at September 30, 2018, are as follows:

<b>For The Years Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Administrative Fee</b>	<b>Total</b>
2019	\$ 375,000	43,987	5,533	424,520
2020	400,000	22,800	2,856	425,656
Total	<u>\$ 775,000</u>	<u>66,787</u>	<u>8,389</u>	<u>850,176</u>

**2006B Sewerage System Revenue Bonds**

In July 2007, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$3,005,000 in Sewerage System Revenue Bonds, Series 2006B. The bonds bear interest at 4% to 5%. The interest paid is offset by an interest subsidy from the State of Missouri's 50% bond reserves, which earn interest at 4.125%. Interest payments are due semi-annually on January 1 and July 1 each year with annual principal payments due July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 0.714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 2006B revenue bonds outstanding at September 30, 2018, are as follows:

<b>For The Years Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Administrative Fee</b>	<b>Total</b>
2019	\$ 155,000	77,087	11,922	244,009
2020	160,000	70,888	10,817	241,705
2021	165,000	64,488	9,675	239,163
2022	175,000	56,237	8,497	239,734
2023	185,000	47,487	7,247	239,734
2024 - 2027	830,000	94,564	15,137	939,701
Total	<u>\$ 1,670,000</u>	<u>410,751</u>	<u>63,295</u>	<u>2,144,046</u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

A summary of changes in long-term liabilities for business-type activities is as follows:

	<b>For The Year Ended September 30, 2018</b>			<b>Amounts Due Within One Year</b>	
	<b>Balance September 30 2017</b>	<b>Additions</b>	<b>Deletions</b>		<b>Balance September 30 2018</b>
Revenue bonds	\$ 2,950,000	-	505,000	2,445,000	530,000
Plus - Premium on bonds	42,638	-	4,738	37,900	-
Capital leases payable	302,435	-	73,763	228,672	74,980
Certificates of participation	4,090,330	-	253,329	3,837,001	260,702
Compensated absences	170,331	-	13,407	156,924	78,462
<b>Total Business-type Activities Long- term Liabilities</b>	<b>\$ 7,555,734</b>	<b>-</b>	<b>850,237</b>	<b>6,705,497</b>	<b>944,144</b>

**Payable to Other Governments**

In conjunction with the bonds dated December 1996 and March 2000, reserve accounts have been established with no-interest loans funded with federal capitalization grants and matching funds from the State of Missouri. When fully funded, these loans (reserve accounts) will be funded in an amount equal to 70% of the outstanding principal amount of such bonds. These reserve accounts are held in trust. As the principal amount of such bonds is repaid, the amounts held in the reserve accounts will be reduced such that the reserve accounts will equal 70% of the remaining principal of such bonds.

**RMU**

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

	<b>For The Year Ended September 30, 2018</b>			<b>Amounts Due Within One Year</b>	
	<b>Balance September 30 2017</b>	<b>Additions</b>	<b>Deletions</b>		<b>Balance September 30 2018</b>
Leases payable	\$ 11,129,000	-	10,289,000	840,000	150,000
Compensated absences	136,025	123,322	120,829	138,518	138,518
<b>Total</b>	<b>\$ 11,265,025</b>	<b>123,322</b>	<b>10,409,829</b>	<b>978,518</b>	<b>288,518</b>

**Leases Payable**

RMU entered into a lease purchase agreement during the year ended September 30, 2003, for construction of water towers and other improvements. The lease agreement calls for varying semi-annual principal payments through 2023 with interest at 3.55%. Current maturity of lease principal is \$150,000.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE E - LONG-TERM LIABILITIES (Continued)**

RMU entered into a lease purchase agreement during the year ended September 30, 2009, for construction of electric power substation, purchase transmission lines, and related equipment. The lease agreement calls for varying monthly principal payments through 2029 with interest at 3.885%. The lease was paid off during the year.

These lease purchase agreements provide for cancellation of the leases if RMU should fail to appropriate funds on the annual renewal dates. However, RMU does not foresee exercising its right to cancel. Therefore, these leases are accounted for as noncancellable capital leases.

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

<u>For The Years Ending September 30</u>	<u>Water Towers</u>	<u>Total</u>
2019	\$ 183,414	183,414
2020	186,526	186,526
2021	184,292	184,292
2022	186,729	186,729
2023	193,624	193,624
Total Minimum Lease Payments	934,585	934,585
Less - Imputed interest	94,585	94,585
Present Value Of Minimum Lease Payments	<u>\$ 840,000</u>	<u>840,000</u>

The assets acquired through the capital leases are as follows:

	<u>September 30 2018</u>
Cost	\$ 2,400,216
Less - Accumulated depreciation	<u>1,024,583</u>
Net Book Value	<u>\$ 1,375,633</u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - CAPITAL ASSETS**

**Primary Government**

Capital asset activity for the governmental activities was as follows:

	<b>For The Year Ended September 30, 2018</b>			<b>Balance September 30 2018</b>
	<b>Balance September 30 2017</b>	<b>Increases</b>	<b>Decreases</b>	
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 12,824,329	-	-	12,824,329
Construction in progress	-	1,117,113	-	1,117,113
Total Capital Assets Not Being Depreciated	12,824,329	1,117,113	-	13,941,442
Capital assets being depreciated:				
Building and improvements	25,941,311	112,444	-	26,053,755
Machinery and equipment	12,606,241	706,754	163,193	13,149,802
Infrastructure	86,890,736	1,048,301	-	87,939,037
Total Capital Assets Being Depreciated	125,438,288	1,867,499	163,193	127,142,594
Less - Accumulated depreciation for:				
Building and improvements	14,801,761	1,022,250	-	15,824,011
Machinery and equipment	8,930,640	680,300	157,832	9,453,108
Infrastructure	36,139,243	1,740,155	-	37,879,398
Total Accumulated Depre- ciation	59,871,644	3,442,705	157,832	63,156,517
Total Capital Assets Being Depreciated, Net	65,566,644	(1,575,206)	5,361	63,986,077
 Total Capital Assets - Gov- ernmental Activities, Net	 \$ 78,390,973	 (458,093)	 5,361	 77,927,519

Depreciation expense for governmental activities was charged to functions as follows:

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - CAPITAL ASSETS (Continued)**

