

**NEW ISSUE
BOOK-ENTRY ONLY**

**S&P RATING: A+
See “BOND RATING” herein.**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Bonds (1) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” in this Official Statement.

**CITY OF CAPE GIRARDEAU, MISSOURI
\$8,650,000
WATERWORKS SYSTEM REFUNDING REVENUE BONDS
SERIES 2019**

Dated: Date of Delivery

Due: January 1, as shown on the inside cover

The Waterworks System Refunding Revenue Bonds, Series 2019 (the “**Bonds**”) will be issued by the City of Cape Girardeau, Missouri (the “**City**”) for the purpose of providing funds, together with other legally available funds of the City, to (1) currently refund a portion of the City’s outstanding Waterworks System Refunding Revenue Bonds, Series 2012A and (2) pay the costs of issuing the Bonds. The Bonds will be issued as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof.

Principal will be payable annually on January 1, as shown on the inside cover. Interest will be payable semi-annually on January 1 and July 1 in each year, beginning on July 1, 2020.

The Bonds are subject to redemption prior to maturity as described herein. See “**THE BONDS – Redemption Provisions**” herein.

The Bonds are special limited obligations of the City, payable solely from the Net Revenues (as defined herein) derived by the City from the operation of its System (as defined herein). The Bonds are on a parity with two series of the City’s outstanding waterworks system revenue bonds. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds or the interest thereon.

The Bonds are subject to certain risks. See “**BONDHOLDERS’ RISKS**” herein.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., St. Louis, Missouri. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about October 15, 2019.



The date of this Official Statement is September 16, 2019.

CITY OF CAPE GIRARDEAU, MISSOURI

\$8,650,000
WATERWORKS SYSTEM REFUNDING REVENUE BONDS
SERIES 2019

BASE CUSIP 139477

MATURITY SCHEDULE

<u>Maturity</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2021	\$525,000	4.00%	103.109%	CH4
2022	610,000	4.00	105.572	CJ0
2023	635,000	4.00	107.937	CK7
2024	660,000	4.00	110.163	CL5
2025	685,000	4.00	112.217	CM3
2026	710,000	4.00	114.134	CN1
2027	740,000	4.00	115.178	CP6
2028	770,000	3.00	108.079	CQ4
2029	795,000	3.00	107.378	CR2
2030	815,000	3.00	106.682	CS0
2031	840,000	3.00	106.336	CT8
2032	865,000	3.00	105.991	CU5

CITY OF CAPE GIRARDEAU, MISSOURI

401 Independence Street
P.O. Box 617
Cape Girardeau, Missouri 63702
(573) 339-6300

ELECTED OFFICIALS

Bob Fox, *Mayor*
Dan Presson, *Councilmember*
Shelly Moore, *Councilmember*
Nate Thomas, *Councilmember*
Robbie Guard, *Councilmember*
Ryan Essex, *Councilmember*
Stacy Kinder, *Councilmember*

CITY ADMINISTRATION

Scott A. Meyer, *City Manager*
Molly Mehner, *Deputy City Manager*
W. Eric Cunningham, *City Attorney*
W. Victor Brownlees, *Finance Director*
Gayle Conrad, *City Clerk*
Bruce Taylor, *Deputy City Clerk*

CERTIFIED PUBLIC ACCOUNTANTS

Beussink, Hey, Roe & Stroder, L.L.C.
Cape Girardeau, Missouri

BOND COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

MUNICIPAL ADVISOR

Piper Jaffray & Co.
Leawood, Kansas

PAYING AGENT

UMB Bank, N.A.
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or "blue sky" laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City's current expectations, hopes, intentions, or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (1) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (2) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (3) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE CITY FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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OFFICIAL STATEMENT
CITY OF CAPE GIRARDEAU, MISSOURI
\$8,650,000
WATERWORKS SYSTEM REFUNDING REVENUE BONDS
SERIES 2019

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. Capitalized words and terms not defined in this Official Statement shall have the meanings as defined in the Bond Ordinance. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) the City of Cape Girardeau, Missouri (the “**City**”) and (2) the City’s Waterworks System Refunding Revenue Bonds, Series 2019, to be issued in the principal amount of \$8,650,000 (the “**Bonds**”).

The City

The City is a constitutional charter city and political subdivision duly created, organized and existing under and by virtue of its Charter and the laws of the State of Missouri. The City owns and operates a revenue-producing waterworks system for the collection, treatment and distribution of potable water, serving the City and its inhabitants (the “**System**”). See the captions “**GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY**” and “**THE SYSTEM**” herein for a general description of the City and the System.

The Bonds

The Bonds are being issued pursuant to an ordinance (the “**Bond Ordinance**”) adopted by the City Council of the City on September 16, 2019 for the purpose of providing funds, together with other legally available funds of the City, to (1) currently refund a portion of the City’s outstanding Waterworks System Refunding Revenue Bonds, Series 2012A, being those bonds maturing on January 1, 2021 and thereafter and outstanding in the aggregate principal amount of \$9,285,000 (the “**Refunded Bonds**”), and (2) pay the costs of issuing the Bonds. See the caption “**THE BONDS**” herein.

Security and Source of Payment

The Bonds will be special, limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived by the City from the operation of the System after the payment of the costs of operation and maintenance thereof, including operating income, investment income, and other moneys made available to the City with respect to the System from sources other than funds raised by taxation (the “**Net Revenues**”). The City has pledged the Net Revenues to the payment of the principal of and interest on the Bonds.

The City maintains a Depreciation and Replacement Account for the System, which is fully funded in the amount of \$150,000.

After the refunding of the Refunded Bonds, the City will have outstanding, in addition to the Bonds, the following obligations payable from System revenues: (1) \$592,100 aggregate principal amount of Waterworks System Revenue Bonds (State of Missouri – Direct Loan Program – ARRA), Series 2010 (the “**Series 2010 Bonds**”), which have a final maturity of January 1, 2030 and (2) \$645,000 principal amount of Waterworks System Refunding Revenue Bonds, Series 2012A (the “**Series 2012A Bonds**” and, together with the Series 2010 Bonds, the “**Prior Bonds**”), which have a final maturity of January 1, 2020. The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds, the Series 2010 Bonds and the Series 2012A Bonds payable from the same sources and secured by the same revenues as the Bonds and the Prior Bonds, but only in accordance with and subject to the terms and conditions set forth in the Bond Ordinance. See the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**” herein.

Financial Statements

Audited financial statements of the City for the fiscal year ended June 30, 2018, are included in the City’s Comprehensive Annual Financial Report in *Appendix A* to this Official Statement. The financial statements have been audited by Beussink, Hey, Roe & Stroder, L.L.C., independent auditors.

Bondholders’ Risks

Payment of the principal of and interest on the Bonds is dependent on Net Revenues to be derived by the City from the operation of the System. Certain risks inherent in the production of such Net Revenues are discussed herein. See the caption “**BONDHOLDERS’ RISKS**” herein.

Summary of the Bond Ordinance

A summary of the Bond Ordinance, including definitions of certain words and terms used herein and in the Bond Ordinance, is included herein and in *Appendix B* to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance. Copies of the Bond Ordinance and this Official Statement may be viewed at the office of Piper Jaffray & Co., 11635 Rosewood Street, Leawood, Kansas, 66211, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Continuing Disclosure Undertaking

The City has covenanted in the Continuing Disclosure Undertaking that it will provide a copy of its audited financial statements, certain operating data and notices of the occurrence of certain material events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption “**CONTINUING DISCLOSURE UNDERTAKING**” herein.

PLAN OF FINANCING

Authorization of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including in particular Section 108.140 of the Revised Statutes of Missouri and the Bond Ordinance. The Bonds are being issued to provide funds, together with other legally available funds of the City, to refund the Refunded Bonds and pay the costs of issuing the Bonds.

The Refunding

The City will enter into an Escrow Trust Agreement dated as of October 1, 2019 (the “**Escrow Trust Agreement**”), with UMB Bank, N.A., St. Louis, Missouri, as escrow agent (the “**Escrow Agent**”). Pursuant to the Escrow Trust Agreement, the City will transfer a portion of the proceeds of the Bonds, together with other legally available funds of the City (all as shown below under the caption “**PLAN OF FINANCING – Sources and Uses of Funds**”) to the Escrow Agent for deposit in the Escrow Fund (the “**Escrow Fund**”) established under the Escrow Trust Agreement. Those moneys will be used to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the “**Escrowed Securities**”). The Escrowed Securities will mature in such amounts and at such times as shall be sufficient, together with interest to accrue thereon and any cash deposit to the Escrow Fund, to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds on January 1, 2020 at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Sources and Uses of Funds

The following table itemizes the estimated sources of funds, including the proceeds from the sale of the Bonds, and the uses of such funds, in connection with the plan of financing:

Sources of Funds:

Par Amount of the Bonds	\$8,650,000.00
Original Issue Premium	744,508.50
Debt Service Fund for Refunded Bonds	<u>162,565.63</u>
Total:	<u>\$9,557,074.13</u>

Uses of Funds:

Deposit to the Escrow Fund	\$9,408,271.84
Costs of Issuance (including underwriter’s discount)	<u>148,802.29</u>
Total:	<u>\$9,557,074.13</u>

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the Bond Ordinance for the detailed terms and provisions thereof.

General Description

The Bonds will consist of fully-registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated as of the date of delivery thereof. The Bonds will mature, subject to redemption as described below, on January 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year, beginning on July 1, 2020.

Principal will be payable upon presentation and surrender of the Bonds by the Registered Owners thereof at the principal payment office of UMB Bank, N.A., St. Louis, Missouri (the “**Paying Agent**”) or such other payment office designated by the Paying Agent. Interest shall be paid to the Registered Owners of the Bonds as shown on the Bond Register at the close of business on the Record Date for such interest by (1) check or draft mailed by the Paying Agent to the address of such Registered Owners shown on the Bond Register or (2) electronic transfer to such Registered Owner upon written notice signed by the Registered

Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name and address of the bank, its ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed, and an acknowledgment that an electronic transfer fee is payable.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds or portions thereof maturing on January 1, 2028 and thereafter may be called for redemption and payment prior to the Stated Maturity thereof on January 1, 2027 and thereafter, in whole or in part at any time, in such amounts for each Stated Maturity as shall be determined by the City, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

Notice and Effect of Call for Redemption. Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date to each Registered Owner of the Bonds to be redeemed at the address shown on the Bond Register. Official notice of redemption having been given as provided in the Bond Ordinance, the Bonds or portions of the Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portions of the Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the Bond Ordinance for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal.

So long as DTC (as defined herein) is affecting book-entry transfers of the Bonds, the Paying Agent shall provide the notices specified in the Bond Ordinance to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Paying Agent, DTC, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, will not affect the validity of the redemption of such Bond.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over

100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Direct Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Registration, Transfer and Exchange of Bonds

The City will cause the Bond Register to be kept at the principal payment office of the Paying Agent or such other office designated by the Paying Agent for the registration, transfer and exchange of Bonds. Upon surrender of any Bond at the principal payment office of the Paying Agent or such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange such Bond as provided in the Bond Ordinance.

Any Bond may be transferred upon the Bond Register by the person in whose name it is registered and shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. The Owner requesting such transfer or exchange will be required to pay any additional costs or fees that might be incurred in the secondary market with respect to such exchange. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Limited Obligations

The Bonds are special, limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the System and the City has pledged such Net Revenues to the payment of the principal of and interest on the Bonds.

The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision,

limitation or restriction. The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.

The Bond Ordinance

Pledge of Revenues. The Bonds are payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the System. Pursuant to the Bond Ordinance, the City has pledged the Net Revenues to the payment of the principal of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and interest on the Bonds, or otherwise, except as to rate of interest, Stated Maturity and right of redemption prior to Stated Maturity as provided in the Bond Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues and in all other respects with any Parity Bonds (except with respect to the Debt Service Reserve Account that secures only the Series 2010 Bonds). The Bonds shall not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over Parity Bonds, and Parity Bonds shall not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the Bonds.

Parity Obligations. The Bonds will stand on a parity with the Series 2012A Bonds and the Series 2010 Bonds (except with respect to the Debt Service Reserve Account that secures only the Series 2010 Bonds). The City has the right under the Bond Ordinance to issue additional bonds on a parity with the Bonds, the Series 2012A Bonds and the Series 2010 Bonds (hereinafter referred to as “**Parity Bonds**”) payable from the same sources and secured by the same revenues as the Bonds, the Series 2012A Bonds and the Series 2010 Bonds, but only if the following conditions are met:

(1) The City is not in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in the Bond Ordinance or any Parity Bond Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(2) The City either:

(a) Certifies that the average annual Net Revenues as set forth in the two most recent annual audits for fiscal years preceding the issuance of additional bonds have been equal to at least 110% of the average annual debt service required to be paid out of said revenues in any succeeding fiscal year on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the Net Revenues for the purpose of this subsection, the City may retain a Consultant who may adjust said Net Revenues by adding thereto, in the event the City has made any increase in rates for the use and services of the System and such increase has been in effect at any time during the two fiscal years for which annual audits are available preceding the issuance of additional bonds, the amount, as estimated by the Consultant, of the additional Net Revenues which would have resulted from the operation of the System during said fiscal years had such rate increase been in effect for the entire period; or

(b) Obtains a certificate from a Consultant that the average annual Net Revenues projected to be derived by the City for the two fiscal years immediately following the fiscal year in which the improvements to the System, the cost of which is being financed by such additional bonds, are to be in commercial operation, shall be equal to at least 110% of the average annual debt service required to be paid out of said revenues in any succeeding fiscal year following such commercial operation on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the projected Net Revenues for the purpose of this subsection, the Consultant may adjust said Net Revenues by adding thereto any estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System which, in the opinion of the Consultant, are economically feasible and reasonably considered necessary based on projected operations of the System.

