

**Please Note:** The Council Meeting will be conducted at Rolla City Hall but physical participation will be limited per CDC guidelines. Citizens are encouraged to watch the proceedings live on Fidelity Cable Channel 16 or through the Fidelity YouTube link at <https://www.youtube.com/channel/UCffrfbYSQqtuhOAVkCCyieA>

**COUNCIL PRAYER**

Ministerial Alliance

**Rolla City Council Meeting  
Monday, April 20, 2020  
901 North Elm Street  
City Hall Council Chambers  
6:30 P.M.**

**PLEDGE OF ALLEGIANCE**

Councilwoman Ann Murphey

- I. PUBLIC HEARINGS**  
None.
- II. SPECIAL PRESENTATIONS**  
A) Overview of Fiscal Year 2019 City of Rolla Independent Audit & a **Motion** Accepting the Audit – (Finance Director Steffanie Rogers) - **Motion**
- III. OLD BUSINESS**  
A) **Ordinance** Authorizing the Mayor to Execute an Agreement with HDR Engineering for Southeast & Vichy Road WWTP Improvements (Task Order 12) -  
(Public Works Director Steve Hargis) – **Final Reading**  
B) **Ordinance** Authorizing the Mayor to Enter into an Agreement with Melrose Quarry and Asphalt Supply for Project 505 – FY 2020 Phase II Asphalt Improvements –  
(City Engineer Darin Pryor) – **Final Reading**
- IV. NEW BUSINESS**  
A) **Motion** Approving Use of Rolla National Airport Fields for Greek Week Games September 12 & 19, 2020, with Beer Sales – Mr. Chris Steinbach - **Motion**
- V. CLAIMS and/or FISCAL TRANSACTIONS**  
A) **Motion** Authorizing the Purchase of a Solid Waste Automated Collection System -  
(Environmental Services Director Brady Wilson) – **Motion**  
B) **Motion** Awarding Bid for Refuse Carts – (Environmental Services Director Brady Wilson) –  
**Motion**
- VI. MAYOR/CITY COUNCIL COMMENTS**  
A) **Motion** Appointing Mr. Kevin Crider to the Planning and Zoning Commission to Complete the Unexpired Term of Mr. Ray Schweikardt (June 2022) – **Motion**

**VII. CITIZEN COMMUNICATION**

A) Open Citizen Communication

**VIII. COMMENTS FOR THE GOOD OF THE ORDER**

**IX. CLOSED SESSION**

Pursuant to Section 610.021 RSMo. the City Council will discuss the following issues in Closed Session:

1) Real Estate

**X. ADJOURNMENT**

CITY OF ROLLA  
CITY COUNCIL AGENDA

**DEPARTMENT:** Steffanie D. Rogers                      **ACTION REQUESTED:** Motion  
Finance Director

**DATE:** April 14, 2020                                      **BUDGET APPROPRIATION:** \$ 0.00

**SUBJECT:** Consider Motion to Approve Fiscal Year 2019 Independent Audit

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**COMMENTARY:**

Michael Keenan, Cochran Head Vick & Co, will present an overview of the fiscal year 2019 independent audit. This year's management letter contains three (3) written recommendations (included in the Required Communications, Management Letter and Compliance Report) for the City of Rolla. As accounting principles and standards progress, staff will continue to develop internal processes to ensure compliance.

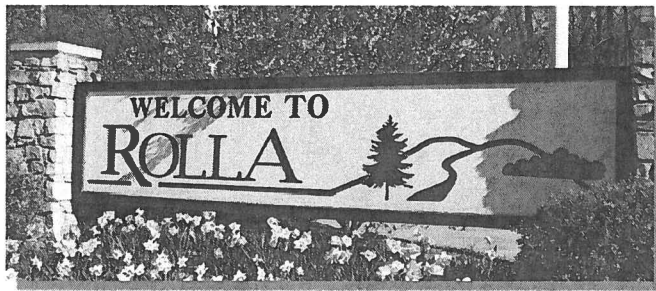
Staff is recommending a motion to accept the independent audit for fiscal year 2019.

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ITEM NO. II.A.1.

**Report to  
The Honorable Mayor  
and City Council**

**City of Rolla, Missouri**



**Financial and Compliance Audit  
For the year ended September 30, 2019**

**CHV**

***Certified Public Accountants***

TT.A-2.



# CHV

## *Certified Public Accountants*

- Serving Missouri and Kansas since 1975.
- Peer Review – We have been awarded the highest rating given as a result of our peer review.
- Member of-
  - AICPA
  - AICPA Government Audit Quality Center
  - AICPA Employee Benefit Plan Audit Quality Center
  - BDO Alliance USA
  - Two (2) members of our governmental services audit team are members of the GFOA Special Review Committee
  - Licensed in Missouri and Kansas

## ENGAGEMENT TEAM



**David Cochran, CPA**  
**Engagement Partner**



**Michael Keenan, CPA**  
**Senior Manager**



**Matthew Reilley**  
**Staff Associate**

# Scope of Audit

- We were engaged to perform an audit of the City of Rolla, Missouri's basic Financial Statements.

# Our Responsibilities

- Conduct our audit in accordance with Generally Accepted Auditing Standards and Government Auditing Standards.
- Plan and perform our audit to obtain reasonable, not absolute, assurance that the basic financial statements are free of material misstatement.
- Report on internal controls over financial reporting and compliance with laws and regulations.

The Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) recommends that we communicate the following matters to the Governing Board:

<b>City of Rolla, Missouri</b>	
Illegal Acts – None came to our attention as a result of performing our audit procedures.	
Changes in Significant Accounting Policies – No changes in significant accounting policies.	
No difficulties or disagreements with management.	
Cooperation – Full access to books and records.	

**Financial and Compliance Audit  
addresses three basic questions:**

<b>Question</b>	<b>Answers</b>
Are the financial statements free of material misstatement?	We have issued an unmodified opinion that the financial statements are fairly presented in all material respects.
Are internal controls over financial reporting adequately designed and operating effectively?	We identified a certain deficiency in internal control that we consider to be a material weakness.  ➤ Financial Reporting
Did the City or Rolla, Missouri comply, in all material respects, with the finance-related laws and regulations?	No material noncompliance was noted with the finance-related laws and regulations that govern the City's operations.

## Other Management Letter Comments

Other Management Letter Comments –  
Contains suggestions for best practices and  
possible improvements in internal control  
noted in the conduct of the audit.

- Budgeting
- Future Accounting Pronouncements



**CHV**  
*Certified Public Accountants*

**We appreciate the opportunity to serve as the auditor  
for  
The City of Rolla, Missouri**



MISSOURI

**Basic Financial Statements  
With  
Independent Auditor's Report**

For the Year Ended  
**September 30, 2019**

II-A.10.



CITY OF ROLLA, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
City Council  
City of Rolla, Missouri

Other Offices in  
Missouri and Kansas

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, 2019, 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 the 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 from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of changes in net pension liability (asset) and related ratios, schedules of employer contributions, and schedules of changes in net OPEB liability and related ratios 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020, on our consideration of the City's internal control over financial reporting and 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 the 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.

*Cochran Head View & Co., P.C.*

Kansas City, Missouri  
March 31, 2020

# CITY OF ROLLA, MISSOURI MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019. 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 \$2,136,646 for the year as a result of current year activities. The net position of the City's business-type activities increased \$161,394 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, 2019, by \$97.9 million (net position) (down from \$99.9 million in fiscal year 2018). Of this amount, \$2.3 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 2019 was \$23,448,059 compared to \$28,981,400 in fiscal year 2018. Overall, 68 new housing units were added in 2019. Multi-family construction permits have slowed a little due to demand and detached single family home construction remains slow (14 single family homes).
- The City Sales Tax Rate of 2.25% is distributed among the General Fund (1%), the Street Fund (.5% for transportation and .5% for capital improvements) and the Park Fund (.25%). In fiscal year 2019, the City received \$10,382,941 in total sales tax revenues - a 6.93% increase from fiscal year 2018. 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 extra-ordinary development costs for the purpose of eliminating blight. In FY 2019 \$737,510 was transferred from total sales tax receipts to those development projects thus the "net sales tax" growth in FY 2019 was 2.3%.
- Fiscal year 2019 completes the 17<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 84%. Revenues of \$1.05 million are generated through memberships, user fees, and program revenues with operating expenditures of \$1,434,516. In fiscal year 2019 recreation center revenues decreased by 13% while operating expenditures increased 5.48% over fiscal year 2018.
- As of September 30, 2019, the City's governmental funds reported combined fund balances of \$7,718,989.
- As of September 30, 2019, the unassigned fund balance for the General Fund was \$2,467,225.

## 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.

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 re-cover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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.

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.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**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 \$1,975,252. Key elements of this are as follows:

	September 30,					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018*	2019	2018
Current and other assets	\$ 12,569,663	\$ 15,672,158	\$ 5,997,090	\$ 6,627,396	\$ 18,566,753	\$ 22,299,554
Capital assets	76,382,209	77,927,519	26,983,129	26,292,813	103,365,338	104,220,332
<b>Total assets</b>	<b>88,951,872</b>	<b>93,599,677</b>	<b>32,980,219</b>	<b>32,920,209</b>	<b>121,932,091</b>	<b>126,519,886</b>
Deferred outflows of resources	1,771,531	857,491	408,686	139,841	2,180,217	997,332
Other liabilities	1,600,015	2,651,978	751,625	906,312	2,351,640	3,558,290
Long-term debt	13,342,823	13,713,400	8,741,053	8,217,911	22,083,876	21,931,311
<b>Total liabilities</b>	<b>14,942,838</b>	<b>16,365,378</b>	<b>9,492,678</b>	<b>9,124,223</b>	<b>24,435,516</b>	<b>25,489,601</b>
Deferred inflows of resources	1,581,018	1,755,597	216,171	417,165	1,797,189	2,172,762
<b>Net position:</b>						
Net investment in						
capital assets	68,906,274	69,831,661	19,780,235	19,634,775	88,686,509	89,466,436
Restricted	5,155,307	4,038,444	1,754,791	1,947,070	6,910,098	5,985,514
Unrestricted	137,966	2,466,088	2,145,030	1,936,817	2,282,996	4,402,905
<b>Total net position</b>	<b>\$ 74,199,547</b>	<b>\$ 76,336,193</b>	<b>\$ 23,680,056</b>	<b>\$ 23,518,662</b>	<b>\$ 97,879,603</b>	<b>\$ 99,854,855</b>

\* As restated

**Change in net position.** The decrease in net position of \$2,136,646 in the governmental activities was mainly due to construction spending for the Hwy 72 extension, the MoveRolla Transportation project planning & design, and changes in public safety pension related expenses. The increase in net position of \$161,394 in the business-type activities was due to increases in sewer and solid waste fees.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**GOVERNMENTAL ACTIVITIES**

Revenues:	September 30,					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018*	2019	2018
Program revenues:						
Charges for services	\$ 5,334,418	\$ 13,996,621	\$ 7,146,110	\$ 7,097,069	\$ 12,480,528	\$ 21,093,690
Operating grants and contributions	231,964	337,303	13,114	15,609	245,078	352,912
Capital grants and contributions	576,389	38,891	-	12,317	576,389	51,208
General revenues:						
Property taxes	1,247,116	1,243,814	-	-	1,247,116	1,243,814
Sales tax	9,800,298	9,547,535	-	-	9,800,298	9,547,535
Motor vehicle taxes	794,289	789,114	-	-	794,289	789,114
Payment in lieu of taxes	1,535,660	1,586,658	-	-	1,535,660	1,586,658
Other taxes	456,552	478,811	-	-	456,552	478,811
Franchise tax	551,845	613,074	-	-	551,845	613,074
Investment income	87,538	49,720	118,302	128,717	205,840	178,437
Other	188,779	142,109	12,901	31,007	201,680	173,116
<b>Total revenues</b>	<b>20,804,848</b>	<b>28,823,650</b>	<b>7,290,427</b>	<b>7,284,719</b>	<b>28,095,275</b>	<b>36,108,369</b>
<b>Expenses:</b>						
Administrative	4,742,304	4,916,177	-	-	4,742,304	4,916,177
Public safety	8,144,137	6,843,019	-	-	8,144,137	6,843,019
Public works and maintenance	6,147,213	14,260,955	-	-	6,147,213	14,260,955
Parks and recreation	3,150,443	3,181,159	-	-	3,150,443	3,181,159
Airport	1,036,428	931,375	-	-	1,036,428	931,375
Interest on long-term debt	264,469	-	-	-	264,469	-
Sewer	-	-	3,205,857	3,508,175	3,205,857	3,508,175
Environmental services	-	-	3,379,676	3,427,643	3,379,676	3,427,643
<b>Total expenses</b>	<b>23,484,994</b>	<b>30,132,685</b>	<b>6,585,533</b>	<b>6,935,818</b>	<b>30,070,527</b>	<b>37,068,503</b>
Change in net position before transfers	(2,680,146)	(1,309,035)	704,894	348,901	(1,975,252)	(960,134)
Transfers	543,500	438,600	(543,500)	(438,600)	-	-
Change in net position	(2,136,646)	(870,435)	161,394	(89,699)	(1,975,252)	(960,134)
Net position, beginning of year , as restated	76,336,193	77,206,628	23,518,662	23,608,361	99,854,855	100,814,989
<b>Net position, end of year</b>	<b>\$ 74,199,547</b>	<b>\$ 76,336,193</b>	<b>\$ 23,680,056</b>	<b>\$ 23,518,662</b>	<b>\$ 97,879,603</b>	<b>\$ 99,854,855</b>

\* As restated

Governmental activities decreased the net position of the City by \$2,136,646. Total tax revenues for the City were \$14.4 million, which represents 69% of the financing of these activities. Program revenues for the functions totaled \$6.1 million or 29% of the funding. The following table shows the cost of the City's programs as well as each program's 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.



**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Net Cost of Governmental Activities			
	Total Cost of Service		Net Cost of Service	
	2019	2018	2019	2018
General government and other	\$ 4,742,304	\$ 4,916,177	\$ 3,170,510	\$ 3,012,777
Public safety	8,144,137	6,843,019	7,069,875	5,958,537
Public works and maintenance	6,147,213	14,260,955	4,578,919	4,479,354
Parks and recreation	3,150,443	3,181,159	1,821,681	1,818,199
Airport	1,036,428	931,375	436,769	491,003
Interest on long-term debt	264,469	-	264,469	-
Total	\$ 23,484,994	\$ 30,132,685	\$ 17,342,223	\$ 15,759,870

**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased the City's net position by \$161,394. Last year the business-type activities decreased \$89,699.

**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, 2019 the General Fund's fund balance was \$3,483,332.

The City's General Fund's fund balance decreased by \$151,061 or 4.34% from the prior year fund balance. This was due to the second payment of \$545,000 for a new fire truck (final spend down of the lease purchase financing received in FY 2018).

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

- The Street Fund decreased by \$143,483 from the fund balance at the end of the prior year. This decrease is due to higher capital outlay expenditures related to TDD projects in 2019.
- The Recreation Center Fund decreased by \$568,704 from the fund balance at the end of the prior year. This decrease was due to a drop in Centre membership revenues due to a new private fitness facility opening in Rolla, the transfer of \$72,125 to the General Fund for administrative support, and the annual operating deficit in 2019.
- The Parks Fund increased by \$52,001 from the fund balance at the end of the prior year. This increase is due to Prop P revenues and an intentional buildup of reserves for future park improvements.
- The Airport Fund increased by \$72,372 from the fund balance at the end of the prior year. This increase is due to a delay of the Runway 4-22 rehab project until FY 2020.
- The Cemetery Fund increased by \$13,572 from the fund balance at the end of the prior year. This increase is due to cemetery plot purchases and no capital expenditures in FY 2019.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

- The Park Land Reserve Fund increased by \$27,730 over the prior year fund balance. This increase is due to a large residential subdivision development (dedication fee) and no specified special park project in FY 2019.

**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 \$1,308,379. The total increase in net position was \$209,781 or 1.1% from the prior year fund balance. Unrestricted net position at the end of the year for the Environmental Services Fund totaled \$836,651. The total decrease in net position was \$48,387 or 1.0% from the prior year fund balance.

**CAPITAL ASSETS**

The City has invested \$103,365,338 at September 30, 2019 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 \$854,994. The City's capital assets, net of accumulated depreciation, consisted of:

	Capital assets, net of accumulated depreciation					
	September 30,					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 12,903,897	\$ 12,824,329	\$ 1,532,324	\$ 1,387,172	\$ 14,436,221	\$ 14,211,501
Construction in progress	-	1,117,113	1,378,598	166,777	1,378,598	1,283,890
Buildings and improvements	11,915,777	10,229,744	2,007,704	2,238,467	13,923,481	12,468,211
Machinery and equipment	4,314,525	3,696,694	2,092,046	2,009,906	6,406,571	5,706,600
Infrastructure	47,248,010	50,059,639	-	-	47,248,010	50,059,639
Sewer collection system	-	-	19,972,457	20,490,491	19,972,457	20,490,491
<b>Total</b>	<b>\$ 76,382,209</b>	<b>\$ 77,927,519</b>	<b>\$ 26,983,129</b>	<b>\$ 26,292,813</b>	<b>\$ 103,365,338</b>	<b>\$ 104,220,332</b>

Additional information on the City's capital assets can be found in Note 1 H and Note 6 in the notes to basic financial statements.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**LONG-TERM DEBT**

The City had government-wide debt outstanding as of September 30, 2019 of \$22,083,876 compared to \$21,482,551 as of September 30, 2018. The increase of \$601,325 was due to the issuance of \$1,520,000 Series 2019 A Sewer System Revenue Bonds and increases in the City OPEB obligation exceeding principal payments made on outstanding debt.