	<u>For The Year Ended September 30 2018</u>
<b>Governmental Activities</b>	
Administrative	\$ 135,638
Finance	1,734
Animal shelter	7,861
Police	204,959
Fire	202,675
Building maintenance	7,978
Engineering	699
Community development	4,466
Public works	1,984,778
Parks and recreation	519,878
Airport	<u>372,039</u>
Total	<u><u>\$ 3,442,705</u></u>

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

	<u>For The Year Ended September 30, 2018</u>			
	<u>Balance September 30 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30 2018</u>
<b>Business-type Activities - Sewer</b>				
Capital assets not being depreciated:				
Land	\$ 716,336	173	-	716,509
Construction in progress	3,081,735	-	-	3,081,735
Total Capital Assets Not Being Depreciated	<u>3,798,071</u>	<u>173</u>	<u>-</u>	<u>3,798,244</u>
Capital assets being depreciated:				
Buildings	1,863,017	33,704	-	1,896,721
Equipment	2,080,179	78,061	21,972	2,136,268
Sewer collection system	29,626,886	12,843	-	29,639,729
Total Capital Assets Being Depreciated	<u>33,570,082</u>	<u>124,608</u>	<u>21,972</u>	<u>33,672,718</u>
Less - Accumulated depreciation for:				
Buildings	1,247,237	127,117	-	1,374,354
Equipment	1,304,549	107,798	21,972	1,390,375
Sewer collection system	11,448,323	482,839	-	11,931,162
Total Accumulated Depreciation	<u>14,000,109</u>	<u>717,754</u>	<u>21,972</u>	<u>14,695,891</u>
Total Capital Assets, Business-type Activities - Sewer, Being Depreciated, Net	<u>19,569,973</u>	<u>(593,146)</u>	<u>-</u>	<u>18,976,827</u>
Total Capital Assets - Business-type Activities - Sewer, Net	<u><u>\$ 23,368,044</u></u>	<u><u>(592,973)</u></u>	<u><u>-</u></u>	<u><u>22,775,071</u></u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - CAPITAL ASSETS (Continued)**

	<b>For The Year Ended September 30, 2018</b>			
	<b>Balance September 30 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30 2018</b>
<b>Business-type Activities - Environmental Services</b>				
Capital assets not being depreciated:				
Land	\$ 670,663	-	-	670,663
Capital assets being depreciated:				
Buildings	2,912,070	-	-	2,912,070
Equipment	3,678,250	303,565	105,845	3,875,970
Total Capital Assets Being Depreciated	<u>6,590,320</u>	<u>303,565</u>	<u>105,845</u>	<u>6,788,040</u>
Less - Accumulated depreciation for:				
Buildings	1,066,960	103,332	-	1,170,292
Equipment	2,506,472	228,645	105,845	2,629,272
Total Accumulated Depreciation	<u>3,573,432</u>	<u>331,977</u>	<u>105,845</u>	<u>3,799,564</u>
Total Capital Assets, Business-type Activities Environmental Services, Being Depreciated, Net	<u>3,016,888</u>	<u>(28,412)</u>	<u>-</u>	<u>2,988,476</u>
Total Capital Assets - Business-type Activities - Environmental Services, Net	<u>\$ 3,687,551</u>	<u>(28,412)</u>	<u>-</u>	<u>3,659,139</u>
Grand Total Capital Assets - Business-type Activities, Net	<u>\$ 27,055,595</u>	<u>(621,385)</u>	<u>-</u>	<u>26,434,210</u>

**RMU**

	<b>For The Year Ended September 30, 2018</b>			
	<b>Balance September 30 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance September 30 2018</b>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land and easements	\$ 2,736,951	-	-	2,736,951
Construction in Process	-	10,500	-	10,500
Total Capital Assets Not Being Depreciated	<u>2,736,951</u>	<u>10,500</u>	<u>-</u>	<u>2,747,451</u>
Capital assets being depreciated:				
Buildings and improvements	5,513,427	28,231	2,724	5,538,934
Office furniture, fixtures, and equipment	811,742	84,287	-	896,029
Transportation equipment	1,884,354	86,270	-	1,970,624
Distribution system	63,898,623	2,864,902	286,395	66,477,130
Production system	8,452,373	-	-	8,452,373
Total Capital Assets Being Depreciated	<u>80,560,519</u>	<u>3,063,690</u>	<u>289,119</u>	<u>83,335,090</u>
Less - Accumulated depreciation for:				
Buildings and improvements	3,741,947	170,957	2,724	3,910,180
Office furniture, fixtures, and equipment	732,429	28,116	-	760,545
Transportation equipment	1,029,914	152,460	-	1,182,374
Distribution system	32,557,620	1,977,081	286,393	34,248,308
Production system	6,657,957	412,017	-	7,069,974
Total Accumulated Depreciation	<u>44,719,867</u>	<u>2,740,631</u>	<u>289,117</u>	<u>47,171,381</u>
Total Capital Assets Being Depreciated, Net	<u>35,840,652</u>	<u>323,059</u>	<u>2</u>	<u>36,163,709</u>
Total Capital Assets - Business-type Activities, Net	<u>\$ 38,577,603</u>	<u>333,559</u>	<u>2</u>	<u>38,911,160</u>

**NOTE G - PENSION PLAN**

**Primary Government**

*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](http://www.molagers.org).

*Benefits Provided*

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

	<b>2018 Valuation</b>
Benefit multiplier	1.75% for life, plus 0.25% to age 65
Final average salary	3 years
Member contributions	- %

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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	114
Inactive employees entitled to but not yet receiving benefits	68
Active employees	<u>182</u>
Total	<u>364</u>



**NOTE G - PENSION PLAN (Continued)**

***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 8.7% (General), 8.2% (Police), and 13.8% (Fire) of annual covered payroll.

***Net Pension Liability (Asset)***

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

***Actuarial Assumptions***

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

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

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

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

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

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

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

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

***Discount Rate***

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

**Changes in the Net Pension Liability (Asset)**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>(a)</u>	<u>Plan Fiduciary Net Position</u> <u>(b)</u>	<u>Net Pension Liability (Asset)</u> <u>(a)-(b)</u>
<b>Balances at June 30, 2017</b>	<u>\$ 37,824,789</u>	<u>40,685,379</u>	<u>(2,860,590)</u>
<b>Changes for the year</b>			
Service cost	907,522	-	907,522
Interest	2,723,032	-	2,723,032
Difference between expected and actual experience	(434,025)	-	(434,025)
Contributions - employer	-	740,646	(740,646)
Net investment income	-	4,937,269	(4,937,269)
Benefit payments, including refunds	(1,448,450)	(1,448,450)	-
Administrative expense	-	(29,709)	29,709
Other changes	-	(357,862)	357,862
Net Changes	<u>1,748,079</u>	<u>3,841,894</u>	<u>(2,093,815)</u>
<b>Balances at June 30, 2018</b>	<u>\$ 39,572,868</u>	<u>44,527,273</u>	<u>(4,954,405)</u>

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

*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.