Depreciation and Replacement Account. The Bond Ordinance ratifies a Depreciation and Replacement Account that has been funded in the amount of \$150,000. Except as required to prevent a default in the payment of either principal of or interest on the Prior Bonds and the Bonds, moneys in the Depreciation and Replacement Account shall be expended and used by the City solely for the purpose of making emergency repairs and replacements in and to the System as may be necessary from time to time to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof. So long as the Depreciation and Replacement Account aggregates the sum of \$150,000, no payments into said Account shall be required, but if the City shall ever be required to expend and use a part of the money in said Account for its authorized purposes and such expenditure reduces the amount of the Depreciation and Replacement Account below the sum of \$150,000, then the City shall make monthly payments into the Depreciation and Replacement Account in the amount of \$2,500 until said Account again aggregates the sum of \$150,000.

The amounts required to be paid and credited to the Depreciation and Replacement Account shall be inclusive of any amounts at the time required to be paid and credited to said Account under the provisions of the ordinances authorizing the Prior Bonds.

Rate Covenant. The City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System which, together with other Revenues, will be sufficient to:

- (1) pay the costs of the operation and maintenance of the System;
- (2) pay the principal of and interest on the Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date;
- (3) enable the City to have in each fiscal year Net Revenues not less than 110% of the actual Debt Service Requirements for such fiscal year; and
- (4) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the system as provided in the Bond Ordinance.

The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations of the City under the Bond Ordinance.

If in any fiscal year Net Revenues are an amount less than as provided in the Bond Ordinance, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and with the

Underwriter of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

See *Appendix B* for a summary of certain other provisions of the Bond Ordinance.

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the City with respect to the Bonds. Such discussion is not, and is not intended to be, exhaustive and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in the Appendices hereto, copies of which are available as described herein.

Limited Obligations

The Bonds are special, limited obligations of the City and are payable solely out of the Net Revenues of the System. The Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. The Bonds are not payable by and have no recourse to the power of taxation. The Bondholders have no lien on or security interest in any of the physical assets of the City, including the System.

Although the City has agreed in the Bond Ordinance and is required by law to charge rates sufficient to pay, among other things, the principal of and interest on the Bonds (see the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Bond Ordinance – Rate Covenant**” herein), there is no assurance that, because of adverse economic conditions, unexpected repairs, replacements or improvements to the System, or other unanticipated circumstances, the City will be successful in collecting sufficient revenues to pay debt service on the Bonds on a timely basis.

Factors Affecting the Revenues of the System

One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the operation and financial performance of the System to an extent that cannot be determined at this time:

(1) *Changes in Management.* Changes in key management personnel could affect the operations of the System. Since the City acquired the System in 1992, the City has contracted with Alliance Water Resources, Inc. (“**Alliance**”), a regional utility management firm, to operate and manage the System. Under its current agreement with the City, which expires on June 30, 2021, Alliance is responsible for providing the labor for all operation and maintenance services. However, in conjunction with the construction of its new wastewater treatment plant, the City plans to re-evaluate the scope of services to be provided by Alliance in the future. For more information regarding the City’s current agreement with Alliance, see the caption “**THE SYSTEM – History and Organization of the System**” herein.

(2) *Future Economic Conditions.* Increased unemployment or other adverse economic conditions or changes in demographics in the service area of the City; cost and availability of energy; an inability to control expenses in periods of inflation and difficulties in increasing charges.

(3) *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance.

(4) *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.

(5) *Environmental Regulation.* Utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental controls could adversely affect the operation of the facilities of the City. For example, if property of the City is determined to be contaminated by hazardous materials, the City could be liable for significant clean-up costs even if it were not responsible for the contamination.

(6) *Natural Disasters.* The occurrence of natural disasters, such as floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

(7) *Variations in Weather.* Water usage is normally the highest in the hotter and dryer months of the year. Variations in rain and temperature patterns can adversely affect water usage and therefore, the revenues of the System.

(8) *Competing Providers.* Missouri law does not prohibit other providers of water and sewer services from operating within the boundaries of the City. For-profit providers of water and sewer services, however, are subject to regulation by the Missouri Public Service Commission (the “PSC”) and are limited to operations within certificated service areas. There are currently no other service providers in the area, and the City does not believe it would be cost-effective for another service provider to compete with the City. Although the City is not aware of any initiative by any other service provider to compete with the City, there can be no assurance that, at some time in the future, the PSC will not permit such competition. Increased competition within the City’s boundaries could adversely affect the City’s ability to impose rates or otherwise generate revenues at a level sufficient to meet its debt obligations.

(9) *Miscellaneous Factors.* The utility industry in general has experienced, or may in the future experience, problems including (a) the effects of inflation upon the costs of operation of facilities, (b) uncertainties in predicting future demand requirements, (c) increased financing requirements coupled with the increased cost and uncertain availability of capital, and (d) compliance with rapidly changing environmental, safety, rate and licensing regulations and requirements.

Factors Relating to Security for the Bonds

Enforcement of the remedies under the Bond Ordinance may be limited or restricted by state and federal laws relating to bankruptcy, fraudulent conveyances, and rights of creditors and by application of general principles of equity affecting the enforcement of creditors’ rights and liens securing such rights, and the exercise of judicial authority by state or federal courts, and may be subject to discretion and delay in the event of litigation or statutory remedy procedures. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies, and by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors. In the event of a default, no assurance can be given that the exercise of remedies provided in the Bond Ordinance will provide proceeds sufficient to make timely payments of principal of, premium, if any and interest on the Bonds.

Market for the Bonds

There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. It is the present practice of the Underwriter to make a secondary market as a dealer in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Bonds although it is not obligated to do so. However, prices of municipal bonds traded by the Underwriter in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entity operating facilities subject to bond indebtedness. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the entity operating the subject facilities, or a material adverse change in the operations of that entity, whether or not the subject bonds are in default as to principal and interest payments, and other factors which, in the opinion of the Underwriter, may give rise to certainty concerning prudent secondary market practices.

Municipal bonds are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Tax-Exempt Status of the Bonds

The failure of the City to comply with certain covenants of the City set forth in the Bond Ordinance (see the caption "**TAX MATTERS**" herein) could cause the interest on the Bonds to become includible in federal gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bond Ordinance does not provide for the payment of any additional interest or penalty in the event that the interest on the Bonds becomes includible in federal gross income for federal income tax purposes.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Bonds, or other governmental purposes of the City, without voter approval. The amendment (popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that may be imposed in any fiscal year, and the limit may not be exceeded without voter approval. Provisions are included in the amendment for rolling back property tax rates to produce an amount of revenue equal to that of the previous year if the definition of tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any "*tax, license or fee.*" The precise meaning and application of the phrase "*tax, license or fee*" is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees, including rates imposed by the City's System. The limitations imposed by the Hancock Amendment restrict the City's ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

The City believes that, based on the Missouri Supreme Court's decisions, volume-based increases in charges for users of the System are not subject to the voter approval requirement of the Hancock Amendment. Nevertheless, if the Missouri Supreme Court were to subsequently change its interpretation of the Hancock Amendment, or if future initiatives limited the ability of the City to raise its charges without voter approval, the City's ability to raise revenues to pay the Bonds could be adversely impacted.

Risk of Audit

The Internal Revenue Service (the “**Service**”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Bonds. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, in accordance with its current published procedures, the Service would likely treat the City as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

No Reserve Fund

The City has not established a reserve account to secure the payment of the principal of and interest on the Bonds. There is no assurance that the Net Revenues of the System will be sufficient or that the City will have other funds available for the timely payment of the principal of and interest on the Bonds. The Debt Service Reserve Account established in connection with the Series 2010 Bonds secures only those bonds.

Loss of Premium from Early Redemption

Any person who purchases a Bond at a price in excess of its principal amount or who holds such a Bond trading at a price in excess of par should consider the fact that the Bonds are subject to redemption at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the caption “**THE BONDS – Redemption Provisions**” herein.

Investment Ratings

The lowering or withdrawal of the investment rating initially assigned to the Bonds could adversely affect the market price for and the marketability of the Bonds.

Defeasance Risks

When all of the Bonds are deemed paid as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and all other rights granted to bond owners thereby shall terminate. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company and having full trust powers, at or prior to the stated maturity or redemption date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the stated maturity or redemption date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their stated maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Bond Ordinance. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. There is no legal requirement in the Bond Ordinance that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

GENERAL AND ECONOMIC INFORMATION CONCERNING THE CITY

General Information

The City is located in the southeast portion of the State of Missouri, approximately 115 miles south of St. Louis, along the Mississippi River. The City encompasses approximately 28.49 square miles. According to the U.S. Census Bureau, the City's estimated population as of July 1, 2018 was 39,853.

Government and Organization of the City

The City was founded as a French trading post in 1793 and was incorporated in 1808. The City established a Council-Manager form of government in 1965. The City has operated as a constitutional charter city since 1981.

The City Charter provides for a non-partisan municipal government consisting of a Mayor, six Councilmembers and a City Manager. The Mayor is elected at large by the voters of the City once every four years. The City is divided into six wards, and one Councilmember is elected from each ward for a four-year term. City elections are held every other year on the first Tuesday in April, with a primary election to be held if more than two candidates seek the same seat on the Council. Citizen participation in City government is provided for in the Charter through initiative, referendum and recall.

The City Manager serves as the administrative head of the City and is selected by the Mayor and City Council on the basis of administrative qualifications and experience. Scott A. Meyer, P.E. was appointed the City Manager on July 1, 2009. Prior to becoming the City Manager, Mr. Meyer worked as the Director of Facilities Management at Southeast Missouri State University for five years and as the District Engineer for the Southeast District of the Missouri Department of Transportation for nine years.

The current Mayor and City Council members are as follows:

<u>Elected Officials⁽¹⁾</u>	<u>Service Began</u>	<u>Current Term Expires</u>
Dr. Bob Fox, Mayor	4/18	4/22
Dan Presson, Ward 1	4/18	4/22
Shelly Moore, Ward 2	4/14	4/22
Nate Thomas, Ward 3	9/19	4/20
Robbie Guard, Ward 4	4/16	4/20
Ryan Essex, Ward 5	5/18	4/20
Stacy Kinder, Ward 6	4/18	4/22

⁽¹⁾ On July 8, 2019, Victor R. Gunn, Councilmember for Ward 3, resigned because he was moving out of the Ward. Nate Thomas was sworn in on September 3, 2019, to fill Gunn's unexpired term.

Employee Relations

The City currently has approximately 421 full-time and 498.77 full-time equivalent part-time employees. Benefits provided to full-time employees include health insurance and life insurance, a retirement plan (see the caption "**Pension and Employee Retirement Plans**" herein), paid vacation and sick leave. In May 2007, the Missouri Supreme Court held that public employees have a constitutional right to collectively bargain under Missouri's Constitution, but no City employees are covered by any collective bargaining agreements. The City has no record of any work stoppages or labor disputes.

Population

According to the U.S. Bureau of the Census, the population patterns for the City, Cape Girardeau County and the State of Missouri have been as follows:

<u>Year</u>	<u>City of Cape Girardeau</u>		<u>Cape Girardeau County</u>		<u>State of Missouri</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
1980	34,361	--	58,837	--	4,916,686	--
1990	34,438	+0.2%	61,633	+4.8%	5,117,073	+4.1%
2000	35,349	+2.6	68,693	+11.5	5,595,211	+9.3
2010	37,941	+7.3	75,674	+10.2	5,988,927	+7.0
2018	39,853	+5.0	78,753	+4.1	6,126,452	+2.3

Source: U.S. Bureau of the Census.

The following table sets forth the population by age categories for the City, Cape Girardeau County and the State of Missouri:

<u>Age</u>	<u>City of Cape Girardeau</u>	<u>County of Cape Girardeau</u>	<u>State of Missouri</u>
Under 5	1,990	4,472	373,141
5-19 years	7,198	15,197	1,176,263
20-24 years	5,982	8,258	425,687
25-44 years	8,764	18,608	1,536,109
45-64 years	8,817	19,254	1,608,068
65 and over	<u>6,341</u>	<u>12,224</u>	<u>956,032</u>
Total	<u>39,092</u>	<u>78,013</u>	<u>6,075,300</u>

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

Risk Management

The City is exposed to various risks of loss from tort; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and employee injuries and illnesses. Commercial insurance coverage is purchased for claims arising from such matters. For more details, see “**Note O – Risk Management**” to the City’s financial statements included in *Appendix A* to this Official Statement.

Pensions and Other Postemployment Benefits

The City contributes to the Missouri Local Government Employees Retirement System (“**LAGERS**”), an agent multiple-employer, statewide public employee pension plan for entities of local government which is legally separate and fiscally independent from the State of Missouri. The City also provides other postemployment benefits as part of the total compensation offered to attract and retain the services of qualified employees. Future required contribution increases beyond the current fiscal year may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the City’s operations or limit the City’s ability to generate additional revenues in the future.

For more information specific to the City’s participation in LAGERS, including the City’s past contributions, net pension liability, and pension expense, see “**Note G – Pension Plan**” to the City’s financial

statements included in *Appendix A* to this Official Statement. For more information about other postemployment benefits for the City's employees, see "**Note H – Postretirement Healthcare Benefits**" to the City's financial statements included in *Appendix A* to this Official Statement.

Municipal Services and Utilities

The City provides its citizens with typical municipal services, such as police and fire protection, highway and street maintenance, water, sanitation, health and social services, parks and recreation, public improvements, engineering, planning and zoning, building inspections and other administrative services. These services are financed from general revenues of the City. The City library and health department are financed by their own separate tax levies.

The City owns and operates several enterprises and internal service operations. Enterprise operations derive their revenues from user fees and special property tax levies. The golf course, softball complex operations, waterworks system, sanitary sewer utility and solid waste operations are financed by self-sustaining usage charges. Internal service operations consist of fleet maintenance and data processing, which provide services to all City departments and assess charges to departments based upon usage in amounts sufficient to cover costs of operation.

Ameren Missouri, an investor-owned utility that is Missouri's largest electric utility, provides the City with electricity and natural gas. Ameren Missouri's operations are regulated by the Missouri Public Service Commission.

Transportation and Communication Facilities

The City is located along Interstate 55 and is bordered by the Mississippi River. The Bill Emerson Memorial Bridge, a four-lane suspension bridge, carries traffic across the Mississippi River from Illinois into the City and connects to Interstate 55. Other highways serving the City include U.S. Highway 61, Missouri Highways 34 and 177, and Illinois Highways 3 and 146. Regular bus service is available in the City.