The following is a summary of long-term debt:

	Outstanding Obligations					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital lease payable	\$ 2,790,696	\$ 3,426,402	\$ 153,692	\$ 228,672	\$ 2,944,388	\$ 3,655,074
Certificates of participation	3,948,698	4,037,999	3,576,305	3,837,001	7,525,003	7,875,000
Premiums	-	22,048	33,163	37,900	33,163	-
General obligation bonds	-	620,000	-	-	-	620,000
Discount on issuance	(1,235)	(1,459)	-	-	(1,235)	(1,459)
Revenue bonds	-	-	3,435,000	2,445,000	3,435,000	2,445,000
Net OPEB liability	5,531,666	4,588,469	1,381,334	1,123,602	6,913,000	5,712,071
Compensated absences	1,072,998	1,019,941	161,559	156,924	1,234,557	1,176,865
Total	<u>\$ 13,342,823</u>	<u>\$ 13,713,400</u>	<u>\$ 8,741,053</u>	<u>\$ 7,829,099</u>	<u>\$ 22,083,876</u>	<u>\$ 21,482,551</u>

Additional information on the City's long-term debt can be found in Note 7 in the notes to the basic financial statements.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues for the City's General Fund of \$7,897,998 were \$230,002 under the budgeted revenues of \$8,128,000. This was mainly due to property taxes and sales tax receipts coming under budget projections. The City's General Fund expenditures of \$12,057,890 was \$531,315 over the budgeted amount of \$11,526,575 due to the second payment on a new fire truck received in FY 2019.

**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 2019 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 2019 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.

**CITY OF ROLLA, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

- 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 6.93% in fiscal year 2019. A portion of that growth is redirected back to the two TIF projects (50% of the sales tax increment from those areas) resulting in net sales tax growth of 2.3%. Staff will continue to monitor the situation closely and has conservatively budgeted sales tax growth in fiscal year 2020. The City has a solid economic base with education, retail and healthcare services.
- The City's self-funded health insurance program ended calendar year 2018 with an employee contribution rate of 33.42% (below the objective of 33% employee coverage). Even with premium increases in 2017 and 2018, FY 2019 is approaching 30% 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 in-cluded 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 September 2019, the Community has donated funds of approximately \$750,000 – 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, 2019**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Rolla Municipal Utility</u>
<b>Assets</b>				
Cash and investments	\$ 5,229,884	\$ 3,225,081	\$ 8,454,965	\$ 21,338,354
Taxes receivable, net	1,992,605	-	1,992,605	-
Utilities receivable, net	-	1,078,868	1,078,868	3,083,666
Other accounts receivable	1,042,538	-	1,042,538	194,901
Court fines receivable, net	78,378	-	78,378	-
Intergovernmental receivable	141,737	-	141,737	-
Special assessments receivable	61,615	-	61,615	-
Accrued interest receivable	-	3,778	3,778	-
Inventory	34,265	-	34,265	709,674
Prepaid items	45,363	-	45,363	259,660
Restricted cash and investments	837,970	1,042,058	1,880,028	-
Net pension asset	3,105,308	647,305	3,752,613	2,982,350
Capital assets:				-
Not being depreciated	12,903,897	2,910,922	15,814,819	2,704,815
Being depreciated, net of depreciation	63,478,312	24,072,207	87,550,519	35,210,658
<b>Total assets</b>	<b>88,951,872</b>	<b>32,980,219</b>	<b>121,932,091</b>	<b>66,484,078</b>
<b>Deferred Outflows of Resources</b>				
OPEB related deferred outflows	626,622	171,227	797,849	51,296
Pension related deferred outflows	1,144,909	237,459	1,382,368	171,840
<b>Total deferred outflows of resources</b>	<b>1,771,531</b>	<b>408,686</b>	<b>2,180,217</b>	<b>223,136</b>
<b>Liabilities</b>				
Accounts payable	1,251,936	263,229	1,515,165	3,056,630
Accrued expenses	230,108	71,030	301,138	32,023
Police evidence payable	11,072	-	11,072	-
Deposits payable	-	-	-	1,796,404
Court bonds payable	2,966	-	2,966	-
Refundable permits	31,865	-	31,865	-
Accrued interest payable	72,068	58,138	130,206	5,033
Arbitrage payable	-	79,228	79,228	-
Net OPEB liability	5,531,666	1,381,334	6,913,000	488,638
Long term debt:				
Due to other governments	-	280,000	280,000	-
Due within one year	1,790,569	1,001,190	2,791,759	305,292
Due in more than one year	6,020,588	6,358,529	12,379,117	572,537
<b>Total liabilities</b>	<b>14,942,838</b>	<b>9,492,678</b>	<b>24,435,516</b>	<b>6,256,557</b>
<b>Deferred Inflows of Resources</b>				
OPEB related deferred inflows	183,161	44,140	227,301	15,148
Pension related deferred inflows	1,397,857	172,031	1,569,888	870,741
Asset purchase agreement	-	-	-	250,000
<b>Total deferred inflow of resources</b>	<b>1,581,018</b>	<b>216,171</b>	<b>1,797,189</b>	<b>1,135,889</b>
<b>Net Position</b>				
Net investment in capital assets	68,906,274	19,780,235	88,686,509	37,225,473
Restricted :				
Pension benefits	2,852,360	712,733	3,565,093	2,283,449
Debt service	-	1,042,058	1,042,058	-
Streets	1,992,012	-	1,992,012	-
Parks and recreation	310,935	-	310,935	-
Unrestricted	137,966	2,145,030	2,282,996	19,805,846
<b>Total net position</b>	<b>\$ 74,199,547</b>	<b>\$ 23,680,056</b>	<b>\$ 97,879,603</b>	<b>\$ 59,314,768</b>

See accompanying notes to the basic financial statements

II A.23.

City of Rolla, Missouri  
Statement of Activities  
For the Year Ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Rolla Municipal Utility
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>								
<b>Governmental activities</b>								
Administrative	\$ 556,580	\$ -	\$ -	\$ -	\$ (556,580)	\$ -	\$ (556,580)	\$ -
Administrator	331,910	-	-	-	(331,910)	-	(331,910)	-
Finance	602,573	55,922	-	-	(546,651)	-	(546,651)	-
Legal services	72,829	-	-	-	(72,829)	-	(72,829)	-
City court	86,375	-	-	-	(86,375)	-	(86,375)	-
911 telecommunications	1,104,175	1,042,632	-	-	(61,543)	-	(61,543)	-
Animal shelter	138,128	6,929	34,499	-	(96,700)	-	(96,700)	-
Police	4,095,098	259,548	187,265	82,420	(3,565,865)	-	(3,565,865)	-
Fire	4,049,039	534,829	10,200	-	(3,504,010)	-	(3,504,010)	-
Building maintenance	82,666	-	-	-	(82,666)	-	(82,666)	-
Engineering	860,582	-	-	-	(860,582)	-	(860,582)	-
Community development	434,017	93,719	-	-	(340,298)	-	(340,298)	-
Library	237,131	243,197	-	-	6,066	-	6,066	-
Economic development	235,338	60,300	-	-	(175,038)	-	(175,038)	-
Public works	6,147,213	1,296,442	-	271,852	(4,578,919)	-	(4,578,919)	-
Parks and recreation	3,150,443	1,317,318	-	-	(1,833,125)	-	(1,833,125)	-
Airport	1,036,428	377,552	-	222,117	(436,759)	-	(436,759)	-
Cemetery	-	46,030	-	-	46,030	-	46,030	-
Interest on long-term debt	264,469	-	-	-	(264,469)	-	(264,469)	-
<b>Total governmental activities</b>	<b>23,484,994</b>	<b>5,334,418</b>	<b>231,964</b>	<b>576,389</b>	<b>(17,342,223)</b>	<b>-</b>	<b>(17,342,223)</b>	<b>-</b>
<b>Business-type activities</b>								
Sewer	3,205,857	3,666,648	-	-	-	460,791	460,791	460,791
Environmental services	3,379,676	3,479,462	13,114	-	-	112,900	112,900	112,900
<b>Total business-type activities</b>	<b>6,585,533</b>	<b>7,146,110</b>	<b>13,114</b>	<b>-</b>	<b>-</b>	<b>573,691</b>	<b>573,691</b>	<b>573,691</b>
<b>Total primary government</b>	<b>\$ 30,070,527</b>	<b>\$ 12,480,528</b>	<b>\$ 245,078</b>	<b>\$ 576,389</b>	<b>(17,342,223)</b>	<b>573,691</b>	<b>(16,768,532)</b>	<b>573,691</b>
<b>Component Unit</b>								
<b>Total component unit</b>	<b>\$ 30,586,187</b>	<b>\$ 31,623,574</b>	<b>\$ -</b>	<b>\$ 336,281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,373,668</b>
<b>General revenues:</b>								
<b>Taxes:</b>								
Property taxes					1,247,116	-	1,247,116	-
Sales taxes					9,800,298	-	9,800,298	-
Motor vehicle					794,289	-	794,289	-
Payment in lieu of taxes					1,535,660	-	1,535,660	-
Other					456,552	-	456,552	-
Franchise fees					551,845	-	551,845	-
Investment income					87,538	118,302	205,840	218,655
Other					188,779	12,901	201,680	306,257
Transfers					543,500	(543,500)	-	-
<b>Total general revenues</b>					<b>15,205,577</b>	<b>(412,297)</b>	<b>14,793,280</b>	<b>524,912</b>
Change in net position					(2,136,646)	161,394	(1,975,252)	1,898,580
<b>Net position, beginning of year, as restated</b>					<b>76,336,193</b>	<b>23,518,662</b>	<b>99,854,855</b>	<b>57,416,188</b>
<b>Net position, end of year</b>					<b>\$ 74,199,547</b>	<b>\$ 23,680,056</b>	<b>\$ 97,879,603</b>	<b>\$ 59,314,768</b>

See accompanying notes to the basic financial statements

Exhibit B

II. A. 24.

CITY OF ROLLA, MISSOURI  
Balance Sheet - Governmental Funds  
September 30, 2019

	General	Street	Recreation Center	Parks	Airport	Cemetery	Park Land Reserve	Total Governmental Funds
<b>Assets</b>								
Cash and investments	\$ 1,541,181	\$ 1,099,968	\$ 1,577,966	\$ 252,379	\$ 23,126	\$ 364,222	\$ 122,316	\$ 4,981,158
Taxes receivable, net	1,119,831	694,649	11	178,114	-	-	-	1,992,605
Other accounts receivable	413,803	457,797	5,685	8,474	10,473	-	-	896,232
Court fines receivable, net	78,378	-	-	-	-	-	-	78,378
Due from other funds	135,740	-	-	-	-	-	-	135,740
Intergovernmental receivable	33,442	104,609	-	-	3,686	-	-	141,737
Special assessments receivable	51,419	10,196	-	-	-	-	-	61,615
Inventory	-	-	-	-	34,265	-	-	34,265
Prepaid items	45,363	-	-	-	-	-	-	45,363
Restricted cash and investments	837,970	-	-	-	-	-	-	837,970
<b>Total Assets</b>	<b>\$ 4,257,127</b>	<b>\$ 2,367,219</b>	<b>\$ 1,583,662</b>	<b>\$ 438,967</b>	<b>\$ 71,550</b>	<b>\$ 364,222</b>	<b>\$ 122,316</b>	<b>\$ 9,205,063</b>
<b>Liabilities</b>								
Accounts payable	\$ 516,402	\$ 332,673	\$ 36,407	\$ 112,976	\$ 13,650	\$ 600	\$ -	\$ 1,012,708
Accrued liabilities	160,271	32,338	19,141	15,056	3,302	-	-	230,108
Due to other funds	-	-	-	-	135,740	-	-	135,740
Police evidence payable	11,072	-	-	-	-	-	-	11,072
Court bonds payable	2,966	-	-	-	-	-	-	2,966
Refundable permits	31,665	-	200	-	-	-	-	31,865
<b>Total Liabilities</b>	<b>722,376</b>	<b>365,011</b>	<b>55,748</b>	<b>128,032</b>	<b>152,692</b>	<b>600</b>	<b>-</b>	<b>1,424,459</b>
<b>Deferred inflows of resources</b>								
Unavailable revenue								
Special assessments	51,419	10,196	-	-	-	-	-	61,615
<b>Total deferred inflows of resources</b>	<b>51,419</b>	<b>10,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,615</b>
<b>Fund balances:</b>								
<b>Nonspendable:</b>								
Inventory	-	-	-	-	34,265	-	-	34,265
Prepaid items	45,363	-	-	-	-	-	-	45,363
Due from other funds - long-term	135,740	-	-	-	-	-	-	135,740
<b>Restricted for:</b>								
Police	84,429	-	-	-	-	-	-	84,429
Animal shelter	575,755	-	-	-	-	-	-	575,755
Economic development	130,050	-	-	-	-	-	-	130,050
Capital outlay	44,770	-	-	-	-	-	-	44,770
Street	-	1,992,012	-	-	-	-	-	1,992,012
Parks and recreation	-	-	-	310,935	-	-	-	310,935
<b>Assigned for:</b>								
Parks and recreation	-	-	1,527,914	-	-	-	-	1,527,914
Cemetery	-	-	-	-	-	363,622	-	363,622
Park land reserve	-	-	-	-	-	-	122,316	122,316
Unassigned	2,467,225	-	-	-	(115,407)	-	-	2,351,818
<b>Total fund balance</b>	<b>3,483,332</b>	<b>1,992,012</b>	<b>1,527,914</b>	<b>310,935</b>	<b>(81,142)</b>	<b>363,622</b>	<b>122,316</b>	<b>7,718,989</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,257,127</b>	<b>\$ 2,367,219</b>	<b>\$ 1,583,662</b>	<b>\$ 438,967</b>	<b>\$ 71,550</b>	<b>\$ 364,222</b>	<b>\$ 122,316</b>	<b>\$ 9,205,063</b>

See accompanying notes to the basic financial statements

II A-25

**CITY OF ROLLA, MISSOURI**  
**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position**  
**September 30, 2019**

Fund balances of governmental funds	\$	7,718,989
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 fund statements.		76,382,209
Net pension assets are not due and available to be used as current period resources and therefore are not reported in the governmental fund statements.		3,105,308
Deferred outflows and inflows related to pension and OPEB activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position		190,513
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and		
Long-term liabilities		(7,811,157)
OPEB		(5,531,666)
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.		61,615
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.		(72,068)
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 statement of net position.		155,804
Net position of governmental activities	<u>\$</u>	<u>74,199,547</u>

See accompanying notes to the basic financial statements

*II. A. 26.*



**CITY OF ROLLA, MISSOURI**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2019**

	General	Street	Recreation Center	Parks	Airport	Cemetery	Park Land Reserve	Total Governmental Funds
<b>Revenues:</b>								
Taxes	\$ 7,897,998	\$ 4,318,264	\$ 474	\$ 1,374,132	\$ -	\$ -	\$ -	\$ 13,590,868
Licenses and permits	203,287	-	-	-	-	-	-	203,287
Intergovernmental	2,398,337	1,917,739	-	-	222,116	-	-	4,538,192
Charges for services	55,327	247,469	1,033,181	206,704	381,401	10,260	-	1,934,342
Fines and forfeitures	215,867	-	-	-	-	-	-	215,867
Investment income	34,278	15,683	24,369	3,423	573	3,312	730	82,368
Miscellaneous	158,885	9,686	20,788	20,659	10,709	-	27,000	247,727
<b>Total Revenues</b>	<b>10,963,979</b>	<b>6,508,841</b>	<b>1,078,812</b>	<b>1,604,918</b>	<b>614,799</b>	<b>13,572</b>	<b>27,730</b>	<b>20,812,651</b>
<b>Expenditures:</b>								
Current:								
Administrative	420,997	-	-	-	-	-	-	420,997
Administrator	327,617	-	-	-	-	-	-	327,617
Finance	596,210	-	-	-	-	-	-	596,210
Legal services	72,829	-	-	-	-	-	-	72,829
City court	87,427	-	-	-	-	-	-	87,427
911 telecommunications	1,070,600	-	-	-	-	-	-	1,070,600
Animal shelter	133,249	-	-	-	-	-	-	133,249
Police	3,429,906	-	-	-	-	-	-	3,429,906
Fire	3,181,202	-	-	-	-	-	-	3,181,202
Building maintenance	75,094	-	-	-	-	-	-	75,094
Engineering	825,997	-	-	-	-	-	-	825,997
Community development	420,592	-	-	-	-	-	-	420,592
Library	240,606	-	-	-	-	-	-	240,606
Economic development	237,403	-	-	-	-	-	-	237,403
Public works	-	2,242,619	-	-	-	-	-	2,242,619
Parks and recreation	-	-	1,436,107	1,148,772	-	-	-	2,584,879
Airport	-	-	-	-	706,734	-	-	706,734
Capital outlay	349,352	3,040,170	81,626	332,045	5,458	-	-	3,808,651
Debt service:								
Principal	450,752	803,216	51,593	-	39,446	-	-	1,345,007
Interest and other fiscal charges	138,057	91,194	6,065	-	10,789	-	-	246,105
<b>Total Expenditures</b>	<b>12,057,890</b>	<b>6,177,199</b>	<b>1,575,391</b>	<b>1,480,817</b>	<b>762,427</b>	<b>-</b>	<b>-</b>	<b>22,053,724</b>
Excess of Revenues								
Over (Under) Expenditures	(1,093,911)	331,642	(496,579)	124,101	(147,628)	13,572	27,730	(1,241,073)
<b>Other financing sources (uses):</b>								
Transfers in	1,162,850	-	-	-	220,000	-	-	1,382,850
Transfers out	(220,000)	(475,125)	(72,125)	(72,100)	-	-	-	(839,350)
<b>Total Other Financing Sources (Uses)</b>	<b>942,850</b>	<b>(475,125)</b>	<b>(72,125)</b>	<b>(72,100)</b>	<b>220,000</b>	<b>-</b>	<b>-</b>	<b>543,500</b>
Net change in fund balances	(151,061)	(143,483)	(568,704)	52,001	72,372	13,572	27,730	(697,573)
Fund balances (deficit), beginning of year	3,634,393	2,135,495	2,096,618	258,934	(153,514)	350,050	94,586	8,416,562
Fund balances (deficit), end of year	\$ 3,483,332	\$ 1,992,012	\$ 1,527,914	\$ 310,935	\$ (81,142)	\$ 363,622	\$ 122,316	\$ 7,718,989