	<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
Net pension liability (asset)	\$ 869,008	(4,954,405)	(9,728,554)

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

For the year ended September 30, 2018, the City recognized pension expense of \$1,294,841. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<b>Outflows</b>	<b>Inflows</b>	<b>Net Outflows</b>
Differences in experience	\$ 206,847	(770,047)	(563,200)
Assumption changes	578,779	-	578,779
Net difference between projected and actual earnings on pension plan investments	-	(1,143,490)	(1,143,490)
Contributions subsequent to the measurement date*	202,574	-	202,574
Total	\$ 988,200	(1,913,537)	(925,337)

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

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

**NOTE G - PENSION PLAN (Continued)**

**For The Plan  
Years Ending  
June 30**

2019	\$ 187,400
2020	(163,475)
2021	(754,936)
2022	(434,715)
2023	43,415
Thereafter	<u>(5,599)</u>
Total	<u>\$ (1,127,910)</u>

**Payable to the Pension Plan**

At September 30, 2018, the City reported a payable of \$19,682 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

**RMU**

***Plan Description***

RMU's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. RMU 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](http://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 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 and receive a reduced allowance.

**NOTE G - PENSION PLAN (Continued)**

	<b><u>2018</u></b> <b><u>Valuation</u></b>
Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	- %

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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>55</u>
Total	<u>95</u>

***Contributions***

RMU 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 RMU do not contribute to the pension plan. RMU contribution rates are 8.1% (General) of annual covered payroll.

***Net Pension Liability (Asset)***

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

***Actuarial Assumptions***

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

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

**NOTE G - 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 28, 2018 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

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

***Discount Rate***

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

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

**Changes in the Net Pension Liability (Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
<b>Balances at June 30, 2017</b>	\$ 17,967,206	19,747,159	(1,779,953)
<b>Changes for the year</b>			
Service cost	297,977	-	297,977
Interest	1,287,095	-	1,287,095
Difference between expected and actual experience	(133,869)	-	(133,869)
Contributions - employer	-	222,677	(222,677)
Net investment income	-	2,374,937	(2,374,937)
Benefit payments, including refunds	(733,934)	(733,934)	-
Administrative expense	-	(8,024)	8,024
Other changes	-	(51,027)	51,027
Net Changes	<u>717,269</u>	<u>1,804,629</u>	<u>(1,087,360)</u>
<b>Balances at June 30, 2018</b>	<u>\$ 18,684,475</u>	<u>21,551,788</u>	<u>(2,867,313)</u>

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

The following presents the net pension liability (asset) of RMU, calculated using the discount rate of 7.25%, as well as what RMU'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.

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Assumption</b>	<b>1% Increase</b>
Net pension liability (asset)	<u>\$ (227,730)</u>	<u>(2,867,313)</u>	<u>(5,039,298)</u>

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

For the year ended September 30, 2018, RMU recognized pension expense of \$256,296. RMU reported deferred outflows and inflows of resources are related to pensions from the following sources:

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE G - PENSION PLAN (Continued)**

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Differences in experience	\$ -	(396,620)	(396,620)
Assumption changes	204,739	-	204,739
Net difference between projected and actual earnings on pension plan investments	-	(592,657)	(592,657)
Contributions subsequent to the measurement date*	51,645	-	51,645
Total	<u>\$ 256,384</u>	<u>(989,277)</u>	<u>(732,893)</u>

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

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

**For The Plan  
Years Ending  
June 30**

2019	\$ 23,531
2020	(153,179)
2021	(413,723)
2022	(225,838)
2023	<u>(15,329)</u>
Total	<u>\$ (784,538)</u>

**Payable to the Pension Plan**

At September 30, 2018, RMU reported a payable of \$17,232 for the outstanding amount of contributions to the pension plan required for the year ended September 30, 2018.

**NOTE H - ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN**

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:



**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE H - ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (Continued)**

	<b>September 30 2018</b>
Assessed valuation:	
Real estate	\$ 212,355,059
Personal property	41,659,548
Total Assessed Valuation	\$ 254,014,607
	<b>September 30 2018</b>
Tax rate per \$100 assessed valuation:	
General levy	\$ 0.4598
Library levy	0.1919
Park levy	0.1132
Total Tax Rate Per \$100 Assessed Valuations	\$ 0.7649

The legal debt margin at September 30, 2018, was computed as follows:

	<b>General Obligation Bonds</b>		
	<b>Ordinary(1)</b>	<b>Additional (2)</b>	<b>Total</b>
Constitutional debt limit	\$ 25,401,461	25,401,461	50,802,922
General obligation bonds payable	(620,000)	-	(620,000)
Legal Debt Margin	\$ 24,781,461	25,401,461	50,182,922

- (1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed 10% of the value of the taxable tangible property in the City.
  
- (2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional 10% for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the value of the taxable tangible property in the City.

**NOTE I - RISK MANAGEMENT**

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a statewide governmental self-insurance pool which provides property, liability, and workers' compensation coverages to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2019.

MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis. These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid an assessment totaling \$744,202 for MIRMA's fiscal year ended June 30, 2018. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

**NOTE J - SELF-INSURANCE**

In 1983, the City established a medical self-insurance plan for City employees and their covered dependents to minimize the total cost of medical health insurance to the City. This program is for the benefit of all City employees covered under the City of Rolla's Employee Medical Plan. Medical claims exceeding an individual participant limit of \$75,000 are covered through a private insurance carrier up to \$925,000 annually.