The City owns the Cape Girardeau Regional Airport located approximately 7 miles from downtown. The airport, situated on 557 acres, consists of two runways, one terminal, an avionics shop, a pilots club and a growing industrial park. SkyWest Airlines serves the airport (on behalf of United) by providing two round-trip flights daily during the week from Cape Girardeau to Chicago O'Hare and two round-trip flights daily on the weekends.

Media coverage is provided by one local newspaper, four major network affiliate television stations, one independent television station and seven radio stations. The *Southeast Missourian*, the local newspaper, is published daily. Charter Communications and AT&T provide cable television service to the City.

Educational Institutions and Facilities

Cape Girardeau School District No. 63 provides education to the largest portion of the City. The Missouri Department of Elementary and Secondary Education awarded the school district "accredited" status, which is the highest accreditation status given. The school district has five elementary schools, one middle school, one junior high school, one senior high school, a vocational technical school, and an alternative education center. In addition, the Catholic, Lutheran and Assembly of God churches of the community operate parochial schools.

The Southeast Missouri State University (the "**University**") campus is located in the City and has an approximate enrollment of 11,000. The campus also includes the joint City-University owned and operated Show-Me Center, which has a total seating capacity of over 7,000. The University's facilities also include

various performing arts venues, such as a 950-seat performance hall, a 205-seat recital hall and a 200-seat theatre.

Medical and Health Facilities

The City has the largest regional medical centers between St. Louis and Memphis. Southeast Missouri Hospital, a 263-bed regional medical complex, and Saint Francis Medical Center, a 306-bed regional medical center, provide services for general health care and acute illnesses. SoutheastHEALTH provides numerous other services at various sites in the region, including Southeast Medical Plaza, Southeast Cancer Center, Southeast Hospice, Southeast Home Health and HealthPoint Fitness. Saint Francis Medical Center also provides other services at various sites in the region, including the Healing Arts Center, the Health and Wellness Center and the Heart Hospital and Cancer Institute. The Doctor's Park, a comprehensive health care complex, provides medical, dental, ambulatory and diagnostic services to the region as well.

Special services for physically and mentally disabled children and adults are offered by the Parkview State School for Severely Handicapped. Vocational and self-development training programs are also offered by Parkview. A variety of nursing and retirement facilities provide the City's elderly with care and medical assistance.

Recreation and Culture

Year-round activity programs are sponsored by the City's Parks and Recreation Department, which maintains 23 city and neighborhood parks covering 662.5 acres. Park facilities in the City include a fishing lake, picnic areas, playgrounds, year-round swimming facilities (indoor/outdoor pool), lighted tennis courts and a municipal golf course.

The Cape Girardeau SportsPlex is a state-of-the-art facility located along Interstate 55. The 121,000 square foot facility features 2 regulation indoor turf fields and 6 high school regulation hardwood basketball courts which convert to 12 regulation volleyball courts. It also has full-service concessions and multiuse space for team meetings, coach's clinics, and team parties. In recent years, the City has also completed construction of the Osage Community Centre, a multi-use recreational building, a softball/soccer complex, and a family aquatic center. Several other recent park facilities and improvements include the construction of a community center in the southern portion of the City, improvements to the Shawnee Sports Complex, and the renovation of the A.C. Brase Arena Building. The Trail of Tears State Park and county parks are also located within a few miles of the City limits.

The Discovery Play House, a children's museum, opened in the spring of 2010 in the downtown area of the City. The Discovery Play House has over 7,500 square feet of interactive learning exhibits for children.

Private clubs and commercial enterprises offer dance, bowling, gymnastics, tennis and golf. The University's recreational facilities are also open to the public when classes are not in session.

The Cape Girardeau Council on the Arts promotes the work of local artists in conjunction with its operation of the Cape Girardeau River Heritage Museum.

Both the Cape Girardeau Public Library and Kent Library at the University provide activities such as children's programs, art exhibits and community group meetings.

Employment Information

Major Employers. Listed below are the major employers located within approximately 20 miles of the City and the approximate number of employees employed by each:

<u>Name</u>	<u>Product or Service</u>	<u>Employment</u>
1. Saint Francis Healthcare Systems	Hospital	2,817
2. SoutheastHEALTH	Hospital	2,430
3. Procter & Gamble Paper Products	Paper products manufacturer	1,200
4. Southeast Missouri State University	Public university	1,107
5. Cape Girardeau School District No. 63	Public schools	713
6. Jackson R-II School District	Public schools	479
7. Robinson Construction	Construction	475
8. Isle Casino Cape Girardeau	Casino	450
9. Mondi Jackson, Inc.	Flexible film packaging	428
10. Delta Companies, Inc.	Stone and rock manufacturer	425

Source: Cape Girardeau Chamber of Commerce.

Unemployment. The following table sets forth estimates of the total labor force, number of employed and unemployed workers in the City and, for comparative purposes, the unemployment rates for the City, Cape Girardeau County, the State of Missouri and the United States for the years 2015 through 2019:

City of Cape Girardeau				Unemployment Rates			
Labor Force							
<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Total</u>	<u>City of Cape Girardeau</u>	<u>Cape Girardeau County</u>	<u>State of Missouri</u>	<u>United States</u>
2015	19,194	934	20,128	4.6%	4.3%	5.0%	5.3%
2016	19,169	968	20,137	4.8	4.3	4.6	4.9
2017	18,854	735	19,589	3.8	3.5	3.8	4.4
2018	19,053	567	19,620	2.9	2.8	3.2	3.9
2019 ⁽¹⁾	19,169	578	19,747	2.9	2.8	3.1	3.4

⁽¹⁾ Figures are preliminary and for the month of May, not an annualized calculation.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Income

Income Statistics. The following table presents certain income statistics from the American Community Survey for the City, Cape Girardeau County, State of Missouri and the United States of America:

	Per Capita Income (dollars)	Median Family Income (dollars)
City of Cape Girardeau	\$24,339	\$62,320
Cape Girardeau County	25,965	64,443
State of Missouri	28,282	64,776
United States	31,177	70,850

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

The following table presents per capita personal income⁽¹⁾ for Cape Girardeau County and the State of Missouri for the years 2013 through 2017, the latest date for which such information is available:

<u>Year</u>	<u>Cape Girardeau County Per Capita Income</u>	<u>State of Missouri Per Capita Income</u>
2013	\$38,751	\$40,152
2014	39,383	41,538
2015	41,601	42,839
2016	41,799	43,587
2017	43,556	44,978

⁽¹⁾ “Per Capita Personal Income” is the annual total personal income of residents divided by the resident population as of July 1. “Personal Income” is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. “Net Earnings” is earnings by place of work - the sum of wage and salary disbursements (payrolls), other labor income, and proprietors’ income - less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Housing

The following table sets forth information from the American Community Survey regarding the median (owner-occupied) house values for the City, Cape Girardeau County and the State of Missouri:

	<u>Median House Value</u>
City of Cape Girardeau	\$141,500
Cape Girardeau County	151,900
State of Missouri	145,400

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

Agriculture, Commerce and Industry

The Cape Girardeau area (which includes the City, Cape Girardeau County and an approximate 20-mile surrounding area) has 14 manufacturing firms with 100 or more employees and 40 non-manufacturing entities with 100 or more employees. The two largest employers are Saint Francis Healthcare Systems and SoutheastHEALTH, each employing 2,400 or more employees. Other major employers include Procter & Gamble Paper Products and Southeast Missouri State University, each employing 1,100 or more employees. Isle of Capri Casinos operates a casino along the City’s riverfront that employs approximately 450 people.

The City is a regional shopping center for Southeastern Missouri, Southern Illinois and Western Kentucky. There are three major shopping areas in the City: West Park Mall/Interstate 55 area, Town Plaza Shopping Center, and the downtown shopping district located along the Mississippi River.

The Cape Girardeau area is one of the most productive farming areas in the state. Major livestock includes cattle, hogs and poultry. Major crop production includes soybeans, wheat, milo, cotton and corn.

Building Construction

The following table indicates the number of building permits and total estimated valuation of these permits issued within the City in the past five fiscal years. These numbers reflect permits issued either for new construction or for major renovation.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Residential</i>					
Number of Permits	254	127	240	119	96
Estimated Cost	\$76.7 million	\$24.1 million	\$37.2 million	\$16.4 million	\$19.3 million
<i>Non-Residential</i>					
Number of Permits	128	100	128	70	59
Estimated Cost	\$52.8 million	\$38.4 million	\$250.5 million	\$73.9 million	\$20.2 million

Source: The City.

THE SYSTEM

History and Organization of the System

The System was originally built in 1894 by the Cape Girardeau Water Works and Electric Light Company, which later became Missouri Utilities Company (“**Missouri Utilities**”). In 1931, Missouri Utilities constructed the main water treatment plant on Cape Rock Drive, which remains in service today. This plant was expanded in 1954, 1967 and 2002. In 1983, Union Electric Company (the predecessor of AmerenUE) acquired the System as part of a merger with Missouri Utilities, in which Union Electric Company was the major stockholder. The City acquired the System in 1992.

The System is operated as a division of the City’s Department of Public Works. The City has entered into an agreement with Alliance to operate and manage the System, although the City handles billings and collections. Alliance was founded in 1976 to provide specialty services to the water and wastewater industry. Its corporate office is located in Columbia, Missouri. Alliance’s clients include municipal water and wastewater operations, investor-owned utilities, water districts and not-for-profit utilities. Among the clients for which it provides complete operation and management services are: the Missouri cities of Bonne Terre, Troy, Bowling Green, Elsberry, Parkville, Cameron, Lake Ozark, Lexington and Ste. Genevieve; Public Water Supply District No. 1 of Lincoln County, Missouri; Public Water Supply District No. 2 of DeKalb County, Missouri; Public Water Supply District No. 3 of Franklin County, Missouri; Henry County Water Company; Public Water Supply District No. 1 of Ralls County, Missouri; Public Water Supply District No. 2 of Phelps County, Missouri; Public Water Supply No. 1 of Franklin County, Missouri; and the Iowa cities of Maquoketa and Tipton.

Pursuant to its agreement with the City, Alliance provides the labor for all operations and maintenance services of the City’s entire water supply and distribution system. Alliance’s duties include emergency response and repair, water testing, valve location and exercising and preventive maintenance. Alliance will receive a base fee of \$2,492,908 in the current fiscal year, which is subject to adjustment under certain circumstances described in the agreement. This fee includes all labor costs of operating and maintaining the System. The City’s current agreement with Alliance expires on June 30, 2021 unless it is further extended by its terms. See the caption “**BONDHOLDERS’ RISKS – Factors Affecting the Revenues of the System**” herein.

Description of Existing Facilities of the System

The System includes two water supply and treatment plants. The main plant on Cape Rock Drive has a capacity of 7.5 million gallons per day and an average daily flow of 6.5 million gallons per day, drawing from 4 alluvial wells. A second plant in the southern part of the City draws water from 3 alluvial wells and has a capacity of 2.8 million gallons per day. One additional well serves the Cape Rock Village subdivision and is part of the City System proper. Two additional wells serve the Greater Cape Girardeau Industrial Park, located outside of the City.

The System's 12 water storage tanks have a total capacity of 9.265 million gallons. The tanks range in capacity from 80,000 to 1.75 million gallons. The System also includes approximately 300 miles of water lines, 2,338 fire hydrants and 9 booster pumping stations.

The City Charter requires the City Manager to annually submit a five-year capital improvement plan (the "CIP") to the Council. The CIP is a comprehensive planning instrument that drives the evaluation of capital infrastructure projects in need of construction, renovation and/or repair. The Council adopted the most recent CIP on March 4, 2019, covering the five-year period from July 1, 2019 through June 30, 2024. It includes numerous improvements to the System, including upgrading water lines; constructing a booster pump station and installing a generator; rehabilitating the six existing filters and repairing the secondary settling basins at the main plant; and replacing the air conditioning units in the motor control center serving the main plant and four water wells. The City intends to fund these projects on a pay-as-you-go basis using a portion of the proceeds of a one-quarter of one percent capital improvement sales tax, which was renewed by the voters in August 2019 and will expire on December 31, 2034.

Description of Service Area

The System is divided into a main system and a smaller, separate service area. The main system serves the 24 square miles within the current City limits, plus an additional area of approximately one square mile to the immediate north of the City along State Route W, Old Sprigg Street and Cape Rock Drive in the Cape Rock Village/Tanglewood Subdivisions. The separate service area totals approximately one-half square mile and serves the Greater Cape Girardeau Industrial Park along Nash Road, which lies southwest of the City.

Customers and Usage

As of June 30, 2018, the System had 16,547 customers, consisting of 14,251 residential customers and 2,296 non-residential customers.

During the 2018 fiscal year, the City sold approximately 2,022,190 CCF (100 Cubic Feet, which equals 748 gallons) of water, consisting of 1,079,470 CCF for residential customers and 942,720 for non-residential customers.

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Below is a list of the 10 largest customers of the System, on the basis of usage for the 2018 fiscal year.

<u>Customer</u>	<u>Water Usage</u>	<u>% of Total</u>
Southeast Missouri State University	109,054.50	5.40%
St. Francis Medical Center	85,247.80	4.22
Southeast Hospital	60,134.20	2.98
Lonestar Cement	37,780.30	1.87
Lutheran Home	23,606.50	1.17
Cape LaCroix Apartments	16,150.50	0.80
Tipton Linen	13,516.50	0.67
Cape Girardeau Public Schools	12,512.30	0.62
Missouri Veterans Home	11,449.20	0.57
Chateau Girardeau	<u>10,085.70</u>	<u>0.50</u>
TOTAL	<u>379,537.50</u>	<u>18.80%</u>

The following table sets forth the total number of customers of the System for the fiscal years ended June 30, 2016 through June 30, 2018:

<u>Year</u>	<u>Total Number of Customers</u>
2016	16,924
2017	16,500
2018	16,547

The following table sets forth total sales of water by the City for the fiscal years ended June 30, 2016 through June 30, 2018:

<u>Year</u>	<u>Gallons Sold</u>
2016	1,425,107,028
2017	1,435,433,692
2018	1,512,598,120

Water Rates

The following table shows the current monthly water rates:

<u>Meter Charge (5/8" meter)</u>	<u>Rate per CCF⁽¹⁾</u>
\$8.65	\$2.628

⁽¹⁾ One CCF equals 100 cubic feet or 748 gallons.