See accompanying notes to the basic financial statements

**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, 2019**

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

Net change in fund balances - total governmental funds	\$ (697,573)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay costs in excess of capitalization threshold	1,909,963
Depreciation	(3,444,815)
Disposal of capital assets	(10,458)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.</p>	
Other revenues	(12,973)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>	
Changes in long-term debt, net	1,366,831
Changes in deferred amount on refunding	(9,132)
Changes in accrued interest expense	(31,056)
<p>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 governmental funds.</p>	
Change in compensated absences and other post employment benefits payable	(344,559)
Changes in net pension asset, deferred outflows and inflows	(522,942)
<p>The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The net income (loss) of certain activities of the Internal Service Fund are included in the governmental activities.</p>	
	<u>(339,932)</u>
Change in net position of governmental activities	<u>\$ (2,136,646)</u>

See accompanying notes to the basic financial statements

*II, A. 28.*

**CITY OF ROLLA, MISSOURI**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2019**

	<u>Enterprise Funds</u>			Internal Service Fund
	Sewer	Environmental Services	Totals	
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 1,731,072	\$ 1,494,009	\$ 3,225,081	\$ 248,726
Utility receivables, net	674,765	404,103	1,078,868	-
Other accounts receivable	-	-	-	146,306
Accrued interest receivable	3,778	-	3,778	-
<b>Total current assets</b>	<b>2,409,615</b>	<b>1,898,112</b>	<b>4,307,727</b>	<b>395,032</b>
Noncurrent assets:				
Restricted cash and investments	1,042,058	-	1,042,058	-
Net Pension Asset	263,148	384,157	647,305	-
Capital assets:				
Not being depreciated	2,240,259	670,663	2,910,922	-
Being depreciated, net of depreciation	21,113,741	2,958,466	24,072,207	-
<b>Total noncurrent assets</b>	<b>24,659,206</b>	<b>4,013,286</b>	<b>28,672,492</b>	<b>-</b>
<b>Total assets</b>	<b>27,068,821</b>	<b>5,911,398</b>	<b>32,980,219</b>	<b>395,032</b>
<b>Deferred Outflows of Resources</b>				
OPEB related deferred outflows	63,728	107,499	171,227	-
Pension related deferred outflows	96,335	141,124	237,459	-
<b>Total Deferred Outflows of Resources</b>	<b>160,063</b>	<b>248,623</b>	<b>408,686</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	148,699	114,530	263,229	239,228
Accrued liabilities	31,864	39,166	71,030	-
Accrued interest payable	58,138	-	58,138	-
Arbitrage payable	79,228	-	79,228	-
Current maturities on long-term debt	937,490	63,700	1,001,190	-
<b>Total current liabilities:</b>	<b>1,255,419</b>	<b>217,396</b>	<b>1,472,815</b>	<b>239,228</b>
Long-term liabilities:				
Due to other governments	280,000	-	280,000	-
Net OPEB liability	500,572	880,762	1,381,334	-
Due in more than one year	6,316,054	42,475	6,358,529	-
<b>Total long-term liabilities:</b>	<b>7,096,626</b>	<b>923,237</b>	<b>8,019,863</b>	<b>-</b>
<b>Total liabilities</b>	<b>8,352,045</b>	<b>1,140,633</b>	<b>9,492,678</b>	<b>239,228</b>
<b>Deferred Inflows of Resources</b>				
OPEB related deferred inflows	15,813	28,327	44,140	-
Pension related deferred inflows	70,079	101,952	172,031	-
<b>Total Deferred Inflows of Resources</b>	<b>85,892</b>	<b>130,279</b>	<b>216,171</b>	<b>-</b>
<b>Net position</b>				
Net investment in capital assets	16,151,106	3,629,129	19,780,235	-
Restricted	1,331,462	423,329	1,754,791	-
Unrestricted	1,308,379	836,651	2,145,030	155,804
<b>Total net position</b>	<b>\$ 18,790,947</b>	<b>\$ 4,889,109</b>	<b>\$ 23,680,056</b>	<b>\$ 155,804</b>

See accompanying notes to the basic financial statements

**CITY OF ROLLA, MISSOURI**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	<u>Enterprise Funds</u>			Internal Service Fund
	Sewer	Environmental Services	Totals	
<b>Operating revenues:</b>				
Charges for services - Utilities	\$ 3,666,244	\$ 3,479,462	\$ 7,145,706	\$ -
Charges - other departments	-	-	-	3,210,031
Contributions - Employees	-	-	-	822,672
Miscellaneous	404	-	404	-
Total operating revenues	<u>3,666,648</u>	<u>3,479,462</u>	<u>7,146,110</u>	<u>4,032,703</u>
<b>Operating expenses:</b>				
Personnel services	979,835	1,616,545	2,596,380	-
Contractual services	314,800	103,902	418,702	-
Repairs and maintenance	464,330	307,171	771,501	-
Supplies	13,730	186,282	200,012	-
Utilities	285,432	23,884	309,316	-
Insurance claims and expenses	59,563	75,809	135,372	4,377,805
Landfill	-	711,745	711,745	-
Depreciation	797,965	329,535	1,127,500	-
Miscellaneous	29,499	24,803	54,302	-
Total operating expenses	<u>2,945,154</u>	<u>3,379,676</u>	<u>6,324,830</u>	<u>4,377,805</u>
Operating income (loss)	<u>721,494</u>	<u>99,786</u>	<u>821,280</u>	<u>(345,102)</u>
<b>Nonoperating revenues:</b>				
Sale of capital assets	4,454	8,447	12,901	-
Intergovernmental	-	13,114	13,114	-
Interest income	115,836	2,466	118,302	5,170
Interest and fiscal charges	(260,703)	-	(260,703)	-
Total nonoperating revenues	<u>(140,413)</u>	<u>24,027</u>	<u>(116,386)</u>	<u>5,170</u>
Income (loss) before transfers	581,081	123,813	704,894	(339,932)
Transfers out	<u>(371,300)</u>	<u>(172,200)</u>	<u>(543,500)</u>	<u>-</u>
Change in net position	209,781	(48,387)	161,394	(339,932)
Total net position, beginning of year, as restated	18,581,166	4,937,496	23,518,662	495,736
Total net position, end of year	<u>\$ 18,790,947</u>	<u>\$ 4,889,109</u>	<u>\$ 23,680,056</u>	<u>\$ 155,804</u>

See accompanying notes to the basic financial statements

II A. 30.

**CITY OF ROLLA, MISSOURI**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	Enterprise Funds			Internal Service Fund
	Sewer	Environmental Services	Totals	
Cash flows from operating activities:				
Receipts from customers and others	\$ 3,645,476	\$ 3,461,224	\$ 7,106,700	\$ 3,957,349
Payments to suppliers	(1,347,499)	(1,436,262)	(2,783,761)	(4,277,222)
Payments to employees	(975,808)	(1,593,209)	(2,569,017)	-
Net cash provided by (used in) operating activities	1,322,169	431,753	1,753,922	(319,873)
Cash flows from noncapital financing activities:				
Transfers in (out)	(371,300)	(172,200)	(543,500)	-
Payments to other governments	(262,500)	-	(262,500)	-
Intergovernmental operating grants	-	13,114	13,114	-
Net cash provided by (used in) noncapital financing activities	(633,800)	(159,086)	(792,886)	-
Cash flows from investing activities:				
Interest received	119,378	2,466	121,844	5,170
Net cash provided by (used in) investing activities	119,378	2,466	121,844	5,170
Cash flows from capital and related financing activities:				
Purchases of capital assets	(1,513,837)	(291,078)	(1,804,915)	-
Debt proceeds	1,520,000	-	1,520,000	-
Payment of debt principal	(866,787)	-	(866,787)	-
Payment of interest expense	(266,713)	-	(266,713)	-
Intergovernmental capital grants grants	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,127,337)	(291,078)	(1,418,415)	-
Net change in cash and equivalents	(319,590)	(15,945)	(335,535)	(314,703)
Cash and equivalents, beginning of year	3,092,720	1,509,954	4,602,674	563,429
Cash and equivalents, end of year	\$ 2,773,130	\$ 1,494,009	\$ 4,267,139	\$ 248,726
Total cash and investments reported on the Statement of Net Position	\$ 2,773,130	\$ 1,494,009	\$ 4,267,139	\$ 248,726
Cash and investments reported on the Statement of Net Position				
Cash and investments	\$ 1,731,072	\$ 1,494,009	3,225,081	\$ 248,726
Restricted cash and investments	1,042,058	-	1,042,058	-
Total cash and investments	\$ 2,773,130	\$ 1,494,009	\$ 4,267,139	\$ 248,726
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 721,494	\$ 99,786	821,280	\$ (345,102)
Adjustments to reconcile operating loss to net cash used by operations:				
Depreciation	797,965	329,535	1,127,500	-
Change in compensated absences and OPEB	95,923	162,814	258,737	-
Changes in net pension asset/liability	94,295	138,499	232,794	-
Changes in deferred outflows of resources	(103,269)	(165,576)	(268,845)	-
Changes in deferred inflows of resources	(81,189)	(119,805)	(200,994)	-
Changes in:				
Receivables	(21,172)	(18,238)	(39,410)	(71,910)
Prepaid expenses and deposits	37,964	59,881	97,845	-
Accounts and claims payable	(217,255)	(62,547)	(279,802)	100,583
Accrued liabilities	(1,733)	7,404	5,671	-
Arbitrage payable	(854)	-	(854)	-
Unearned revenue	-	-	-	(3,444)
Net cash provided by (used in) operating activities	\$ 1,322,169	\$ 431,753	\$ 1,753,922	\$ (319,873)

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**(1) 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 a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, airport, and cemetery operations. Other services include sewer and sanitation operations. Rolla Municipal Utilities (RMU) provides water and electric services.

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

**A. Financial Reporting Entity**

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The accompanying financial statements present the City (the primary government) and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with GAAP, and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden exists.

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

**Discretely Presented Component Unit**

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

The Rolla Municipal Utility (RMU) 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, 2019, are available in their entirety at RMU.

**Related Organizations**

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.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

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.

**B. Basis of Presentation**

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

*Government-wide financial statements*

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

*Fund financial statements*

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

**GOVERNMENTAL FUNDS**

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

The following is the City's 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.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**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.

**PROPRIETARY FUNDS**

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

The following are the City's 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.

**C. Basis of Accounting**

*Government-wide Financial Statements*

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

*Governmental Fund Financial Statements*

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

*Revenue Recognition*

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



City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

*Expenditure Recognition*

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

*Proprietary Fund Financial Statements*

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

**D. Cash and Investments**

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

**E. Accounts Receivable**

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

**F. Prepaid Items**

Prepaid items reflect the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized using the consumption method over the policy periods in both the government-wide and fund financial statements.

**G. Inventory**

Inventory for the City is stated at the lower of costs of market using the first-in, first-out (FIFO) method. Inventories primarily consist of materials and supplies. The costs of these inventories are recorded as an expense when consumed or sold. RMU inventories are stated at lower of cost or market. Cost is determined using the average cost method.

**H. Capital Assets**

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

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

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

Depreciable assets (which do not include land or construction-in-progress assets) are depreciated using the straight-line method over the following estimated useful lives:

**Primary Government**

	Years
Buildings and improvements	15 – 50
Machinery and equipment	5 – 40
Vehicles	5 – 20
Infrastructure – Streets	7 – 50
Transmission lines and mains	30 – 50

**RMU**

	Years
Electric plant:	
General electric plant	20
Transportation equipment	6 $\frac{2}{3}$
Power operated equipment	6 $\frac{2}{3}$
Stores, laboratory, tools, communication and miscellaneous equipment	10
Water plant:	
General water plant	33 $\frac{1}{3}$
Pumping plant	10
Chlorination and fluoridation equipment	20
Laboratory and general equipment	10

**I. Compensated Absences**

Annual vacation leave is earned by all full-time City 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 of sick leave.

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.

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

Under terms of RMU's personnel policy, employees are granted vacation and sick leave in varying amounts. In the event of termination or separation, employees are compensated for earned, but unused, vacation time up to a maximum of 240 hours. An employee who retires or dies while in service; and having a minimum of 20 years of service with RMU and is eligible to receive retirement benefits from the Missouri Local Government Employee Retirement System (LAGERS) is entitled to receive 25% of unused accumulated sick leave up to the first 360 hours and 50% of any unused sick leave of the next 360 hours. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

**J. Deferred Outflows/inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first item results from actuarial assumption changes, the change in actual and projected experience in calculating the pension asset, and pension contributions made by the City subsequent to the pension valuation date. The contribution amount will be applied during the next fiscal year while the changes in actual versus projected amounts will be amortized over five to seven years. The second item relates to the change in assumptions related to calculating the OPEB liability. These amounts are deferred and recognized as an outflow of resources in future periods.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item relates to the change in actual and projected experience in calculating the pension liability and the difference between actual and projected earnings in calculating the net pension asset. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available over five to seven years. The second item relates to the change in assumptions related to calculating the OPEB liability. These amounts are deferred and recognized as an inflow of resources in future periods. The third item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to special assessment taxes... These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

**K. Interfund Activity**

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

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

**Transfers** – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

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**L. Fund Balances**

In the fund financial statements, governmental funds report the following fund balance classifications:

**Non-Spendable** – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Restricted** – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or 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** – This consists of amounts which are constrained by City management's intent to be used for a specific purpose but do not meet the criteria to be classified as committed. In accordance with the approved City policy only the City Council has the authority to assign amounts for a specific purpose in this category.

**Unassigned** – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

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

**M. Net Position Classifications**

In the government-wide statements, equity is shown as net position and classified into three components:

**Net investment in capital assets** – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position** – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

**Unrestricted net position** – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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**N. Statement of Cash Flows**

For purposes of the statement of cash flows, short-term investments and certificates of deposit with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents

**O. Stewardship, Compliance and Accountability**

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

Actual expenditures exceeded budgeted appropriation in the General Fund by \$531,315.

RSMo section 302.341 requires the City to annually calculate the percentage of its general revenue that comes from traffic violations. Any such revenues that exceed 20% of total general revenues are required to be transferred to the Director of the Missouri Department of Revenue. In the current year, the City has reported fines and forfeitures, which includes traffic violations and other additional items, in the amount of \$215,867. This amount is approximately 2.5% of total general revenues of \$10,973,873 and, accordingly, the management of the City believes that they are in compliance with the requirements of the Statute.

The Airport Fund has a deficit fund balance at September 30, 2019 of (\$81,142). This deficit will be financed through future revenues of the fund.

**P. Use of Estimates**

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

**(2) Cash and Investments**

A summary of the carrying values of deposits, investments and petty cash at September 30, 2019 is as follows:

Deposits	\$ 31,085,951
Investments	413,051
Investments held in trust	171,440
Petty cash	2,905
Total cash and investments	<u>\$ 31,673,347</u>

These carrying values are reflected in the financial statements as follows:

**Primary Government:**

Government-wide:

Cash and investments	\$ 8,454,965
Restricted cash and investments	1,880,028
	<u>10,334,993</u>

**Component unit:**

Cash and investments	<u>21,338,354</u>
Total cash and investments	<u>\$ 31,673,347</u>

City of Rolla, Missouri  
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*Investment Policy*

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

The City maintains a cash and investment pool, which is available for use by most funds. Each fund's portion of this pool is displayed as cash and investments or in restricted cash and investments. Interest earned is allocated to the funds based on average monthly cash and investment balances. Cash and investments are held separately by some of the City's funds. Additionally, certain restricted cash and investments are invested in accordance with bond ordinances by the trustee in guaranteed investment contracts and money market mutual funds.

*Custodial Credit Risk*

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

At September 30, 2019, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held by the City's agent in the City's name.

At September 30, 2019, RMU's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held by the RMU's agent in the RMU's name.

The carrying amount and maturity segment for the City's investments at September 30, 2019 are as follows:

Investments	Total	Investment Maturity	
		1 year or less	1 to 5 years
Guaranteed investment contracts	\$ 413,051	\$ -	\$ 413,051
Money market mutual funds	171,440	171,440	-
Totals	<u>\$ 584,491</u>	<u>\$ 171,440</u>	<u>\$ 413,051</u>

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*Credit Risk*

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

*Interest Rate Risk*

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 and RMU 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*

The City's and RMU's investment policy do not limit the amount that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of following as of September 30, 2019:

Investments	Fair Value	Percentage of Total Investments
Guaranteed investment contracts	\$ 413,051	70.67%
Money market mutual funds	171,440	29.33%

*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, 2019 the City's invested in guaranteed investment contracts and money market funds which are not subject to fair value level classification.

**(3) Tax Revenues and Taxes Receivable**

The City's property taxes are levied and recorded each November 1 on the assessed value as of the prior January 1 for all property located in the City and are delinquent on January 1 (the lien date) following the levy date. Assessed values are established by the county assessor, subject to review by the County's Board of Equalization. The assessed value of local property at January 1, 2018, was \$216,923,884.

