

**CITY OF SAVANNAH, MISSOURI**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Aldermen and Mayor  
City of Savannah, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Missouri (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Missouri, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that budgetary comparison information and the pension related schedules on pages 42 through 47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Savannah's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City’s 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.



**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
February 25, 2019

## **BASIC FINANCIAL STATEMENTS**

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

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 899,805	\$ 2,015,140	\$ 2,914,945
Taxes Receivable	201,842	-	201,842
Special Assessments Receivable	7,553	-	7,553
Accounts Receivable, Net	-	381,382	381,382
Prepaid Items	57,291	27,989	85,280
Inventory	-	44,257	44,257
Restricted and Internally Designated Assets -			
Cash and Cash Equivalents	343,248	1,308,794	1,652,042
Capital Assets:			
Nondepreciable	534,436	39,719	574,155
Depreciable, Net	5,608,192	8,289,108	13,897,300
Net Pension Asset	78,814	139,985	218,799
<b>Total Assets</b>	<b>7,731,181</b>	<b>12,246,374</b>	<b>19,977,555</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related	101,466	139,897	241,363
<b>Total Assets and Deferred Outflows of Resources</b>	<b>7,832,647</b>	<b>12,386,271</b>	<b>20,218,918</b>
<b>LIABILITIES</b>			
Accounts Payable	15,130	67,673	82,803
Accrued Payroll and Related Benefits	6,519	5,922	12,441
Accrued Interest	16,192	59,123	75,315
Customer Deposits	-	81,595	81,595
Long-Term Liabilities:			
Due Within One Year	384,900	832,914	1,217,814
Due in More than One Year	2,077,454	6,089,517	8,166,971
<b>Total Liabilities</b>	<b>2,500,195</b>	<b>7,136,744</b>	<b>9,636,939</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	83,334	95,548	178,882
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,734,844	1,513,376	5,248,220
Restricted for Pension	96,946	184,940	281,886
Restricted for Debt Service	444,362	1,099,039	1,543,401
Restricted for Customer Deposits	-	17,818	17,818
Restricted for Streets and Public Works	229,381	-	229,381
Restricted for Main Street	4,305	-	4,305
Restricted for Parks	437	-	437
Restricted for Cemetery	-	45,596	45,596
Restricted for Permanent Funds:			
Expendable	5,971	-	5,971
Nonexpendable	158,558	-	158,558
Unrestricted	574,314	2,293,210	2,867,524
<b>Total Net Position</b>	<b>\$ 5,249,118</b>	<b>\$ 5,153,979</b>	<b>\$ 10,403,097</b>

See accompanying Notes to Financial Statements.



**CITY OF SAVANNAH, MISSOURI  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2018**

	Program Revenues			Net Revenue (Expense) and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 264,495	\$ 19,058	\$ -	\$ 663	\$ (244,774)	\$ -	\$ (244,774)
Public Safety	600,871	31,396	-	399,601	(169,874)	-	(169,874)
Public Works	482,955	-	-	-	(482,955)	-	(482,955)
Culture and Recreation	511,239	105,482	-	532,997	127,240	-	127,240
Economic Development	532,997	-	-	-	(532,997)	-	(532,997)
Interest	76,847	-	-	-	(76,847)	-	(76,847)
Total Governmental Activities	2,469,404	155,936	-	933,261	(1,380,207)	-	(1,380,207)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	1,231,234	1,815,135	-	-	-	583,901	583,901
Wastewater	821,218	897,062	-	23,807	-	99,651	99,651
Sanitation	345,590	365,251	-	-	-	19,661	19,661
Golf	441,048	406,251	-	-	-	(34,797)	(34,797)
Cemetery	36,309	21,699	-	-	-	(14,610)	(14,610)
Clasbey Center	15,588	18,073	-	-	-	2,485	2,485
Total Business-Type Activities	2,890,987	3,523,471	-	23,807	-	656,291	656,291
Total Primary Government	\$ 5,360,391	\$ 3,679,407	\$ -	\$ 957,068	(1,380,207)	656,291	(723,916)
<b>GENERAL REVENUES</b>							
Taxes:							
Property Taxes					372,238	-	372,238
Sales Taxes					1,106,588	-	1,106,588
Franchise Taxes					378,537	-	378,537
Other Taxes					4,151	-	4,151
Penalties and Interest on							
Delinquent Taxes					2,709	-	2,709
Unrestricted Investment Earnings					9,126	25,505	34,631
Miscellaneous					14,325	193	14,518
<b>NET TRANSFERS IN (OUT)</b>					12,667	(12,667)	-
Total General Revenues and Transfers					1,900,341	13,031	1,913,372
<b>CHANGE IN NET POSITION</b>					520,134	669,322	1,189,456
Net Position - Beginning of Year					4,728,984	4,484,657	9,213,641
<b>NET POSITION - END OF YEAR</b>					\$ 5,249,118	\$ 5,153,979	\$ 10,403,097

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

<b>ASSETS</b>	General	CDBG School Grant	Parks and Recreation	Street Drainage COPs	Other Governmental Funds	Total Governmental Funds
Pooled Cash	\$ 571,650	\$ -	\$ 49,131	\$ 109,753	\$ 6,332	\$ 736,866
Restricted and Internally Designated Cash	-	-	-	228,787	114,461	343,248
Certificates of Deposit	-	-	-	-	162,939	162,939
Taxes Receivable	171,177	-	30,665	-	-	201,842
Special Assessments Receivable	-	-	-	-	7,553	7,553
Prepaid Items	45,830	-	11,461	-	-	57,291
<b>Total Assets</b>	<b>\$ 788,657</b>	<b>\$ -</b>	<b>\$ 91,257</b>	<b>\$ 338,540</b>	<b>\$ 291,285</b>	<b>\$ 1,509,739</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 12,706	\$ -	\$ 2,424	\$ -	\$ -	\$ 15,130
Accrued Payroll and Related Benefits	4,896	-	1,623	-	-	6,519
<b>Total Liabilities</b>	<b>17,602</b>	<b>-</b>	<b>4,047</b>	<b>-</b>	<b>-</b>	<b>21,649</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	2,818	-	1,798	-	7,553	12,169
<b>Total Deferred Inflows of Resources</b>	<b>2,818</b>	<b>-</b>	<b>1,798</b>	<b>-</b>	<b>7,553</b>	<b>12,169</b>
<b>FUND BALANCES</b>						
Nonspendable	45,830	-	11,461	-	158,558	215,849
Restricted	229,381	-	-	338,540	125,174	693,095
Assigned	-	-	73,951	-	-	73,951
Unassigned	493,026	-	-	-	-	493,026
<b>Total Fund Balances</b>	<b>768,237</b>	<b>-</b>	<b>85,412</b>	<b>338,540</b>	<b>283,732</b>	<b>1,475,921</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 788,657</b>	<b>\$ -</b>	<b>\$ 91,257</b>	<b>\$ 338,540</b>	<b>\$ 291,285</b>	<b>\$ 1,509,739</b>

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES  
SEPTEMBER 30, 2018**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 1,475,921</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>	6,142,628
<p>Net pension assets and pension related deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported as assets or deferred outflows in governmental funds.</p>	
Pension Related Deferred Inflows	(83,334)
Net Pension Asset/Liability	78,814
Pension Related Deferred Outflows	101,466
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Compensated Absences Payable	(54,570)
Bonds Payable	(2,190,000)
Capital Lease Payable	(217,784)
<p>Delinquent taxes and special assessments receivable are earned, but not available in the current period. Therefore, they are recorded as deferred inflows of resources in the funds, but are recognized as revenue when earned in the government-wide statements.</p>	12,169
<p>Governmental funds do not report a liability for accrued interest until due and payable.</p>	<u>(16,192)</u>
<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ 5,249,118</u></u></b>

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	General	CDBG School Grant	Parks and Recreation	Street Drainage COPs	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 227,539	\$ -	\$ 145,476	\$ -	\$ 59	\$ 373,074
Sales Taxes	886,728	-	219,860	-	-	1,106,588
Franchise Taxes	378,537	-	-	-	-	378,537
Other Taxes	2,075	-	1,331	-	745	4,151
Special Assessments	-	-	-	-	4,331	4,331
Penalties and Interest on						
Delinquent Taxes	1,645	-	1,051	-	13	2,709
Licenses and Permits	19,058	-	10,555	-	-	29,613
Intergovernmental Revenues	400,264	532,997	-	-	-	933,261
Charges for Services	-	-	94,927	-	-	94,927
Fines and Forfeits	31,396	-	-	-	-	31,396
Interest	4,359	-	810	2,705	1,252	9,126
Other Revenue	14,319	-	6	-	-	14,325
Total Revenues	<u>1,965,920</u>	<u>532,997</u>	<u>474,016</u>	<u>2,705</u>	<u>6,400</u>	<u>2,982,038</u>
<b>EXPENDITURES</b>						
General Government:						
Current	260,409	-	-	-	-	260,409
Public Safety:						
Current	492,685	-	-	-	-	492,685
Capital Outlay	312,119	-	-	-	-	312,119
Public Works:						
Current	266,111	-	-	-	-	266,111
Capital Outlay	476,714	-	-	-	-	476,714
Culture and Recreation:						
Current	-	-	416,700	-	-	416,700
Economic Development:						
Current	-	532,997	-	-	-	532,997
Debt Service:						
Principal	52,412	-	187	225,000	60,000	337,599
Interest	3,481	-	-	42,326	43,414	89,221
Total Expenditures	<u>1,863,931</u>	<u>532,997</u>	<u>416,887</u>	<u>267,326</u>	<u>103,414</u>	<u>3,184,555</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	101,989	-	57,129	(264,621)	(97,014)	(202,517)
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Debt	176,566	-	-	-	-	176,566
Transfers In	31,998	-	27,100	269,392	60,000	388,490
Transfers Out	(301,492)	-	(70,000)	-	(4,331)	(375,823)
Total Other Financing Sources (Uses)	<u>(92,928)</u>	<u>-</u>	<u>(42,900)</u>	<u>269,392</u>	<u>55,669</u>	<u>189,233</u>
<b>NET CHANGE IN FUND BALANCES</b>	9,061	-	14,229	4,771	(41,345)	(13,284)
Fund Balances - Beginning of Year	<u>759,176</u>	<u>-</u>	<u>71,183</u>	<u>333,769</u>	<u>325,077</u>	<u>1,489,205</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 768,237</u>	<u>\$ -</u>	<u>\$ 85,412</u>	<u>\$ 338,540</u>	<u>\$ 283,732</u>	<u>\$ 1,475,921</u>

See accompanying Notes to Financial Statements.