Prior to the beginning of each fiscal year, the City analyzes its water rates to determine whether increases are needed. In recent years the City imposed the following annual rate increases: 3% for the 2017 fiscal year; 2% for the 2018 fiscal year; 0% for the 2019 fiscal year; and 2% for the 2020 fiscal year. The City's Charter restricts the City from increasing water rates by more than 5% in any fiscal year except (1) as may be required by voter-approved revenue bonds, (2) as authorized by a simple majority voter approval or (3) in the event of an emergency.

Collections

The following table shows the amounts billed for water service and amounts collected by the City for the last five fiscal years:

<u>Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percentage Collected⁽¹⁾</u>
2014	\$6,175,787.97	\$6,222,671.59	100.76%
2015	5,940,184.56	5,890,592.82	99.17
2016	6,251,287.16	6,214,769.40	99.42
2017	6,481,517.30	6,421,247.83	99.07
2018 ⁽²⁾	6,662,022.47	6,500,781.00	97.58

⁽¹⁾ Delinquent fees collected are shown in the year payment is actually received, which may cause the Percentage Collected to exceed 100%. The City sends a disconnect notice to all customers after they become delinquent for a second month.

⁽²⁾ The most recently completed fiscal year for which data is available.

FINANCIAL AND OPERATING INFORMATION CONCERNING THE SYSTEM

Accounting, Budgeting and Auditing Procedures

An annual budget of estimated receipts and disbursements for the System for the coming fiscal year is prepared by the Director of Public Works and is included in the City's budget. The budget is presented to the City Council in June for approval after a public hearing. The fiscal year of the System is July 1 through June 30. The budget lists estimated receipts by fund and sources and estimated disbursements by fund and purposes and includes a statement of the rates required to raise each amount shown on the budget as coming from System revenues.

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Historical Debt Service Coverage

The following table shows historical debt service coverage for all obligations of the System prepared from audits of the City for the last three fiscal years for which audited financial information is available:

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Operating Revenues	\$6,545,914	\$6,787,707	\$7,031,962
Total Non-Operating Revenues ⁽¹⁾	<u>\$2,683,328</u>	<u>\$2,202,347</u>	<u>\$ 22,795</u>
Total Revenues	<u>\$9,229,242</u>	<u>\$8,990,054</u>	<u>\$7,054,757</u>
Total Expenses ⁽²⁾	<u>\$5,169,381</u>	<u>\$5,274,369</u>	<u>\$5,445,716</u>
Net Revenues Available for Debt Service	<u>\$4,059,861</u>	<u>\$3,715,685</u>	<u>\$1,609,041</u>
Debt Service ⁽³⁾	<u>\$1,020,826</u>	<u>\$1,022,141</u>	<u>\$1,020,230</u>
Debt Service Coverage	3.98x	3.64x	1.58x

- (1) Includes revenues from a one-quarter of one percent capital improvement sales tax available to pay the waterworks system revenue bonds. The tax was scheduled to expire in 2017; the City's voters extended the tax, but only to pay debt service on sewerage system revenue bonds. This figure does not include interest and handling costs or amortization.
- (2) Less depreciation and including payments on annual appropriation debt.
- (3) Represents debt service on the City's Series 2012A and the Series 2010 Bonds.
- Source: City's Annual Report for the fiscal year ended June 30, 2018.

Summary of Balance Sheets

Shown below is a summary of revenues, expenditures and fund balance for the water operations portion of the Enterprise Fund (consisting of sewer, water, solid waste, golf course, and indoor sports complex funds) for the last three fiscal years for which audited financial information is available. Based on its monthly financial statements, the City believes the results for 2019 will not be materially different from 2018. With respect to the fiscal year ended June 30, 2018, the information shown below should be read in conjunction with the audited financial statements of the City contained in *Appendix A* hereto. Copies of the audited financial statements of the City for prior years are available upon request from the City.

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**SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Fiscal Years Ended June 30**

	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Operating Revenues</u>			
Residential charges	\$ 3,765,899.97	\$ 3,887,741.98	\$ 4,081,216.08
Commercial charges	2,518,048.02	2,589,293.51	2,629,572.71
Other fees and charges	233,765.17	279,816.75	297,448.79
Miscellaneous	<u>28,201.16</u>	<u>30,855.12</u>	<u>23,724.15</u>
Total Operating Revenues	<u>\$ 6,545,914.32</u>	<u>\$ 6,787,707.36</u>	<u>\$ 7,031,961.65</u>
<u>Operating Expenses</u>			
Personnel services	\$ 257,590.31	\$ 256,449.06	\$ 252,706.08
Materials and supplies	1,072,393.83	1,095,124.99	1,408,358.51
Contractual services	2,912,056.80	2,959,678.61	3,051,397.58
General operating expenses	396,550.48	414,730.61	437,158.89
Special programs	354,057.02	371,217.08	139,368.45
Internal service expenses	176,732.49	177,168.57	156,726.29
Depreciation	<u>1,676,418.61</u>	<u>1,762,708.06</u>	<u>1,825,123.66</u>
Total Operating Expenses	<u>\$ 6,845,799.54</u>	<u>\$ 7,037,076.98</u>	<u>\$ 7,270,839.46</u>
<u>Operating Income (Loss)</u>	<u>\$ (299,885.22)</u>	<u>\$ (249,369.62)</u>	<u>\$ (238,877.81)</u>
<u>Non-Operating Revenues (Expenses)</u>			
Intergovernmental	\$ 7,692.30	\$ -	\$ -
Investment revenue	83,762.51	38,954.98	22,794.98
Gain from sale of assets	23,510.70	8,974.91	1,162.42
Compensation for damages	-	-	3,792.57
Interest and other costs	<u>(394,358.68)</u>	<u>(385,530.47)</u>	<u>(373,161.77)</u>
Total Non-Operating Revenue (Expenses)	<u>\$ (279,393.17)</u>	<u>\$ (337,600.58)</u>	<u>\$ (345,411.80)</u>
Income (loss) before contributions and transfers	\$ (579,278.39)	\$ (586,970.20)	\$ (584,289.61)
Contributed Capital:			
Developers	\$ 487,910.49	\$ 172,218.48	\$ 95,360.84
Government	3,617.79	184,762.20	-
Transfers In	\$ 3,084,593.69	\$ 474,063.35	\$ 1,610,040.59
Transfers Out	-	(8,000.00)	-
Change in Net Position	\$ 2,996,843.58	\$ 236,073.83	\$ 1,221,111.82
Total Net Assets - beginning	<u>\$37,238,007.17</u>	<u>\$40,451,758.71</u>	<u>\$40,894,321.30</u>
Prior Period Adjustment	<u>216,907.96</u>	<u>206,488.76</u>	<u>(34,227.06)</u>
Total Net Assets - ending	<u>\$40,451,758.71</u>	<u>\$40,894,321.30</u>	<u>\$42,081,206.06</u>

Source: Audited Financial Statements of the City for the fiscal years ended June 30, 2016-2018.

DEBT STRUCTURE OF THE CITY

Debt Ratios and Related Information

Population (2018):	39,853
Assessed Valuation (2018) ⁽¹⁾ :	\$653,404,065
Estimated Actual Value (2018):	\$2,662,670,464
Outstanding General Obligation Debt:	\$0
Outstanding Lease Obligations	\$3,238,522
Total Direct Debt (General Obligation Debt and Lease Obligations)	\$3,238,522
Overlapping General Obligation Debt ⁽²⁾ :	\$59,969,715
Total Direct and Overlapping Debt:	\$63,208,237
Per Capita Direct Debt:	\$81.26
Ratio of Direct Debt to Assessed Valuation:	0.50%
Ratio of Direct Debt to Estimated Actual Valuation:	0.12%
Per Capita Direct Debt and Overlapping General Obligation Debt:	\$1,586.03
Ratio of Direct Debt and Overlapping General Obligation Debt to Assessed Valuation:	9.67%
Ratio of Direct Debt and Overlapping General Obligation Debt to Estimated Actual Valuation:	2.37%

(1) Includes state and locally assessed real estate and personal property.

(2) For further details see the caption “**DEBT STRUCTURE OF THE CITY – Overlapping Indebtedness.**”

Source: Cape Girardeau County Clerk’s Office.

General Obligation Indebtedness

The City has no general obligation bonds outstanding.

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness, excluding lease obligations, of political subdivisions with boundaries overlapping the City as of July 1, 2019 and the percentage attributable (on the basis of assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Approximate Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Cape Girardeau School District No. 63	\$ 62,025,758	94.43%	\$58,570,923
Jackson R-II School District	<u>40,080,000</u>	3.49	<u>1,398,792</u>
Total	<u>\$102,105,758</u>		<u>\$59,969,715</u>

Source: Cape Girardeau County Assessor’s Office, taxing jurisdictions’ records and Municipal Securities Rulemaking Board (EMMA).

Special Obligation Bonds

The following table sets for the outstanding special obligations of the City as of July 1, 2019:

<u>Category of Indebtedness</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>
Special Obligation Bonds, Series 2018	\$ 8,710,000	\$ 8,710,000
Special Obligation Bonds, Series 2016	27,350,000	18,590,000
Special Obligation Bonds, Series 2015A	<u>9,625,000</u>	<u>7,525,000</u>
Totals	<u>\$45,685,000</u>	<u>\$34,825,000</u>

Revenue Obligations

The following table sets forth the outstanding revenue obligations of the City as of July 1, 2019:

<u>Category of Indebtedness</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>
Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2000B	\$ 8,355,000	\$ 3,275,000
Waterworks System Revenue Bonds (State of Missouri – Direct Loan Program – ARRA) Series 2010	1,000,000	592,100
Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2012	31,000,000	25,097,000
Waterworks System Refunding Revenue Bonds, Series 2012A ⁽¹⁾	13,955,000	9,905,000
Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2013A	3,250,000	2,623,000
Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2013B	<u>35,750,000</u>	<u>28,850,000</u>
Totals	<u>\$93,310,000</u>	<u>\$70,342,100</u>

⁽¹⁾ As of January 1, 2020, none of these bonds will be outstanding. The City will pay the 2020 maturity on its stated maturity date, and the bonds maturing in 2021 and thereafter will be redeemed on their first optional redemption date with a portion of the proceeds of the Bonds.

Lease Obligations

The following table sets forth the outstanding lease obligations of the City as of June 30, 2019:

<u>Category of Indebtedness</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Southeast Missouri State Foundation (dated March 14, 2013 and amended during the fiscal year ended June 30, 2017)	<u>\$5,382,698.69</u>	<u>\$3,238,521.59</u>
Total	<u>\$5,382,698.69</u>	<u>\$3,238,521.59</u>

Debt Service Requirements of the System

The following table shows the annual debt service requirements of the System, including the Bonds and excluding the Refunded Bonds:

<u>Fiscal Year Ending June 30</u>	<u>Outstanding Waterworks Revenue Bonds</u>	<u>The Bonds</u>			
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>TOTAL</u>
2020	\$ 866,473.43 ⁽¹⁾				\$ 866,473.43
2021	59,357.59	\$ 525,000.00	\$ 369,570.56	\$ 894,570.56	953,928.15
2022	59,791.72	610,000.00	284,150.00	894,150.00	953,941.72
2023	60,207.99	635,000.00	259,750.00	894,750.00	954,957.99
2024	60,606.36	660,000.00	234,350.00	894,350.00	954,956.36
2025	60,986.87	685,000.00	207,950.00	892,950.00	953,936.87
2026	61,449.48	710,000.00	180,550.00	890,550.00	951,999.48
2027	61,891.99	740,000.00	152,150.00	892,150.00	954,041.99
2028	62,415.13	770,000.00	122,550.00	892,550.00	954,965.13
2029	62,818.14	795,000.00	99,450.00	894,450.00	957,268.14
2030	63,301.05	815,000.00	75,600.00	890,600.00	953,901.05
2031	0.00	840,000.00	51,150.00	891,150.00	891,150.00
2032	<u>0.00</u>	<u>865,000.00</u>	<u>25,950.00</u>	<u>890,950.00</u>	<u>890,950.00</u>
Totals	<u>\$1,479,299.75</u>	<u>\$8,650,000.00</u>	<u>\$2,063,170.56</u>	<u>\$10,713,170.56</u>	<u>\$12,192,470.31</u>

⁽¹⁾ Includes the debt service paid on July 1, 2019 in the amount of \$204,462.28. The remaining debt service for the fiscal year ending June 30, 2020 is \$662,011.15.

Future Debt Plans

On August 6, 2019, the City's voters approved a 15-year extension of a one-quarter of one percent capital improvement sales tax that was scheduled to expire on December 31, 2019. The City intends to use the proceeds of the sales tax to fund approximately \$15-20 million of special obligation bonds to pay for critical infrastructure improvements, including the restoration of and additions to the Common Pleas Courthouse and annex for use as a City Hall and improvements to the Cape Girardeau Regional Airport. The City expects to issue those bonds in 2020.

No Prior Defaults

The City has never defaulted on any indebtedness.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The financial statements of the City have been prepared in conformity with generally accepted accounting principles, as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

Government resources are allocated to and accounted for in individual funds based upon the purposes 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 into fund types as described in “**Note A – Summary of Significant Accounting Policies**” to the City’s financial statements included in *Appendix A* to this Official Statement.

Government-Wide and Fund Financial Statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets and liabilities associated with operations are reflected in the statement of net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, 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 30 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. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Fines and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. With the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet.

An annual budget is prepared under the direction of the City Manager and submitted to the City Council for consideration prior to the commencement of each fiscal year. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a budgetary basis.

City budgeting is predicated upon the fundamental principle of prudential financial stewardship. Thus, a conservative approach is adopted in estimating future revenues, rigorous analysis is applied to expenditure estimates and there is regular reporting within departments as well as to the City Manager and City Council.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards.