The tax levy per \$100 of assessed valuation of tangible property for the tax year ended September 30, 2019 was as follows:

General Fund	\$ 0.4598
Public Library	0.1919
Parks Fund	0.1132
	\$ 0.7649

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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Tax revenues for the year ended September 30, 2019 consisted of the following:

	Property Tax	Sales Tax	PILOTS	Franchise Tax	Other Taxes	Total
General Fund	\$ 981,762	\$ 4,372,782	\$1,535,660	\$ 551,845	\$ 455,949	\$ 7,897,998
Street Fund	-	4,318,264	-	-	-	4,318,264
Recreation Fund	-	474	-	-	-	474
Parks Fund	265,354	1,108,778	-	-	-	1,374,132
	<u>\$ 1,247,116</u>	<u>\$ 9,800,298</u>	<u>\$1,535,660</u>	<u>\$ 551,845</u>	<u>\$ 455,949</u>	<u>\$ 13,590,868</u>

Taxes receivable consisted of the following at September 30, 2019:

	Property Tax	Sales Tax	PILOTS	Franchise Tax	Other Taxes	Total
General Fund	\$ 25,495	\$ 694,648	\$ 325,570	\$ 6,741	\$ 67,377	\$ 1,119,831
Street Fund	-	694,649	-	-	-	694,649
Recreation Fund	-	11	-	-	-	11
Parks Fund	4,460	173,654	-	-	-	178,114
	<u>\$ 29,955</u>	<u>\$ 1,562,962</u>	<u>\$ 325,570</u>	<u>\$ 6,741</u>	<u>\$ 67,377</u>	<u>\$ 1,992,605</u>

**(4) Intergovernmental Revenue/Receivables**

Intergovernmental revenues for the year ended September 30, 2019 consisted of the following:

	General Fund	Street Fund	Airport Fund	Total Governmental Funds
Grants - Federal, State and Local				
	\$ 237,658	\$ 271,852	\$ 212,116	\$ 721,626
State:				
Motor vehicle fees and taxes	176,685	617,605	-	794,290
Local:				
Administrative fees and reimbursements	1,983,994	1,028,282	-	3,012,276
Total intergovernmental revenue	<u>\$ 2,398,337</u>	<u>\$ 1,917,739</u>	<u>\$ 212,116</u>	<u>\$ 4,528,192</u>



City of Rolla, Missouri  
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Amounts due from other governments at September 30, 2019, were as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Airport Fund</u>	<u>Total Governmental Funds</u>
Grants - State and Local				
State:	\$ 1,331	\$ -	\$ 3,686	\$ 5,017
Motor vehicle fees and taxes	32,111	104,609	-	136,720
Total due from other governments	<u>\$ 33,442</u>	<u>\$ 104,609</u>	<u>\$ 3,686</u>	<u>\$ 141,737</u>

**(5) Interfund Activity**

Transfers between funds for the year ended September 30, 2019 were as follows:

	<u>Transfers in:</u>		
	<u>General Fund</u>	<u>Airport Fund</u>	<u>Total</u>
<b>Transfers out:</b>			
General Fund	\$ -	\$ 220,000	\$ 220,000
Street Fund	475,125	-	475,125
Recreation Fund	72,125	-	72,125
Parks Fund	72,100	-	72,100
Sewer Fund	371,300	-	371,300
Environmental Services Fund	172,200	-	172,200
Total	<u>\$ 1,162,850</u>	<u>\$ 220,000</u>	<u>\$ 1,382,850</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) to use unrestricted revenues collected in a fund used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

Interfund receivable and payable balances as of September 30, 2019 were as follows:

	<u>Due to:</u>
	<u>General</u>
Due from:	
Governmental activities:	
Airport Fund	<u>\$ 135,740</u>
	<u>\$ 135,740</u>

Amounts due to the General Fund from the Airport Fund represent advances for short-term cash flow needs.

City of Rolla, Missouri  
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**(6) Capital Assets**

A summary of the changes in capital assets for the ended September 30, 2019 is as follows:

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 12,824,329	\$ 79,568	\$ -	\$ 12,903,897
Construction in progress	1,117,113	-	1,117,113	-
Total capital assets, not being depreciated	<u>13,941,442</u>	<u>79,568</u>	<u>1,117,113</u>	<u>12,903,897</u>
Capital assets, being depreciated				
Building and improvements	28,429,475	245,428	-	28,674,903
Machinery and equipment	13,149,802	1,405,250	193,378	14,361,674
Infrastructure	85,563,317	1,296,830	-	86,860,147
Total capital assets being depreciated	<u>127,142,594</u>	<u>2,947,508</u>	<u>193,378</u>	<u>129,896,724</u>
Less accumulated depreciation for:				
Building and improvements	15,769,135	989,991	-	16,759,126
Machinery and equipment	9,469,143	760,926	182,920	10,047,149
Infrastructure	37,918,239	1,693,898	-	39,612,137
Total accumulated depreciation	<u>63,156,517</u>	<u>3,444,815</u>	<u>182,920</u>	<u>66,418,412</u>
Total capital assets being depreciated, net	<u>63,986,077</u>			<u>63,478,312</u>
Governmental activities capital assets, net	<u>\$ 77,927,519</u>			<u>\$ 76,382,209</u>

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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<b>Sewer Fund</b>	Balance September 30, 2018 *	Additions	Retirements	Balance September 30, 2019
Capital assets, not being depreciated				
Land	\$ 716,509	\$ 145,152	\$ -	\$ 861,661
Construction in progress	166,777	1,211,821	-	1,378,598
Total capital assets, not being depreciated	<u>883,286</u>	<u>1,356,973</u>	<u>-</u>	<u>2,240,259</u>
Capital assets, being depreciated				
Building and improvements	1,871,043	-	-	1,871,043
Machinery and equipment	2,153,583	121,098	-	2,274,681
Sewer collection system	32,729,826	40,220	-	32,770,046
Total capital assets being depreciated	<u>36,754,452</u>	<u>161,318</u>	<u>-</u>	<u>36,915,770</u>
Less accumulated depreciation for:				
Building and improvements	1,374,354	128,305	-	1,502,659
Machinery and equipment	1,390,375	111,406	-	1,501,781
Sewer collection system	12,239,335	558,254	-	12,797,589
Total accumulated depreciation	<u>15,004,064</u>	<u>797,965</u>	<u>-</u>	<u>15,802,029</u>
Total capital assets being depreciated, net	<u>21,750,388</u>			<u>21,113,741</u>
Sewer Fund capital assets, net	<u>\$ 22,633,674</u>			<u>\$ 23,354,000</u>

\* as restated

<b>Environmental Services</b>	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Capital assets, not being depreciated				
Land	\$ 670,663	\$ -	\$ -	\$ 670,663
Total capital assets, not being depreciated	<u>670,663</u>	<u>-</u>	<u>-</u>	<u>670,663</u>
Capital assets, being depreciated				
Building and improvements	2,912,070	-	-	2,912,070
Machinery and equipment	3,875,970	299,901	5,136	4,170,735
Total capital assets being depreciated	<u>6,788,040</u>	<u>299,901</u>	<u>5,136</u>	<u>7,082,805</u>
Less accumulated depreciation for:				
Building and improvements	1,170,292	102,458	-	1,272,750
Machinery and equipment	2,629,272	227,077	4,760	2,851,589
Total accumulated depreciation	<u>3,799,564</u>	<u>329,535</u>	<u>4,760</u>	<u>4,124,339</u>
Total capital assets being depreciated, net	<u>2,988,476</u>			<u>2,958,466</u>
Environmental Services Fund capital assets, net	<u>\$ 3,659,139</u>			<u>\$ 3,629,129</u>

City of Rolla, Missouri  
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Depreciation expense was charged to functions and programs of the primary government as follows:

<b>Governmental Activities:</b>	
Administrative	\$ 136,288
Finance	1,734
Animal shelter	7,861
Police	223,593
Fire	261,997
Building maintenance	7,978
Engineering	700
Community development	4,467
Public works	1,927,700
Parks and recreation	545,052
Airport	327,445
Governmental activities	<u>\$ 3,444,815</u>
<b>Business-type Activities:</b>	
Sewer	\$ 797,965
Environmental services	329,535
Total depreciation expense for Business-type activities	<u>\$ 1,127,500</u>

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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**RMU**

For the Year Ended September 30, 2019

	Balance September 30, 2018	Additions	Retirements	Balance September 30, 2019
Capital assets not being depreciated:				
Land and land rights	\$ 2,736,951	\$ -	\$ 42,912	\$ 2,694,039
Construction in process	10,500	276	-	10,776
Total capital assets, not being depreciated	<u>2,747,451</u>	<u>276</u>	<u>42,912</u>	<u>2,704,815</u>
Capital assets being depreciated:				
Buildings and improvements	5,538,934	23,700	-	5,562,634
Office furniture, fixtures, and equipment	896,029	135,468	-	1,031,497
Transportation equipment	1,970,624	126,287	55,949	2,040,962
Distribution system	66,477,129	1,545,696	258,034	67,764,791
Production system	8,452,373	7,302	-	8,459,675
Total capital assets being depreciated	<u>83,335,089</u>	<u>1,838,453</u>	<u>313,983</u>	<u>84,859,559</u>
Less - Accumulated depreciation for:				
Buildings and improvements	3,911,198	170,853	-	4,082,051
Office furniture, fixtures, and equipment	760,545	53,685	-	814,230
Transportation equipment	1,182,374	148,610	55,949	1,275,035
Distribution system	34,248,309	2,006,295	258,034	35,996,570
Production system	7,068,954	412,061	-	7,481,015
Total accumulated depreciation	<u>47,171,380</u>	<u>2,791,504</u>	<u>313,983</u>	<u>49,648,901</u>
Total capital assets being depreciated, net	<u>36,163,709</u>	<u>(953,051)</u>	<u>-</u>	<u>35,210,658</u>
Total capital assets, net	<u>\$ 38,911,160</u>	<u>\$ (952,775)</u>	<u>\$ 42,912</u>	<u>\$ 37,915,473</u>

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City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**(7) Long-Term Debt**

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

	Beginning of Year	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
<b>Governmental Activities:</b>					
Capital lease obligations	\$ 3,426,402	\$ -	\$ 635,706	\$ 2,790,696	\$ 569,841
General obligation bonds	620,000	-	620,000	-	-
Premiums	22,048	-	22,048	-	-
2012A - Certificates of Participation	942,999	-	89,301	853,698	91,928
2015A - Certificates of Participation	3,095,000	-	-	3,095,000	485,000
Discounts	(1,459)	-	(224)	(1,235)	-
Net OPEB liability **	4,588,469	943,197	-	5,531,666	-
Compensated absences **	1,019,941	53,057	-	1,072,998	643,800
<b>Total governmental activities</b>	<b>13,713,400</b>	<b>996,254</b>	<b>1,366,831</b>	<b>13,342,823</b>	<b>1,790,569</b>
<b>Business-Type Activities:</b>					
<b>Sewer Fund</b>					
Revenue bonds:					
Series 2000A	775,000	-	375,000	400,000	400,000
Series 2006B	1,670,000	-	155,000	1,515,000	160,000
Series 2019A	-	1,520,000	-	1,520,000	-
Premiums	37,900	-	4,737	33,163	-
	<u>2,482,900</u>	<u>1,520,000</u>	<u>534,737</u>	<u>3,468,163</u>	<u>560,000</u>
2012A - Certificates of Participation	782,001	-	80,696	701,305	83,073
2012B - Certificates of Participation	3,055,000	-	180,000	2,875,000	185,000
Capital lease obligation	228,672	-	74,980	153,692	76,217
Net OPEB liability	404,649	95,923	-	500,572	-
Compensated absences	51,754	3,630	-	55,384	33,200
<b>Sewer fund total</b>	<b>7,004,976</b>	<b>1,619,553</b>	<b>870,413</b>	<b>7,754,116</b>	<b>937,490</b>
<b>Environmental Services Fund</b>					
Net OPEB liability	718,953	161,809	-	880,762	-
Compensated absences	105,170	1,005	-	106,175	63,700
<b>Environmental services fund total</b>	<b>824,123</b>	<b>162,814</b>	<b>-</b>	<b>986,937</b>	<b>63,700</b>
<b>Total business-type activities</b>	<b>7,829,099</b>	<b>1,782,367</b>	<b>870,413</b>	<b>8,741,053</b>	<b>1,001,190</b>
<b>Total primary government</b>	<b>\$ 21,542,499</b>	<b>\$ 2,778,621</b>	<b>\$ 2,237,244</b>	<b>\$ 22,083,876</b>	<b>\$ 2,791,759</b>
** these liabilities are generally liquidated by the General, Airport, Street, Recreation, and Park Funds					
<b>RMU</b>					
Capital lease obligations	\$ 840,000	\$ -	\$ 150,000	\$ 690,000	\$ 150,000
Net OPEB liability	488,638	-	-	488,638	-
Compensated absences	138,518	150,449	101,138	187,829	145,292
<b>Total component unit</b>	<b>\$ 1,467,156</b>	<b>\$ 150,449</b>	<b>\$ 251,138</b>	<b>\$ 1,366,467</b>	<b>\$ 295,292</b>

II. A.48.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**A. Governmental Activities Debt**

Capital Lease Obligation

The City has entered into capital lease agreements for the acquisition of land, building improvements and various types of machinery and equipment. Interest on the capital leases ranges from 1.65% to 6.37% with lease terms through August 2030.

The future minimum lease obligation and the net present value of these minimum lease payments as of September 31, 2019 were as follows:

For the years Ending September 30	Total
2020	\$ 666,408
2021	529,319
2022	393,186
2023	342,754
2024	342,754
2025-2029	937,736
2030	129,583
Payments	3,341,740
Less imputed interest	(551,044)
Present value of minimum lease payments	\$ 2,790,696

General Obligation Bonds

\$3,445,000 Series 2012 General Obligation Refunding Bonds. Proceeds were used for the purpose of providing funds to refinance the Series 2005 General Obligation Bonds. The General Obligation Bonds matured during the year ended September 30, 2019.

Certificates of Participation

\$2,755,000 Series 2012 Certificates of Participation. Proceeds were used to refinance the 2010 DNR Energy Efficient Project and are split between governmental and business-type activities. Due in annual installments through January 1, 2027 including interest ranges from 2.00% to 3.40%.

\$3,445,000 Series 2015 Certificates of Participation. Proceeds were used to finance the costs of streets, parking lots and local parks improvements. Due in annual installments through February 1, 2025 including interest ranges from 1.50% to 3.0%.

*II. A. 49.*

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**B. Business-type Activities Debt**

Capital Lease Obligation

The City has entered into capital lease agreement to finance the purchase of a 2014 Freightliner Truck with a VactorTrak system. The agreement requires annual lease payments of \$78,753, which includes interest at 1.65%. The total cost of asset acquired under this capital lease is \$375,157 with accumulated depreciation of \$106,295 as of September 30, 2019. The future minimum lease obligation and the net present value of these minimum lease payments as of September 31, 2019 were as follows

For the years Ending September 30	Total
2020	\$ 78,753
2021	78,752
Payments	157,505
Less imputed interest	(3,813)
Present value of minimum lease payments	\$ 153,692

Revenue Bonds – Sewer Fund

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 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.

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.

In April 2019, the City issued \$1,520,000, Series 2019A, City of Rolla, Missouri Sewage System Revenue Bonds to fund certain sewer project engineering costs. The bonds bear interest of 2.13%. Interest payments are due semi-annually on January 1 and July 1 each year with the entire principal payment of \$1,520,000 due on July 1, 2021.

The City has pledged future water and sewer customer revenues to repay the Series 2000A, 2006B, and 2019A 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 excluding depreciation. The total principal and interest remaining to be paid on the bonds is \$3,069,827. Principal and interest paid for the current year and total customer net revenues were \$651,076 and \$3,666,244, respectively.



City of Rolla, Missouri  
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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.

**C. Future Debt Service Requirements**

	<b>Governmental Activities</b>					
	<b>Series 2015 Certificates of Participation</b>		<b>Series 2012 Certificates of Participation</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 485,000	\$ 70,983	\$ 91,923	\$ 24,590	\$ 576,923	\$ 95,573
2021	495,000	61,544	94,554	22,383	589,554	83,927
2022	510,000	50,605	97,181	19,925	607,181	70,530
2023	520,000	38,110	99,807	17,204	619,807	55,314
2024	535,000	23,990	102,429	14,210	637,429	38,200
2025-2029	550,000	5,174	367,804	22,410	917,804	27,584
	<u>\$ 3,095,000</u>	<u>\$ 250,406</u>	<u>\$ 853,698</u>	<u>\$ 120,722</u>	<u>\$ 3,948,698</u>	<u>\$ 371,128</u>

	<b>Business-type Activities</b>					
	<b>Series 2000A Wastewater System Revenue Bonds</b>		<b>Series 2006B Sewerage System Revenue Bonds</b>		<b>Series 2019A Sewerage System Revenue Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 400,000	\$ 22,800	\$ 160,000	\$ 70,888	\$ -	\$ 36,693
2021	-	-	165,000	64,488	1,520,000	32,376
2022	-	-	175,000	56,237	-	-
2023	-	-	185,000	47,487	-	-
2024	-	-	195,000	38,237	-	-
2025-2029	-	-	635,000	56,325	-	-
2030-2032	-	-	-	-	-	-
<b>Totals</b>	<u>\$ 400,000</u>	<u>\$ 22,800</u>	<u>\$ 1,515,000</u>	<u>\$ 333,662</u>	<u>\$ 1,520,000</u>	<u>\$ 69,069</u>

	<b>Business-type Activities</b>					
	<b>Series 2012 Certificates of Participation</b>		<b>Series 2012B Certificates of Participation</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 83,073	\$ 22,222	\$ 185,000	\$ 34,500	\$ 828,073	\$ 187,103
2021	85,446	20,228	190,000	30,000	1,960,446	147,092
2022	87,820	18,007	195,000	25,250	457,820	99,494
2023	90,193	15,478	200,000	20,500	475,193	83,465
2024	92,568	12,842	205,000	68,827	492,568	119,906
2025-2029	262,205	20,253	1,130,000	15,750	2,027,205	92,328
2030-2032	-	-	770,000	-	770,000	-
	<u>\$ 701,305</u>	<u>\$ 109,030</u>	<u>\$ 2,875,000</u>	<u>\$ 194,827</u>	<u>\$ 7,011,305</u>	<u>\$ 729,388</u>

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**D. RMU**

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

	For the Year Ended September 30, 2019				
	Beginning of Year	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
Lease payable	\$ 840,000	\$ -	\$ 150,000	\$ 690,000	\$ 160,000
Compensated absences	138,518	150,449	101,138	187,829	145,292
<b>Total</b>	<b>\$ 978,518</b>	<b>\$ 150,449</b>	<b>\$ 251,138</b>	<b>\$ 877,829</b>	<b>\$ 305,292</b>

**Leases Payable**

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 loan was paid off during the year ended September 30, 2018.

This lease purchase agreement provides for cancellation of the lease if RMU should fail to appropriate funds on the annual renewal dates. However, RMU does not foresee exercising its right to cancel. Therefore, this lease is accounted for as non-cancelable capital lease.