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

**Net Change in Fund Balances - Total Governmental Funds** \$ (13,284)

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the expenditures are capitalized.

Capital Outlays	788,833
Depreciation Expense	(422,428)

Pension 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.

Change in Net Pension Asset/Liability	45,658
Change in Pension Related Deferred Inflows/Outflows	(42,572)

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities on the statement of net position. In the current period, this amount consists of:

Change in Compensated Absences	(4,313)
Debt Principal Retirement	337,599
Issuance of Long-term Debt	(176,566)

The statement of activities reports tax revenues that do not provide current financial resources and are not reported as revenues in the governmental funds. (5,167)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as interest accrues, regardless of when it is due. 12,374

**Change in Net Position - Governmental Activities** \$ 520,134

**CITY OF SAVANNAH, MISSOURI**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	Combined Water and Wastewater	Sanitation	Golf	Other Proprietary Funds	Total Proprietary Funds
<b>CURRENT ASSETS</b>					
Pooled Cash and Cash Equivalents	\$ 1,826,245	\$ 84,394	\$ 25,143	\$ 79,358	\$ 2,015,140
Accounts Receivable, Net	331,879	49,503	-	-	381,382
Prepaid Items	15,422	-	8,837	3,730	27,989
Inventory	-	-	44,257	-	44,257
Total Current Assets	<u>2,173,546</u>	<u>133,897</u>	<u>78,237</u>	<u>83,088</u>	<u>2,468,768</u>
<b>RESTRICTED AND INTERNALLY DESIGNATED ASSETS</b>					
Cash and Cash Equivalents	<u>1,257,431</u>	<u>51,363</u>	<u>-</u>	<u>-</u>	<u>1,308,794</u>
Total Restricted and Internally Designated Assets	1,257,431	51,363	-	-	1,308,794
<b>NONCURRENT ASSETS</b>					
Capital Assets:					
Nondepreciable:					
Land	24,020	-	-	15,699	39,719
Depreciable:					
Property, Plant, and Equipment, at Cost	14,131,319	188,564	2,139,673	650,367	17,109,923
Accumulated Depreciation	<u>(6,085,269)</u>	<u>(187,620)</u>	<u>(1,932,567)</u>	<u>(615,359)</u>	<u>(8,820,815)</u>
Capital Assets, Net	8,070,070	944	207,106	50,707	8,328,827
Net Pension Asset	<u>112,824</u>	<u>4,302</u>	<u>21,256</u>	<u>1,603</u>	<u>139,985</u>
Total Noncurrent Assets	<u>8,182,894</u>	<u>5,246</u>	<u>228,362</u>	<u>52,310</u>	<u>8,468,812</u>
Total Assets	11,613,871	190,506	306,599	135,398	12,246,374
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related Deferred Outflows	<u>112,929</u>	<u>4,151</u>	<u>21,233</u>	<u>1,584</u>	<u>139,897</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,726,800</u>	<u>\$ 194,657</u>	<u>\$ 327,832</u>	<u>\$ 136,982</u>	<u>\$ 12,386,271</u>

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2018**

<b>LIABILITIES AND NET POSITION</b>	<u>Combined Water and Wastewater</u>	<u>Sanitation</u>	<u>Golf</u>	<u>Other Proprietary Funds</u>	<u>Total Proprietary Funds</u>
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 35,262	\$ 26,491	\$ 4,934	\$ 986	\$ 67,673
Accrued Payroll and Benefits	4,265	160	1,368	129	5,922
Accrued Interest	58,979	-	144	-	59,123
Customer Deposits	81,595	-	-	-	81,595
Current Maturities of Long-Term Liabilities	<u>802,957</u>	<u>958</u>	<u>23,642</u>	<u>5,357</u>	<u>832,914</u>
Total Current Liabilities	983,058	27,609	30,088	6,472	1,047,227
<b>LONG-TERM LIABILITIES</b>					
Net Pension Liability	-	-	-	-	-
Long-Term Liabilities, Less Current Maturities	<u>6,004,986</u>	<u>52,001</u>	<u>28,160</u>	<u>4,370</u>	<u>6,089,517</u>
Total Long-Term Liabilities	<u>6,004,986</u>	<u>52,001</u>	<u>28,160</u>	<u>4,370</u>	<u>6,089,517</u>
Total Liabilities	6,988,044	79,610	58,248	10,842	7,136,744
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Deferred Inflows	77,090	2,923	14,446	1,089	95,548
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,304,784	944	165,743	41,905	1,513,376
Restricted for Debt Service	1,099,039	-	-	-	1,099,039
Restricted for Customer Deposits	17,818	-	-	-	17,818
Restricted for Pension	149,269	5,530	28,043	2,098	184,940
Restricted for Cemetery	-	-	-	45,596	45,596
Unrestricted	<u>2,090,756</u>	<u>105,650</u>	<u>61,352</u>	<u>35,452</u>	<u>2,293,210</u>
Total Net Position	<u>4,661,666</u>	<u>112,124</u>	<u>255,138</u>	<u>125,051</u>	<u>5,153,979</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 11,726,800</u>	<u>\$ 194,657</u>	<u>\$ 327,832</u>	<u>\$ 136,982</u>	<u>\$ 12,386,271</u>

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Combined Water and Wastewater	Sanitation	Golf	Other Proprietary Funds	Total Proprietary Funds
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 2,712,197	\$ 365,251	\$ 406,251	\$ 39,772	\$ 3,523,471
<b>OPERATING EXPENSES</b>					
Personnel Services	623,267	21,051	182,401	30,703	857,422
Utilities	176,647	-	19,990	4,848	201,485
Contractual Services	141,461	321,923	1,857	500	465,741
Insurance	23,828	-	15,029	5,684	44,541
Repair and Maintenance	96,864	1,323	20,789	3,401	122,377
Materials and Supplies	239,974	4,400	147,866	3,528	395,768
Depreciation and Amortization	575,104	(3,107)	53,116	3,233	628,346
Total Operating Expenses	<u>1,877,145</u>	<u>345,590</u>	<u>441,048</u>	<u>51,897</u>	<u>2,715,680</u>
<b>OPERATING INCOME (LOSS)</b>	835,052	19,661	(34,797)	(12,125)	807,791
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	22,257	2,759	205	284	25,505
Intergovernmental Grants	23,807	-	-	-	23,807
Interest Expense	(175,307)	-	-	-	(175,307)
Loss on Sale of Equipment	(21)	-	(1,400)	-	(1,421)
Other Income	24	-	190	1,400	1,614
Total Nonoperating Revenues (Expenses)	<u>(129,240)</u>	<u>2,759</u>	<u>(1,005)</u>	<u>1,684</u>	<u>(125,802)</u>
<b>TRANSFERS</b>					
Transfers In	-	-	-	5,000	5,000
Transfers Out	(9,667)	-	(8,000)	-	(17,667)
Net Transfers In (Out)	<u>(9,667)</u>	<u>-</u>	<u>(8,000)</u>	<u>5,000</u>	<u>(12,667)</u>
<b>CHANGE IN NET POSITION</b>	696,145	22,420	(43,802)	(5,441)	669,322
Net Position - Beginning of Year	<u>3,965,521</u>	<u>89,704</u>	<u>298,940</u>	<u>130,492</u>	<u>4,484,657</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,661,666</u>	<u>\$ 112,124</u>	<u>\$ 255,138</u>	<u>\$ 125,051</u>	<u>\$ 5,153,979</u>

See accompanying Notes to Financial Statements.



**CITY OF SAVANNAH, MISSOURI**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Combined Water and Wastewater	Sanitation	Golf	Other Proprietary Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers	\$ 2,708,268	\$ 362,113	\$ 406,441	\$ 41,172	\$ 3,517,994
Cash Paid to Suppliers	(697,677)	(326,326)	(211,869)	(17,862)	(1,253,734)
Cash Paid to Employees	(627,531)	(21,309)	(182,526)	(30,905)	(862,271)
Net Cash Provided (Used) by Operating Activities	1,383,060	14,478	12,046	(7,595)	1,401,989
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash Transferred To (From) Other Funds	(9,667)	-	(8,000)	5,000	(12,667)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Grant Proceeds Received	23,807	-	-	-	23,807
Purchase of Equipment	(240,789)	-	-	-	(240,789)
Proceeds from Sale of Equipment	(21)	-	-	-	(21)
Proceeds from Long-Term Debt	-	-	-	-	-
Payments on Long-Term Debt	(731,984)	-	(26,500)	(4,802)	(763,286)
Interest Paid on Long-Term Debt	(219,466)	-	-	-	(219,466)
Net Cash Used by Capital and Related Financing Activities	(1,168,453)	-	(26,500)	(4,802)	(1,199,755)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	22,257	2,759	205	284	25,505
<b>NET INCREASE (DECREASE) IN CASH</b>	227,197	17,237	(22,249)	(7,113)	215,072
Cash - Beginning of Year	2,856,479	118,520	47,392	86,471	3,108,862
<b>CASH - END OF YEAR</b>	<u>\$ 3,083,676</u>	<u>\$ 135,757</u>	<u>\$ 25,143</u>	<u>\$ 79,358</u>	<u>\$ 3,323,934</u>

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Combined Water and Wastewater	Sanitation	Golf	Other Proprietary Funds	Total
<b>RECONCILIATION OF OPERATING INCOME</b>					
<b>(LOSS) TO NET CASH PROVIDED</b>					
<b>(USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 835,052	\$ 19,661	\$ (34,797)	\$ (12,125)	\$ 807,791
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	575,104	788	53,116	3,233	632,241
Amortization	-	(3,895)	-	-	(3,895)
Nonoperating Revenues	24	-	190	1,400	1,614
(Increase) Decrease in:					
Accounts Receivable	684	(3,138)	-	-	(2,454)
Prepaid Items	3,013	-	3,246	709	6,968
Inventory	-	-	(6,909)	-	(6,909)
Net Pension Asset	(47,425)	(1,958)	(9,664)	(729)	(59,776)
Pension Related Deferred Outflows	(21,172)	(928)	(4,395)	(337)	(26,832)
Increase (Decrease) in:					
Accounts Payable	(21,916)	1,320	(2,675)	(610)	(23,881)
Accrued Payroll	(404)	(10)	36	(151)	(529)
Compensated Absences	(2,127)	81	1,264	69	(713)
Customer Deposits	(4,637)	-	-	-	(4,637)
Pension Related Deferred Inflows	66,864	2,557	12,634	946	83,001
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,383,060</u>	<u>\$ 14,478</u>	<u>\$ 12,046</u>	<u>\$ (7,595)</u>	<u>\$ 1,401,989</u>
<b>CASH RECONCILIATION</b>					
Pooled Cash and Cash Equivalents	\$ 1,826,245	\$ 84,394	\$ 25,143	\$ 79,358	\$ 2,015,140
Restricted and Internally Designated Cash and Cash Equivalents	<u>1,257,431</u>	<u>51,363</u>	<u>-</u>	<u>-</u>	<u>1,308,794</u>
Total Cash and Cash Equivalents	<u>\$ 3,083,676</u>	<u>\$ 135,757</u>	<u>\$ 25,143</u>	<u>\$ 79,358</u>	<u>\$ 3,323,934</u>

See accompanying Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the City of Savannah, Missouri (the City), have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

The City is incorporated as a fourth class city under the provisions of the State of Missouri. The City operates under a Mayor/Board of Aldermen form of government and provides the following services as authorized by its charter: general administrative services, streets, public safety, park, public improvements, utilities, and sanitation.