Sources of Revenue

The City finances its general operations through sales taxes, local property taxes, license and permit fees and other miscellaneous sources as indicated below for the fiscal year ended June 30, 2020:

	<u>Amount</u>	<u>Percent of Total</u>
Property Tax	\$ 2,112,206	8.0%
Sales Tax	10,875,000	41.2
Franchise Tax	4,665,819	17.7
Cigarette Tax	150,000	0.6
Licenses and Permits	1,671,600	6.3
Intergovernmental	579,260	2.2
Service Charges	597,700	2.3
Fines and Forfeitures	687,600	2.6
Interest	115,325	0.4
Miscellaneous	393,225	1.5
Internal Service Charges	1,192,056	4.5
Motor Fuel Tax Transfer	1,431,045	5.4
Public Safety Trust Transfer	1,315,875	4.9
Other Transfers	<u>622,906</u>	<u>2.4</u>
Total	<u>\$26,409,617</u>	<u>100.0%</u>

Source: City's Budget for the fiscal year ending June 30, 2020.

The General Fund

In accordance with established accounting procedures of governmental units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited. The following table sets forth the revenues, expenditures and fund balances for the City's General Fund for the last three fiscal years for which audited financial information is available. Based on its monthly financial statements, the City believes the results for 2019 will not be materially different from 2018.

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**GENERAL FUND
SUMMARY OF OPERATIONS
FISCAL YEARS ENDED JUNE 30**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
REVENUES			
Taxes	\$17,866,334.64	\$17,193,712.47	\$17,232,591.39
Licenses and permits	1,649,227.01	1,613,500.38	1,609,166.00
Intergovernmental	911,897.94	828,689.59	610,556.93
Charges for services	364,749.57	285,614.21	237,337.05
Internal charges	1,145,715.50	1,161,341.29	1,023,643.58
Fines and forfeitures	600,446.25	712,267.50	687,997.00
Miscellaneous	538,537.30	335,287.26	328,174.89
Investment revenue	45,777.00	48,299.98	95,561.60
Special assessments	17,485.68	17,892.20	136,212.41
Total Revenues	<u>\$23,140,170.89</u>	<u>\$22,196,604.88</u>	<u>\$21,961,240.85</u>
EXPENDITURES			
Administrative services	\$ 2,776,743.88	\$ 2,631,588.26	\$ 2,591,612.76
Development services	2,488,862.56	2,347,504.72	2,346,079.65
Parks and recreation	1,656,263.04	1,703,900.49	1,655,656.64
Public safety	14,188,872.26	13,779,540.09	13,404,649.83
Public works	2,538,334.64	2,531,642.49	2,738,873.31
Debt service			
Interest	\$ 19,700.00	\$ 19,700.00	\$ 25,102.88
Principal	985,000.00	0.00	1,120,000.00
Administrative charges	583.00	318.00	291.50
Issuance cost	0.00	0.00	11,068.17
Capital outlay			
Administrative charges	\$ 0.00	\$ 0.00	\$ 0.00
Development services	1,527.45	30,683.08	0.00
Parks and recreation	8000.00	20,800.00	5,887.20
Public safety	93,256.36	27,780.29	12,495.27
Public works	3,637.35	8,023.25	27,082.32
Total Expenditures	<u>\$24,760,780.54</u>	<u>\$23,101,480.67</u>	<u>\$23,938,799.53</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$(1,620,609.65)	\$ (904,875.79)	\$(1,977,558.68)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	\$ 6,478,345.97	\$ 5,433,446.42	\$ 5,393,190.38
Operating transfers out	(5,728,300.26)	(4,628,089.03)	(4,494,065.67)
Asset disposition	354,605.99	111,601.20	94,828.64
Bond proceeds	0.00	0.00	1,008,039.15
Compensation for damages	461.87	17,834.13	0.00
Total Other Financing Sources (Uses)	<u>\$ 1,105,113.57</u>	<u>\$ 934,792.72</u>	<u>\$ 2,001,992.50</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (515,496.08)</u>	<u>\$ 29,916.93</u>	<u>\$ 24,433.82</u>
FUND BALANCE -- BEGINNING OF YEAR	\$ 7,805,256.75	\$ 7,714,458.77	\$ 7,690,024.95
Prior period adjustment	597.36	60,881.05	0.00
FUND BALANCE -- END OF YEAR	<u>\$ 7,290,358.03</u>	<u>\$ 7,805,256.75</u>	<u>\$ 7,714,458.77</u>

Source: Audited Financial Statements of the City for the fiscal years ended June 30, 2016-2018.

Summary of General Fund Balances

The unappropriated General Fund balance on June 30 for each of the previous fiscal years was as follows:

<u>Year</u>	<u>General Fund Balance</u>
2014	\$8,405,608
2015	7,690,025
2016	7,714,459
2017	7,805,257
2018	7,290,358

Source: City's Annual Report for the fiscal year ended June 30, 2018.

BOND RATING

S&P Global Ratings, a division of S&P Global Inc. (the **"Rating Agency"**), has assigned the Bonds a rating of "A+" (Stable Outlook) based on the creditworthiness of the City. The rating reflects only the view of the Rating Agency at the time the rating is given, and the Underwriter and the City make no representation as to the appropriateness of such rating. An explanation of the significance of the rating may be obtained from the Rating Agency.

The City has furnished the Rating Agency with certain information and materials relating to the Bonds and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing the rating, circumstances warrant.

The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of any rating of the Bonds or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Undertaking, the City is required to bring to the attention of the holders of the Bonds any rating changes but has not undertaken any responsibility to disclose any rating revisions proposed by the Rating Agency or to oppose any such proposed revision or withdrawal of the rating of the Bonds. See the caption **"CONTINUING DISCLOSURE UNDERTAKING"** herein. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Bonds.

LEGAL MATTERS

General

There is not now pending or, to the City's knowledge, threatened any litigation (1) seeking to restrain or enjoin the delivery of the Bonds, (2) challenging the proceedings or authority under which the Bonds are to be issued, (3) materially affecting the security for the Bonds, (4) challenging or threatening the City's powers to enter into or carry out the transactions contemplated by the Bond Ordinance and this Official Statement, or (5) that would otherwise materially adversely affect the City's financial condition or its ability to repay the Bonds.

Approval of Legality

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein. Certain legal matters related to the Official Statement will be passed upon by Bond Counsel.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

Federal and State of Missouri Tax Exemption. The interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles,

based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE UNDERTAKING

The City has covenanted in the Continuing Disclosure Undertaking to file certain financial information and operating data relating to the City as described herein. Not later than the last day of the sixth month after the end of the City's fiscal year, commencing with the fiscal year ending June 30, 2019, the City shall file with the Municipal Securities Rulemaking Board (the "**MSRB**"), through the Electronic Municipal Market Access system ("**EMMA**"), the following financial information and operating data (the "**Annual Report**") (unless the City changes its fiscal year, in which case the City shall file the Annual Report by the last day of the sixth month after the end of the new fiscal year):

Provision of Annual Reports

- (1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

- (2) Updates as of the end of the most recent fiscal year of the financial information and operating data set forth in the tables contained in this Official Statement under the following captions: **“THE SYSTEM – Customers and Usage,” “– Water Rates” and “– Collections,” “FINANCIAL AND OPERATING INFORMATION CONCERNING THE SYSTEM – Historical Debt Service Coverage,” “DEBT STRUCTURE OF THE CITY – Special Obligation Bonds” and “– Revenue Obligations” and “FINANCIAL INFORMATION CONCERNING THE CITY – Sources of Revenue” and “– Summary of General Fund Balances.”**

Reporting of Material Events

Pursuant to the Continuing Disclosure Undertaking, within 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (**“Material Events”**):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the City, any of which affect bondholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Termination of Reporting Obligation

The City’s obligations under the Continuing Disclosure Undertaking with respect to the Bonds will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Dissemination Agent

The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Continuing Disclosure Undertaking and may discharge any such dissemination agent,

with or without appointing a successor dissemination agent. The dissemination agent will not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Undertaking.

Additional Information

Nothing in the Continuing Disclosure Undertaking will be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required, the City will have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Default

If the City fails to comply with any provision of the Continuing Disclosure Undertaking, the Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking will not be deemed an event of default under the Bond Ordinance, and the sole remedy under the Continuing Disclosure Undertaking for the City's failure to comply is an action to compel performance.

Beneficiaries

The Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Underwriter and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Electronic Municipal Market Access System (EMMA)

All Annual Reports and notices of Material Events required to be filed by the City pursuant to the Continuing Disclosure Undertaking must be submitted to the MSRB through EMMA. EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Bonds is incorporated by reference in this Official Statement.

These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "**Rule**"). The Continuing Disclosure Undertaking is being entered into by the City to enhance the efficiency of the administration of the City's obligations, including the Bonds, and to promote timely secondary market disclosure by the City.

Prior Compliance

The City believes it has complied during the past five years with its prior undertakings under the Rule, except as follows:

- The City's audited financial statements and operating data for the fiscal year ended June 30, 2015, were not properly linked to the City's Special Obligation Refunding Bonds, Series 2015B.
- The City's operating data for the fiscal year ended June 30, 2015 did not include the City's restaurant license tax collections.

- Although the City timely filed its unaudited financial statements for the fiscal year ended June 30, 2016, the City did not promptly file its audited financial statements for that fiscal year after they became available (the audited financial statements were filed on December 22, 2017).
- Although the City timely filed its unaudited financial statements for the fiscal year ended June 30, 2017, the City did not promptly file its audited financial statements for that fiscal year after they became available (the audited financial statements were filed on July 23, 2018).

On September 4, 2018, the City engaged Gilmore & Bell, P.C. to assist the City with complying with the City's continuing disclosure obligations.

MISCELLANEOUS

Financial Statements

Audited financial statements of the City, as of and for the fiscal year ended June 30, 2018, are included in *Appendix A* to this Official Statement. These financial statements have been audited by Beussink, Hey, Roe & Stroder, L.L.C., Cape Girardeau, Missouri.

Municipal Advisor

Piper Jaffray & Co., Leawood, Kansas, has been employed by the City as municipal advisor (the “**Municipal Advisor**”) to provide certain professional services in connection with the Bonds. The Municipal Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

Underwriting

Based upon bids received by the City on September 16, 2019, the Bonds were awarded to Commerce Bank, Kansas City, Missouri (the “**Underwriter**”). The Bonds are being purchased for reoffering by the Underwriter. The Underwriter has agreed to purchase the Bonds from the City at a price equal to \$9,331,277.00 (representing the par amount of the Bonds, less an underwriter's discount of \$63,231.50, plus original issue premium of \$744,508.50). The Underwriter is purchasing the Bonds from the City for resale in the normal course of the Underwriter's business activities. The Underwriter may sell certain of the Bonds at a price greater than such purchase price, as shown on the inside cover page hereof. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

Certification and Other Matters Regarding Official Statement

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the Owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the office of the Municipal Advisor; following delivery of the Bonds, copies of such documents may be examined at the principal payment office of the Paying Agent. The information contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City, the Paying Agent, or the Underwriter and the purchasers or Owners of any Bonds.

The form of this Official Statement, and its distribution and use by the Underwriter, have been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Bonds other than those either expressly or by fair implication imposed on the City by the Bond Ordinance.

CITY OF CAPE GIRARDEAU, MISSOURI

By: /s/ Scott A. Meyer
City Manager

APPENDIX A
ANNUAL FINANCIAL REPORT

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CITY OF CAPE GIRARDEAU, MISSOURI
Cape Girardeau, Missouri

For the Year Ended June 30, 2018

ANNUAL FINANCIAL REPORT

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

CITY OF CAPE GIRARDEAU, MISSOURI

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Cape Girardeau, 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 Cape Girardeau, Missouri, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Cape Girardeau, Missouri'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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cape Girardeau, Missouri as of June 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension liability schedules on pages 4 through 22 and 82 through 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cape Girardeau, Missouri's basic financial statements. The budgetary comparison 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison fund financial statements 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 budgetary comparison fund financial statements and the 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 8, 2019, on our consideration of the City of Cape Girardeau, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Cape Girardeau, Missouri'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 of Cape Girardeau, Missouri's internal control over financial reporting and compliance.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
February 8, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis

The discussion and analysis of the City of Cape Girardeau's financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and related notes to those statements to enhance their understanding of the City's financial performance.

Financial Highlights

- o The assets and deferred outflows of the City of Cape Girardeau exceeded its liabilities at the close of the most recent fiscal year by \$343,178,003.70 (net position). Of this amount, \$48,392,827.99 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- o As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,189,612.68. Approximately 8.8% of this total amount, \$3,187,972.46 is available for spending at the government's discretion (unassigned fund balance).
- o At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,214,828.54 or 10.5% of total general fund expenditures and transfers.
- o At the end of the current fiscal year, general fund balance reserved for emergencies was \$3,650,000.00 or 12.0% of total general fund expenditures and transfers.
- o The City's total long-term debt decreased by \$13,890,443.37 (11.1%) during the current fiscal year as a result of \$10,680,894.89 in amortization and regularly scheduled principal payments and the \$3,209,548.48 early payoff of a Missouri Transportation Finance Corporation loan. The Missouri Transportation Finance Corporation loan was used to finance costs of a new bridge on Sprigg Street. Federal emergency relief funds received by the City for this project and STP-U grant funds were used as funding sources for this prepayment.

- o The City's fixed assets increased \$13,153,735.34 during the year. Net fixed asset additions of \$29,262,868.09 were made during the year. Depreciation for the current fiscal year reduced fixed assets by \$16,109,132.75.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Cape Girardeau's basic financial statements.

The City of Cape Girardeau's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements.

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

The statement of net position presents information on all the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between the total of assets and deferred outflows and liabilities and deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Cape Girardeau that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cape Girardeau include administrative services, development services, parks and recreation, public safety, and public works. The business-type activities of the City include sewer, water and solid waste utilities and golf course, indoor sports complex and sports complexes operations. The government-wide financial statements can be found on pages 23 to 25 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cape Girardeau, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Cape Girardeau maintained 33 individual governmental funds during the current year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, airport, parks and recreation, transportation trust V, casino revenue, and general capital improvement funds, which are considered, or have been designated, to be major funds of the City. Data from the other governmental funds are combined into a single, aggregated presentation.