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

For the years ending September 30	Water Towers
2020	\$ 186,526
2021	184,292
2022	186,729
2023	193,624
Total minimum lease payments	751,171
Less: imputed interest	61,171
Present value of minimum lease payments	\$ 690,000

**E. Payable to Other Government**

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.

City of Rolla, Missouri  
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**(8) Employees Retirement System**

**A. 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 supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

**B. 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.

	2019 Valuation
Benefit Multiplier:	1.75% for life, plus 0.25 to age 65
Final Average Salary:	3 Years
Member Contributions:	0%

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

**C. Employees Covered by Benefit Terms**

The following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive members or beneficiaries currently receiving benefits	85	14	20	119
Inactive members entitled to but not yet receiving benefits	42	23	9	74
Active members	120	33	36	189
	247	70	65	382

**D. 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. Employer contribution rates are 9.7% (General), 8.4% (Police) and 14.8 (Fire) of annual covered payroll.

City of Rolla, Missouri  
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**E. Net Pension Asset**

The City's net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2019.

**F. Actuarial Assumptions**

The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation (General and Police)
	3.25% to 7.15% including wage inflation (Fire)
Investment rate of return	7.25%, net of investment expenses

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

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

The actuarial assumptions used in the February 28, 2019 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	0.51%

**G. 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.

II. A. 54.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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**H. Changes in the Net Pension Asset**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 39,572,868	\$ 44,527,273	\$ (4,954,405)
Changes for the year:			
Service Cost	944,358	-	944,358
Interest	2,851,330	-	2,851,330
Difference between expected and actual experience	780,926	-	780,926
Change in assumptions	-	-	-
Contributions - employer	-	839,161	(839,161)
Net investment income	-	2,853,750	(2,853,750)
Benefit payments, including refunds	(1,441,401)	(1,441,401)	-
Administrative expense	-	(43,234)	43,234
Other changes (net transfer)	-	(274,855)	274,855
Net changes	3,135,213	1,933,421	1,201,792
Balances at end of year	\$ 42,708,081	\$ 46,460,694	\$ (3,752,613)

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

The following presents the Net Pension Liability/(Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total pension liability (TPL)	\$ 48,968,666	\$ 42,708,081	\$ 37,575,324
Plan fiduciary net position	(46,460,694)	(46,460,694)	(46,460,694)
Net pension liability/(asset)	\$ 2,507,972	\$ (3,752,613)	\$ (8,885,370)

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

For the year ended September 30, 2019, the City recognized LAGERS pension expense of \$1,334,460, \$704,014 (General), \$190,637 (Police) and \$439,809 (Fire). The City reported deferred outflows related to LAGERS pension from the following sources:

City of Rolla, Missouri  
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	General	Police	Fire	Total
<b>Deferred Outflows of Resources:</b>				
Difference in experience	\$ 499,903	\$ 84,251	\$ 195,738	\$ 779,892
Assumption changes	186,918	44,808	136,852	368,578
Contributions subsequent to the measurement date*	128,149	43,439	62,310	233,898
Total	<u>\$ 814,970</u>	<u>\$ 172,498</u>	<u>\$ 394,900</u>	<u>\$ 1,382,368</u>
<b>Deferred Inflows of Resources:</b>				
Difference in experience	\$ (334,958)	\$ (76,458)	\$ (89,637)	\$ (501,053)
Difference in projected and actual earnings on plan investments	(687,497)	(191,686)	(189,352)	(1,068,535)
Total	<u>\$ (1,022,455)</u>	<u>\$ (268,144)</u>	<u>\$ (278,989)</u>	<u>\$ (1,569,588)</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 year ending September 30, 2020.

Net amounts reported as deferred outflows and deferred inflows of resources, excluding contributions subsequent to the measurement date, related to LAGERS pension will be recognized in pension expense as follows:

Year ending September 30:	General	Police	Fire	Total
2019	\$ 46,708	\$ (22,874)	\$ 41,424	\$ 65,258
2020	(348,780)	(108,409)	(69,014)	(526,203)
2021	(159,518)	(44,921)	(1,543)	(205,982)
2022	125,956	30,988	70,344	227,288
2023	-	5,831	4,665	10,496
Thereafter	-	-	7,425	7,425
Total	<u>\$ (335,634)</u>	<u>\$ (139,385)</u>	<u>\$ 53,301</u>	<u>\$ (421,718)</u>

**K. Payable to the Pension Plan**

At September 30, 2019, the City had outstanding contributions to the LAGERS pension plan of \$21,682.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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**L. Summary of financial reporting of the City's pension plan:**

	General	Police	Fire	Total
<b>Governmental activities:</b>				
Net pension liability/(asset)	\$ (1,597,791)	\$ (1,116,804)	\$ (390,713)	\$ (3,105,308)
<b>Business-type activities:</b>				
Net pension liability/(asset)	(647,305)	-	-	(647,305)
Total net pension liability/(asset)	<u>\$ (2,245,096)</u>	<u>\$ (1,116,804)</u>	<u>\$ (390,713)</u>	<u>\$ (3,752,613)</u>
<b>Governmental activities:</b>				
Pension related deferred outflows	\$ 577,511	\$ 172,498	\$ 394,900	\$ 1,144,909
Pension related deferred inflows	(850,424)	(268,444)	(278,989)	(1,397,857)
<b>Business-type activities:</b>				
Pension related deferred outflows	237,459	-	-	237,459
Pension related deferred inflows	(172,031)	-	-	(172,031)
Total	<u>\$ (207,485)</u>	<u>\$ (95,946)</u>	<u>\$ 115,911</u>	<u>\$ (187,520)</u>

**M. RMU**

**Plan Description**

The RMU's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The 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 supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

**Benefits Provided**

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

2019 Valuation	
Benefit Multiplier	2% for life
Final Average Salary	3 Years
Member Contributions	0%

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

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City of Rolla, Missouri  
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**Employees Covered by Benefit Terms**

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	6
Active employees	56
	101

**Contributions**

The 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 the employer do not contribute to the pension plan. The RMU contribution rates are 7.5% (General), of annual covered payroll.

**Net Pension Liability**

RMU's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

**Actuarial Assumptions**

The total pension liability in the February 28, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% and 3.25% to 7.15% including wage inflation
Investment rate of return	7.25%, net of investment expenses

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

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

The actuarial assumptions used in the February 28, 2019 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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets/Real Return	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)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a) - (b)
Balances at beginning of year	\$ 18,684,475	\$ 21,551,788	\$ (2,867,313)
Changes for the year:			
Service Cost	308,026	-	308,026
Interest	1,336,991	-	1,336,991
Difference between expected and actual experience	(80,718)	-	(80,718)
Contributions - employer	-	200,539	(200,539)
Net investment income	-	1,385,210	(1,385,210)
Benefit payments, including refunds	(803,132)	(803,132)	-
Administrative expense	-	(11,953)	11,953
Other changes (net transfer)	-	105,540	(105,540)
Net changes	761,167	876,204	(115,037)
Balances at end of year	\$ 19,445,642	\$ 22,427,992	\$ (2,982,350)

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

The following presents the Net Pension Liability/(Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability/(Asset) would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

City of Rolla, Missouri  
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	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 22,152,547	\$ 19,445,642	\$ 17,215,273
Plan Fiduciary Net Position	(22,427,992)	(22,427,992)	(22,427,992)
Net Pension Liability/(Asset)	<u>\$ (275,445)</u>	<u>\$ (2,982,350)</u>	<u>\$ (5,212,719)</u>

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

For the year ended September 30, 2019, the RMU recognized LAGERS pension expense of \$48,643. The RMU reported deferred outflows related to LAGERS pension from the following sources:

	Outflows	Inflows	Net Outflows
Assumption changes	\$ 123,062	\$ -	\$ 123,062
Difference in experience	-	(322,588)	(322,588)
Excess investment returns	-	(548,153)	(548,153)
Contributions subsequent to the measurement date*	48,778	-	48,778
Total	<u>\$ 171,840</u>	<u>\$ (870,741)</u>	<u>\$ (698,901)</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 year ending September 30, 2020.

Net amounts reported as deferred outflows and deferred inflows of resources, excluding contributions subsequent to the measurement date, related to LAGERS pension will be recognized in pension expense as follows:

Year ending September 30:	Total
2019	\$ (135,121)
2020	(395,665)
2021	(207,780)
2022	2,730
2023	(11,843)
Total	<u>\$ (747,679)</u>

***Payable to the Pension Plan***

At September 30, 2019, the RMU paid all outstanding contributions to the LAGERS pension plan.

II. A.60.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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**(9) Post Employment Health Benefits**

**A. 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 benefit 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 rare 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 separate financial statements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75 (GASB Statement 75). The OPEB liability is generally liquidated by the General Fund.

**B. Employees Covered by Benefit Terms**

As of the September 30, 2017 actuarial valuation, the following employees were covered by the benefit terms:

Active employees	189
Retirees and surviving spouses	15
Spouses or current retirees	4
	208
	208

**C. Total OPEB Liability**

The City's total OPEB liability was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2017, calculated based on the discount rate and actuarial assumption below, and was projected forward to September 30, 2019.

**D. Actuarial Assumptions**

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

Salary increase	3% including inflation
Discount rate	2.66%
Inflation	2.30%
Healthcare cost trend rates	6.0% for 2017, gradually decreasing to an ultimate rate of 4.0% for 2083 and later years

The discount rate was based on the 20-year bond GO index. The rate for the prior year was 4.18%.

Mortality rates were based on the RP-2014 Mortality for Employees and Healthy Annuitants, with generational projected per Scale MP-2016.

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

*II. A. 61.*

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**E. Change in the Total OPEB Liability**

	Total OPEB Liability
Balances, beginning of year	\$ 5,712,072
Changes for the year:	
Service cost	279,749
Interest	245,891
Changes in benefit terms	-
Changes in assumptions and other inputs	896,106
Employer contributions	(220,818)
Net changes	1,200,928
Balances, end of year	\$ 6,913,000

**F. Sensitivity of the total OPEB Liability to Changes in the Discount Rate**

The following presents the OPEB Liability of the City, calculated using the discount rate of 2.66%, as well as what the City's OPEB Liability would be using a discount rate that is 1 percentage point lower (1.66%) or one percentage point higher (3.66%) than the current rate.

	1% Decrease 1.66%	Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 7,583,920	\$ 6,913,000	\$ 6,305,436

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

The following presents the OPEB Liability of the City, calculated using the current healthcare cost trend rates of well as what the City's OPEB Liability would be if it were calculated using the trend rates that are one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 5,993,428	\$ 6,913,000	\$ 8,023,676

**H. OPEB Expense and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2019, the City recognized OPEB expense of \$591,973. The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 797,849	(227,301)
Total	\$ 797,849	\$ (227,301)

II. A.62.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:	Total
2020	\$ 66,333
2021	66,333
2022	66,333
2023	66,333
2024	66,333
Thereafter	238,883
Total	\$ 570,548

**I. Financial Statement Reporting of the City's OPEB**

The following table summarizes the City's OPEB reporting:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:	\$ (5,531,666)	\$ 626,622	\$ (183,161)
Business-type activities:	(1,381,334)	171,227	(44,140)
Total	\$ (6,913,000)	\$ 797,849	\$ (227,301)

**K. 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.

*II. A.63.*

City of Rolla, Missouri  
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Employees Covered by Benefit Terms

At September 30, 2019, the following employees were covered by the benefit terms:

Active employees	34
Retirees	3
Spouses of retirees	-
	37
	37

Total OPEB Liability

RMU's total OPEB liability was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Salary increase	3.0% 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 4.18%.

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.

**Changes in the Total OPEB Liability**

	September 30, 2019
Balances at beginning of year	\$ 427,969
Changes for the year:	
Service cost	8,721
Interest	17,742
Change in benefit terms	-
Changes in assumptions and other inputs	58,952
Benefit payments, net of contributions	(24,746)
Net changes	60,669
Balances at end of year	\$ 488,638

*II. A. 64.*

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

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 2.66%, as well as what RMU's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.66%) or 1% point higher (3.66%) than the current discount rate:

	1% Decrease 1.66%	Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 531,483	\$ 488,638	\$ 449,000

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 5.6% 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 (4.6% decreasing to 3%) or 1% point higher (6.6% decreasing to 5%) than the current healthcare cost trend rates:

	1% Decrease 4.60%	Discount Rate 5.60%	1% Increase 6.60%
Total OPEB liability	\$ 434,841	\$ 488,638	\$ 551,179

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

For the year ended September 30, 2019, RMU recognized negative OPEB expense of \$31,461. Deferred outflows and inflows of resources related to OPEB are from the following sources:

	Outflows	Inflows	Net Outflows
Changes in assumptions	\$ 51,296	\$ (15,148)	\$ 36,148

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

Year ending September 30:	Total
2020	\$ 4,998
2021	4,998
2022	4,998
2023	4,998
2024	4,998
Thereafter	11,158
Total	\$ 36,148

*II. A.65.*

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**(10) Commitments and Contingencies**

**A. Risk Management**

**City**

The City was 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 covered all real and personal property owned by the City except sewer lines. The policy expired June 30, 2019. Effective July 1, 2019 has purchased commercial insurance policies for property, liability and workers' compensation.

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, 2019. Settled claims resulting in these risks have not exceeded coverage in any of the past three years.

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 \$1,000,000 annually.

The activities of the health care plan are accounted for in the Self-Insurance Health Fund, an Internal Service Fund. At September 30, 2019, the estimated obligation of health claims based on claims filed prior to, but not yet paid, as of yearend, claims incurred during the year but filed subsequent to yearend, and an additional amount for incurred but not reported claims based on prior experience was \$239,228. Changes in estimated benefit obligation during the past two years are as follows:

	<u>Beginning of Year</u>	<u>Claims Incurred</u>	<u>Payments/ Adjustments</u>	<u>End of Year</u>
<b>2018</b>	\$ 166,432	\$ 2,744,767	\$ 2,772,554	\$ 138,645
<b>2019</b>	138,645	3,936,297	3,835,714	239,228

**RMU**

RMU is 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. RMU has transferred its risk by obtaining coverage from Missouri Intergovernmental Risk Management Association. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

RMU retains the risk of loss for medial and prescription claims. RMU has purchased a specific excess insurance policy that covers medial and prescription claims up to an individual claim limit to \$30,000 with an aggregate maximum of \$1,000,000. The claims are administered by a third-party administrator. RMU has recorded an estimated liability for claims payable as of September 30, 2019 and 2018.

*II. A-66.*



City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

	Beginning of Year	Claims Incurred	Payments/ Adjustments	End of Year
2018	\$ 25,020	\$ 456,040	\$ 454,817	\$ 26,243
2019	26,243	398,318	400,758	23,803

**B. Federal and State Grants**

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

**C. Litigation**

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

RMU is 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. RMU has transferred its risk by obtaining coverage from Missouri Intergovernmental Risk Management Association. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

**D. Commitments**

**Primary Government**

At September 30, 2019, 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 \$128,295 from any funds due the members from the Missouri Department of Revenue and the State Treasurer to compensate the State for corrective procedures.

**RMU**

**Pooled Energy**

The City of Rolla (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 a procedure for the City to dedicate its capacity to MoPEP.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

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. 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 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.

**(11) Related Party Transactions**

RMU provides water and electric services to the City of Rolla. It also provides billing and collection services to the City for PILOT, sewer and sanitation services. The City of Rolla paid RMU \$676,412 for water and electric services for the year ended September 30, 2019. The City of Rolla paid RMU a total of \$184,490 for billing services for the year ended September 30, 2019. The City of Rolla contributed \$66,654 for the year ended September 30, 2019 for capital expenses.

**(12) Incentives**

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 began as of the first day of the month in which the Company began operating the facility. For the year ended September 30, 2019 RMU discounts were \$88,541.

**(13) Tax Increment Financing**

**A. 1-44/US 63 Redevelopment Project Area 1**

On November 1, 2010, the City entered into a redevelopment agreement for 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 for a period not to exceed 23 years. Under terms of the agreement, 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. Total payments from all sources of \$140,829 were applied to interest for the year ended September 30, 2019.

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.

*II. A.68.*

**City of Rolla, Missouri**  
**Notes to the Basic Financial Statements**  
**September 30, 2019**

**B. Westside Marketplace Tax Increment Financing Redevelopment Plan**

The Phelps County Commission (the County) created the Tax Increment Financing Commission of Phelps County, Missouri (the "TIF Commission") and empowered the TIF Commission to exercise those powers and fulfill such duties as are required or authorized for the TIF Commission under Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "TIF Act").

The County has approved the Westside Marketplace Tax Increment Financing Redevelopment Plan (the "Redevelopment Plan"), which divides the Redevelopment Area into three redevelopment project areas ("RPA 1," "RPA 2" and "RPA 3") and describes a redevelopment project for RPA 1 generally consisting of the development of approximately 330,000 square feet of retail buildings and associated site work and public infrastructure and designated RPA 1 as a "redevelopment area" pursuant to the TIF Act, approve the Redevelopment Project and adopt tax increment financing within RPA 1.

The Industrial Development Authority of the City of Rolla, Missouri (the Authority) issued its \$20,675,000, Series 2017A, Tax Increment and Special District Revenues Bonds (Westside Marketplace Redevelopment Project – RPA 1) bonds. The net proceeds of which were used to fund the Redevelopment Project. The bonds bear interest from 4.25% to 5.375% and are scheduled to mature on May 1, 2044. The bonds are subject to redemption provisions prior to maturity as provided for in the Official Statement.

The bonds are special limited obligations of the Authority, payable solely from bond proceeds and pledged revenues. The City, Authority, County, and Move Rolla Transportation District (the District) have entered into a Financing Agreement (the Agreement) pursuant to which the City, County, and District have agreed to transfer certain revenues to the bond trustee. The City's obligation to transfer certain revenues terminates on August 29, 2039 whether or not the principal amount or interest on the bonds has been paid in full.