The City's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the City is considered to be financially accountable.

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include: whether or not the primary government appoints the voting majority of the potential component units governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

Based on these criteria, the Savannah Community Foundation, Inc. (the Foundation) would be considered a component unit of the City. The Foundation was established by the City to support, enhance and coordinate charitable and civic opportunities for the City and its citizens. As of September 30, 2018, the Foundation has had no activity, and as such, is not shown in these financial statements.

**Basic Financial Statement Presentation**

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

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statement Presentation (Continued)**

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

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

Proprietary funds are used to report business-type activities carried on by the City.

**Measurement Focus and Basis of Accounting**

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue in the current period.

State aids are recorded as revenue in the year for which the aids are designated by statute.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting (Continued)**

Other revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which is not greater than 60 days.

The City's financial statements are prepared in accordance with GAAP. The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from those estimates.

**Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund balances, and revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

***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 except those required to be accounted for in another fund.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Accounting (Continued)**

***Major Governmental Funds (Continued)***

**Community Development Block Grant (CDBG) School Grant Fund**

The CDBG School Grant Fund is a special revenue fund that accounts for a CDBG grant for the construction of an early childhood education facility in Savannah.

**Parks and Recreation Fund**

The Parks and Recreation Fund is a special revenue fund that accounts for all of the operating revenues and expenditures of the parks department, such as the swimming pool and baseball fields. Revenues accounted for in this fund are primarily property and sales taxes collected for the operation of the City's parks.

**Street Drainage COPs Fund**

The Street Drainage COPs Fund is a debt service fund that accounts for resources used to retire Series 2007 Street Drainage Certificates of Participation (COPs).

***Major Proprietary Funds***

**Enterprise Funds**

Enterprise Funds are used to account for those operations of 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.

***Combined Water and Wastewater Fund***

The Combined Water and Wastewater Fund accounts for the provision of water and sewer utility services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

***Sanitation Fund***

The Sanitation Fund accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

***Golf Fund***

The Golf Fund accounts for the operation of the Duncan Hills Golf Course by the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash**

For purposes of the statement of cash flows, the City considered all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Interest earned is allocated to specific funds based on the average cash balance carried in each fund during the year. 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 pooled cash and investments or in restricted assets. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

**Inventory**

Inventory is valued at the lower of cost (first in, first out) or market. Inventory in the Golf Fund consists primarily of merchandise that is available for sale to customers.

**Property Taxes**

Property tax levies are set by the City Council in September of each year, on the assessed value as of the prior January 1 for all real property located in the City. Taxes are levied on approximately November 1 and are due by December 31. Taxes are considered delinquent on January 1 (the lien date) following the levy date. Taxes are collected by Andrew County and remitted to the City on a monthly basis.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable and are fully offset by deferred inflows of resources in the governmental funds because they are not known to be available to finance current expenditures. No allowances for uncollectible taxes have been provided because such amounts are not expected to be material.

**Due from Other Governments**

Due from other governments includes amounts due from grantors for grants related to specific financial assistance programs. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

**Accounts Receivable**

Accounts receivable result primarily from sales of water, wastewater, sanitation, and other services accounted for in their respective proprietary funds, net of an allowance for uncollectable accounts of \$102,401 and \$13,210 in the Combined Water and Wastewater and Sanitation funds, respectively. Those funds establish an allowance for doubtful accounts based on the status of accounts receivable at year-end, historical losses, and existing economic conditions. An estimated amount has been recorded for services rendered, but not yet billed, as of the close of the fiscal year.

**Special Assessments Receivable**

Special assessments receivable represents amounts that have been assessed to property owners for improvements.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid Items**

Prepaid items consist of amounts paid during the year ended September 30, 2018, which will be recognized as expenses in future periods.

**Capital and Intangible Assets**

Capital and intangible assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$2,000 or more for capitalizing capital assets.

Capital and intangible assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are sold for an immaterial amount when declared as no longer needed for public purpose by the City, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 30 to 60 years for buildings, 10 to 20 years for improvements other than buildings, 5 to 15 years for equipment, 5 to 60 years for infrastructure, and 40 to 65 years for water and wastewater systems.

The City has elected to prospectively report infrastructure assets in the governmental activities, as allowed by GASB Statement No. 34.

Capital and intangible assets not being depreciated include land, construction in progress, and permanent easements, if any.

**Restricted Assets**

Certain accounts related to debt issuances are classified as restricted assets on the balance sheet because their use is limited by applicable debt agreements. Other restricted assets consist of customer deposits, and amounts for landfill post-closure.

**Long-Term Obligations**

In the government-wide financial statements and the enterprise fund statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when incurred.

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



**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

Under terms of the City's personnel policy, City employees are granted vacation based upon length of service. Sick leave is granted at the rate of eight hours per month. Sick leave may be accumulated up to 90 days. Upon completion of at least five years of service, compensation for accrued sick leave is paid upon retirement, resignation, or death in varying amounts up to a maximum of 30 days.

**Deferred Outflows/Inflows of Resources**

The City would report decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. Deferred outflows of resources related to the City's pension plan are reported in the government-wide financial statements, as well as the proprietary fund financial statements.

The governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has one type of deferred inflows of resources which occurs related to revenue recognition. This deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The City also has deferred inflows of resources to report in its governmental activities, business-type activities, and proprietary fund financial statements related to the City's pension plan.

**Fund Balance**

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – Amounts a government intends to use for a specific purpose. Intent can be expressed by the government body or by an official or body to which the governing body delegates the authority. The Board of Aldermen has not officially delegated an individual as the responsible party in determining assigned fund balance.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance, Continued**

Unassigned – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City does not have a formal fund balance policy that provides guidance for programs with multiple revenue sources. The City uses restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted resources are 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.

**Net Position**

Net position represents the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Permanent Funds**

The City from time to time receives endowments from outside donors. The nature of these endowments is that the principal of the gift is to remain intact and the interest is to be spent on certain activities of the City. These donations are accounted for in permanent funds. The State of Missouri requires that recipients of endowment gifts maintain the original principal intact at the original donation date. Currently, the City maintains two permanent funds, the Alma Martin and Duncan-Kubach Trusts.

During the year ended September 30, 2018, the Alma Martin Trust Fund had net appreciation on cash and investments of \$431. It is the City's policy to expend income earned as necessary to fund park and cemetery operations to the extent they are available. Restricted fund balance available for spending was \$3,530 as of September 30, 2018.

During the year ended September 30, 2018, the Duncan-Kubach Trust Fund had net appreciation on cash and investments of \$-0-. It is the City's policy to expend income earned as necessary to fund park and Clasbey Center operations to the extent they are available. Restricted fund balance available for spending was \$2,441 as of September 30, 2018.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 BUDGETARY DATA**

Annual appropriated budgets are legally adopted for all funds prior to the beginning of each year. The Board of Aldermen sets the budget based on prior years' experience and projections for future revenues. Budgeted expenditure appropriations lapse at year-end. The budget was prepared on the same basis and uses the same accounting practices as are used to account for and prepare financial reports for the funds. The budgetary comparison schedules presented in this report are presented in accordance with generally accepted accounting principles.

**NOTE 3 DEPOSITS**

Missouri state statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, investment pools, and certificates of deposit. Statutes also require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third party, and must be of the kind prescribed by state statutes.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The City's deposits at September 30, 2018, in excess of the Federal Deposit Insurance Corporation (FDIC) limits, are covered by collateral held in a Federal Reserve Pledge account or by an agent for the City and thus no custodial credit risk exists.

A summary of the City's deposits at September 30, 2018 is as follows:

	<u>Governmental</u>
Cash on Hand	\$ 850
Demand Deposits	3,918,431
Short-Term Investments Held in Trust	359,773
Certificates of Deposit	287,933
Total Deposits	\$ 4,566,987

Cash and cash equivalents on the government-wide statement of net position is as follows:

Pooled Cash and Cash Equivalents	\$ 2,914,945
Restricted and Internally Designated Cash and Cash Equivalents	1,652,042
Total Cash and Cash Equivalents	\$ 4,566,987

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 CAPITAL ASSETS**

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities**

General Government	\$ 5,918
Public Safety	105,888
Public Works	218,418
Culture and Recreation	92,204
Total Depreciation Expense, Governmental Activities	\$ 422,428

**Business-Type Activities**

Water and Wastewater	\$ 575,104
Sanitation	788
Golf Course	53,116
Clasbey Community Center	2,675
Cemetery	558
Total Depreciation Expense, Business-Type Activities	\$ 632,241

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Additions	Disposals	Balance September 30, 2018
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 534,436	\$ -	\$ -	\$ 534,436
Construction in Process	37,039	-	37,039	-
Total Capital Assets, Not Being Depreciated	571,475	-	37,039	534,436
Capital Assets, Being Depreciated:				
Buildings, Plant, and Improvements	3,343,415	-	-	3,343,415
Streets	4,788,307	494,824	-	5,283,131
Equipment	1,260,736	331,048	49,006	1,542,778
Total Capital Assets, Being Depreciated	9,392,458	825,872	49,006	10,169,324
Total Capital Assets	9,963,933	825,872	86,045	10,703,760
Less: Accumulated Depreciation	4,187,710	422,428	49,006	4,561,132
Governmental Activities Capital Assets, Net	\$ 5,776,223	\$ 403,444	\$ 37,039	\$ 6,142,628

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

	Balance October 1, 2017	Additions	Disposals	Balance September 30, 2018
<b><u>Business-Type Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 39,719	\$ -	\$ -	\$ 39,719
Capital Assets, Being Depreciated:				
Buildings, Plant, and Improvements	13,295,133	165,510	-	13,460,643
Land Improvements	603,272	-	3,600	599,672
Equipment	3,014,833	75,279	40,504	3,049,608
Total Capital Assets, Being Depreciated	<u>16,913,238</u>	<u>240,789</u>	<u>44,104</u>	<u>17,109,923</u>
Total Capital Assets	16,952,957	240,789	44,104	17,149,642
Less: Accumulated Depreciation	<u>8,231,278</u>	<u>632,241</u>	<u>42,704</u>	<u>8,820,815</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,721,679</u>	<u>\$ (391,452)</u>	<u>\$ 1,400</u>	<u>\$ 8,328,827</u>