The City of Cape Girardeau adopts annual appropriated budgets for all its governmental funds except the special revenue funds that are foundations and the capital project funds which have project length budgets. Budgetary comparison statements have been provided for all major governmental funds as part of the financial statements to demonstrate compliance with this budget. Budgetary comparison statements for the remaining governmental funds are presented as supplemental information.

Basic governmental fund financial statements can be found on pages 26 to 30 of this report.

Proprietary Funds. The City of Cape Girardeau maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City used enterprise funds to account for its sewer, water, and solid waste utilities and its golf course, indoor sports complex, and sports complexes operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for operation of its information technology systems, fleet management, self-insured employee benefits and workmen's compensation programs, and its internal equipment leasing program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water, and solid waste utilities and golf course, indoor sports complex, and sports complexes operations. All of these are considered, or have been designated, to be major funds of the City.

CITY OF CAPE GIRARDEAU, MISSOURI

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 31 to 35 of this report. Budgetary comparison statements for all the proprietary funds are present as supplemental information.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 37 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City of Cape Girardeau's assets and deferred outflows exceeded its liabilities by \$343,178,003.70, an increase of \$5,527,372.47 (1.6%). The City's net investment in capital assets (land, buildings, machinery, and equipment less related outstanding debt used to acquire those assets) of \$285,909,867.19 makes up 83.3% of the City's net position.

This net investment increased \$21,622,592.53 (8.2%) during the current fiscal year. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

Although the City's investment in its net investment in capital assets increased, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2.6 percent) represent resources that are subject to external restrictions on how they may be used. The portion of the City's net position subject to external restrictions was \$120,243.16 (1.3%) less than the previous year. The remaining balance of net position (\$48,392,827.99) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. This reflects a \$15,974,976.90 (24.8%) decrease from the previous year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true of the prior year.

City of Cape Girardeau's Net Position

	Governmental Activity		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	54,620,276.39	67,866,115.82	24,337,864.97	21,983,253.07	78,958,141.36	89,849,368.89
Capital assets	214,426,896.42	200,294,777.44	183,404,762.85	184,383,146.49	397,831,659.27	384,677,923.93
Total assets	269,047,172.81	268,160,893.26	207,742,627.82	206,366,399.56	476,789,800.63	474,527,292.82
Deferred outflows	1,506,790.09	3,789,027.74	171,464.91	521,245.26	1,678,255.00	4,310,273.00
Current liabilities	7,027,497.34	13,761,785.95	9,038,991.97	7,892,886.76	16,066,489.31	21,654,672.71
Non-current liabilities	39,864,830.39	37,158,022.65	74,988,684.23	80,864,388.23	114,853,514.62	118,022,410.88
Total liabilities	46,892,327.73	50,919,808.60	84,027,676.20	88,757,274.99	130,920,003.93	139,677,083.59
Deferred inflows	3,764,616.88	1,303,412.38	605,431.12	206,438.62	4,370,048.00	1,509,851.00
Net investment in						
Capital assets	183,312,356.37	166,215,653.09	102,597,510.82	98,071,621.57	285,909,867.19	264,287,274.66
Restricted	5,131,533.52	5,655,975.68	3,743,775.00	3,339,576.00	8,875,308.52	8,995,551.68
Unrestricted	31,453,128.40	47,855,071.25	16,939,699.59	16,512,733.64	48,392,827.99	64,367,804.89
Total net position	219,897,018.29	219,726,700.02	123,280,985.41	117,923,931.21	343,178,003.70	337,650,631.23

CITY OF CAPE GIRARDEAU, MISSOURI

Governmental Activities. Governmental activities increased the City of Cape Girardeau's net position by \$8,059,944.27 (compared to \$428,082.32 in the previous fiscal year) thereby accounting for 56.7 percent of the total growth in the net position of the City. Governmental activities accounted for 47.1% of its \$17,096,703.28 increase in its net investment in capital assets.

City of Cape Girardeau's Change in Net Position						
	Governmental activities		Business-type activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenue:						
Charges for service	5,332,343.09	5,335,160.30	20,171,295.32	19,637,253.23	25,503,638.41	24,972,413.53
Operating grants and contributions	1,102,412.39	1,261,707.48	5,626.05	50,782.31	1,108,038.44	1,312,489.79
Capital grants and contributions	6,102,909.51	4,258,862.29	1,434,523.60	739,265.15	7,537,433.11	4,998,127.44
General revenues:						
Property taxes	2,489,086.94	2,313,211.37	-	-	2,489,086.94	2,313,211.37
Sales taxes	28,666,729.38	27,999,068.29	-	-	28,666,729.38	27,999,068.29
Other taxes	13,852,287.24	13,488,741.93	-	-	13,852,287.24	13,488,741.93
Other	887,314.71	1,152,595.07	144,443.41	233,984.81	1,031,758.12	1,414,946.24
Total revenues	58,433,083.26	55,809,346.73	21,755,888.38	20,661,285.50	80,188,971.64	76,470,632.23
Expenses:						
Administrative	3,192,426.65	3,102,613.20	-	-	3,192,426.65	3,102,613.20
Capital Improvements	111,187.90	72,735.14	-	-	111,187.90	72,735.14
Development Services	6,341,496.75	6,338,981.22	-	-	6,341,496.75	6,338,981.22
Interest and other costs	903,735.34	1,039,724.50	-	-	903,735.34	1,039,724.50
Parks and Recreation	5,939,357.84	5,832,841.22	-	-	5,939,357.84	5,832,841.22
Public Safety	16,949,952.13	15,548,817.01	-	-	16,949,952.13	15,548,817.01
Public Works	7,598,140.69	8,349,564.88	-	-	7,598,140.69	8,349,564.88
Sewer	-	-	10,018,537.41	10,492,810.74	10,018,537.41	10,492,810.74
Water	-	-	7,643,554.28	7,427,137.82	7,643,554.28	7,427,137.82
Solid Waste	-	-	4,229,339.80	4,156,251.98	4,229,339.80	4,156,251.98
Golf Course	-	-	688,354.89	775,372.59	688,354.89	775,372.59
Indoor Sports Complex	-	-	1,040,273.66	362,363.73	1,040,273.66	362,363.73
Sporting Complexes	-	-	1,327,348.33	1,247,334.26	1,327,348.33	1,247,334.26
Total expenses	41,036,297.30	40,285,277.17	24,947,408.37	24,461,271.12	65,983,705.67	64,746,548.29
Increase in net position						
before transfers	17,396,785.96	15,524,069.56	(3,191,519.99)	(3,799,985.62)	14,205,265.97	11,724,083.94
Transfers	(9,336,841.69)	(15,095,987.24)	9,336,841.69	15,095,987.24	-	-
Increase in net position	8,059,944.27	428,082.32	6,145,321.70	11,296,001.62	14,205,265.97	11,724,083.94
Net position-beginning of year	219,726,700.02	224,116,212.57	117,923,931.21	101,565,927.36	337,650,631.23	325,682,139.93
Prior period adjustments	(7,889,626.00)	(4,817,594.87)	(788,267.50)	5,062,002.23	(8,677,893.50)	244,407.36
Net position-end of year	219,897,018.29	219,726,700.02	123,280,985.41	117,923,931.21	343,178,003.70	337,650,631.23

CITY OF CAPE GIRARDEAU, MISSOURI

Activity in the following revenue and expense items should be noted for the current fiscal year:

Revenues from governmental activities

- Charges for service were \$2,817.21 (0.1%) less than the previous year. During the current year public works and public safety revenues increased \$27,898.87 (108.9%) and \$48,604.64 (40.9%) over the previous year while development services, administrative, and parks and recreation were \$43,869.53 (2.8%), \$32,198.20 (1.8%), and \$3,252.99 (0.2%), respectively, less than the previous year.
- Changes in public works service charges reflected a \$27,898.87 (108.9%) increase in internal charges to City business activities for charges related to capital projects and other projects.
- Changes in public safety service charges reflected a \$44,026.69 (277.4%) increase in charges to the SEMO drug task force.
- There were several significant changes in service charge revenue from development services. These included revenue increases of \$36,981.63 (77.9%), \$12,610.74 (7.4%), \$90,823.50 (29.7%) and \$11,697.88 (4.0%), respectively, in plan review fees, building related permit fees, airport fuel sales, and airport lease revenue and revenue decreases of \$173,848.26 (31.5%) and \$24,142.25 (33.3%) in internal charges to other City projects and airport landing fees. In December of the current year the air service provider at the airport changed. Landing fees charged the new provider were significantly less than the previous provider.
- The current year's decrease in administrative service revenue mainly resulted from a \$121,551.46 (15.4%) decrease in revenue from the municipal court which was only partially offset by an \$88,680.00 (21.8%) increase in administrative fees charged by its city manager, finance, and human resources divisions to the City's enterprise funds. Traffic cases handled by the municipal court declined 12.99% from the previous year. During the current year administrative fees were charged to all enterprise funds. In the previous year only the sewer, water, and solid waste funds were charged administrative fees.
- During the current year a \$48,710.27 (20.0%) decrease in the City's recreation program revenue was only partially offset by revenues in the other divisions of park and recreation. The majority of this decrease resulted from the transfer of some league activity to the new indoor sports complex which is reported as an enterprise fund.
- Operating grants and contributions were \$159,295.09 (12.6%) less than the previous year. During the current year revenue from emergency shelter grants, various airport operating grants, and various housing rehab grants decreased \$21,291.05 (13.8%), \$42,761.85 (71.6%), and \$180,914.73 (100.0%), respectively, from the previous year. These decreases were partially offset by a \$74,295.13(12.8%) increase in public safety operating grants and a \$24,743.90 (51.0%) increase in operating contributions received by the Parks and Recreation Foundation.
- Capital grants and contributions increased \$1,844,047.22 (43.3%) from the previous year. During the current year the city received grants and contributions totaling \$1,400,222.00, \$1,687,867.92, \$1,728,989.02 and \$1,062,188.96 for airport improvements, various street projects, a South Sprigg Street Bridge project, and various public safety equipment purchases, respectively. During the previous year the city received grants and contributions totaling \$72,075.63, \$975,321.77, \$3,110,097.52 and \$32,512.46, respectively, for these items. The city also received contributions totaling \$200,000.00 and \$23,641.61 during the current year for future improvements to the Capaha Park baseball field and the previous year's cost of the Fountain Street Sculpture Project. During the previous year the City received grants of \$62,065.90 for the Mississippi Riverwalk trail project, and \$6,789.01 for the business park infrastructure project.

CITY OF CAPE GIRARDEAU, MISSOURI

Revenues from governmental activities (continued)

- Property tax revenue was \$175,875.57 (7.6%) more than the previous year. Assessed values finalized by the board of equalization increased \$17,542,678 (3.5%) and \$127,920 (0.1%) for real estate and personal property, respectively. Assessed values from new construction and new annexation totaling \$3,573,090 and \$250, respectively, were included in the real estate increase. The City's general tax levy rate was set .1% lower than the previous year. During the current year the city received payments in lieu of taxes totaling \$98,590.19 from properties included in two tax increment financing districts (TIF). These were included as property tax revenues. This was the first year these payments have been collected. \$64,054.95 of the TIF revenues collected during the year was distributed during the year according to development agreements for projects in the district. The undistributed TIF revenues are reflected as restricted net position in the Statement of Net Position.
- Sales tax revenue was 49.1% of the total revenue during the current year vs. 50.2% in the previous year. This year's revenue was \$667,661.09 (2.4%) more than the previous year. From fiscal year ending June 30, 2014 through fiscal year ending June 30, 2018 sales tax revenue, adjusted for new taxes, had annual growth rates of 0.7%, 3.7%, 2.5%, -1.3% and 2.4%, respectively.
- Other taxes increased \$363,545.31 (2.7%) from the previous year. Franchise taxes, motor fuel taxes, convention and tourism taxes, merchant licenses, and liquor licenses grew \$315,401.99 (6.5%), \$17,262.58 (1.1%), \$123,811.96 (5.6%), \$24,844.41 (1.9%) and \$644.98 (0.9%), respectively. Cigarette taxes and gaming revenue declined \$3,366.18 (2.2%) and \$115,054.43 (3.4%), respectively, from the previous year.
- Ameren paid 72.1% of the total franchise tax collected during the year based on its electricity and natural gas revenues vs. 68.2% in the previous year. During the current year Ameren paid \$413,711.29 (12.5%) more than the previous year. Payments received on electricity sales and natural gas sales increased \$296,467.48 (10.8%) and \$117,243.81 (20.6%), respectively, during the current year. Average monthly electric and natural gas rates were 4.3% and 6.9% higher during the current year when compared to the previous year. Colder winter and warmer spring weather during the current year when compared to the previous year positively impacted franchise tax revenues.
- During the current year the City received payments in lieu of gross receipt franchise taxes totaling \$713,433.32 from its water and sewer funds. This was \$18,124.26 (2.6%) more than the previous year. Sewer and water rate increases of 2% were effective July 1, 2017.
- Franchise tax paid during the current year by the City's telecommunication and cable TV service providers decreased \$100,110.30 (23.8%) and \$16,323.26 (3.8%) from the previous year. During the previous year the City received \$97,214.73 from a settlement of a class action lawsuit against a cell phone service provider.
- The increase in the convention and tourism taxes was comprised of increases to both taxes. Hotel / motel taxes and restaurant taxes increased \$65,808.49 (9.0%) and \$58,003.47 (3.9%) over the previous year. A new Drury Lodge and Convention Center began operations in August 2017.
- Gaming revenue received by the casino revenue fund and the riverfront development fund decreased \$110,987.48 (3.5%) and \$4,066.95 (2.7%) from the previous year.
- Other revenue which declined \$265,280.36 (23.0%) from the previous year to \$887,314.71 was comprised of unrestricted grants and contributions, investment earnings and gain (loss) on disposal of assets which totaled \$62,548.94, \$421,853.37, and \$402,912.40, respectively, during the current year. These revenues grew (declined) \$1,722.33 (2.8%), (\$80,009.68) (15.9%), and (\$186,993.01) (31.7%), respectively, from the previous year. Pooled cash balances averaged \$42,393,008.09 during the current year compared to \$63,135,327.68 during the previous year as cash held for capital projects was spent during the year. The pooled cash balances earned an average rate of 1.58% during the current year compared to 1.21% in the previous year. During the current year the City sold its old fire station #4 and a piece of surplus land at gains of \$155,650.00 and \$25,548.46. The remaining gain or loss totaling \$221,713.94 resulted from sales or other disposal of city equipment above their book value.