The cash transactions of the health care plan are accounted for in the Self-Insurance Health Fund, an Internal Service Fund. At September 30, 2018, the estimated obligation of health claims based on claims filed prior to, but not yet paid, as of year-end, claims incurred during the year but filed subsequent to year-end, and an additional amount for incurred but not reported claims based on prior experience was \$138,645. Changes in estimated benefit obligation during the past two years are as follows:

Estimated benefit obligation, October 1, 2016	\$ 188,167
Claims incurred	2,570,997
Claims paid	(2,592,732)
Estimated benefit obligation, October 1, 2017	166,432
Claims incurred	2,744,767
Claims paid	(2,772,554)
Estimated Benefit Obligation, September 30, 2018	\$ 138,645

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE K - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The individual interfund balances are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>September 30 2018</b>
General Fund	Airport Fund	\$ 239,159

The outstanding balances between funds result mainly from the time lag between dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in accounting system, and 3) payments between funds are made. The Airport Fund interfund balance will be repaid as additional revenues allow.

Individual interfund transfers are as follows:

<b>Transfers In</b>	<b>Transfers Out</b>	<b>September 30 2018</b>
General Fund	Sewer Fund	\$ 273,600
General Fund	Environmental Services Fund	165,000
General Fund	Parks Fund	77,800
General Fund	Street Fund	478,700
General Fund	Recreation Center Fund	72,000
Airport Fund	General Fund	170,000
Parks Fund	Cemetery Fund	2,188
Total		\$ 1,239,288

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

**NOTE L - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$5,985,514 of restricted net position, of which \$663,142 is restricted by enabling legislation.

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Primary Government**

***Plan Description***

The City provides a single-employer defined benefit plan that provides healthcare benefits to employees who are eligible to retire once they have attained age 55 plus 5 years of service. This benefits terminates when retiree reaches Medicare eligibility age (65). Employees and spouses must be on the plan at the time of retirement to be eligible to participate in the plan after retirement. Eligible participants receive benefits in the form of an implicit rate subsidy where participants receive health insurance coverage by paying a blended retiree/active rate. The contribution requirements of plan members and the City are established and may be amended by City Council. Current contribution requirements require participants to pay the full blended premium. The City funds the plan on a pay-as-you-go basis. The Plan does not issue a stand-alone report. The OPEB liability is generally liquidated by the General Fund.

***Employees Covered by Benefit Terms***

At September 30, 2017, the following employees were covered by the benefit terms:

Actives	189
Retirees and Surviving Spouses	15
Spouses of Current Retirees	<u>4</u>
Total	<u>208</u>

***Total OPEB Liability***

The City's total OPEB liability was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.00% including inflation
Discount rate	4.18%
Healthcare cost trend rates	Medical cost trend rate of 6.0% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2083 and beyond.

The discount rate was based on the 20 year bond GO index at the end of the fiscal year. The rate for the prior fiscal year was 3.64%.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table for males and females, as appropriate, with generational projection based on Scale MP-2016.

The Plan has not had a formal actuarial experience study performed.

**Changes in the Total OPEB Liability**

	<u><b>Total OPEB Liability</b></u>
<b>Balance at September 30, 2017</b>	<u>\$ 5,670,479</u>
<b>Changes for the year</b>	
Service cost	301,686
Interest	214,085
Effect of assumption changes or inputs	(291,149)
Benefit payments	(183,029)
Net Changes	<u>41,593</u>
<b>Balance at September 30, 2018</b>	<u><u>\$ 5,712,072</u></u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.18%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.18%) or 1% point higher (5.18%) than the current discount rate:

	<u><b>1% Decrease</b></u>	<u><b>Discount Rate</b></u>	<u><b>1% Increase</b></u>
Total OPEB liability	\$ 6,264,420	5,712,072	5,215,226

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

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1% point lower or 1% point higher than the current trend rates:

	<u><b>1% Decrease</b></u>	<u><b>Discount Rate</b></u>	<u><b>1% Increase</b></u>
Total OPEB liability	\$ 5,032,330	5,712,072	6,522,706

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$483,847. Deferred outflows and inflows of resources related to OPEB are from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Changes of assumptions or other inputs	\$ -	(259,225)	(259,225)

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

**For The  
Years Ending  
September 30**

2019		\$ (31,924)
2020		(31,924)
2021		(31,924)
2022		(31,924)
2023		(31,924)
Thereafter		(99,605)
Total		\$ (259,225)

**RMU**

***Plan Description***

RMU's OPEB plan (the Plan) provides OPEB for qualifying full-time employees of RMU. The Plan is a single-employer defined benefit OPEB plan administered by RMU. The Plan, as established by RMU resolution, assigned the authority to establish and amend the benefit terms and financing requirements to RMU. No assets are accumulated in a trust for the Plan. The Plan does not issue a stand-alone report.

***Benefits Provided***

The Plan provides healthcare benefits to qualifying employees hired prior to December 1, 2008 who have attained 20 years of service and are eligible to receive retirement benefits. Employees are eligible to retire once they have attained age 55 plus 5 years of service. This benefit terminates when retiree reaches Medicare eligibility age (65). RMU pays the monthly group health insurance premium for the retiree electing this benefit and the retiree must reimburse RMU for the full premium to retain coverage.

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

***Employees Covered by Benefit Terms***

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

Actives	34
Retirees and Surviving Spouses	3
Spouses of Current Retirees	<u>-</u>
Total	<u><u>37</u></u>

***Total OPEB Liability***

RMU's total OPEB liability was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

***Actuarial Assumptions and Other Inputs***

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.00% including inflation
Discount rate	4.185%
Healthcare cost trend rates	Medical cost trend rate of 6.8% for 2018, gradually decreasing to an ultimate rate of 4.0% for 2090 and beyond.

The discount rate was based on the 20 year bond GO index at the end of the fiscal year. The rate for the prior fiscal year was 3.64%.

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table for males and females, as appropriate, with generational projection based on Scale MP-2017.