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 LONG-TERM INDEBTEDNESS**

The following is a summary of long-term debt of the City at September 30, 2018:

**Governmental Activities**

\$740,000 Series 2007 Certificates of Participation for the purpose of the City's park improvement project. Annual installments of \$20,000 to \$110,000 through 2027; interest at 4.5% to 5.0%.	\$ 440,000
\$2,270,000 Series 2012 Certificates of Participation (Refunding 2002 Stormwater COP's). Annual installments of \$200,000 to \$475,000 through 2022; interest at 2.0% to 3.15%.	1,190,000
\$650,000 Series 2013 General Obligation Bonds for the purpose of improving the municipal pool. Annual installments of \$20,000 to \$50,000 through 2033; interest at 3.25%.	560,000
\$79,490 capital lease for the purpose of purchasing storm sirens. Monthly installments of \$1,422, through 2018; interest at 2.82%. The lease was paid off during the year ended September 30, 2018.	-
\$91,960 capital lease for the purpose of purchasing police cars. Annual installments of \$24,928, through 2018; interest at 6.19%. At September 30, 2017, the City had capital assets related to this lease with a cost of \$138,526, and those assets had related accumulated depreciation of \$86,880.	70,202
\$27,606 capital lease for the purpose of installing LED lighting. Monthly installments of \$484, through 2020; interest at 0%. At September 30, 2017, the City had capital assets related to this lease with a cost of \$27,606, and those assets had related accumulated depreciation of \$5,213.	10,656
\$20,219 capital lease for the purpose of purchasing a backhoe. Annual installments of \$7,121, through 2019; interest at 2.8%. At September 30, 2017, the City had capital assets related to this lease with a cost of \$26,886, and those assets had related accumulated depreciation of \$12,098.	6,926
\$130,000 capital lease for the purpose of purchasing a firetruck. Annual installments of \$28,597, through 2023; interest at 3.85%. At September 30, 2018, the City had capital assets related to this lease with a cost of \$252,684, and those assets had related accumulated depreciation of \$33,691.	130,000
Compensated Absences	<u>54,570</u>
Total Governmental Activities	<u><u>\$ 2,462,354</u></u>

For the governmental activities, compensated absences are generally liquidated by the General, and Parks and Recreation Funds.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 LONG-TERM INDEBTEDNESS (CONTINUED)**

**Business-Type Activities**

\$5,670,000 Series 2013 Revenue Bonds (Refunding Series 2003 and 2004 Revenue Bonds) for the purpose of improving the water and sewer systems. Annual installments of \$205,000 to \$555,000 through 2026; interest at 2.65%.	\$ 3,610,000
\$1,500,000 Series 2003 Revenue Bonds with the State Environmental Improvement and Energy Resources Authority, State Revolving Fund program for the purpose of water pollution control improvements. Annual installments of \$55,000 to \$110,000 through 2024; interest at 3.5% to 5.0%. The City receives a subsidy for a portion of the interest.	585,000
\$570,000 Series 2004 Certificates of Participation for the purpose of improving the sewer system. Annual installments of \$15,000 to \$45,000 through 2024; interest at 3.125% to 5.125%.	230,000
\$2,440,000 Series 2017 Combined Waterworks and Sewerage System Refunding Revenue Bonds for the purpose of refunding Series 2007 Revenue Bonds. Annual installments of \$120,000 to \$725,000 through 2025; interest at 0.90% to 2.55%.	2,320,000
\$85,279 capital lease for the purpose of purchasing golf carts. Monthly installments of \$1,530 through 2021; interest at 2.95%. At September 30, 2018, the City had capital assets related to this lease with a cost of \$162,379, and those assets had related accumulated depreciation of \$86,603.	41,363
\$40,440 capital lease for the purpose of purchasing a backhoe. Annual installments of \$14,241, through 2019; interest at 2.8%. At September 30, 2018, the City had capital assets related to this lease with a cost of \$53,773, and those assets had related accumulated depreciation of \$24,196.	13,855
\$39,472 capital lease for the purpose of installing LED lighting. Monthly installments of \$693, through 2020; interest at 0%. At September 30, 2018, the City had capital assets related to this lease with a cost of \$39,472, and those assets had related accumulated depreciation of \$7,455.	15,234
Landfill	51,363
Compensated Absences	55,616
Total Business-Type Activities	\$ 6,922,431

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 LONG-TERM INDEBTEDNESS (CONTINUED)**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2018:

	Balance October 1, 2017	Adjustments/ Additions	Adjustments/ Retired	Balance September 30, 2018	Current Portion	Long-Term Portion
<b>Governmental Activities:</b>						
2007 Park COP	\$ 475,000	\$ -	\$ 35,000	\$ 440,000	\$ 35,000	\$ 405,000
2012 Street Drainage COP	1,415,000	-	225,000	1,190,000	230,000	960,000
2013 Pool Bonds	585,000	-	25,000	560,000	25,000	535,000
Storm Sirens Capital Lease	17,789	-	17,789	-	-	-
Police Cars Capital Lease	45,896	46,566	22,260	70,202	23,418	46,784
LED Lighting Capital Lease	16,468	-	5,812	10,656	5,812	4,844
Backhoe Capital Lease	13,664	-	6,738	6,926	6,926	-
Firetruck Capital Lease	-	130,000	-	130,000	26,002	103,998
Compensated Absences	50,257	46,855	42,542	54,570	32,742	21,828
Total	<u>\$ 2,619,074</u>	<u>\$ 223,421</u>	<u>\$ 380,141</u>	<u>\$ 2,462,354</u>	<u>\$ 384,900</u>	<u>\$ 2,077,454</u>
<b>Business-Type Activities:</b>						
2013 Water and Sewer Revenue Bonds	\$ 4,095,000	\$ -	\$ 485,000	\$ 3,610,000	\$ 500,000	\$ 3,110,000
2003 Sewer Revenue Bonds	665,000	-	80,000	585,000	85,000	500,000
2004 Sewer COP	260,000	-	30,000	230,000	35,000	195,000
2017 Waterworks and Sewer Revenue Bonds	2,440,000	-	120,000	2,320,000	140,000	2,180,000
Landfill	55,258	-	3,895	51,363	-	51,363
Golf Mowers Capital Lease	9,626	-	9,626	-	-	-
Golf Carts Capital Lease	58,237	-	16,874	41,363	17,379	23,984
Backhoe Capital Lease	27,331	-	13,476	13,855	13,855	-
LED Lighting Capital Lease	23,544	-	8,310	15,234	8,310	6,924
Compensated Absences	56,329	51,817	52,530	55,616	33,370	22,246
Total	<u>\$ 7,690,325</u>	<u>\$ 51,817</u>	<u>\$ 819,711</u>	<u>\$ 6,922,431</u>	<u>\$ 832,914</u>	<u>\$ 6,089,517</u>



**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 LONG-TERM INDEBTEDNESS (CONTINUED)**

The annual debt service requirement to amortize all debt outstanding as of September 30, 2018, exclusive of compensated absences, are as follows:

Governmental Activities												
Year Ending September 30,	2007 COPs			2012 COPs			2013 Pool Bonds			Firetruck Lease		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2019	\$ 35,000	\$ 21,725	\$ 56,725	\$ 230,000	\$ 33,943	\$ 263,943	\$ 25,000	\$ 17,794	\$ 42,794	\$ 26,002	\$ 2,595	\$ 28,597
2020	35,000	20,063	55,063	235,000	27,250	262,250	30,000	16,900	46,900	24,856	4,011	28,867
2021	40,000	18,400	58,400	250,000	19,763	269,763	30,000	15,925	45,925	25,533	3,064	28,597
2022	40,000	16,500	56,500	475,000	7,913	482,913	30,000	14,950	44,950	26,516	2,081	28,597
2023	40,000	14,500	54,500	-	-	-	30,000	13,975	43,975	27,093	1,060	28,153
2024-2028	250,000	36,250	286,250	-	-	-	185,000	52,894	237,894	-	-	-
2029-2033	-	-	-	-	-	-	230,000	19,500	249,500	-	-	-
<b>Total</b>	<b>\$ 440,000</b>	<b>\$ 127,438</b>	<b>\$ 567,438</b>	<b>\$ 1,190,000</b>	<b>\$ 88,869</b>	<b>\$ 1,278,869</b>	<b>\$ 560,000</b>	<b>\$ 151,938</b>	<b>\$ 711,938</b>	<b>\$ 130,000</b>	<b>\$ 12,811</b>	<b>\$ 142,811</b>

  

Year Ending September 30,	Police Cars Capital Lease			LED Lighting Capital Lease			Backhoe Capital Lease			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2019	\$ 23,418	\$ 1,181	\$ 24,599	\$ 5,812	\$ -	\$ 5,812	\$ 6,926	\$ 194	\$ 7,120	\$ 352,158	\$ 77,432	\$ 429,590
2020	23,007	1,592	24,599	4,844	-	4,844	-	-	-	352,707	69,816	422,523
2021	23,777	822	24,599	-	-	-	-	-	-	369,310	57,974	427,284
2022	-	-	-	-	-	-	-	-	-	571,516	41,444	612,960
2023	-	-	-	-	-	-	-	-	-	97,093	29,535	126,628
2024-2028	-	-	-	-	-	-	-	-	-	435,000	89,144	524,144
2029-2033	-	-	-	-	-	-	-	-	-	230,000	19,500	249,500
<b>Total</b>	<b>\$ 70,202</b>	<b>\$ 3,595</b>	<b>\$ 73,797</b>	<b>\$ 10,656</b>	<b>\$ -</b>	<b>\$ 10,656</b>	<b>\$ 6,926</b>	<b>\$ 194</b>	<b>\$ 7,120</b>	<b>\$ 2,407,784</b>	<b>\$ 384,845</b>	<b>\$ 2,792,629</b>

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 LONG-TERM INDEBTEDNESS (CONTINUED)**