CITY OF CAPE GIRARDEAU, MISSOURI

Expenses from governmental activities

- Total government activities expenses increased \$751,020.13 (1.9%) over the previous year. Personnel costs accounted for 52.2% of the total governmental activity expenses. Operating expenses, capital improvement expenses and interest and other costs accounted for 45.3%, 0.3% and 2.2% of the total governmental activity expenses, respectively. 27.5% of the personnel costs were for benefits and the remaining was for salaries including vacation and sick leave expense. Salary expenses increased \$297,579.62 (2.0%) while benefits expenses decreased \$363,011.99 (5.8%) during the current year. Operating expenses, capital improvement expenses and interest and other costs increased (decreased) \$913,988.90 (5.2%), \$38,452.76 (52.9%) and (\$135,989.16) (13.1%), respectively, during the current year.
- Full-time, part-time and overtimes salaries increased \$90,943.27 (0.7%), \$53,290.10 (4.6%) and \$153,346.25 (18.0%), respectively, over the previous year during the current year. The current year included a 2.0% beginning of the year wage increase.
- An annual report issued by the Missouri Local Government Employees Retirement System and dated June 30, 2018 reflects current year changes to the City's net pension assets (liabilities) and net pension deferred outflows (inflows) according to GASB 68. The annual pension costs included in the governmental activities equals the City's annual required contributions to its retirement plan plus or minus changes in its net pension assets (liabilities) and net pension deferred outflows (inflows) reflected in that report. The current year's pension expense was increased \$434,701.63 as a result of these changes. In the previous year pension expense was increased \$1,062,115.61 as a result of these changes. Adjusted pension costs were \$496,126.51 (22.0%) less than the previous year.
- During the current year the City implemented GASB 75 to report its retiree health and dental benefits (OPEB). A GASB 75 actuarial valuation of the City's OPEB for the fiscal year ending June 30, 2018 was performed by Nyhart of Indianapolis Indiana. Their valuation reflected current year changes to the City's net OPEB assets (liabilities) and net OPEB deferred outflows (inflows) according to GASB 75. The annual retiree health and dental costs included in the governmental activities equals the City's actual premiums paid plus or minus changes in its net OPEB assets (liabilities) and net OPEB deferred outflows (inflows) reflected by their valuation. The current year's retiree health and dental costs included in the governmental activities were decreased by \$47,886.79 as a result of these changes. In the previous year retiree's health and dental costs included in the governmental activities were increased by \$137,187.00 as a result of reporting under GASB 45. Adjusted OPEB costs were \$160,146.53 (23.8%) less than the previous year.
- Annual cost of the City's employee health and dental plan and it workmen's compensation plan reflects actual claims incurred during the year. The cost of these plans increased \$55,727.39 (3.4%) and \$214,317.82 (55.6%), respectively, during the current year. During the previous year the cost of these plans decreased \$235,004.50 (11.5%) and \$409,713.73 (51.5%), respectively.
- Administrative expenses totaled \$3,192,426.65 (7.8% of total government activities) this year which was \$89,813.45 (2.9%) more than the previous year. Personnel costs accounted for 64.2% of the total administrative expenses. 24.5% of the personnel costs were for benefits and the remaining was for salaries including vacation and sick leave expense. Salary expenses increased \$33,342.40 (2.2%) during the current year. Benefit expenses decreased \$35,862.65 (6.7%) during the current year. The current year's costs of providing pension benefits, employee health and dental coverage, retiree health and dental coverage and workmen's compensation coverage were \$153,410.35, \$153,246.80, \$51,004.18 and \$7,612.41, respectively. These costs increased (decreased) (\$60,703.90) (39.6%), 2,510.79 (1.6%), \$16,533.26 (32.4%) and \$3,000.56 (39.4%), respectively from the previous year. Operating expenses increased \$92,333.70 (8.8%) during the current year. The current year included \$34,978.64 in costs for a City Hall space needs assessment and \$39,081.26 in election costs associated with City council elections. No costs were incurred for these items in the previous year. All remaining operating expenses increased \$18,273.80 (1.7%) during the current year.

CITY OF CAPE GIRARDEAU, MISSOURI

Expenses from governmental activities (continued)

- Development services expenses totaled \$6,341,496.75 (15.4% of total government activities) this year which was \$2,515.53 more than the previous year. Personnel costs accounted for 41.9% of the total development services expenses. 26.7% of the personnel costs were for benefits and the remaining was for salaries including vacation and sick leave expense. Salary expenses increased \$17,147.46 (0.9%) during the current year. Benefit expenses increased \$56,960.55 (8.7%). The current year's costs of providing pension benefits, employee health and dental coverage, retiree health and dental coverage, and workmen's compensation coverage were \$188,293.52, \$232,763.74, \$72,370.80 and \$59,229.11, respectively. These costs increased (decreased) (\$44,546.10) (19.1%), \$11,949.57 (5.4%), \$62,637.02 (643.5%) and \$24,150.76 (68.8%), respectively over the previous year. Operating expenses decreased \$71,592.48 (1.9%) during the current year.
- The previous year included \$66,800.00 and \$135,543.86 in costs related to a downtown strategic plan update and various housing rehab grants. No costs were included for these items in the current year. This year included \$64,054.95 in economic development payments from revenues collected from a Tax Increment Financing District, \$74,518.62 in costs related to an Independence Street traffic study and \$70,953.94 in cost associated with a comprehensive plan update. No costs were incurred for these items in the previous year. During the current year \$56,937.07 in overhead expenses were allocated to various capital projects. The amount allocated was \$27,220.26 (32.3%) less than the previous year.
- The following are other significant operating increases (decreases) over the previous year:

Economic development payments from sales tax rebates	\$93,613.89 (14.0%) decrease
GIS services provided by Alliance	\$51,789.00 (49.4%) decrease
Emergency housing grant related expenses	\$24,900.66 (15.5%) decrease
Convention and tourism bureau operating expense	\$84,087.42 (12.0%) increase
Advertising funded by air services grant	\$58,550.17 (80.6%) decrease
Street repairs at the Cape Regional Airport	\$26,981.32 (54.2%) decrease
Depreciation	\$29,387.99 (3.8%) increase

- Parks and recreation expenses totaled \$5,939,357.84 (14.5% of total government activities) this year which was \$106,516.62 (1.8%) more than the previous year. Personnel costs accounted for 53.7% of the total parks and recreation expenses. 24.0% of the personnel costs were for benefits and the remaining was for salaries including vacation and sick leave expense. Salary expenses increased \$71,648.12 (3.0%) during the current year. Benefit expenses increased \$13,870.75 (1.8%). The current year's costs of providing pension benefits, employee health and dental coverage, retiree health and dental coverage, and workmen's compensation coverage were \$173,554.18, \$235,883.18, \$75,817.02 and \$80,339.54, respectively. These costs increased (decreased) (\$77,792.39) (31.0%), \$14,236.60 (6.4%), \$46,386.30 (157.6%) and \$31,285.51 (63.8%), respectively over the previous year. Operating expenses increased \$20,997.75 (0.8%) during the current year.
- The following are significant operating increases (decreases) over the previous year:

Internal IT fees	\$12,284.01 (17.4%) decrease
Osage Centre major repairs	\$28,804.67 (360.4%) increase
Fleet maintenance costs	\$18,888.66 (11.7%) decrease
Small equipment purchases	\$96,355.63 (47.7%) decrease
Depreciation	\$127,480.84 (10.1%) increase

CITY OF CAPE GIRARDEAU, MISSOURI

Expenses from governmental activities (continued)

- Public safety expenses totaled \$16,949,952.13 (41.3% of total government activities) this year which was \$1,401,135.12 (9.0%) more than the previous year. Personnel costs accounted for 73.1% of the total public safety expenses. 28.7% of the personnel costs were for benefits and the remaining was for salaries including vacation and sick leave expense. Salary expenses increased \$176,938.94 (2.0%) during the current year. Full-time, part-time, and overtime salaries increased (decreased) \$(6,509.75) (0.1%), \$45,764.31 (43.3%), and \$137,684.38 (18.2%), respectively, during the current year. Benefit expenses decreased \$393,478.87 (9.9%). The current year's costs of providing pension benefits, employee health and dental coverage, retiree health and dental coverage, and workmen's compensation coverage were \$1,164,983.52, \$1,047,384.24, \$272,251.74 and \$400,126.44, respectively. These costs increased (decreased) (\$277,711.59) (19.2%), \$31,229.54 (3.1%), \$(295,809.98) (52.1%) and \$137,414.26 (52.3%), respectively over the previous year. Operating expenses increased \$1,617,675.05 (55.0%) during the current year.

The current year included expenditures for the following:

Consulting services for radio interoperability project	\$ 19,025.00
Cost of equipping new facilities	\$144,002.49
Claims against the City	\$ 22,500.00
Transfer of remaining assets of Public Safety Foundation to Community Foundation of the Ozarks	\$155,725.51
Pass through Grant – public safety equipment for local communities	\$725,633.69

In the previous year only \$67,935.00 were spent on these items. This expenditure related to consulting services for radio interoperability project.

The following are other significant operating increases (decreases) over the previous year:

Depreciation	\$479,578.10 (73.0%) increase
Fleet maintenance costs	\$85,155.17 (25.6%) decrease
Vehicle insurance	\$18,077.39 (14.4%) increase
Utility expense	\$41,998.17 (45.6%) increase
Vehicle gasoline	\$27,079.14 (13.7%) increase
Cost of demolition of dangerous buildings	\$32,863.16 (102.8%) increase

- Public works expenses totaled \$7,598,140.69 (18.5% of total government activities) this year which was \$751,424.19 (9.0%) less than the previous year. Personnel costs accounted for 15.2% of the total public works expenses. 31.8% of the personnel costs were for benefits and the remaining was for salaries including vacation and sick leave expense. Salary and benefit expenses decreased \$1,497.30 (0.2%) and \$4,501.77 (1.2%) during the current year. The current year's costs of providing pension benefits, employee health and dental coverage, retiree health and dental coverage, and workmen's compensation coverage were \$82,400.40, \$126,856.34, \$42,474.75 and \$52,175.82, respectively. These costs increased (decreased) (\$35,372.53) (30.0%), (\$121.80) (0.1%), \$10,106.87 (31.2%) and \$18,466.73 (54.8%), respectively over the previous year. Operating expenses decreased \$745,425.12 (10.4%) during the current year.

In the previous year the City spent \$987,320.76 for costs associated with the temporary relocation of railroad tracks associated with an Army Corp of Engineer's project to the City's Mississippi River flood wall. During the current year the City spent \$5,567.69 related to this project.

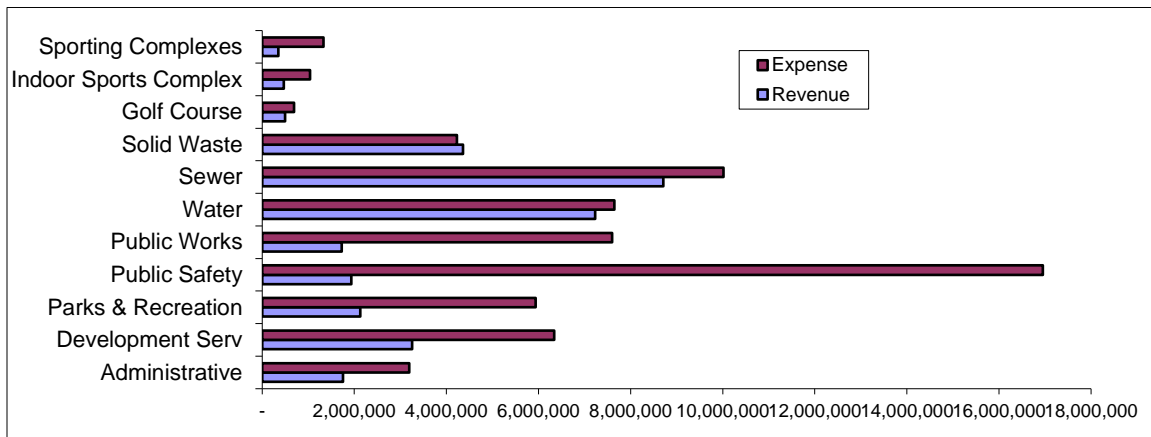
The following are other significant operating increases (decreases) over the previous year:

Snow and ice removal supplies	\$22,975.08 (48.3%) increase
Fleet maintenance costs	\$45,743.09 (22.4%) decrease
Depreciation	\$275,705.93 (5.7%) increase
Contracted street repairs	\$14,775.30 (30.7%) decrease

CITY OF CAPE GIRARDEAU, MISSOURI

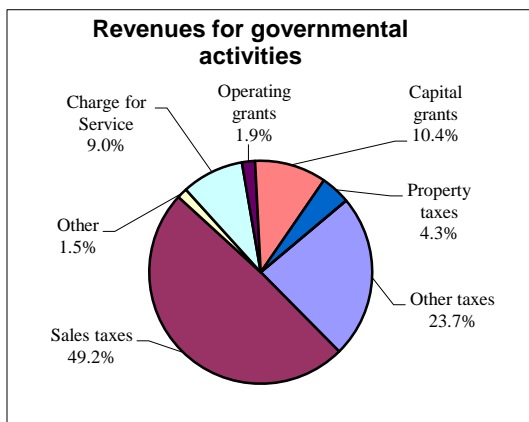
Expenses from governmental activities (continued)

- Capital improvements expenses totaled \$111,187.90 this year which was \$38,452.76 (52.9%) more than the previous year. The current year costs represent capital projects that did not meet the City's \$5,000 capitalization threshold (the amount at which the expenditure would be recorded as a capital asset).
- Interest and other costs expenses totaled \$903,735.34 this year which was \$135,989.16 (13.1%) less than the previous year.