The Plan has not had a formal actuarial experience study performed.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
<b>Balance at September 30, 2017</b>	<u>\$ 443,346</u>
<b>Changes for the year</b>	
Service cost	9,218
Interest	16,109
Effect of assumption changes or inputs	(20,464)
Benefit payments	<u>(20,240)</u>
Net Changes	<u>(15,377)</u>
<b>Balance at September 30, 2018</b>	<u><u>\$ 427,969</u></u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the total OPEB liability of RMU, calculated using the discount rate of 4.18%, as well as what RMU's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.18%) or 1% point higher (5.18%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 466,669	427,969	392,734

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

The following presents the total OPEB liability of RMU, calculated using the healthcare cost trend rates of 6.8% decreasing to 4%, as well as what RMU's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.8% decreasing to 3%) or 1% point higher (7.8% decreasing to 5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 385,808	427,969	476,724

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

For the year ended September 30, 2018, RMU recognized negative OPEB expense of \$22,669. Deferred outflows and inflows of resources related to OPEB are from the following sources:



**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

	<u>Outflows</u>	<u>Inflows</u>	<u>Net Outflows</u>
Changes of assumptions or other inputs	<u>\$ -</u>	<u>(17,806)</u>	<u>(17,806)</u>

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

**For The  
Years Ending  
September 30**

2019		\$ (2,658)
2020		(2,658)
2021		(2,658)
2022		(2,658)
2023		(2,658)
Thereafter		<u>(4,516)</u>
Total		<u>\$ (17,806)</u>

**NOTE N - RELATED PARTY TRANSACTIONS**

**Primary Government**

RMU provides water and electric services to the City. It also provides billing and collection services to the City for PILOT and sewer and sanitation services. The City paid RMU a total of \$175,295 in fiscal year 2018 for billing services and \$663,082 for water and electric services. The City contributed \$100,000 to RMU for capital expenses in fiscal year 2018.

**NOTE O - RELATED ORGANIZATIONS**

The Rolla Public Library is a political subdivision of the State of Missouri created under Chapter 182 of the Missouri Revised Statutes. The Library is governed by a Board of Directors appointed by the Mayor of the City. The Board of Directors possesses its own contracting and budgetary authority, hires and fires personnel, and does not depend on the City for operating subsidies. Although the City does serve as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the tax rate and purpose are discretionary decisions made solely by the Board of Directors. Financial information may be obtained from Rolla Public Library at 900 Pine Street, Rolla, MO 65401.

**NOTE P - PLEDGED REVENUES**

The City has pledged future water and sewer customer revenues were used to repay the Series 2000A and 2006B Water Pollution Control Revenue Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customers net revenues and are payable through 2027. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$2,922,539. Principal and interest paid for the current year and total customer net revenues were \$651,955 and \$3,546,787, respectively.

**NOTE Q - TAX INCREMENT FINANCING DISTRICTS**

The City committed to the redevelopment of the I-44/US 63 Redevelopment Project Area 1 (RPA1) to reimburse Kohl's Department Stores, Inc. (the Developer) for the Verified Reimbursable Redevelopment Project Costs through Reimbursement Payments made from the Special Allocation Fund. There is no debt on the City's part, however, the aggregate amount of Reimbursement Payments paid during the terms of the agreement, to the extent that taxes are collected within this District, shall not exceed the sum of \$3,168,488 plus interest costs.

The City shall not be obligated for any amounts that exceed the balance in the Special Allocation Fund, which includes a TIF-EATS and a TIF-PILOTS account.

The TIF-EATS account will contain 50% of all Economic Activity Taxes from RPA1. The TIF-PILOTS account will contain all Payments in Lieu of Taxes from RPA1. At September 30, 2018, the balances in the TIF-EATS and TIF-PILOTS accounts are \$44,931 and \$120, respectively.

**NOTE R - COMMITMENTS**

**Primary Government**

At September 30, 2018, the City was committed to the following:

**Landfill Closing Obligation**

In January 1995, the City, along with the five other Landfill Board members, entered into a "Contract of Obligation" with the Missouri Department of Natural Resources (DNR) to satisfy the financial assurance requirement for landfill operations. The Landfill Board members are obligated to close the landfill in a manner that meets DNR's standards and to properly maintain the closed landfill for 20 years thereafter. If the closure and post-closure is not done properly, the "Contract of Obligation" authorized DNR to collect \$152,703 from any funds due the members from the Missouri Department of Revenue and the State Treasurer to compensate the State for corrective procedures.

**NOTE R - COMMITMENTS (Continued)**

**RMU**

**Pooled Energy**

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). RMU represents the City with respect to MJMEUC matters. MJMEUC manages a power pool known as Missouri Public Energy Pool #1 (MoPEP). The City is a member of MoPEP. All MoPEP members (including the City) have an agreement (the MoPEP Agreement) with MJMEUC for the purchase of electric capacity and energy from MJMEUC. The MoPEP Agreement requires MJMEUC to supply the full energy requirement of the City and includes procedures for the City to dedicate its capacity to MoPEP.

MoPEP operations are governed by a committee (Pool Committee) consisting of one representative from each MoPEP member and is currently comprised of 35 members. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all of MJMEUC's costs (the Direct Costs) incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease, or loan agreement of other financial contract in order to procure, deliver, or finance resources intended to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP member. The Direct Costs also include amounts required to fund MoPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

The rates are established so as to charge each MoPEP member (including the City) its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement. Charges based on such rates are assessed and billed monthly. Rates are required to be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months.

To meet the power and energy requirements of the City and the other MoPEP members, MJMEUC presently obtains power and energy from the following sources: 1) power purchased under long-term firm energy contracts, unit-contingent energy contracts, and interruptible contracts; 2) MJMEUC owned generation; 3) member capacity; and 4) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MoPEP Agreement, but does not have any ownership interest in MJMEUC's resources.

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

The net power cost charges by MoPEP to RMU for the year ended September 30, 2018 was \$20,323,264.

**CITY OF ROLLA, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE S - RISK MANAGEMENT**

The City and RMU are exposed to various risks of losses related to torts; theft to, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City and RMU have transferred their risk by obtaining coverage from Missouri Intergovernmental Risk Management Association. In addition, they have effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

**NOTE T - TAX ABATEMENT**

RMU entered into an incentive agreement with Hartmann US Inc. RMU will provide Utility Cost Assistance discounts to the Company based on utility rates in effect at the given time. Electric energy and water consumption and wastewater utility charges will be discounted during the first 5 years of the Facility's operation. Year one for the discounts will begin as of the first day of the month in which the Company begins operating the Facility. As of September 30, 2018, RMU has discounted \$117,108.

**NOTE U - DEFICIT FUND BALANCE**

The Airport Fund has a deficit fund balance at September 30, 2018 of (\$153,514). This deficit will be financed through future revenues of the fund.