Business-Type Activities												
Year Ending September 30,	2013 Revenue Bonds			2003 SRF Revenue Bonds			2004 COPs			Golf Mowers Capital Lease		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2019	\$ 500,000	\$ 95,665	\$ 595,665	\$ 85,000	\$ 29,250	\$ 114,250	\$ 35,000	\$ 10,720	\$ 45,720	\$ 17,379	\$ 986	\$ 18,365
2020	515,000	82,415	597,415	90,000	22,000	112,000	35,000	9,040	44,040	17,899	467	18,366
2021	525,000	68,768	593,768	95,000	20,500	115,500	35,000	7,303	42,303	6,085	37	6,122
2022	545,000	54,855	599,855	100,000	15,750	115,750	40,000	5,381	45,381	-	-	-
2023	555,000	40,413	595,413	105,000	10,750	115,750	40,000	3,331	43,331	-	-	-
2024-2028	970,000	43,195	1,013,195	110,000	5,170	115,170	45,000	1,153	46,153	-	-	-
Total	<u>\$ 3,610,000</u>	<u>\$ 385,311</u>	<u>\$ 3,995,311</u>	<u>\$ 585,000</u>	<u>\$ 103,420</u>	<u>\$ 688,420</u>	<u>\$ 230,000</u>	<u>\$ 36,928</u>	<u>\$ 266,928</u>	<u>\$ 41,363</u>	<u>\$ 1,490</u>	<u>\$ 42,853</u>
Backhoe Capital Lease      LED Lighting Capital Lease      2017 Waterworks and Sewer Revenue      Total												
Year Ending September 30,	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2019	\$ 13,855	\$ 388	\$ 14,243	\$ 8,310	\$ -	\$ 8,310	\$ 140,000	\$ 48,615	\$ 188,615	\$ 799,544	\$ 185,624	\$ 985,168
2020	-	-	-	6,924	-	6,924	145,000	46,903	191,903	809,823	160,825	970,648
2021	-	-	-	-	-	-	150,000	44,835	194,835	811,085	141,443	952,528
2022	-	-	-	-	-	-	145,000	42,478	187,478	830,000	118,464	948,464
2023	-	-	-	-	-	-	150,000	39,820	189,820	850,000	94,314	944,314
2024-2028	-	-	-	-	-	-	1,590,000	71,565	1,661,565	2,715,000	121,083	2,836,083
Total	<u>\$ 13,855</u>	<u>\$ 388</u>	<u>\$ 14,243</u>	<u>\$ 15,234</u>	<u>\$ -</u>	<u>\$ 15,234</u>	<u>\$ 2,320,000</u>	<u>\$ 294,216</u>	<u>\$ 2,614,216</u>	<u>\$ 6,815,452</u>	<u>\$ 821,753</u>	<u>\$ 7,637,205</u>

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 LONG-TERM INDEBTEDNESS (CONTINUED)**

**Post-Closure Landfill Obligation**

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The City closed the landfill in 1995. The amount reported as landfill post-closure obligation at September 30, 2018 of \$51,363, represents the City's Financial Assurance Instrument (FAI) in its Contract of Obligation with Missouri Department of Natural Resources (MDNR), and is based on the cost to perform all post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Contract of Obligation authorizes MDNR to collect \$51,363 from the City to compensate for State corrective procedures if the City does not properly close and monitor the landfill. MDNR will annually allow the City to decrease the FAI in an amount equal to the estimated post-closure care cost for the previous twelve months, provided the FAI is sufficient to cover the costs for the remaining post-closure care period plus five years.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 6 RESTRICTED AND INTERNALLY DESIGNATED ASSETS AND DEBT RESERVE FUNDING**

The City's combined water and wastewater revenue bonds trust indentures require the City to establish various debt service, depreciation and replacement, and reserve accounts. At September 30, 2018, these reserve accounts were fully funded.

As provided in those indentures, should a default continue for a period of 60 days after written notice specifying such default has been given to the City by the registered owner of any bond then outstanding, then, at any time thereafter and while such default continues, the registered owners of 25% in principal amount of the bonds then outstanding may, by written notice to the City, declare the principal of all bonds then outstanding to be due and payable immediately. This provision, however, is subject to the condition that if at any time after the default has been cured, then, and in every such case, the registered owners of a majority in principal amount of the bonds then outstanding, by written notice to the City, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Other restricted assets consist of customer deposits, and amounts for landfill post-closure.

In addition, the City has internally designated unrestricted sales taxes in the general fund to be used for the fire department. Due to the absence of a formal fund balance policy, this amount is included in unassigned fund balance. The golf fund has internally designated cash to be used for future projects.

Amounts are reported in the accompanying balance sheet/statement of position as restricted and internally designated cash and investments as follows:

	Street Drainage COPs	Nonmajor Governmental Funds	Combined Water & Wastewater	Sanitation Fund	Total
Restricted:					
Landfill Post-Closure	\$ -	\$ -	\$ -	\$ 51,363	\$ 51,363
Customer Deposits	-	-	99,413	-	99,413
Debt Service, Replacement, and Reserve Accounts	<u>228,787</u>	<u>114,461</u>	<u>1,158,018</u>	<u>-</u>	<u>1,501,266</u>
Total	<u>\$ 228,787</u>	<u>\$ 114,461</u>	<u>\$ 1,257,431</u>	<u>\$ 51,363</u>	<u>\$ 1,652,042</u>

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7 DEFINED BENEFIT PENSION PLANS**

**Plan Description**

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).

**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 five years of credited service. Employees who retire on or after age 60 with five 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 five years of credited service and after attaining age 55 and receive a reduced allowance.

	2018 Valuation
Benefit Multiplier	1.60%
Final Average Salary	5 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.

**Employees Covered by Benefit Terms**

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	16
Inactive Employees Entitled to but not yet Receiving Benefits	13
Active Employees	27
Total	56

**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 employer do not contribute to the pension plan. Employer contribution rates were 9.4% of annual covered payroll for the general division, and 9.9% of annual covered payroll for the police division, for the year ended September 30, 2018.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Net Pension Liability (Asset)**

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

**Actuarial Assumptions**

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

Actuarial Assumptions

Inflation	3.25% Wage Inflation; 2.5% Price Inflation
Salary Increase	3.25% to 6.55% Including Wage Inflation
Investment Rate of Return	7.25%, Net of Investment and Administrative Expenses

Mortality rates were based on the RP-2014 mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

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

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

Asset Class:	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.00%	4.81%
Fixed Income	28.50%	1.72%
Real Assets/Real Return	23.50%	3.42%
	<u>100.00%</u>	

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**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)**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 3,657,683	\$ 3,771,047	\$ (113,364)
Changes for the Year:			
Service Cost	102,448	-	102,448
Interest	264,030	-	264,030
Difference Between Expected and Actual Experience	19,479	-	19,479
Changes of Assumptions	125,016	-	125,016
Contributions - Employer	-	113,416	(113,416)
Contributions - Employee	-	-	-
Net Investment Income	-	457,177	(457,177)
Benefit Payments, Including Refunds	(134,789)	(134,789)	-
Administrative Expense	-	(4,183)	4,183
Other Changes	-	50,601	(50,601)
Net Changes	376,184	482,222	(106,038)
Balances at June 30, 2018	<u>\$ 4,033,867</u>	<u>\$ 4,253,269</u>	<u>\$ (219,402)</u>

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.25%, as well as what the District's Net Pension Liability 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%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability (TPL)	\$ 4,620,889	\$ 4,033,867	\$ 3,550,659
Plan Fiduciary Net Position	4,253,269	4,253,269	4,253,269
Net Pension Liability/(Asset) (NPL)	<u>\$ 367,620</u>	<u>\$ (219,402)</u>	<u>\$ (702,610)</u>

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

For the year ended September 30, 2018, the City recognized pension expense of \$81,512 for the general division and \$30,804 for the police division, for a total of \$112,316, and reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 152,905	\$ (36,252)
Assumption Changes	55,355	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(142,630)
Contributions Made After the Measurement Date	33,103	-
Total	\$ 241,363	\$ (178,882)

The \$33,103 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended September 30, 2019. Other deferred outflows and deferred inflows of resources will be recognized in future pension expense as follows:

Year Ending September 30,	Net Deferred Outflows of Resources
2019	\$ 65,903
2020	23,947
2021	(61,092)
2022	(13,426)
2023	14,046
Total	\$ 29,378

**NOTE 8 INTERFUND TRANSACTIONS**

During normal operations, the City has numerous transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended. These transfers are generally recorded as transfers and are reported as other financing sources or uses.

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, (2) use unrestricted revenues collected in the general fund finance various programs accounted for in other funds in accordance with budgetary authorizations, or (3) to fund debt service requirements as debt service payments become due. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.



**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 8 INTERFUND TRANSACTIONS (CONTINUED)**

Transfer In:	Transfer Out:					Total
	General Fund	Parks & Recreation Fund	Golf Fund	Water Fund	NID Bond Fund	
General Fund	\$ -	\$ 10,000	\$ 8,000	\$ 9,667	\$ 4,331	\$ 31,998
Park & Recreation Fund	27,100	-	-	-	-	27,100
Park COP Fund	-	60,000	-	-	-	60,000
Street COP Fund	269,392	-	-	-	-	269,392
Clasbey Center Fund	5,000	-	-	-	-	5,000
<b>Total</b>	<b>\$ 301,492</b>	<b>\$ 70,000</b>	<b>\$ 8,000</b>	<b>\$ 9,667</b>	<b>\$ 4,331</b>	<b>\$ 393,490</b>

**NOTE 9 COMPONENTS OF FUND BALANCE**

At September 30, 2018, portions of the City's fund balance are not available for appropriation due to balances that cannot be spent (Nonspendable), legal restrictions (Restricted), Board of Aldermen action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	CDBG School Grant	Parks and Recreation	Street Drainage COP	Other Governmental Funds	Total
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid Items	\$ 45,830	\$ -	\$ 11,461	\$ -	\$ -	\$ 57,291
Permanent Fund Principal	-	-	-	-	158,558	158,558
Restricted:						
Main Street	-	-	-	-	4,305	4,305
Park Improvements	-	-	-	-	3,967	3,967
Park and Cemetery Improvements	-	-	-	-	2,441	2,441
Debt Service	-	-	-	-	114,461	114,461
Streets and Public Works	229,381	-	-	338,540	-	567,921
Assigned:						
Parks and Recreation Operations	-	-	73,951	-	-	73,951
Unassigned	493,026	-	-	-	-	493,026
<b>Total</b>	<b>\$ 768,237</b>	<b>\$ -</b>	<b>\$ 85,412</b>	<b>\$ 338,540</b>	<b>\$ 283,732</b>	<b>\$ 1,475,921</b>

**CITY OF SAVANNAH, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

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, would have a materially adverse effect upon the financial condition of the City.

The City is from time to time threatened with litigation. It is the opinion of management, after reviewing such actions with counsel, that the outcome of any lawsuit or claim which is pending or threatened is not determinable as of the date the financial statements were available to be issued.