Under the Agreement, the City has agreed to redirect 50% of certain City sales taxes as economic activity taxes (EATS) generated in RPA 1. In addition, the City will also redirect certain additional City revenues in the amount equal to 50% of the sales tax revenues resulting from taxable sales in RPA 1 related to the City's 0.5% capital improvements sales tax and 0.5% transportation sales tax after the captured of TIF revenues. (i.e., TIF will capture 50% of such sales tax revenues and the additional City revenues will be an amount equal to 50% of remaining revenues after the TIF capture). Total sales taxes redirected totaled \$676,716 for the year ended September 30, 2019.

**(14) Asset Purchase Agreement**

On August 17, 2018 RMU entered into an Asset Purchase Agreement with Ameren Transmission Company of Illinois to sell two (2) 138kV line segments totaling 7.58 miles, optical ground wire (OPGW), and other structures, equipment and assets associated with the above described 138kV lines and OPGW. The sale price for the assets will be \$14,250,000. RMU has received initial non-refundable deposits totaling \$250,000. The remaining balance of the Sale Price, (\$14,000,000) will be paid at the closing of the sale, which is currently estimated to be December 2020, subject to change.

City of Rolla, Missouri  
Notes to the Basic Financial Statements  
September 30, 2019

**(15) Adjustment to Prior Period Financial Statements**

For the year ended September 30, 2018, management determined that adjustments were necessary to properly report construction in progress and sewer collection system capital assets. Accordingly, an adjustment was made to the opening net position of the Sewer Fund and Business-type activities.

	Sewer Fund	Business-type Activities
Net Position, beginning of year, as previously reported	\$ 18,722,563	\$ 23,660,059
Changes in capital assets, net of depreciation expense	(141,397)	(141,397)
Net Position, beginning of year, as restated	\$ 18,581,166	\$ 23,518,662

**(16) Subsequent Events**

Management has evaluated subsequent events through March 31, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the COVID-19 virous outbreak a pandemic. The ultimate effect on the City's financial statements cannot be estimated at this time.

**CITY OF ROLLA, MISSOURI**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended September 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 1,128,000	\$ 1,128,000	\$ 981,762	\$ (146,238)
Sales	4,434,000	4,434,000	4,372,782	(61,218)
Franchise	550,000	550,000	551,845	1,845
PILOT	1,545,000	1,545,000	1,535,660	(9,340)
Lodging	379,000	379,000	357,642	(21,358)
Cigarette	92,000	92,000	98,307	6,307
Total taxes	<u>8,128,000</u>	<u>8,128,000</u>	<u>7,897,998</u>	<u>(230,002)</u>
<b>Licenses, permits and fees:</b>				
Occupational licenses	53,000	53,000	47,109	(5,891)
Building permits	115,000	115,000	93,719	(21,281)
Other	54,700	54,700	62,459	7,759
Total licenses, permits and fees	<u>222,700</u>	<u>222,700</u>	<u>203,287</u>	<u>(19,413)</u>
<b>Intergovernmental:</b>				
Motor vehicle	181,500	181,500	176,685	(4,815)
Landfill	6,500	6,500	6,074	(426)
RREC	127,500	127,500	124,647	(2,853)
PCESB	1,201,071	1,201,071	1,042,632	(158,439)
Library	252,535	252,535	243,197	(9,338)
Grants	34,000	34,000	82,420	48,420
Other	234,300	709,300	722,682	13,382
Total intergovernmental	<u>2,037,406</u>	<u>2,512,406</u>	<u>2,398,337</u>	<u>(114,069)</u>
Charges for services	<u>55,437</u>	<u>55,437</u>	<u>55,327</u>	<u>(110)</u>
<b>Fines and forfeitures:</b>				
City court fines	175,000	175,000	211,010	36,010
Police training fees	4,400	4,400	4,857	457
Total fines and forfeitures	<u>179,400</u>	<u>179,400</u>	<u>215,867</u>	<u>36,467</u>
Investment income	<u>14,500</u>	<u>14,500</u>	<u>34,278</u>	<u>19,778</u>
<b>Miscellaneous:</b>				
Lease and rent income	8,000	8,000	7,930	(70)
Animal shelter	50,000	50,000	65,834	15,834
Other	31,300	31,300	85,121	53,821
Total miscellaneous	<u>89,300</u>	<u>89,300</u>	<u>158,885</u>	<u>69,585</u>
Total Revenues	<u>10,726,743</u>	<u>11,201,743</u>	<u>10,963,979</u>	<u>(237,764)</u>

II. A. 71.

**CITY OF ROLLA, MISSOURI**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended September 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Expenditures:</b>				
<b>Current:</b>				
Administrative	648,556	648,556	638,917	9,639
Administrator	320,075	320,075	327,616	(7,541)
Finance	596,200	596,200	611,318	(15,118)
Legal services	68,500	68,500	72,829	(4,329)
City court	89,265	89,265	87,427	1,838
911 telecommunications	1,191,071	1,191,071	1,070,600	120,471
Animal shelter	139,890	139,890	139,523	367
Police	3,657,580	3,657,580	3,715,698	(58,118)
Fire	3,006,050	3,006,050	3,572,604	(566,554)
Building maintenance	82,808	82,808	93,400	(10,592)
Engineering	819,720	819,720	827,965	(8,245)
Community development	426,500	426,500	421,984	4,516
Library	247,535	247,535	240,606	6,929
Economic development	232,825	232,825	237,403	(4,578)
<b>Total Expenditures</b>	<u>11,526,575</u>	<u>11,526,575</u>	<u>12,057,890</u>	<u>(531,315)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(799,832)</u>	<u>(324,832)</u>	<u>(1,093,911)</u>	<u>(769,079)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,162,850	1,162,850	1,162,850	-
Transfers out	(220,000)	(220,000)	(220,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>942,850</u>	<u>942,850</u>	<u>942,850</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ 143,018</u>	<u>\$ 618,018</u>	<u>(151,061)</u>	<u>\$ (769,079)</u>
<b>Fund Balances, Beginning of Year</b>			<u>3,634,393</u>	
<b>Fund Balances, End of Year</b>			<u>\$ 3,483,332</u>	

*II. A. 72.*

**CITY OF ROLLA, MISSOURI**  
**Street Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2019**

	2019		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes	\$ 4,424,000	\$ 4,424,000	\$ 4,318,264	\$ (105,736)
Intergovernmental	788,000	1,818,000	1,917,739	99,739
Charges for services	144,000	144,000	247,469	103,469
Investment income	9,000	9,000	15,683	6,683
Miscellaneous	36,000	36,000	9,686	(26,314)
<b>Total Revenues</b>	<u>5,401,000</u>	<u>6,431,000</u>	<u>6,508,841</u>	<u>77,841</u>
<b>Expenditures:</b>				
Street	4,818,425	6,268,425	6,177,199	91,226
<b>Total Expenditures</b>	<u>4,818,425</u>	<u>6,268,425</u>	<u>6,177,199</u>	<u>91,226</u>
<b>Excess of Revenues Over Expenditures</b>	<u>582,575</u>	<u>162,575</u>	<u>331,642</u>	<u>169,067</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(475,125)	(475,125)	(475,125)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(475,125)</u>	<u>(475,125)</u>	<u>(475,125)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ 107,450</u>	<u>\$ (312,550)</u>	<u>(143,483)</u>	<u>\$ 169,067</u>
<b>Fund Balance, Beginning of Year</b>			<u>2,135,495</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,992,012</u>	

*II. A. 73.*

**CITY OF ROLLA, MISSOURI**  
**Recreation Center Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 474	\$ 474
Charges for services	1,173,450	1,218,450	1,033,181	(185,269)
Investment income	25,000	25,000	24,369	(631)
Miscellaneous	13,700	13,700	20,788	7,088
<b>Total Revenues</b>	<u>1,212,150</u>	<u>1,257,150</u>	<u>1,078,812</u>	<u>(178,338)</u>
<b>Expenditures:</b>				
Administration	439,550	470,550	452,227	18,323
Maintenance	279,730	308,730	320,129	(11,399)
Guest services	140,345	160,345	112,246	48,099
Recreation	127,295	138,545	167,185	(28,640)
Aquatic	255,260	255,260	253,065	2,195
Fitness	310,510	322,210	270,539	51,671
<b>Total Expenditures</b>	<u>1,552,690</u>	<u>1,655,640</u>	<u>1,575,391</u>	<u>80,249</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(340,540)</u>	<u>(398,490)</u>	<u>(496,579)</u>	<u>(98,089)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(72,125)	(72,125)	(72,125)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(72,125)</u>	<u>(72,125)</u>	<u>(72,125)</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ (412,665)</u>	<u>\$ (470,615)</u>	<u>(568,704)</u>	<u>\$ (98,089)</u>
<b>Fund Balance, Beginning of Year</b>			<u>2,096,618</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,527,914</u>	



CITY OF ROLLA, MISSOURI  
Parks Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Year Ended September 30, 2019

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,362,400	\$ 1,362,400	\$ 1,374,132	\$ 11,732
Charges for services	229,500	240,250	206,704	(33,546)
Investment income	3,000	3,000	3,423	423
Miscellaneous	8,500	22,750	20,659	(2,091)
Total Revenues	<u>1,603,400</u>	<u>1,628,400</u>	<u>1,604,918</u>	<u>(23,482)</u>
Expenditures:				
Administration	173,060	173,060	164,031	9,029
Maintenance	53,675	53,675	40,959	12,716
Parks department	865,850	1,005,350	929,828	75,522
SplashZone	195,300	217,800	172,837	44,963
Outdoor recreation	194,620	194,620	173,162	21,458
Total Expenditures	<u>1,482,505</u>	<u>1,644,505</u>	<u>1,480,817</u>	<u>163,688</u>
Excess of Revenues Over Expenditures	<u>120,895</u>	<u>(16,105)</u>	<u>124,101</u>	<u>140,206</u>
Other Financing Sources (Uses):				
Transfers out	(72,100)	(72,100)	(72,100)	-
Total Other Financing Sources (Uses)	<u>(72,100)</u>	<u>(72,100)</u>	<u>(72,100)</u>	<u>-</u>
Change in fund balance	<u>\$ 48,795</u>	<u>\$ (88,205)</u>	52,001	<u>\$ 140,206</u>
Fund Balance, Beginning of Year			<u>258,934</u>	
Fund Balance, End of Year			<u>\$ 310,935</u>	

II. A. 75.

**CITY OF ROLLA, MISSOURI**  
**Airport Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2019**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 405,000	\$ 405,000	\$ 222,116	\$ (182,884)
Charges for services	457,120	457,120	381,401	(75,719)
Investment income	90	90	573	483
Miscellaneous	500	500	10,709	10,209
<b>Total Revenues</b>	<u>862,710</u>	<u>862,710</u>	<u>614,799</u>	<u>(247,911)</u>
<b>Expenditures:</b>				
Airport	1,071,785	1,071,785	762,427	309,358
<b>Total Expenditures</b>	<u>1,071,785</u>	<u>1,071,785</u>	<u>762,427</u>	<u>309,358</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(209,075)</u>	<u>(209,075)</u>	<u>(147,628)</u>	<u>61,447</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	220,000	220,000	220,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>
<b>Change in fund balance</b>	<u>\$ 10,925</u>	<u>\$ 10,925</u>	72,372	<u>\$ 61,447</u>
<b>Fund Balance (deficit), Beginning of Year</b>			<u>(153,514)</u>	
<b>Fund Balance (deficit), End of Year</b>			<u>\$ (81,142)</u>	

*II. A. 76.*

**CITY OF ROLLA, MISSOURI**  
**Cemetery Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**Year Ended September 30, 2019**

	2019		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Charges for services	\$ 9,000	\$ 9,000	\$ 10,260	\$ 1,260
Investment income	3,000	3,000	3,312	312
<b>Total Revenues</b>	<u>12,000</u>	<u>12,000</u>	<u>13,572</u>	<u>1,572</u>
<b>Expenditures:</b>				
Cemetery	15,000	15,000	-	15,000
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
 Change in fund balance	 <u>\$ (3,000)</u>	 <u>\$ (3,000)</u>	 13,572	 <u>\$ 16,572</u>
 Fund Balance, Beginning of Year			 <u>350,050</u>	
 Fund Balance, End of Year			 <u>\$ 363,622</u>	

CITY OF ROLLA, MISSOURI  
Park Land Reserve Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Year Ended September 30, 2019

	2019		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Investment income	\$ -	\$ -	\$ 730	\$ 730
Miscellaneous	-	-	27,000	27,000
Total Revenues	-	-	27,730	27,730
Expenditures:				
Capital outlay			-	-
Total Expenditures	-	-	-	-
Change in fund balance	\$ -	\$ -	27,730	\$ 27,730
Fund Balance, Beginning of Year			94,586	
Fund Balance, End of Year			\$ 122,316	

*II. A. 78.*

City of Rolla, Missouri  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability (Assets) and Related Ratios**  
**For the Years Ended September 30**

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service costs	\$ 944,358	\$ 907,522	\$ 863,543	\$ 840,889	\$ 846,914
Interest on total pension liability	2,851,330	2,723,032	2,556,735	2,373,659	2,269,899
Difference between expected and actual experience of the total pension liability	780,926	(434,025)	276,100	(563,660)	(460,292)
Changes of assumptions	-	-	-	1,209,382	-
Benefit payments and refunds	(1,441,401)	(1,448,450)	(1,400,838)	(1,293,477)	(1,153,761)
Net change in total pension liability	3,135,213	1,748,079	2,295,540	2,566,793	1,502,760
Total pension liability - beginning of year	39,572,868	37,824,789	35,529,249	32,962,456	31,459,696
Total pension liability - end of year (a)	<u>\$ 42,708,081</u>	<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	\$ 839,161	\$ 740,646	\$ 778,575	\$ 852,947	\$ 964,218
Net investment income	2,853,750	4,937,269	4,377,781	(96,081)	731,693
Benefit payments and refunds	(1,441,401)	(1,448,450)	(1,400,838)	(1,293,477)	(1,153,761)
Administrative expenses	(43,234)	(29,709)	(27,392)	(27,173)	(28,893)
Other (net transfer)	(274,855)	(357,862)	(117,506)	96,067	380,572
Net change in plan fiduciary net position	1,933,421	3,841,894	3,610,620	(467,717)	893,829
Plan fiduciary net position - beginning of year	44,527,273	40,685,379	37,074,759	37,542,476	36,648,647
Plan fiduciary net position - end of year (b)	<u>\$ 46,460,694</u>	<u>\$ 44,527,273</u>	<u>\$ 40,685,379</u>	<u>\$ 37,074,759</u>	<u>\$ 37,542,476</u>
Net pension liability/(asset) (a) - (b)	<u>\$ (3,752,613)</u>	<u>\$ (4,954,405)</u>	<u>\$ (2,860,590)</u>	<u>\$ (1,545,510)</u>	<u>\$ (4,580,020)</u>
Plan net position as a percentage of the total pension liability	108.79%	112.52%	107.56%	104.35%	138.35%
Covered payroll	8,442,672	7,583,481	7,600,104	7,072,467	7,079,117
Net pension liability/(asset) as a percentage of covered payroll	-44.45%	-65.33%	-37.64%	-21.85%	-64.70%

GASB 68 requires presentation of ten years. As of September 30, 2019, only five years of information is available.

II. A.79.

**City of Rolla, Missouri**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**  
**For the Years Ended September 30**

**LAGERS (General, Police and Fire)**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll</b>	<b>Contribution as Percentage</b>
2010	\$ 828,508	\$ 828,508	\$ -	\$ 7,297,628	11.35%
2011	1,147,988	937,288	210,700	7,569,220	12.38%
2012	1,089,976	970,870	119,106	7,304,173	13.29%
2013	1,061,934	1,011,713	50,221	7,214,862	14.02%
2014	1,024,360	999,354	25,006	7,199,254	13.88%
2015	949,662	949,662	-	7,087,603	13.40%
2016	863,721	863,721	-	7,554,556	11.43%
2017	753,594	753,594	-	7,624,380	9.88%
2018	746,939	746,939	-	7,843,644	9.52%
2019	881,433	870,485	10,948	8,388,975	10.38%

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**City of Rolla, Missouri  
Required Supplementary Information  
Notes to Schedule of Contributions  
Year Ended September 30, 2019**

**Lagers**

**Valuation Date** February 28, 2019

**Notes:** The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments.

**Methods and assumptions used to determine contributions 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 closer 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-year smoothed market; 20% corridor

**Inflation assumption** 3.25% wage inflation; 2.5% price inflation

**Salary increases** 3.25% to 6.55% including wage inflation (General and Police)  
3.25% to 7.15% including wage inflation (Fire)

**Investment rate of return** 7.25%, net of investment and administrative expenses

**Retirement age** Experienced-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 table for males and females.

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

**Other information** None

*II. A.81.*

**City of Rolla, Missouri**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability**  
**and Related Ratios\***

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service costs	\$ 279,749	\$ 301,686
Interest on total OPEB liability	245,891	214,085
Changes of assumptions	896,106	(291,149)
Benefit payments and refunds	(220,818)	(183,029)
Net change in total pension liability	<u>1,200,928</u>	<u>41,593</u>
Total OPEB liability - beginning of year	5,712,072	5,670,479
Total OPEB liability - end of year	<u>\$ 6,913,000</u>	<u>\$ 5,712,072</u>
Covered employee payroll**	\$ 10,115,000	\$ 9,150,000
OPEB liability as a percentage of covered payroll	68.34%	62.43%

\* GASB 75 requires presentation of ten years. As of September 30, 2019, only two year was available.

\*\* Covered payroll is measured as of the measurement date ending September 30 of the current year.