**NOTE V - RESTATEMENT OF NET POSITION**

The previously reported net position has been restated as follows:

	<u>Primary Government</u>		<u>Component Unit</u>	<u>Enterprise Funds</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Rolla Municipal Utilities</u>	<u>Sewer</u>	<u>Environmental Services</u>
Net position September 30, 2017, as previously reported	\$80,388,644	24,781,053	55,237,986	19,088,415	5,692,638
Restatement for: GASB 75 implementation	<u>(3,182,016)</u>	<u>(1,172,692)</u>	<u>(443,346)</u>	<u>(422,328)</u>	<u>(750,364)</u>
Net position September 30, 2017 As Restated	<u>\$77,206,628</u>	<u>23,608,361</u>	<u>54,794,640</u>	<u>18,666,087</u>	<u>4,942,274</u>

**NOTE W - SUBSEQUENT EVENT**

Management has evaluated subsequent events through March xx, 2019, the date which the financial statements were available for issue.

**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,069,500	1,069,500	998,659	(70,841)
Sales	4,105,000	4,105,000	4,244,853	139,853
Franchise	612,000	612,000	613,074	1,074
Motor vehicle	173,000	173,000	177,736	4,736
PILOT	1,548,600	1,548,600	1,586,658	38,058
Lodging	369,000	369,000	376,913	7,913
Cigarette	105,000	105,000	101,786	(3,214)
Total Taxes	<u>7,982,100</u>	<u>7,982,100</u>	<u>8,099,679</u>	<u>117,579</u>
Licenses and permits:				
Occupational licenses	51,500	51,500	45,430	(6,070)
Building permits	115,000	115,000	105,101	(9,899)
Other	42,000	42,000	50,726	8,726
Total Licenses And Permits	<u>208,500</u>	<u>208,500</u>	<u>201,257</u>	<u>(7,243)</u>
Intergovernmental:				
Landfill	6,000	6,000	6,232	232
RREC	129,775	129,775	120,699	(9,076)
PCESB	1,215,275	1,215,275	1,074,590	(140,685)
Library	215,000	215,000	216,417	1,417
Grants	15,000	15,000	13,558	(1,442)
Other	166,400	529,400	651,084	121,684
Total Intergovernmental	<u>1,747,450</u>	<u>2,110,450</u>	<u>2,082,580</u>	<u>(27,870)</u>
Charges for services	<u>54,900</u>	<u>54,900</u>	<u>54,349</u>	<u>(551)</u>
Fine and forfeitures:				
City court fines	190,000	190,000	203,456	13,456
Police training fees	4,300	4,300	4,506	206
Total Fines And Forfeitures	<u>194,300</u>	<u>194,300</u>	<u>207,962</u>	<u>13,662</u>
Investment income	<u>12,000</u>	<u>12,000</u>	<u>16,034</u>	<u>4,034</u>
Miscellaneous:				
Lease and rent income	8,000	8,000	7,930	(70)
Animal shelter	66,500	66,500	58,530	(7,970)
Other	196,790	206,790	247,254	40,464
Total Miscellaneous	<u>271,290</u>	<u>281,290</u>	<u>313,714</u>	<u>32,424</u>
Total Revenues	<u>10,470,540</u>	<u>10,843,540</u>	<u>10,975,575</u>	<u>132,035</u>

(Continued)

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018 (Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>EXPENDITURES</b>				
Administrative	632,271	632,271	660,779	28,508
Administrator	309,935	309,935	319,784	9,849
Finance	616,100	616,100	635,138	19,038
Legal services	63,060	63,060	69,150	6,090
City court	88,615	88,615	88,273	(342)
911 telecommunications	1,205,264	1,205,264	1,054,714	(150,550)
Animal shelter	138,340	138,340	134,210	(4,130)
Police	3,542,845	3,689,545	3,784,025	94,480
Fire	4,067,900	4,428,205	4,408,140	(20,065)
Building maintenance	78,275	78,275	86,845	8,570
Engineering	787,779	787,779	790,810	3,031
Community development	393,300	393,300	367,902	(25,398)
Library	263,016	263,016	208,049	(54,967)
Economic development	230,275	230,275	226,833	(3,442)
Total Expenditures	12,416,975	12,923,980	12,834,652	(89,328)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,946,435)	(2,080,440)	(1,859,077)	221,363
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	1,250,000	1,350,000	1,299,996	(50,004)
Transfers in	1,067,100	1,067,100	1,067,100	-
Transfers out	(170,000)	(170,000)	(170,000)	-
Total Other Financing Sources (Uses)	2,147,100	2,247,100	2,197,096	(50,004)
<b>NET CHANGE IN FUND BALANCE</b>	\$ 200,665	166,660	338,019	171,359
<b>FUND BALANCE, OCTOBER 1</b>			3,296,374	
<b>FUND BALANCE, SEPTEMBER 30</b>			\$ 3,634,393	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - STREET FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Taxes	\$ 4,825,000	4,825,000	4,841,074	16,074
Intergovernmental	311,000	9,934,500	9,645,737	(288,763)
Charges for services	125,000	125,000	135,864	10,864
Investment income	15,000	15,000	9,377	(5,623)
Miscellaneous	10,200	10,200	5,136	(5,064)
Total Revenues	5,286,200	14,909,700	14,637,188	(272,512)
<b>EXPENDITURES</b>				
Street	5,068,984	14,872,684	14,285,968	(586,716)
<b>REVENUES OVER EXPENDITURES</b>	217,216	37,016	351,220	314,204
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	20,000	20,000	23,705	3,705
Transfers out	(478,700)	(478,700)	(478,700)	-
Total Other Financing Sources (Uses)	(458,700)	(458,700)	(454,995)	3,705
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (241,484)</b>	<b>(421,684)</b>	<b>(103,775)</b>	<b>317,909</b>
FUND BALANCE, OCTOBER 1			2,239,270	
<b>FUND BALANCE, SEPTEMBER 30</b>			<b>\$ 2,135,495</b>	