**NOTE 11 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters and workers' compensation. The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a not-for-profit association formed by political subdivisions of the State of Missouri organized to operate as group self-insurer. The purpose of MIRMA is to seek the prevention of lessening of casualty and property losses to member political subdivisions and injuries to persons or employees which might result in claims being made against such subdivisions. In addition to insurance protection, MIRMA provides risk management services. The City has no direct control over budgeting, financing, the governing body, or management selection. The City assumes liability for any deductibles and claims in excess of coverage limitations.

MIRMA is fully funded by its members. 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 and data processing, and pay administrative expenses. Coverage obtained by the City through MIRMA includes fire and extended coverage, money and securities and employee fidelity, contractors equipment, automobile bodily injury and property damage liability, automobile physical damage, uninsured motorist, comprehensive general liability, employment practices liability, workers' compensation, employer's liability, airport liability, and boiler and machinery.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

Per-occurrence coverage limits provided by MIRMA (MIRMA's self-insured retention limits combined with excess insurance contract limits) are 100% replacement cost for fire and extended coverage claims, \$100,000 for money and securities and employee fidelity claims, \$2,000,000 for liability claims, statutory limit for workers' compensation claims, and 100% replacement cost for boiler and machinery claims. Losses from individual claims in excess of these limits remain the responsibility of the respective entities. In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, MIRMA and its member cities would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. Settled claims have not exceeded coverage in any of the last three fiscal years.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City insurance coverage in any of the prior three years.

The assessment to the City, for the coverage period July 1, 2018 through June 30, 2019, was \$113,620.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SAVANNAH, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
<b>REVENUES</b>				
Taxes	\$ 1,384,400	\$ 1,501,394	\$ 1,494,879	\$ (6,515)
Penalties and Interest on Delinquent Taxes	1,200	1,645	1,645	-
Licenses and Permits	17,000	19,058	19,058	-
Intergovernmental Revenues	347,800	408,123	400,264	(7,859)
Fines and Forfeits	17,500	31,396	31,396	-
Interest	900	4,359	4,359	-
Other Revenue	1,500	12,918	14,319	1,401
Total Revenues	<u>1,770,300</u>	<u>1,978,893</u>	<u>1,965,920</u>	<u>(12,973)</u>
<b>EXPENDITURES</b>				
General Government	182,550	165,914	260,409	94,495
Public Safety	638,564	664,150	804,804	140,654
Public Works	1,006,800	736,637	742,825	6,188
Other Expenditures	-	-	55,893	55,893
Total Expenditures	<u>1,827,914</u>	<u>1,566,701</u>	<u>1,863,931</u>	<u>297,230</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(57,614)	412,192	101,989	(310,203)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,400	18,000	31,998	13,998
Transfers Out	<u>(295,100)</u>	<u>(295,100)</u>	<u>(301,492)</u>	<u>(6,392)</u>
Total Other Financing Sources (Uses)	<u>(292,700)</u>	<u>(277,100)</u>	<u>(92,928)</u>	<u>184,172</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(350,314)	135,092	9,061	(126,031)
Fund Balance - Beginning of Year	<u>759,176</u>	<u>759,176</u>	<u>759,176</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 408,862</u></u>	<u><u>\$ 894,268</u></u>	<u><u>\$ 768,237</u></u>	<u><u>\$ (126,031)</u></u>

See accompanying Notes to Required Supplementary Information.

**CITY OF SAVANNAH, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE – CDBG SCHOOL GRANT FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 1,000,000	\$ 720,185	\$ 532,997	\$ (187,188)
Total Revenues	1,000,000	720,185	532,997	(187,188)
<b>EXPENDITURES</b>				
Other Expenditures	1,000,000	720,185	532,997	(187,188)
Total Expenditures	1,000,000	720,185	532,997	(187,188)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to Required Supplementary Information.

**CITY OF SAVANNAH, MISSOURI**  
**BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION FUND**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
<b>REVENUES</b>				
Taxes	\$ 334,000	\$ 367,342	\$ 366,667	\$ (675)
Penalties and Interest on Delinquent Taxes	1,000	1,051	1,051	-
Licenses and Permits	11,200	10,555	10,555	-
Charges for Services	84,810	94,927	94,927	-
Interest	200	810	810	-
Other Revenue	-	6	6	-
Total Revenues	<u>431,210</u>	<u>474,691</u>	<u>474,016</u>	<u>(675)</u>
<b>EXPENDITURES</b>				
Culture and Recreation	431,685	414,732	416,700	1,968
Debt Service - Principal	-	-	187	187
Total Expenditures	<u>431,685</u>	<u>414,732</u>	<u>416,887</u>	<u>2,155</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(475)	59,959	57,129	(2,830)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	33,000	27,100	27,100	-
Transfers Out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(37,000)</u>	<u>(42,900)</u>	<u>(42,900)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	(37,475)	17,059	14,229	(2,830)
Fund Balance - Beginning of Year	<u>71,183</u>	<u>71,183</u>	<u>71,183</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 33,708</u></u>	<u><u>\$ 88,242</u></u>	<u><u>\$ 85,412</u></u>	<u><u>\$ (2,830)</u></u>

See accompanying Notes to Required Supplementary Information.

**CITY OF SAVANNAH, MISSOURI  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2018**

**NOTE I. BUDGETARY INFORMATION**

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

- A. Prior to September 30 of each year, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. The City adopts the proposed budget as amended and adjusted by the Board of Aldermen.
- B. Public hearings on the City's budget are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
- C. On or before September 30, the final budget is legally enacted by City Ordinance.
- D. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board.
- E. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. Reported budget amounts are as originally adopted or amended by the Board of Aldermen.
- F. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund. The proposed budget includes estimated revenues and proposed expenditure for all city funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Actual expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, miscellaneous services and charges, and capital outlay) within each program. All amounts over budget have been approved by the Board of Aldermen through the disbursement process.
- G. Budgets for the general, certain special revenue funds, and the debt service fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen. All annual appropriations lapse at fiscal year-end.

**NOTE II. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures and transfers out exceeded budgeted amounts in the following funds:

	Expenditures and Transfers Out	Budget	Excess
General Fund	\$ 2,165,423	\$ 1,861,801	\$ 303,622
Parks and Recreation Fund	486,887	484,732	2,155



**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF CONTRIBUTIONS  
YEAR ENDED SEPTEMBER 30, 2018**

Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2009	\$ 101,380	\$ 101,186	\$ 194	\$ 897,555	11.3%
2010	109,251	109,251	-	966,390	11.3%
2011	105,473	101,903	3,570	856,916	11.9%
2012	95,162	92,501	2,661	766,623	12.1%
2013	102,525	99,553	2,972	808,103	12.3%
2014	107,554	106,512	1,042	908,297	11.7%
2015	112,170	112,170	-	982,013	11.4%
2016	113,653	113,653	-	1,094,228	10.4%
2017	104,669	104,669	-	1,099,994	9.5%
2018	120,745	120,745	-	1,146,985	10.5%

Additional information relating to the pension plan is provided in Note 7 of the Notes to Financial Statements.

**CITY OF SAVANNAH, MISSOURI**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Total Pension Liability</u></b>				
Service Cost	\$ 102,448	\$ 100,160	\$ 92,300	\$ 83,158
Interest on the Total Pension Liability	264,030	251,898	221,481	202,541
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	19,479	(37,603)	62,637	41,135
Changes of Assumptions	125,016	(21,718)	138,335	-
Benefit Payments, Including Refunds of Employee Contributions	(134,789)	(118,531)	(80,278)	(60,240)
<b>Net Change in Total Pension Liability</b>	<u>376,184</u>	<u>174,206</u>	<u>434,475</u>	<u>266,594</u>
Total Pension Liability - Beginning of Year	3,657,683	3,483,477	3,049,002	2,782,408
<b>Total Pension Liability- End of Year</b>	<u><u>\$ 4,033,867</u></u>	<u><u>\$ 3,657,683</u></u>	<u><u>\$ 3,483,477</u></u>	<u><u>\$ 3,049,002</u></u>
<b><u>Plan Fiduciary Net Position</u></b>				
Contributions-Employer	\$ 113,416	\$ 107,092	\$ 110,900	\$ 110,991
Contributions-Employee	-	-	-	-
Net Investment Income	457,177	457,302	(8,669)	60,977
Benefit Payments, Including Refunds of Employee Contributions	(134,789)	(118,531)	(80,278)	(60,240)
Pension Plan Administrative Expense	(4,183)	(3,961)	(3,955)	(3,914)
Other (Net Transfer)	50,601	(11,257)	35,445	80,028
<b>Net Change in Plan Fiduciary Net Position</b>	<u>482,222</u>	<u>430,645</u>	<u>53,443</u>	<u>187,842</u>
Plan Fiduciary Net Position - Beginning of Year	3,771,047	3,340,402	3,286,959	3,099,117
<b>Plan Fiduciary Net Position - End of Year</b>	<u><u>\$ 4,253,269</u></u>	<u><u>\$ 3,771,047</u></u>	<u><u>\$ 3,340,402</u></u>	<u><u>\$ 3,286,959</u></u>
<b>Net Pension Liability (Asset)</b>	<u><u>\$ (219,402)</u></u>	<u><u>\$ (113,364)</u></u>	<u><u>\$ 143,075</u></u>	<u><u>\$ (237,957)</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	105.44%	103.10%	95.89%	107.80%
<b>Covered Payroll</b>	\$ 1,120,817	\$ 1,099,740	\$ 1,071,415	\$ 947,127
<b>Employer's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	-19.58%	-10.31%	13.35%	-25.12%
<b>Annual Money Weighted Rate of Return Net of Investment Expenses</b>	13.70%	12.44%	-0.22%	2.07%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## **SUPPLEMENTARY INFORMATION**

**CITY OF SAVANNAH, MISSOURI**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	Special Revenue		Debt Service			Permanent		Total Nonmajor Governmental Funds
	Chester Baum	Main Street Organization	Pool Bond	Park and Recreation COPs	NID Bonds	Alma Martin	Duncan- Kubach	
<b>ASSETS</b>								
Pooled Cash	\$ 437	\$ 4,305	\$ -	\$ -	\$ -	\$ 1,524	\$ 66	\$ 6,332
Restricted and Internally Designated Cash	-	-	17,044	97,417	-	-	-	114,461
Certificates of Deposit	-	-	-	-	-	60,006	102,933	162,939
Special Assessments Receivable	-	-	-	-	7,553	-	-	7,553
<b>Total Assets</b>	<b>\$ 437</b>	<b>\$ 4,305</b>	<b>\$ 17,044</b>	<b>\$ 97,417</b>	<b>\$ 7,553</b>	<b>\$ 61,530</b>	<b>\$ 102,999</b>	<b>\$ 291,285</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	\$ -	\$ -	\$ -	\$ -	\$ 7,553	\$ -	\$ -	\$ 7,553
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,553</b>	<b>-</b>	<b>-</b>	<b>7,553</b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	58,000	100,558	158,558
Restricted	437	4,305	17,044	97,417	-	3,530	2,441	125,174
<b>Total Fund Balances</b>	<b>437</b>	<b>4,305</b>	<b>17,044</b>	<b>97,417</b>	<b>-</b>	<b>61,530</b>	<b>102,999</b>	<b>283,732</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 437</b>	<b>\$ 4,305</b>	<b>\$ 17,044</b>	<b>\$ 97,417</b>	<b>\$ 7,553</b>	<b>\$ 61,530</b>	<b>\$ 102,999</b>	<b>\$ 291,285</b>