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75

II. A. 82.



**Rolla Municipal Utilities**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**For the Years Ended September 30**

	Lagers				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service costs	\$ 308,026	\$ 297,977	\$ 282,768	\$ 279,195	\$ 277,593
Interest on total pension liability	1,336,991	1,287,095	1,239,270	1,186,863	1,147,696
Difference between expected and actual experience of the total pension liability	(80,718)	(133,869)	(93,049)	(432,027)	(118,542)
Changes of assumptions	-	-	-	449,770	-
Benefit payments and refunds	(803,132)	(733,934)	(818,192)	(709,110)	(823,502)
Net change in total pension liability	761,167	717,269	610,797	774,691	483,245
Total pension liability - beginning of year	18,684,475	17,967,206	17,356,409	16,581,718	16,098,473
Total pension liability - end of year (a)	<u>\$ 19,445,642</u>	<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	\$ 200,539	\$ 222,677	\$ 376,115	\$ 747,730	\$ 775,627
Net investment income	1,385,210	2,374,937	2,198,821	(19,957)	361,988
Benefit payments and refunds	(803,132)	(733,934)	(818,192)	(709,110)	(823,502)
Administrative expenses	(11,953)	(8,024)	(7,838)	(7,570)	(8,575)
Other (net transfer)	105,540	(51,027)	28,333	(332,935)	(362,570)
Net change in plan fiduciary net position	876,204	1,804,629	1,777,239	(321,842)	(57,032)
Plan fiduciary net position - beginning of year	21,551,788	19,747,159	17,969,920	18,291,762	18,348,794
Plan fiduciary net position - end of year (b)	<u>\$ 22,427,992</u>	<u>\$ 21,551,788</u>	<u>\$ 19,747,159</u>	<u>\$ 17,969,920</u>	<u>\$ 18,291,762</u>
Net pension liability/(asset) (a) - (b)	<u>\$ (2,982,350)</u>	<u>\$ (2,867,313)</u>	<u>\$ (1,779,953)</u>	<u>\$ (613,511)</u>	<u>\$ (1,710,044)</u>
Plan net position as a percentage of the total pension liability	115.34%	115.35%	109.91%	103.53%	110.31%
Covered payroll	2,672,909	2,592,834	2,547,770	2,355,439	2,326,138
Net pension liability/(asset) as a percentage of covered payroll	-111.58%	-110.59%	-69.86%	-26.05%	-73.51%

GASB 68 requires presentation of ten years. As of September 30, 2019, only five years of information is available.

II. A. 83.

**Rolla Municipal Utilities  
Required Supplementary Information  
Schedule of Employer Contributions  
For the Years Ended September 30**

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Payroll	Contribution as Percentage
2010	\$ 261,922	\$ 261,922	\$ -	\$ 2,164,643	12.10%
2011	446,909	303,342	143,567	2,315,590	13.10%
2012	512,861	339,500	173,361	2,407,799	14.10%
2013	448,912	354,899	94,013	2,350,327	15.10%
2014	407,774	379,490	28,284	2,357,078	16.10%
2015	372,878	372,878	-	2,390,242	15.60%
2016	294,725	294,725	-	2,415,780	12.20%
2017	265,919	265,919	-	2,556,915	10.40%
2018	208,711	208,711	-	2,576,683	8.10%
2019	198,540	198,540	-	2,647,193	7.50%

**Valuation Date** February 28, 2019

**Notes:**

The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

**Methods and assumptions used to determine contributions 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 11 to 17 years

**Asset valuation method** 5-year smoothed market; 20% corridor

**Inflation assumption** 3.25% wage inflation; 2.5% price inflation

**Salary increases** 3.25% to 6.55% including wage inflation  
3.25% to 7.15% including wage inflation

**Investment rate of return** 7.25%, net of investment and administrative expenses

**Retirement age** Experienced-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 male and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for male and females.

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

**Other information:** None

III. A.84.

**Rolla Municipal Utilities**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability**  
**and Related Ratios\***

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service costs	\$ 8,721	\$ 9,218
Interest on total OPEB liability	17,742	16,109
Changes in assumptions	58,952	(20,464)
Employer contributions	(24,746)	(20,240)
Net change in total pension liability	<u>60,669</u>	<u>(15,377)</u>
Total OPEB liability - beginning of year	<u>427,969</u>	<u>443,346</u>
Total OPEB liability - end of year	<u>\$ 488,638</u>	<u>\$ 427,969</u>
Covered employee payroll**	\$ 2,742,351	\$ 2,654,896
payroll	17.82%	16.12%

\* GASB 75 requires presentation of ten years. As of September 30, 2019, only two years was available.

\*\* Covered employee payroll is measured as of the measurement date ending September 30, of the current year.

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75

II, A.85.

**CITY OF ROLLA, MISSOURI**  
**REQUIRED COMMUNICATIONS,**  
**MANAGEMENT LETTER,**  
**AND**  
**COMPLIANCE REPORT**

For the Year Ended September 30, 2019

# City of Rolla, Missouri

## Required Communications and Compliance Report For the Year Ended September 30, 2019

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II. A-87.

CHV

COCHRAN HEAD VICK & CO., P.C.

& Co

*Certified Public Accountants*

1251 NW Briarcliff Pkwy  
Suite 125  
Kansas City, MO 64116  
(816) 453-7014  
Fax (816) 453-7016

To the Honorable Mayor and  
City Council  
City of Rolla, Missouri

Other Offices in  
Missouri and Kansas

We have audited the financial statements of the City of Rolla, Missouri (the City) for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 8, 2019. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates used by the City's management include determining the allowance for doubtful accounts, the estimated useful lives used in recording depreciation and accumulated depreciation for capital assets, and the estimated obligation relating to pension and other post-employment benefits. We evaluated the key factors and assumptions used in developing the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

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

II. A. 88.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of our audit procedures were corrected by management:

- Adjustment to record construction in progress of \$1,211,82 and a prior period adjustment related to the SE Plant project, net of related depreciation, of \$141,397.
- Adjustments to reduce prepaid insurance of \$558,151.
- Adjustments to correct accounts payable by \$566,393 for open purchase orders that should not be considered an obligation of the City until the goods are received.
- Adjustment of \$1,520,000 to reclassify and report the Series 2019 Bonds as an obligation.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 31, 2020.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### *Other Matters*

We applied certain limited procedures to the City's management's discussion and analysis, schedule of changes in net pension liability (asset) and related ratios, schedule of employer contributions and the schedule of changes in total OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

In planning and performing our audit of the financial statements of the City as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in the City's internal control described under Financial Reporting to be a material weakness.

As part of our audit, we try to identify opportunities for improving the management of financial resources and for improving the internal controls over financial reporting. We are submitting, for your consideration, our observations and recommendations with regard to these matters.

The City's written responses to our comments have not been subject to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **CURRENT YEAR COMMENTS**

#### **Financial Reporting – Material Weakness**

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles.

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

We recommend that management review year-end closing procedures to ensure that transactions are properly recorded and approved in accordance with generally accepted accounting principles.

#### **Management's Response**

Management will continue reviewing and revising year end closing procedures including those over construction in process, purchase orders and bond reporting activities.



## OTHER RECOMMENDATIONS

### Budgeting

For the year ended September 30, 2019, actual expenditures exceeded budgeted appropriations in the General Fund by \$531,315. We recommend that management review its processes and procedures for monitoring and amending the budget.

### Management's Response

Management will review our current procedures to ensure compliance with the recommendation.

### Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has recently issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB Statement 84 – *Fiduciary Activities*, effective for the fiscal year beginning on October 1, 2019.
- GASB Statement 87 – *Leases*, effective for fiscal year beginning October 1, 2020.
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal year beginning October 1, 2020.
- GASB Statement No. 90 – *Majority Equity Interests* – an amendment of GASB Statements No. 14 and No. 61, effective for the fiscal year beginning October 1, 2019.
- GASB Statement No. 91 – *Conduit Debt Obligations*, effective for the fiscal year beginning October 1, 2021.
- GASB Statement No. 92 – *Omnibus 2020*, effective for the fiscal year beginning October 1, 2020.

We recommend management review these standards to determine the impact they may have on the City's financial reporting.

### Management's Response

Management will review the new standards as they become effective and will evaluate their impact on the City's financial reporting.

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

*Cochran Head Vick & Co., P.C.*

Kansas City, Missouri  
March 31, 2020

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COMPLIANCE REPORT

---

II. A. 92.

**CHV****COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants*

1251 NW Briarcliff Pkwy  
Suite 125  
Kansas City, MO 64116  
(816) 453-7014  
Fax (816) 453-7016

**Independent Auditor's Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

Other Offices in  
Missouri and Kansas

To the Board of Directors  
Rolla Municipal Utilities  
City of Rolla, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Rolla, Missouri (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2020.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

II. A. 93.

**City of Rolla, Missouri**  
**Schedule of Findings and Responses**  
**For the Year September 30, 2019**

**2019-001 Financial Reporting**

Condition

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles.

Cause

Year-end procedures were not sufficient to identify the adjustments noted above in a timely manner.

Effect

Potential exists for material misstatements to the financial statements.

Recommendation

We recommend that management review year-end closing procedures to ensure that transactions are properly recorded and approved in accordance with generally accepted accounting principles.

Management's Response/Corrective Action

Management will continue reviewing and revising year end closing procedures including those over construction in process, purchase orders and bond reporting activities.



CITY OF ROLLA  
CITY COUNCIL AGENDA

DEPARTMENT HEAD: Steve Hargis

ACTION REQUESTED: Ordinance – Final Reading

ITEM/SUBJECT: Task Order #12  
Construction Phase Services  
SE & Vichy Road WWTP  
HDR Engineering, Inc.

BUDGET APPROPRIATION

DATE: 04/20/20

\*\*\*\*\*

COMMENTARY:

Attached is an ordinance authorizing the Mayor to enter into an agreement for professional services with HDR Engineering, Inc. This task is for the Construction Phase Services for the Improvements at our Southeast and Vichy Road Wastewater Treatment Plants.

The estimated construction cost for these improvements was \$21,334,000.00. Tonight we will be asking for bid awards totaling \$20,364,989. These improvements will provide for enhanced disinfection and treatment of wastewater discharges and will satisfy our commitments to DNR to provide full treatment of wet weather flows as outlined in our original Voluntary Compliance Agreement. In addition these improvements are outlined in our approved Integrated Management Plan with DNR/EPA.

We were authorized by the voters to bond \$27,750,000 through the State Revolving Fund with DNR. To date the budget for these improvements is:

SFR/Local Expenses for Bonding	\$ 216,000
HDR Design Fee	\$ 2,038,345
Bid SE Plant	\$14,156,989
Bid Vichy Plant	\$ 6,208,000
HDR Construction Phase	<u>\$ 1,955,968</u>
Total	\$24,575,302

This leaves \$3,174,698 for contingency and other possible improvements. These projects should be completed by the end of 2021.

Staff is requesting final reading of the ordinance and recommends approval.

ITEM NO. III. A.1.

ATTACHMENT A

City of Rolla  
SE WWTP Improvements - Construction Phase Services  
Scope and Fee - With Engineer Provided RFP

Project Role	Months Anticipated	Robson, Project Engineer	Brewster, Project Engineer	Hopson, Structural	Craft, Structural	Wright, Electrical	Boyd, IBC	Wentz, IBC	Willard, CAD/BIM	Comptel, Admin	Domina, Acct.	McIntyre, Acct.	Comptel, Project Eng	Stank, Structural	Deppard, EIT	Survey Chief	Survey Crew	CAD/BIM	Admin	RFP	BIM Expenses	Total
<b>TASKS</b>																						
<b>C. Task 1 - Construction Phase Services<sup>1)</sup></b>																						
1) Pre Construction Conference	2	6																				\$3,300
2) Submittal Review <sup>2)</sup>	20	110	275	155	103	293	210	30							290		64		2		\$300	\$22,245
3) General Survey	64	107	107																			\$12,240
4) Review of Submittals and Schedule Updates <sup>3)</sup>	19	116																				\$5,500
5) Progress Meetings <sup>4)</sup>	32	64	128	96	48	48	10															\$2,200
6) Engineer Site Visits <sup>5)</sup>	8	16																				\$10,425
7) Review Wage Rates <sup>6)</sup>	8	16																				\$11,150
8) Review Material <sup>7)</sup>	8	16																				\$3,000
9) Submittal Completion Inspection <sup>8)</sup>	8	16																				\$2,240
10) Project Closeout	149	498	346	305	103	493	268	30	0	38	38	212	84	341	917	31	64	0	148	0	969	\$726,703
11) Subcontractor	4470	114240	64460	44800	11110	65515	36113	5100	0	3510	4180	33920	120910	49485	92700	4160	9920	0	6640	0	6640	\$726,703
<b>Task 2 - Post Construction and Supplemental Services</b>																						
1) Startup and Training Assistance <sup>1)</sup>	50																					\$900
2) Standard Operating Procedure Manual <sup>2)</sup>	42	42																				\$54,240
3) Record Drawings <sup>3)</sup>	25																					\$54,240
4) Follow Up Services <sup>4)</sup>	8	16																				\$14,600
5) Subcontractor	8	160	83	0	0	31	32	0	221	13	0	16	16	16	32	0	0	243	26	0	0	\$16,720
6) Subcontractor	2400	21000	9110	0	0	4810	4180	0	30960	1235	0	2160	36540	0	14800	0	0	2515	1560	0	969	\$16,720
<b>Task 3 - RFP</b>																						
1) RFP <sup>1)</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$271,800
2) Subcontractor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$271,800
3) Subcontractor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$271,800
4) Subcontractor	157	598	669	305	103	515	300	30	221	51	38	228	1086	341	1070	32	64	243	178	2365	0	\$11,972,131
<b>Total Billing Amount</b>		\$47,100	\$137,540	\$73,530	\$46,800	\$11,135	\$40,033	\$5,100	\$30,740	\$4,845	\$4,180	\$16,480	\$127,470	\$44,445	\$107,000	\$4,160	\$9,920	\$25,515	\$10,200	\$271,800	\$16,400	\$11,972,131

1) Contract Time - 540 days to Substantial 570 days to Final Completion  
 2) Submittal - Structural/Architectural 25 product, 20 layout, Mechanical 5 product, Electrical 25 product, 10 layout, Process 30 product, 10 layout, Civil 15 product, instrumentation 15 product, 20 loop description, maintenance of plant operation (MOP) Submittal 10.  
 - Product submittals 8 hrs ea., loop/loop submittals 12 hrs ea., MOP submittals 12 hrs ea. Hour include initial submittal plus 1 resubmittal. Also, 2 hr EIT per submittal for processing (185)  
 3) Assume 8 days on site confirming critical elevations of underground piping and facilities  
 4) 15 month construction period; 2 hrs/wk Project Mgr, 4hrs/wk Project/Eng, 4 hrs/wk EIT, 8 hrs/mo admin  
 5) Assume RFP recaptures estimate with Contractor Superintendent before submitting to office  
 6) Assume 1 full meeting per month and 1 supplemental meeting per month for 10 of the 15 months, 29 meetings total  
 7) 16 months high activity, Proj Mgr 4hrs/mo, Proj Eng 8hrs/mo, Civil Eng 8hrs/mo, Each Discipline Eng 6hrs/mo, EIT 2hrs/mo  
 8) Assume 2 visits/month  
 9) 15 months, 1 hr/mo Project Eng, 4 hrs/mo EIT  
 10) 56 other manuals, 4hrs process, 4 hrs Electrical, each  
 11) 10 processes, 20 hrs/process  
 12) 8 processes, 16 hrs/process for Process Eng, 16 hrs/process EIT, 8 hrs/process CAD, 4 hrs/process admin  
 13) 139 drawings, 25 hrs/drawing Eng, 7 hrs/drawing CAD  
 14) 139 drawings, 25 hrs/drawing Eng, 7 hrs/drawing CAD  
 15) Four months full time, 12 months @ two-third time, three months at half time

Estimated Project Fee \$1,157,223

III. A. 2.



City of Rolla  
**Vichy Road WWTP Improvements - Construction Phase Services**  
 Scope and Fee - With Engineer Provided RPR

Project Role	Kalis, Michael P PM	Robison, Aaron Project Engineer	Brandsgaard, Peter James (Peter) Project EIT	Hopson, Anthony Structural	Creef, Robert Anthony Structural/EIT	Witte, Nathan W Electrical	Boyd, Thomas K III IBC	Worth, Lance R HVAC/Plumbing	Willard, Sean P CAD/BIM	Campbell, Joel L Admin	Devies, Anne E Acct.	Medawa, Jeff Asst PM	Campbell, Ken Project Eng	Stech, Steve Structural	Daugard, Hunter EIT	Survey Chief	Survey Crew	CAD/BIM	Admin	RPR	IDIR Expenses	Total
<b>TASKS</b>																						
1	2	6																				
2	10	64	270	78	55	246	270	30				2	4						2		\$333	\$3,300
3	56	75	75							26	26	10	8									\$218,075
4	13	78	104	78	39	39						14	26						52			\$96,440
5	26	52	16	32	16	8						38	76						38			\$9,810
6	36	36	36	8	8	110						26	78									\$44,820
7	8	8	8	8	8	8						48	48									\$113,100
8	119	335	443	204	55	419	317	38	0	26	26	154	704						8			\$7,085
9	35750	77050	48730	32640	6550	56585	42795	5120	0	2470	2860	24640	107080	52200	80700	1560	3720	0	6000	0	7200	\$588,600
<b>Total Task 1</b>																						
<b>Task 2 - Post Construction and Supplemental Services</b>																						
1	52																					
2	32	32	16		24	24	24		16	8			105									\$27,785
3	16	16							188				64									\$40,260
4	8	8	8		0	0	0	0	0	0	0	8	16									\$49,420
5	4	4	4	4	4	4	4	4	4	4	4	4	4									\$9,120
6	1200	21160	6160	0	0	3240	3240	0	28560	760	0	1280	26825	0	9600	0	0	23100	960	0	600	\$126,685
<b>Total Task 2</b>																						
<b>Task 3 - RPR</b>																						
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$84,000
2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	\$84,000
<b>Total Task 3</b>																						
<b>Total Hours</b>	123	427	499	204	55	443	341	30	204	34	26	162	889	360	903	12	24	220	116	700	\$7,800	\$798,745
<b>Total Billing Amount</b>	\$16,900	\$98,210	\$54,890	\$32,640	\$6,050	\$59,805	\$46,035	\$5,100	\$28,560	\$3,230	\$2,860	\$25,920	\$126,905	\$52,200	\$90,100	\$1,560	\$3,720	\$23,100	\$6,860	\$84,000	\$7,800	\$798,745