**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - RECREATION CENTER FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>				
Taxes	\$ 750	750	2,535	1,785
Charges for services	1,178,000	1,204,950	1,110,599	(94,351)
Investment income	18,000	18,000	18,314	314
Miscellaneous	16,600	24,500	26,492	1,992
Total Revenues	1,213,350	1,248,200	1,157,940	(90,260)
<b>EXPENDITURES</b>				
Guest services	193,760	193,760	117,031	(76,729)
Recreation	140,045	140,045	123,726	(16,319)
Aquatic	230,195	257,695	244,094	(13,601)
Fitness	298,885	306,085	313,098	7,013
Administration	335,350	335,350	422,519	87,169
Maintenance	284,130	291,630	292,987	1,357
Total Expenditures	1,482,365	1,524,565	1,513,455	(11,110)
<b>REVENUES UNDER EXPENDITURES</b>	(269,015)	(276,365)	(355,515)	(79,150)
<b>OTHER FINANCING USES</b>				
Transfers out	(72,000)	(72,000)	(72,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (341,015)</b>	<b>(348,365)</b>	<b>(427,515)</b>	<b>(79,150)</b>
FUND BALANCE, OCTOBER 1			2,524,133	
<b>FUND BALANCE, SEPTEMBER 30</b>			<b>\$ 2,096,618</b>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PARKS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Taxes	\$ 1,299,100	1,315,150	16,050
Charges for services	218,100	243,267	25,167
Investment income	3,500	3,220	(280)
Miscellaneous	2,800	15,861	13,061
Total Revenues	1,523,500	1,577,498	53,998
<b>EXPENDITURES</b>			
Administration	148,347	164,368	16,021
Maintenance	54,054	52,826	(1,228)
Parks department	988,675	942,787	(45,888)
SplashZone	172,174	133,107	(39,067)
Outdoor recreation	177,354	189,943	12,589
Total Expenditures	1,540,604	1,483,031	(57,573)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(17,104)</b>	<b>94,467</b>	<b>111,571</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,000	2,188	188
Transfers out	(77,800)	(77,800)	-
Total Other Financing Sources (Uses)	(75,800)	(75,612)	188
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (92,904)</b>	<b>18,855</b>	<b>111,759</b>
<b>FUND BALANCE, OCTOBER 1</b>		<b>240,079</b>	
<b>FUND BALANCE, SEPTEMBER 30</b>		<b>\$ 258,934</b>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - AIRPORT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 2,000	2,000	5,671	3,671
Charges for services	291,500	439,500	437,358	(2,142)
Investment income	20	20	97	77
Miscellaneous	100	100	8,402	8,302
Total Revenues	<u>293,620</u>	<u>441,620</u>	<u>451,528</u>	<u>9,908</u>
<b>EXPENDITURES</b>				
Airport	<u>473,900</u>	<u>624,100</u>	<u>614,805</u>	<u>(9,295)</u>
<b>REVENUES UNDER EXPENDITURES</b>	(180,280)	(182,480)	(163,277)	19,203
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>170,000</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (10,280)</u>	<u>(12,480)</u>	6,723	<u>19,203</u>
FUND BALANCE (DEFICIT), OCTOBER 1			<u>(160,237)</u>	
<b>FUND BALANCE (DEFICIT), SEPTEMBER 30</b>			<u>\$ (153,514)</u>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CEMETERY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Charges for services	\$ 13,000	5,400	(7,600)
Investment income	1,500	2,188	688
Total Revenues	14,500	7,588	(6,912)
<b>EXPENDITURES</b>	-	-	-
<b>REVENUES OVER EXPENDITURES</b>	14,500	7,588	(6,912)
<b>OTHER FINANCING USES</b>			
Transfers out	(1,400)	(2,188)	788
<b>NET CHANGE IN FUND BALANCE</b>	\$ 13,100	5,400	(7,700)
FUND BALANCE, OCTOBER 1		344,650	
<b>FUND BALANCE, SEPTEMBER 30</b>		<b>\$ 350,050</b>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - PARK LAND RESERVE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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	<b>Original And Final Budgeted Amounts</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>REVENUES</b>			
Investment income	\$ 65	490	425
Miscellaneous	3,000	-	(3,000)
Total Revenues	3,065	490	(2,575)
<b>EXPENDITURES</b>	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 3,065	490	(2,575)
FUND BALANCE, OCTOBER 1		94,096	
<b>FUND BALANCE, SEPTEMBER 30</b>		<b>\$ 94,586</b>	

**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**Budgetary Data**

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

- a. Prior to October, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
- b. One public hearing is conducted by the City Council in late August or early September to obtain taxpayers' comments on the proposed budget and tax levy.
- c. Prior to October 1, ordinances are passed by City Council, which provide for legally adopted budgets for all funds of the City.
- d. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program, and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
- e. Formal budgetary integration is employed as a management control device for all funds of the City.
- f. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP, except in the Recreation Center Fund, that other financing source and related capital outlay of capital leases in the year the City enters into the agreement are not budgeted. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 907,522	863,543	840,889	846,914
Interest on the total pension liability	2,723,032	2,556,735	2,373,659	2,269,899
Difference between expected and actual experience	(434,025)	276,100	(563,660)	(460,292)
Changes of assumptions	-	-	1,209,382	-
Benefit payments, including refunds	(1,448,450)	(1,400,838)	(1,293,477)	(1,153,761)
Net Change In Total Pension Liability	<u>1,748,079</u>	<u>2,295,540</u>	<u>2,566,793</u>	<u>1,502,760</u>
Total Pension Liability Beginning	<u>37,824,789</u>	<u>35,529,249</u>	<u>32,962,456</u>	<u>31,459,696</u>
Total Pension Liability Ending (a)	<u>\$ 39,572,868</u>	<u>37,824,789</u>	<u>35,529,249</u>	<u>32,962,456</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 740,646	778,575	852,947	964,218
Net investment income	4,937,269	4,377,781	(96,081)	731,693
Benefit payments, including refunds	(1,448,450)	(1,400,838)	(1,293,477)	(1,153,761)
Administrative expense	(29,709)	(27,392)	(27,173)	(28,893)
Other changes	(357,862)	(117,506)	96,067	380,572
Net Change In Plan Fiduciary Net Pension	<u>3,841,894</u>	<u>3,610,620</u>	<u>(467,717)</u>	<u>893,829</u>
Plan Fiduciary Net Position Beginning	<u>40,685,379</u>	<u>37,074,759</u>	<u>37,542,476</u>	<u>36,648,647</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 44,527,273</u>	<u>40,685,379</u>	<u>37,074,759</u>	<u>37,542,476</u>
<b>Net Pension Liability (Asset) Ending (a)-(b)</b>	<u>\$ (4,954,405)</u>	<u>(2,860,590)</u>	<u>(1,545,510)</u>	<u>(4,580,020)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.52 %	107.56	104.35	113.89
Covered Payroll (for February 28/29 Valuation)	\$ 7,583,481	7,600,104	7,072,467	7,079,117
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(65.33) %	(37.64)	(21.85)	(64.70)

Notes:

Information is not available for fiscal years prior to 2015.