**CITY OF SAVANNAH, MISSOURI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue		Debt Service			Permanent		Total Nonmajor Governmental Funds
	Chester Baum	Main Street Organization	Pool Bond	Park and Recreation COPs	NID Bonds	Alma Martin	Duncan- Kubach	
<b>REVENUES</b>								
Property Taxes	\$ -	\$ -	\$ 59	\$ -	\$ -	\$ -	\$ -	\$ 59
Other Taxes	-	-	745	-	-	-	-	745
Special Assessments	-	-	-	-	4,331	-	-	4,331
Penalties and Interest on Delinquent Taxes	-	-	13	-	-	-	-	13
Interest	4	33	200	584	-	431	-	1,252
<b>Total Revenues</b>	<b>4</b>	<b>33</b>	<b>1,017</b>	<b>584</b>	<b>4,331</b>	<b>431</b>	<b>-</b>	<b>6,400</b>
<b>EXPENDITURES</b>								
Debt Service:								
Principal	-	-	25,000	35,000	-	-	-	60,000
Interest	-	-	19,084	24,330	-	-	-	43,414
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>44,084</b>	<b>59,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103,414</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4</b>	<b>33</b>	<b>(43,067)</b>	<b>(58,746)</b>	<b>4,331</b>	<b>431</b>	<b>-</b>	<b>(97,014)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	60,000	-	-	-	60,000
Transfers Out	-	-	-	-	(4,331)	-	-	(4,331)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>(4,331)</b>	<b>-</b>	<b>-</b>	<b>55,669</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4</b>	<b>33</b>	<b>(43,067)</b>	<b>1,254</b>	<b>-</b>	<b>431</b>	<b>-</b>	<b>(41,345)</b>
Fund Balances - Beginning of Year	433	4,272	60,111	96,163	-	61,099	102,999	325,077
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 437</b>	<b>\$ 4,305</b>	<b>\$ 17,044</b>	<b>\$ 97,417</b>	<b>\$ -</b>	<b>\$ 61,530</b>	<b>\$ 102,999</b>	<b>\$ 283,732</b>

**CITY OF SAVANNAH, MISSOURI**  
**COMBINING STATEMENT OF NET POSITION – NONMAJOR PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>Clasbey Center</u>	<u>Cemetery</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 17,883	\$ 61,475	\$ 79,358
Prepaid Items	368	3,362	3,730
Total Current Assets	<u>18,251</u>	<u>64,837</u>	<u>83,088</u>
<b>CAPITAL ASSETS</b>			
Nondepreciable:			
Land	-	15,699	15,699
Depreciable:			
Property, Plant, and Equipment, at Cost	556,323	94,044	650,367
Accumulated Depreciation	<u>(523,237)</u>	<u>(92,122)</u>	<u>(615,359)</u>
Total Capital Assets, Net	33,086	17,621	50,707
<b>OTHER ASSETS</b>			
Net Pension Asset	9	1,594	1,603
Total Assets	<u>51,346</u>	<u>84,052</u>	<u>135,398</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Deferred Outflows	<u>7</u>	<u>1,577</u>	<u>1,584</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 51,353</u>	<u>\$ 85,629</u>	<u>\$ 136,982</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 641	\$ 345	\$ 986
Accrued Payroll and Related Benefits	64	65	129
Current Maturities of Long-Term Debt	4,631	726	5,357
Total Current Liabilities	<u>5,336</u>	<u>1,136</u>	<u>6,472</u>
<b>LONG-TERM LIABILITIES</b>			
Long-Term Debt, Less Current Maturities	<u>3,858</u>	<u>512</u>	<u>4,370</u>
Total Long-Term Liabilities	<u>3,858</u>	<u>512</u>	<u>4,370</u>
Total Liabilities	9,194	1,648	10,842
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Deferred Inflows	6	1,083	1,089
<b>NET POSITION</b>			
Net Investment in Capital Assets	24,597	17,308	41,905
Restricted for Pension	10	2,088	2,098
Restricted for Cemetery	-	45,596	45,596
Unrestricted	<u>17,546</u>	<u>17,906</u>	<u>35,452</u>
Total Net Position	<u>42,153</u>	<u>82,898</u>	<u>125,051</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 51,353</u>	<u>\$ 85,629</u>	<u>\$ 136,982</u>

**CITY OF SAVANNAH, MISSOURI  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION – NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2018**

	Clasbey Center	Cemetery	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 18,073	\$ 21,699	\$ 39,772
<b>OPERATING EXPENSES</b>			
Personnel Services	6,890	23,813	30,703
Utilities	3,135	1,713	4,848
Contractual Services	500	-	500
Insurance	604	5,080	5,684
Repair and Maintenance	1,768	1,633	3,401
Materials and Supplies	16	3,512	3,528
Depreciation and Amortization	2,675	558	3,233
Total Operating Expenses	<u>15,588</u>	<u>36,309</u>	<u>51,897</u>
<b>OPERATING INCOME (LOSS)</b>	2,485	(14,610)	(12,125)
<b>NONOPERATING REVENUES</b>			
Interest Income	95	189	284
Other Income	-	1,400	1,400
Total Nonoperating Revenues	<u>95</u>	<u>1,589</u>	<u>1,684</u>
<b>TRANSFERS</b>			
Transfers In	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>CHANGE IN NET POSITION</b>	7,580	(13,021)	(5,441)
Net Position - Beginning of Year	<u>34,573</u>	<u>95,919</u>	<u>130,492</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 42,153</u>	<u>\$ 82,898</u>	<u>\$ 125,051</u>

**CITY OF SAVANNAH, MISSOURI**  
**COMBINING STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

	Clasbey Center	Cemetery	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 18,073	\$ 23,099	\$ 41,172
Cash Paid to Suppliers	(6,615)	(11,247)	(17,862)
Cash Paid to Employees	(6,811)	(24,094)	(30,905)
Net Cash Provided (Used) by Operating Activities	<u>4,647</u>	<u>(12,242)</u>	<u>(7,595)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Transferred from Other Funds	5,000	-	5,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on Long-Term Debt	(4,700)	(102)	(4,802)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>95</u>	<u>189</u>	<u>284</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	5,042	(12,155)	(7,113)
Cash - Beginning of Year	<u>12,841</u>	<u>73,630</u>	<u>86,471</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 17,883</u></u>	<u><u>\$ 61,475</u></u>	<u><u>\$ 79,358</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 2,485	\$ (14,610)	\$ (12,125)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	2,675	558	3,233
(Increase) Decrease in:			
Prepaid Items	113	596	709
Net Pension Asset	(9)	(720)	(729)
Pension Related Deferred Outflows	(1)	(336)	(337)
Increase (Decrease) in:			
Accounts Payable	(705)	95	(610)
Accrued Payroll	20	(171)	(151)
Compensated Absences	69	-	69
Pension Related Deferred Inflows	<u>-</u>	<u>946</u>	<u>946</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 4,647</u></u>	<u><u>\$ (12,242)</u></u>	<u><u>\$ (7,595)</u></u>



**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Pass-through Grantor Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development:</b>				
Passed Through Missouri Department of Economic Development Community Development Block Grants—State's Program	14.228	B-16-DC-29-0001	\$ -	\$ 532,997
Total Department of Housing and Urban Development Programs			-	532,997
<b>Department of Transportation:</b>				
Passed Through Missouri Highways & Transportation Commission Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STP-9900(122)	-	387,147
Total Highway Planning and Construction Cluster			-	387,147
Passed Through University of Central Missouri Highway Safety Cluster State and Community Highway Safety	20.600	17-OP-05-012	-	500
National Priority Safety Program	20.616	18-M2OP-05-020	-	1,114
Total Highway Safety Cluster			-	1,614
Alcohol Open Container Requirements	20.607	18-154-AL-154	-	1,145
Total Passed through University of Central Missouri			-	2,759
<b>Department of Transportation</b>			-	389,906
<b>Department of Justice</b>				
Passed Through Missouri Department of Public Safety Bulletproof Vest Partnership Program	16.607	1121-0235	-	3,983
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	333
Total Passed through Missouri Department of Public Safety			-	4,316
<b>Total Department of Justice</b>			-	4,316
Total Expenditures of Federal Awards			\$ -	\$ 927,219

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF SAVANNAH, MISSOURI**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2018**

**NOTE 1    REPORTING ENTITY**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Savannah, Missouri. The City's reporting entity is defined in Note 1 to the financial statements.

**NOTE 2    BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Savannah, Missouri under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City of Savannah, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Savannah.

**NOTE 3    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4    LOCAL GOVERNMENT CONTRIBUTIONS**

Local cost sharing, as defined by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.



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

Board of Aldermen and Mayor  
City of Savannah, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savannah, Missouri (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 25, 2019.

**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.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2018-001, 2018-002, 2018-003, 2018-004, 2018-005 and 2018-006 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency 2018-007 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The City of Savannah’s Responses to Findings**

The City’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
February 25, 2019



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Aldermen and Mayor  
City of Savannah, Missouri

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Savannah, Missouri's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Savannah, Missouri's major federal programs for the year ended September 30, 2018. The City of Savannah, Missouri's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Savannah, Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Savannah, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Savannah, Missouri's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the City of Savannah, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the City of Savannah, Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Savannah, Missouri's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Savannah, Missouri's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2018-005 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2018-008 to be a significant deficiency.

Board of Aldermen and Mayor  
City of Savannah, Missouri

The City of Savannah, Missouri's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Savannah, Missouri's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Joseph, Missouri  
February 25, 2019

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2018**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
3. Noncompliance material to financial statements noted?            yes     x     no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes     x     no

**Identification of Major Federal Programs**

**CFDA Number(s)**

14.228

**Name of Federal Program or Cluster**

Community Development Block Grant – State’s Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$     750,000    

Auditee qualified as low-risk auditee?

           yes     x     no



**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2018**

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***Section II – Financial Statement Findings***

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**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**2018-001 – Financial Statement Preparation**

Criteria: Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with generally accepted accounting principles.