Estimated Project Fee \$798,745  
 SE \$1,157,223  
 Total \$1,955,968

- Contract Time - 365 days to Substantial, 395 days to Final Completion
- Submittals - Structural/Architectural 25 product 15 layout, Mechanical 5 product 8 layout, Process 30 product 8 layout, Civil 15 product, Instrumentation 15 product 15 loop description, maintenance of plant operation (MOP) submittals 5. Product submittals 6 hrs ea., layout/loop submittals 12 hrs ea., MOP submittals 12 hrs ea. Hours include initial submittal plus 1 resubmittal. Also, 2 hr EIT per submittal for processing
- Assume 3 days on site confirming critical elevations of underground piping and facilities
- 13 month construction period, 2 hrs/wk Project Mgr, 4 hrs/wk Project/Sr Eng, 4 hrs/wk EIT, 8 hrs/wk admin.
- Assume 1 full meeting per month and 1 supplemental meeting per month for 6 of the 13 months, 10 meetings total
- 113 months, Proj Mgr 4hrs/mo, Proj Eng 8hrs/mo, Civil Eng 8hrs/mo, Each Discipline Eng 8hrs/mo, EIT 24hrs/mo
- Assume 3 visits/month
- 13 months, 1 hr/mo Project Eng, 4 hrs/mo EIT
- 101 48 O&M manuals, 4hrs Process, 4 hrs Electrical, each
- 11 8 processes, 20 hrs/process
- 121 6 processes, 16 hrs/process for Process Eng, 16 hrs/process EIT, 8 hrs/process for Elec/IBC, 8 hrs/process CAD, 4 hrs/process admin.
- 131 126 drawings, 25 hrs/drawing Eng, 2 hrs/drawing CAD
- 141 12 months, 8 hrs/month
- 151 One third time for 12 months

III. A. 3.



ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF ROLLA, MISSOURI TO EXECUTE ON BEHALF OF THE CITY OF ROLLA, MISSOURI A CERTAIN AGREEMENT BETWEEN THE CITY OF ROLLA, MISSOURI AND HDR ENGINEERING, INC FOR SOUTHEAST WWTP AND VICHY ROAD WWTP IMPROVEMENTS – CONSTRUCTION PHASE SERVICES – TASK ORDER #12.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AS FOLLOWS:

Section 1: That the Mayor of the City of Rolla, Missouri be and is hereby authorized and directed to execute on behalf of the City of Rolla, Missouri an agreement between the City of Rolla, Missouri and HDR Engineering, Inc. for Southeast WWTP and Vichy Road WWTP Improvements – Construction Phase Services – Task Order #12.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI AND APPROVED BY THE MAYOR THIS 20<sup>th</sup> DAY OF APRIL 2020.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY COUNSELOR

III. A. 4.

## TASK ORDER NO. 12

This Task Order pertains to an Agreement by and between City of Rolla, Missouri, (“OWNER”), and HDR Engineering, Inc. (“ENGINEER”), dated January 19, 2011, (“the Agreement”). Engineer shall perform services on the project described below as provided herein and in the Agreement. This Task Order shall not be binding until it has been properly signed by both parties. Upon execution, this Task Order shall supplement the Agreement as it pertains to the project described below.

TASK ORDER NUMBER: No. 12

PROJECT NAME: Southeast WWTP and Vichy Road WWTP Improvements  
Construction Phase Services

### PART 1.0 PROJECT DESCRIPTION:

Construction Phase Services for the City of Rolla, Missouri for the recommended improvements to the Southeast WWTP and the Vichy Road WWTP as outlined in the Contract Documents for the *Southeast Wastewater Treatment Plant Improvements and Vichy Road Wastewater Treatment Plant Improvements*.

### PART 2.0 SCOPE OF SERVICES TO BE PERFORMED BY ENGINEER ON THE PROJECT

Construction Phase Services for the recommended improvements to the Southeast WWTP and Vichy Road WWTP. See Attachment A.

The two WWTP will be two separate construction packages.

### PART 3.0 OWNER’S RESPONSIBILITIES:

Owner shall provide the following:

1. Access to the sites and the facilities within for Contractor and Engineer personnel.
2. Attend meetings, participate in site visits, perform reviews, and provide input and decisions as outlined in the Contract Documents.
3. Plant personnel to attend meetings and coordinate with Contractor and Engineer with respect to construction work that impacts the plant operations.

### PART 4.0 PERIODS OF SERVICE:

1. Construction Phase Services
  - SE WWTP – 570 days from Notice to Proceed
  - Vichy Road WWTP – 395 days from Notice to Proceed

- 2. Post Construction and Supplemental Services
  - SE WWTP – 365 days from Final Completion
  - Vichy Road WWTP – 365 days from Final Completion
- 3. RPR Services
  - SE WWTP – 570 days from Notice to Proceed
  - Vichy Road WWTP – 395 days from Notice to Proceed

PART 5.0 PAYMENTS TO ENGINEER:

- 1. Construction Phase Services (both plants) - Lump sum fee of \$1,316,763.00, to be invoiced monthly on a percent complete basis.
- 2. Post Construction Phase Services (both plants) - Lump sum fee of \$283,405.00, to be invoiced monthly on a percent complete basis.
- 3. RPR Services (both plants) - Lump sum fee of \$355,800.00, to be invoiced monthly on a percent complete basis.

Total Fee = \$1,955,968.00

PART 6.0 OTHER:

None

This Task Order is executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

City of Rolla, Missouri  
"OWNER"

HDR ENGINEERING, INC.  
"ENGINEER"

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: Joseph E. Drimmel

TITLE: \_\_\_\_\_

TITLE: Senior Vice President

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

ADDRESS: 4435 Main St., Suite 1000  
Kansas City, MO 64111

CITY OF ROLLA  
CITY COUNCIL AGENDA

DEPARTMENT HEAD: Darin Pryor

ACTION REQUESTED: Ordinance - Final Reading

ITEM/SUBJECT: Project #505 – FY 2020 Phase II Asphalt Improvements

BUDGET APPROPRIATION: \$380,000

DATE: 04/20/20

\*\*\*\*\*

COMMENTARY:

City staff asked for and received bids for the FY 2020 Phase II Asphalt Improvements. The bids were as follows:

Melrose Quarry & Asphalt Supply, LLC PO Box 187 Rolla, MO 65402	\$309,630.06
Pierce Asphalt, LLC PO Box 1264 Rolla, MO 65402	\$321,954.07
Capital Paving & Construction, LLC 1369 Business Park Rd. Linn Creek, MO 65052	\$354,441.25
N.B. West Contracting 1035 N. Service Rd. Sullivan, MO 63080	\$379,988.20

This phase overlays Lions Club Drive from Rte 63 to Rte 72, Pebble Stone from Rolla Street to Lions Club Drive, a short section of Bridge School Road near A-1 Pump, and small portion of Mossman Lane.

Staff is requesting the final reading of the ordinance authorizing the Mayor to enter into the contract Melrose Quarry & Asphalt Supply, LLC for \$309,630.06.

ITEM NO. III. B.1.



DEPARTMENT OF PUBLIC WORKS  
 901 North E  
 P.O. Box 9  
 Rolla, MO 654

Phone: (573) 364-8659

FAX: (573) 364-8602

e-mail: [shargis@rollacity.org](mailto:shargis@rollacity.org)

[www.rollacity.org](http://www.rollacity.org)

FY 2020 PHASE II ASPHALT IMPROVEMENTS

PROJECT 505

OCTOBER 16, 2019

DESCRIPTION	QTY.	Melrose Quarry & Asphalt Supply, LLC		Pierce Asphalt, L.L.C.		N. B West Contracting		Capital Paving & Construction	
		UNIT PRICE	EXTENDED TOTAL	UNIT PRICE	EXTENDED TOTAL	UNIT PRICE	EXTENDED TOTAL	UNIT PRICE	EXTENDED TOTAL
BP-1	255 TON	\$ 84.00	\$ 21,420.00	\$ 78.73	\$ 20,076.15	\$ 119.50	\$ 30,472.50	\$ 88.00	\$ 22,440.00
BP-2	2,965 TON	\$ 84.00	\$ 249,060.00	\$ 78.73	\$ 233,434.45	\$ 83.35	\$ 247,132.75	\$ 88.00	\$ 260,920.00
Bit. Base	35 TON	\$ 80.00	\$ 2,800.00	\$ 78.73	\$ 2,755.55	\$ 295.00	\$ 10,325.00	\$ 88.00	\$ 3,080.00
Milling	54,766 SY	\$ 0.35	\$ 19,168.10	\$ 1.12	\$ 61,337.92	\$ 1.00	\$ 54,766.00	\$ 1.45	\$ 79,410.70
Tack	4,350 GAL	\$ 3.95	\$ 17,182.50	\$ 1.00	\$ 4,350.00	\$ 2.70	\$ 11,745.00	\$ 3.25	\$ 14,137.50
<b>TOTAL BID PRICE</b>		<b>\$</b>	<b>309,630.60</b>	<b>\$</b>	<b>321,954.07</b>	<b>\$</b>	<b>354,441.25</b>	<b>\$</b>	<b>379,988.20</b>

H. B. 2.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE AUTHORIZING THE MAYOR OF THE CITY OF ROLLA, MISSOURI TO EXECUTE ON BEHALF OF THE CITY OF ROLLA, MISSOURI A CERTAIN AGREEMENT BETWEEN THE CITY OF ROLLA, MISSOURI AND MELROSE QUARRY & ASPHALT SUPPLY, LLC, FOR FY 2020 PHASE II ASPHALT IMPROVEMENTS, PROJECT #505.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI, AS FOLLOWS:

Section 1: That the Mayor of the City of Rolla, Missouri be and is hereby authorized and directed to execute on behalf of the City of Rolla, Missouri an agreement between the City of Rolla, Missouri and Melrose Quarry & Asphalt Supply, LLC, for FY 2020 Phase II Asphalt Improvements, Project #505, a copy of said agreement being attached hereto and marked Exhibit A.

PASSED BY THE CITY COUNCIL OF THE CITY OF ROLLA, MISSOURI AND APPROVED BY THE MAYOR THIS 20<sup>th</sup> DAY OF APRIL 2020.

APPROVED:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY COUNSELOR

III. B. 3.



CITY OF ROLLA  
CITY COUNCIL AGENDA

DEPARTMENT HEAD: John Butz, City Administrator      ACTION REQUESTED: Motion

ITEM/SUBJECT: Request by S&T – Interfraternity Council – Sept. 2020 Greek Week Games

BUDGET APPROPRIATION (IF APPLICABLE) N/A      DATE: April 20, 2020

\*\*\*\*\*

COMMENTARY:

The S&T IFC is again requesting use of the Rolla National Airport Extravaganza site for their Greek Week games on September 12 and 19. The event has taken place for 15+ years and cooperation has generally been excellent. The request includes a license for beer sales, which requires a State license, insurance, security, and bus transportation for all participants with the exception of event organizers.

Recommendation: Motion to approve use of RNA fields for Greek Week Games in September 2020 with beer sales.

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ITEM NO. IV. A.1.





City of Rolla

City Hall P.O. Box 979

Rolla, MO 65401

Mr. John Butz,

I would like to request the use of the Eulesian Fields/Extravaganza Site at the Rolla National Airport on behalf of the Missouri S&T Interfraternity Council for our Annual Greek Week Games Saturday, September 12th, 2020, and Saturday, September 19th, 2020. I would also enjoy the privilege to work on said fields during times they are not in use to provide maintenance and mowing before the games.

The Council would also like to request to have alcohol present from a local permitted and licensed vendor as we have in years past. We will be hiring two members of the Rolla Sheriff's Department to check ID's and will be following our Risk Management Policies approved by the campus for the event. We are currently pursuing the same insurance policy through the Campus as we have used the past couple of years with the city listed as co insured.

I, or someone of our Executive Board, will be able to attend any of the upcoming City Council meetings to answer any questions anyone might have. If you have any questions for me directly, please feel free to call me or email me.

Sincerely,

Chris Steinbach

IFC Fields Chair

Cell: (636) 795 - 6035

Email: cjsffq@umsystem.edu

IV. A. 2.

CITY OF ROLLA  
CITY COUNCIL AGENDA

DEPARTMENT HEAD: Brady Wilson

ACTION: Bid Award

ITEM/SUBJECT: Automated Collection

BUDGET APPROPRIATION: \$375,000

DATE: April 20, 2020

.....  
COMMENTARY:

The solid waste collection industry is always evolving. In recent years, the industry has been trending towards “automated” collection systems. This evolution is largely due to employee injuries, employee turnover, and a limited qualified workforce. All of these issues present challenges for Rolla as well. The collection industry is known for being labor intensive with a high incidence of injury. Automated collection is proving to reduce injuries, reduce manpower and equipment requirements, and improve employee retention.

For the reasons mentioned above, staff has been researching automated collection systems for the past year. This includes visiting with municipalities, vendors and others in the waste management business to discuss experiences, advantages and disadvantages, equipment options, etc. There are many different automated trucks on the market and no two are the same. After much research of the various vehicles and equipment, the Curotto Can mounted on a front-loading refuse truck stands out as the best and most versatile option for Rolla. The Curotto Can system provides strong advantages over the competition which consists of automated side-loading trucks. The distinct advantages of this system over others include:

- Reduced worker risk and injuries.
- Improved speed and efficiency.
- Reduced manpower and equipment needs.
- Improved fuel efficiency due to less cycling of the packing mechanism.
- Operator ergonomics, the work/dumping mechanism is in front of the driver.
- Contamination control, the driver can see what is being collected.
- Can be used for bulk pickup (other ASL units cannot).
- Dropped carts are easily retrieved from the hopper.
- Can be used for both residential and commercial collections.

Noted disadvantages of the Curotto Can system are few, but include:

- Initial capital investment (twice the cost of a conventional rear-load truck)
- Increased maintenance requirements (daily greasing)

After considering the advantages of an automated collection system, staff is recommending that the City embark upon a pilot project for a portion of residential service. A pilot area would be selected from each of the weekly scheduled collection areas of the city. The pilot project would likely serve 20-25% of residential customers initially.

Due to the unique individuality of these automated systems, a conventional competitive bidding process is virtually impossible. For this reason staff is recommending the utilization of a government purchasing co-op known as Sourcewell (formerly NJPA). Sourcewell manages contracts through a competitive bid process that meets all legal bidding requirements. These contracts are available to governmental, educational and not-for-profit entities. Sourcewell leverages the buying power of 50,000 agencies nationwide just as a State contract leverages

V.A.1.

Missouri volume. Sourcewell develops RFB's for national competitive solicitations that meet or exceed local requirements. Sourcewell staff have approved the following bid prices on the collection vehicle(s) being recommended by staff for a pilot automated collection system for Rolla's residential services (commercial service can be phased in later using this same vehicle).

Heil 20-yard Half Pack Odyssey on a 2021 Autocar chassis w. Curotto Can - \$326,120

Heil 20-yard Half Pack Odyssey on a 2021 Mack chassis w. Curotto Can - \$314,702

Optional 2<sup>nd</sup> Curotto Can to serve as a backup and allow for proper maintenance - \$33,238

Armor Equipment of Arnold Missouri along with Heil Environmental hold the Sourcewell contract for this equipment. Staff recommends using the Sourcewell contract to purchase the Mack Chassis mounted with the Heil front-loader body, as well as purchasing the second Curotto Can. This would bring the total purchase price to \$347,940.

Item VA-2.

# The **Curotto-Can**

The Future of Automated Collection

A **DOVER** COMPANY



## **Unbeatable Versatility. Lowest Cost of Ownership.**

The Curotto-Can has the fastest load time of any automated system on the market and delivers a proven 25% to 30% productivity advantage over automated side loaders. By using the robust reliability of a front loader, this carry can delivers game-changing performance that will enable you to service more customers, more quickly, in more applications.

- ✓ Fastest load time - 4-5 seconds from wheel-stop-to-wheel-go
- ✓ Radically more maneuverable - 25% faster around cul-de-sacs
- ✓ Arm can be removed and replaced in two minutes
- ✓ No prox or limit switches and no logic and/or driver cards
- ✓ Eliminates cost of cart loss and damage



CITY OF ROLLA  
CITY COUNCIL AGENDA

DEPARTMENT HEAD: Brady Wilson

ACTION: Bid Award

ITEM/SUBJECT: Refuse Carts

BUDGET APPROPRIATION: \$100,000

DATE: April 20, 2020

.....  
COMMENTARY:

When implementing automated collection, it's important to select a cart that is compatible with automated equipment. The City has been slowly transitioning to this type of cart for the past few years. The old style cart that is still used by the majority of residents has been discontinued and is becoming obsolete. Ultimately, all of those old carts will be replaced regardless of the type of collection system used. There are roughly 6,000 residential carts in use now with approximately 10-15% of those being new-style carts.

The Sourcewell purchasing cooperative also awards a contract for refuse carts. Quotes for carts were solicited and the Sourcewell contract was also reviewed. The Department is initially seeking 1,900 95-gallon carts and 100 35-gallon carts for the automated collection pilot project. Those prices are listed below (shipping included). Staff is recommending accepting the alternate quote from Schaefer which includes assembly and distribution of the carts.

Toter Carts (Sourcewell)	\$93,379.09
Otto Carts (currently in use)	\$87,200.00
Schaefer Carts	\$78,975.00
Schaefer Carts (alternate)	\$86,675.00 (this quote includes assembly and distribution)

Item     V B1.



V.B.2.

Name of Board to Serve: Planning and Zoning Commission

Citizen's Name: Kevin Crider

INFORMATION/BIOGRAPHY

My name is Kevin Crider and I was born and raised in Rolla, Missouri. I graduated from Rolla High School in 1998 and have been a small business owner and entrepreneur ever since. My wife Elissa and I currently own three small businesses here in Rolla. Elissa's at Benton Square, Performance Auto Group, and KC Enterprises. I have always had a passion for automobiles, and I currently do crew-chief and consulting work for the auto racing industry as well. Rolla has been a fantastic place to grow up, live, and work, and I want to see it continue to grow and thrive. I believe that proper planning and zoning is very important to managing our growth in a consistent, productive and fair manner

VII. A.1.