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

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

	For The Years Ended September 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined pension contribution	\$ 746,939	753,594	863,721	949,662	1,024,360	1,061,934	1,089,976	1,147,989	828,507	811,575
Contributions in relation to the actuarially determined contribution	<u>746,939</u>	<u>753,594</u>	<u>863,721</u>	<u>949,662</u>	<u>999,354</u>	<u>1,011,713</u>	<u>970,870</u>	<u>937,288</u>	<u>828,507</u>	<u>811,575</u>
Contribution Deficiency	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,006</u>	<u>50,221</u>	<u>119,106</u>	<u>210,701</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 7,843,644	7,624,380	7,554,556	7,087,603	7,199,254	7,214,862	7,304,173	7,569,220	7,297,628	7,346,226
Contributions as a Percentage of Covered Payroll	9.52 %	9.88	11.43	13.40	13.88	14.02	13.29	12.38	11.35	11.05

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 15 to 20 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables for post-retirement mortality were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables for post-retirement mortality were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality tables for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information:

There were no benefit changes during the year.



**CITY OF ROLLA, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED SEPTEMBER 30**

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	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 301,686
Interest on total OPEB liability	214,085
Changes of assumptions or inputs	(291,149)
Benefit payments	(183,029)
Net Change In Total OPEB Liability	41,593
Total OPEB Liability Beginning	5,670,479
Total OPEB Liability Ending	\$ 5,712,072
Covered Payroll	\$ 9,150,000
Total OPEB Liability as a Percentage of Covered Payroll	62.43 %

Notes:

Information is not available for fiscal years prior to 2018.

**CITY OF ROLLA, MISSOURI - ROLLA MUNICIPAL UTILITIES**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**FOR THE YEARS ENDED SEPTEMBER 30**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service cost	\$ 297,977	282,768	279,195	277,593
Interest on the total pension liability	1,287,095	1,239,270	1,186,863	1,147,696
Difference between expected and actual experience	(133,869)	(93,049)	(432,027)	(118,542)
Changes of assumptions	-	-	449,770	-
Benefit payments, including refunds	<u>(733,934)</u>	<u>(818,192)</u>	<u>(709,110)</u>	<u>(823,502)</u>
Net Change In Total Pension Liability	717,269	610,797	774,691	483,245
Total Pension Liability Beginning	<u>17,967,206</u>	<u>17,356,409</u>	<u>16,581,718</u>	<u>16,098,473</u>
Total Pension Liability Ending (a)	<u>\$ 18,684,475</u>	<u>17,967,206</u>	<u>17,356,409</u>	<u>16,581,718</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 222,677	376,115	747,730	775,627
Net investment income	2,374,937	2,198,821	(19,957)	361,988
Benefit payments, including refunds	(733,934)	(818,192)	(709,110)	(823,502)
Administrative expense	(8,024)	(7,838)	(7,570)	(8,575)
Other changes	<u>(51,027)</u>	<u>28,333</u>	<u>(332,935)</u>	<u>(362,570)</u>
Net Change In Plan Fiduciary Net Pension	1,804,629	1,777,239	(321,842)	(57,032)
Plan Fiduciary Net Position Beginning	<u>19,747,159</u>	<u>17,969,920</u>	<u>18,291,762</u>	<u>18,348,794</u>
Plan Fiduciary Net Position Ending (b)	<u>\$ 21,551,788</u>	<u>19,747,159</u>	<u>17,969,920</u>	<u>18,291,762</u>
<b>Net Pension Liability (Asset) Ending (a)-(b)</b>	<u>\$ (2,867,313)</u>	<u>(1,779,953)</u>	<u>(613,511)</u>	<u>(1,710,044)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.35 %	109.91	103.53	110.31
Covered Payroll (for February 28/29 Valuation)	\$ 2,592,834	2,547,770	2,355,439	2,326,138
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(110.59) %	(69.86)	(26.05)	(73.51)

Notes:

Information is not available for fiscal years prior to 2015.

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

**CITY OF ROLLA, MISSOURI - ROLLA MUNICIPAL UTILITIES**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	For The Years Ended September 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined pension contribution	\$ 208,711	265,919	294,725	372,878	407,774	448,912	512,861	446,909	173,171	230,215
Contributions in relation to the actuarially determined contribution	<u>208,711</u>	<u>265,919</u>	<u>294,725</u>	<u>372,878</u>	<u>379,490</u>	<u>354,899</u>	<u>339,500</u>	<u>303,342</u>	<u>261,921</u>	<u>278,638</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,284</u>	<u>94,013</u>	<u>173,361</u>	<u>143,567</u>	<u>(88,750)</u>	<u>(48,423)</u>
Covered Payroll	\$ 2,576,683	2,556,915	2,415,780	2,390,242	2,357,078	2,350,327	2,407,799	2,315,590	2,164,643	2,131,617
Contributions as a Percentage of Covered Payroll	8.10 %	10.40	12.20	15.60	16.10	15.10	14.10	13.10	12.10	13.07

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:

<ul style="list-style-type: none"> <li>Actuarial cost method</li> <li>Amortization method</li>   <li>Remaining amortization period</li> <li>Asset valuation method</li> <li>Inflation</li> <li>Salary increases</li> <li>Investment rate of return</li> <li>Retirement age</li> <li>Mortality</li> </ul>	<ul style="list-style-type: none"> <li>Entry age normal and modified terminal funding</li> <li>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.</li> <li>Multiple bases from 13 to 20 years</li> <li>5 years smoothed market; 20% corridor</li> <li>3.25% wage inflation; 2.50% price inflation</li> <li>3.25% to 6.55% including wage inflation</li> <li>7.25%, net of investment expenses</li> <li>Experience-based table of rates that are specific to the type of eligibility condition</li> <li>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.</li> </ul>
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Other information:

There were no benefit changes during the year.

**CITY OF ROLLA, MISSOURI - ROLLA MUNICIPAL UTILITIES**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES**  
**IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEARS ENDED SEPTEMBER 30**

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	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 9,218
Interest on total OPEB liability	16,109
Changes of assumptions or inputs	(20,464)
Benefit payments	(20,240)
Net Change In Total OPEB Liability	(15,377)
Total OPEB Liability Beginning	443,346
Total OPEB Liability Ending	\$ 427,969
Covered Payroll	\$ 2,654,896
Total OPEB Liability as a Percentage of Covered Payroll	16.12 %

Notes:

Information is not available for fiscal years prior to 2018.