Condition and Context: The City engages CliftonLarsonAllen LLP to audit its financial statements, accompanying disclosures, required supplementary information (RSI), and supplementary information (SI). The City maintains its general ledger on the cash basis of accounting and the year-end financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Journal entries were required to be made for financial statement presentation. However, as independent accountants, CliftonLarsonAllen LLP cannot be considered part of the City's internal control over financial reporting. Due to the small number of people employed in the administrative function, the City may not have sufficient personnel to prepare the City's financial statements and related disclosures. Management reviews the financial statements, accompanying disclosures, RSI and SI, and takes responsibility for them.

Cause: Limited resources and personnel.

Effect: This condition increases the possibility that errors or irregularities may occur and not be detected on a timely basis.

Repeat Finding: Prior year finding identified as Finding 2017-001.

Recommendation: To establish sufficient internal controls over the preparation of its financial statements, including disclosures, RSI, and SI, the City would need to design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, RSI, and SI are complete and accurate. Such review procedures would be performed by an individual possessing a thorough understanding of the applicable generally accepted accounting principles and knowledge of the City's activities and operations.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: It is not unusual for cities the size of Savannah to lack the resources and personnel to meet sufficient controls for comprehensive review procedures. The City staff continues to attend training that enhances abilities to perform the accounting activities and financial reports reviewed in an audit. The City is open to any suggestions on training possibilities and how to meet the expectations for internal controls. The City does not currently have the money to budget for the additional staff.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2018-002 – Lack of Segregation of Duties**

Criteria: Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with generally accepted accounting principles.

Condition and Context: Due to the small size of the City's accounting department, it is difficult to establish ideal segregation of duties over all accounting functions. The Board's continued involvement, close oversight, and review of accounting information is critical to preventing, detecting, and correcting errors or irregularities. Items specifically noted are:

- The City Clerk and Deputy City Clerk both have administrator rights to all modules of the accounting system.
- There is a lack of controls around the cash receipts of the golf and parks and recreations funds.
- The Deputy City Clerk has the ability to collect receipts, post payments, and adjust customer accounts.
- Journal entries do not have formal evidence of supervisory review and approval, and the City Clerk has the ability to enter unapproved or unsupported journal entries. None of the five journal entries specifically tested were documented as approved.

Cause: Limited resources and personnel.

Effect: This condition increases the possibility that errors or irregularities may occur and not be detected on a timely basis.

Repeat Finding: Prior year finding identified as Finding 2017-002.

Recommendation: As part of the oversight function, we recommend assigned duties be re-evaluated from time to time, in order to determine if the internal control system can be changed to better segregate duties.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: It is not unusual for cities the size of Savannah to have limited staff and a lack of segregation of duties. The City checked with several other cities that currently use the Incode systems. In each instance the Clerk and Deputy had administrator rights in order to run reports and perform daily processes. The City currently includes the added internal control requiring the review of the City Administrator for most processes including paying bills, payroll, and adjustments. The City will continue to evaluate assigned duties from time to time. An internal controls document will be created for further review and to evaluate if any duties can be further segregated. The Parks and Golf departments are in the process of developing additional cash review procedures.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2018-003 – Pooled Cash Reconciliation**

Criteria: Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with generally accepted accounting principles.

Condition and Context: August and September 2018 bank reconciliations were not completed until December 2018. We also noted 132 items totaling \$14,399 that were listed as outstanding on the cash reconciliation that were over one year old, with the oldest dating back to 2009.

Cause: Lack of management oversight.

Effect: Without timely bank reconciliations, errors will not be identified timely leading to financial information which may not be accurate.

Repeat Finding: Prior year finding identified as Finding 2017-003.

Recommendation: We recommend the City reconcile the cash accounts as soon as possible after receiving bank statements. We also recommend that long-outstanding items be investigated and then corrected or turned over the unclaimed property, as appropriate.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: During Fall 2018, the City upgraded its phone system which required extensive staff time. Also the bank has been contacted to fix bank statement issues.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2018-004 – Golf Pro Shop Processes**

Criteria: Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with generally accepted accounting principles.

Condition and Context: We noted the following areas for improvement in the internal control process at the Golf Pro Shop:

- Golf course credit on books (sweeps from tournaments) is tracked manually in a handwritten notebook.
- Gift certificates are kept in a pre-numbered gift certificate book in duplicate. When a gift certificate is used, the employee is to initial the duplicate in the book to indicate it has been used. There is otherwise no other tracking of gift certificates.
- Inventory purchases are expensed when paid for, not tracked as an inventory asset.
- The Current point-of-sale system has an inventory management function, but it is not being utilized. Currently, staff is not able to tell the dollar amount of inventory in stock at a given point in time without conducting an inventory count.
- When cash is collected for gift certificates and club tournaments, it is run through the system as revenue, in varying revenue categories. Therefore revenues may be recorded as golf club revenue, apparel revenue, or any other category. When the customer later uses the sweeps or gift certificate, the revenue initially recorded may not match the category of the actual merchandise taken.

Cause: Limited resources and personnel.

Effect: This condition increases the possibility that errors or irregularities may occur and not be detected on a timely basis. Additionally, a meaningful gross profit analysis over inventory can be difficult to complete.

Repeat Finding: Prior year finding identified as Finding 2017-004.

Recommendation: We recommend that the City look into fully utilizing the point-of-sale system for the Pro Shop.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: The Golf Course is updating the current system, adding all inventory to the point of sale system this year.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2018-005 – Schedule of Expenditures of Federal Awards (SEFA) Preparation**

Criteria: The City is to maintain proper internal control over all federal programs the City participates in.

Condition and Context: The City relies on the auditor to compile the SEFA and related notes.

Cause: The City has limited personnel to handle the additional record keeping associated with Federal grant requirements.

Effect: The SEFA may not include all Federal award expenditures.

Repeat Finding: No.

Recommendation: The City hire additional staff or outsource duties as needed to have proper controls in place for the preparation of the SEFA.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: It is not unusual for cities the size of Savannah to lack the resources and personnel to meet sufficient controls for comprehensive review procedures. The City staff continues to attend training that enhances abilities to perform the accounting activities and financial reports reviewed in an audit. The City is open to any suggestions on training possibilities and how to meet the expectations for internal controls. The City does not currently have the money to budget for the additional staff.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)**

**2018-006– Timeliness and Accuracy of Recording Cash Receipts**

Condition and Context: During our test of revenue and investments, it was noted that significant activity occurred, but was not recorded or posted in the general ledger.

Criteria: Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with generally accepted accounting principles.

Cause: City personnel did not make entries on a timely basis.

Effect: Out of the testing done over subsequent revenue and cash deposits, we noted 22 deposit slips and supporting documentation totaling \$20,077 was deposited into cash accounts in fiscal year 2018, however, no such activity was appropriately recorded in the general ledger. While testing investment accounts, we noted a certificate of deposit had matured and a new certificate of deposit had been purchased. However, the general ledger activity was not appropriately documented. Activity of approximately \$49,939 was incorrectly recorded as investment earnings rather than a transfer from investments to cash, this created a significant overstatement of City assets. This condition increases the possibility that errors or irregularities may occur and not be detected on a timely basis.

Repeat Finding: No.

Recommendation: We recommend the City adopt an internal control environment that would require all transactions of the City to be recorded in the general ledger on a timely basis. A strong oversight from governance only provides value if the actual activity is properly recorded in the financials being reviewed.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: The City realizes the importance of maintaining internal controls and spends a lot of time diligently reviewing activity. The City will work to verify all activity is correctly recorded.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2018-007– Unused Cash Accounts**

Criteria: Management is responsible for adopting sound accounting policies and establishing and maintaining a system of internal control for the fair presentation of the basic financial statements in accordance with generally accepted accounting principles.

Condition and Context: There are inactive cash accounts that have not been closed with financial institutions.

Cause: City personnel were not aware that dormant accounts should be closed.

Effect: While we did not observe evidence of misstatement, old unused cash accounts increase the likelihood of misstatement due to fraud or error.

Repeat Finding: No.

Recommendation: Properly expend monies on restricted purposes and close cash accounts.

View Of Responsible Official And Planned Corrective Action:

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: The City work to close the accounts that are no longer used.

**COMPLIANCE AND OTHER MATTERS**

No instances of compliance or other matters reported.

**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2018-005 – Schedule of Expenditures of Federal Awards (SEFA) Preparation**

**Federal Agency:** All

**Federal Program Title:** All

**CFDA Number:** All

**Grant Year:** All

**Award Number:** All

**Pass-Through Agency:** All

**Type of Finding:** Material Weakness in Internal Control over Compliance

**Criteria:** The City is to maintain proper internal control over all federal programs the City participates in.

**Condition and Context:** The City relies on the auditor to compile the SEFA and related notes.

**Cause:** The City has limited personnel to handle the additional record keeping associated with Federal grant requirements.

**Effect:** The SEFA may not include all Federal award expenditures.

**Repeat Finding:** No.

**Recommendation:** The City hire additional staff or outsource duties as needed to have proper controls in place for the preparation of the SEFA.

**View Of Responsible Official And Planned Corrective Action:**

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: It is not unusual for cities the size of Savannah to lack the resources and personnel to meet sufficient controls for comprehensive review procedures. The City staff continues to attend training that enhances abilities to perform the accounting activities and financial reports reviewed in an audit. The City is open to any suggestions on training possibilities and how to meet the expectations for internal controls. The City does not currently have the money to budget for the additional staff.



**CITY OF SAVANNAH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2018**

**2018-008 PROPER APPROVAL OF EXPENDITURES**

**Federal Agency:** Housing and Urban Development

**Federal Program Title:** Community Development Block Grant

**CFDA Number:** 14.228

**Grant Year:** 2016

**Award Number:** B-16-DC-29-0001

**Pass-Through Agency:** Missouri Department of Economic Development

**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Criteria:** The City is to maintain proper internal control over all federal programs the City participates in.

**Condition:** The Program Director approved all six invoices charged to the grant in the current year, but the City administrator only approved five of the six invoices.

**Context:** All disbursements charged to the grant were tested.

**Questioned Costs:** N/A

**Repeat Finding:** No.

**Cause:** The City did not follow all procedures related to the approval process.

**Effect:** The City could issue payment for unallowable costs associated to the grant if not properly reviewed and approved.

**Recommendation:** The City only issue payments for purchase orders that are properly approved by the City Administrator.

**View Of Responsible Official And Planned Corrective Action:**

Contact Person: Bruce Lundy, City Administrator

Corrective Action Planned: The City will continue to adjust and improve the controls of the City.