The illustration above makes it clear that all the governmental activities and business-type activities of the City with the exception of solid waste required a subsidy by taxpayers. General revenues in these activities, which include transfers from special revenue sales taxes, were sufficient to provide adequate subsidies for both the governmental and business-type activities.

Revenues by Source – Governmental Activities



The above chart summarizes the sources of revenue from government activities. The three main sources of revenue and their share of total governmental revenues are sales tax (49.2%), other taxes (23.7%) and charges for services (9.0%).

The City's general sales tax represents 36.7 percent of the total sales tax revenue and 45.4 percent of the total general fund revenues. The remaining sales taxes are for parks, storm water, transportation, sewer, water, and public safety projects.

The general fund accounts for 48.4% and 51.1% of the other tax and service charge revenue, respectively. This represents 29.0% and 11.8% of the total general fund revenues, respectively.

Business-type activities

During the current year business-type activities increased the net position of the City by \$6,145,321.70. During the previous year these activities increased the City's net position by \$11,296,001.62. Business-type activities before transfers decreased the City's net position by \$3,191,519.99 during the current year. In the previous year these activities decreased the City's net position by \$3,799,985.62.

CITY OF CAPE GIRARDEAU, MISSOURI

During the current year there were net transfers from the governmental activities to business-type activities of \$9,336,841.69. In the previous year there were net transfers from governmental activities to business-type activities of \$15,095,987.24.

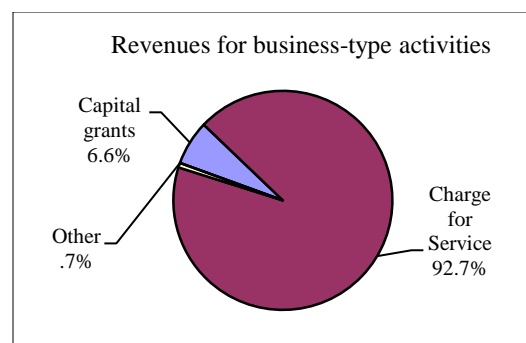
During current year transfers were made for the following:

Capital improvement sales tax - sewer fund for bond payments	\$3,750,000.00
Operating subsidy from parks and recreation foundation	\$ 7,000.00
Operating subsidy from general and parks sales tax funds	\$1,083,557.50
Operating subsidy from CVB fund	\$ 278,931.12
Capital improvement sales tax - water for capital projects	\$1,984,076.04
Transfers of emergency reserves from general and CVB funds	\$ 367,252.00
Net transfer of asset to or from other government activities	\$1,866,025.03

During previous year transfers were made for the following:

Capital improvement sales tax - sewer fund for bond payments	\$4,340,000.00
Capital improvement sales tax - water fund for bond payments	\$ 300,000.00
Park sales tax fund for bond payments	\$ 150,000.00
Operating subsidy from general and parks sales tax funds	\$1,363,696.83
Capital improvement sales tax - water for capital projects	\$ 470,076.04
Casino revenue fund revenues for transfer station construction	\$ 13,500.00
Net transfer of asset to or from other government activities	\$8,458,714.37

The net change in net position before transfers and general revenues in the sewer, water, solid waste, golf, indoor sports complex, and sporting complexes operations totaled \$(1,311,541.32), \$(412,439.22), \$133,249.61, \$(195,001.16), \$(573,846.52) and \$(976,384.79), respectively, this year. This compares to \$(2,544,888.47), \$(467,211.98), \$358,639.81, \$(269,500.46), \$(273,944.32) and \$(837,065.01), respectively, in the previous year.



Financial Analysis of the City's Funds

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

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

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$36,189,612.68, a decrease of \$14,543,037.53 (28.7%) from the prior year. Unassigned fund balances, which are available for spending at the City's discretion, account for \$3,187,972.46 (8.8%) of the total fund balances.

The remainder of the fund balances are classified as nonspendable, restricted, committed, or assigned to indicate that they are not available for new spending. The following are the amounts and classification of the remaining fund balances at June 30, 2018: (1) \$630,362.53 is classified as nonspendable because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact (2) \$23,381,901.09 is classified as restricted because it can be spent only for specific purposes because of restrictions by external parties, constitutional provisions or enabling legislation (3) \$7,257,679.96 is classified as committed because it can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (4) \$1,731,696.64 is classified as assigned because its expenditure is constrained by the City's intent to use it for specific purposes.

CITY OF CAPE GIRARDEAU, MISSOURI

The general fund is the chief operating fund of the City. At the end of fiscal year ending June, unassigned fund balance of the general fund was \$3,214,828.54 while total fund balance was \$7,290,358.03. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents only 10.5 percent of total general fund expenditures including transfers. However, included in the restricted fund balance is \$3,650,000.00, which had been reserved to meet the City Charter's emergency reserve requirement. This amount represents 12.0 percent of total general fund expenditures including transfers and could be used if an emergency was declared by the City Council.

The Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance shows that the total fund balance of the City of Cape Girardeau's general fund decreased by \$515,496.08 as a result of the current year's operations. However, the General Fund Statement of Revenues, Expenditures, and Changes of Fund Balance prepared on a budget basis shows a current fiscal year decrease of \$468,348.08. Differences between the amounts reflected in the two statements can be found in the Notes to Budgetary Comparison Schedules found on pages 88 - 91

The original adopted general fund budget for the fiscal year ending June 30, 2018 had revenues exceeding expenditures by \$19,369.00. The actual general fund results decreased fund balances by \$468,348.08. Significant deviations from this budget are detailed below:

- Sales tax revenue was \$251,504.11 (2.5%) more than the previous year, which was \$175,464.27 (1.6%) less than projected for the adopted budget. The adopted budget projected revenues that were 2.8% above the actual fiscal year ending June 30, 2016 revenues. Actual revenues declined 1.3% during the previous year.
- Franchise tax revenue was \$223,100.44 (4.5%) more than projected for the adopted budget. Franchise taxes from electric utilities, natural gas utilities, and the City's water and sewer service exceeded their budgets by \$227,170.48 (8.1%), \$21,785.53 (3.3%), and \$19,183.32 (2.8%), respectively. Franchise taxes from telecommunications and cable TV fell short of their budgets by \$9,455.88 (2.9%) and \$35,583.01 (8.0%), respectively.
- During the current year Ameren paid \$413,711.29 (12.5%) more than the previous year. Payments received on electricity sales and natural gas sales increased \$296,467.48 (10.8%) and \$117,243.81 (20.6%), respectively, during the current year. Average monthly electric and natural gas rates were 4.3% and 6.9% higher during the current year when compared to the previous year. Projections used in the current year's budget had assumed electric and natural gas usage at annual usage levels from the three years ending December 31, 2016 and rates that were in effect on April 1, 2017. Colder winter and warmer spring weather during the current year when compared to the previous year positively impacted franchise tax revenues.
- During the current year the City received payments in lieu of gross receipt franchise taxes totaling \$713,433.32 from its water and sewer funds. This was \$18,124.26 (2.6%) more than the previous year. The amount of payments in lieu of gross receipts franchise taxes projected for the current year's budget were based on projected sewer and water revenues for the fiscal year ended June 30, 2017 and no rate increases. Sewer and water rate increases of 2% were effective July 1, 2017.
- Franchise tax paid during the current year by the City's telecommunication service providers decreased \$100,110.30 (23.8%) from the previous year. The amount of projected franchise tax used in the current year's budget was based on revenues from the calendar year 2016. During the previous year the City received \$97,214.73 from a settlement of a class action lawsuit against a cell phone service provider.
- Franchise tax paid during the current year by the City's cable TV service provider decreased \$16,323.26 (3.8%) from the previous year. The amount of projected franchise tax used in the current year's budget was 2.3% more than actual revenue from the year ending June 30, 2016.

CITY OF CAPE GIRARDEAU, MISSOURI

- Property tax revenue increased \$111,768.04 (5.8%) over the previous year and was \$110,242.93 (5.8%) more than the projected budget. \$98,590.19 of this year's increase resulted from the first year of payments in lieu of taxes from properties included in two tax increment financing districts (TIF). Assessed values finalized by the board of equalization increased \$17,542,678 (3.5%) and \$127,920 (0.1%) for real estate and personal property, respectively. Assessed values from new construction and new annexation totaling \$3,573,090 and \$250, respectively, were included in the real estate increase. The City's general tax levy rate was set .1% lower than the previous year. The adopted budget for the fiscal year ending June 30, 2018 had assumed 1.5% and 2.5% assessed value growth for real estate and personal property, respectively and no levy increases.

- Business license revenue increased \$24,844.41 (1.9%) from the previous year and was \$27,089.16 (2.0%) less than the projected budget. The adopted budget projected revenues that were 1.5% greater than projected fiscal year ending June 30, 2017 revenues. Actual revenue for fiscal year ending June 30, 2017 was \$32,083.57 (2.4%) less than had been assumed by the budget projections.

- Other license and permit revenue was \$10,882.22 (3.4%) more than the previous year and was \$19,888.17 (6.0%) more than the projected budget.

- Intergovernmental revenue exceeded revenue projected for the original budget by \$258,434.36 (40.5%). This year's intergovernmental revenue included \$53,068.51 in revenues from various public safety capital grants, \$133,067.30 for emergency shelter grants, and \$145.15 for river flooding reimbursement grants. None of these revenues had been projected in the current year's budget. The current budget projected \$589,257.00 in grants for public safety operating expenses. Actual revenue was \$69,020.55 (11.7%) more than this amount during the current year.

- Service charges exceeded the amount projected in the current year's budget by \$111,859.57 (44.2%) and were \$79,135.36 (27.7%) more than the previous year. Actual court revenues and development fees were (\$11,506.11) (14.7%) and \$27,273.16 (26.2%) more (less), respectively, than their current year's budgets and increased (declined) (\$9,730.21) (12.7%) and \$42,306.60 (47.4%), respectively, from the previous year's actual. Charges for police and fire service were \$77,052.52 and \$5,000.00, respectively, during the current year which exceeded previous year's charges by \$38,244.97 and \$5,000.00. No revenue had been projected in the budget for these charges.

- Fines and forfeits revenue fell short of its budget by \$124,553.75 (17.2%) and was \$111,821.25 (15.7%) less than the previous year. The adopted budget for fiscal year ending June 30, 2018 had assumed revenue levels equal to the actual revenue for the year ending January 2017. The number of traffic cases heard by the municipal court in fiscal year ending June 30, 2018 was 13.5% less than those heard in year ending January 2017.

- During the current fiscal year total expenditures were \$53,160.21 (0.2%) less than the original budget. Operating expenditures were \$159,390.79 (0.7%) less than their original budget and debt service expenditures were \$10,083.00 (1.0%) more than their original budget. \$96,147.58 was spent on capital purchases during the current year. The original budget included no capital expenditures.

- Transfers to other funds for operating subsidies were \$25,940.12 (1.9%) more than original budget. The current year included \$568,390.60 in transfers to cover capital expenditures in other funds and \$927,102.00 in transfers of emergency reserves from the general fund to other funds. These transfers were not included in the original budget.

Proprietary funds. The City of Cape Girardeau's enterprise funds are all presented as major funds for purposes of this report. As a result, all statements related to the enterprise funds are presented at the government-wide level. The City does have Internal Service funds, which are reported in total on the Proprietary Fund Statement and consolidated with

CITY OF CAPE GIRARDEAU, MISSOURI

other governmental activities on the government-wide statements.

General Fund Budgetary Highlights

Total expenditures and transfers on the final amended budget were \$2,329,804.00 (8.0%) more than the original adopted budget. During the current year the City Council appropriated this additional amount which can be summarized as follows:

Administration - \$152,000.00 for a City Hall space needs study not included in the original budget.

Development Services – \$125,000.00 to cover grant funded community assistance expenditures and \$69,000.00 for redevelopment agreement payments not included in the original budget.

Public Safety – \$149,684.00 to cover operating costs and small equipment purchases from various police operating grants, \$82,263.00 for the purchase of equipment from fire operating and capital grants, and \$25,000.00 for payment of claims against police not included in the original budget. \$72,100.00 was also appropriated to cover overages in specialized education, internal fleet maintenance, insurance and utility costs.

General Fund Transfer to Airport Fund – \$100,000.00 to cover capital improvement costs not included in the original budget and \$258,000.00 to set up an emergency reserve fund in the Airport Fund.

General Fund Transfer to Parks and Recreation Fund – \$155,000.00 to cover an additional operating subsidy and \$414,500.00 to set up an emergency reserve fund in the Parks and Recreation Fund.

General Fund Transfer to Public Safety Trust Fund II - \$67,155.00 to cover the transfer of proceeds of the sale of police and fire vehicles received by the General Fund to the Public Safety Trust Fund II.

General Fund Transfer to General Capital Improvements Fund - \$175,500.00 to cover the transfer of proceeds of the sale of old Fire Station #4 received by the General Fund to the General Capital Improvements Fund.

General Fund Transfer to Park System Improvements Fund - \$190,000.00 to cover the transfer of General Fund revenues received from internal charges to various capital improvements of the Park System Improvements Fund to that fund to help fund those projects.

General Fund Transfer to Golf Fund - \$97,350.00 to set up an emergency reserve fund in the Golf Fund.

General Fund Transfer to Sports Complex Fund – \$40,000.00 to cover an additional operating subsidy and \$157,252.00 to set up an emergency reserve fund in the Sports Complex Fund.

Excess general fund revenues and unrestricted fund balances were used to fund all appropriations that did not have an identified funding source.

During the year departments may transfer budget appropriations between various expense types within their department.

During the year the City Manager authorized the transfer of \$51,200.00 from the original Administrative contingency budget to the following departments:

Public Works – \$5,716.00 to cover unbudgeted costs of property damage.

Public Safety – \$11,300.00 to cover unbudgeted costs related to a building demolition.

Administration - \$10,600.00 to cover unbudgeted costs related a Deputy Finance Director search; \$1,600.00 for unbudgeted costs social media archiving; \$3,000.00 for unbudgeted costs of remodeling the customer service office; \$6,500.00 to pay for unbudgeted costs related to two city hall studies and \$4,684.00 for unbudgeted costs related to repairs to city hall's fire alarm.

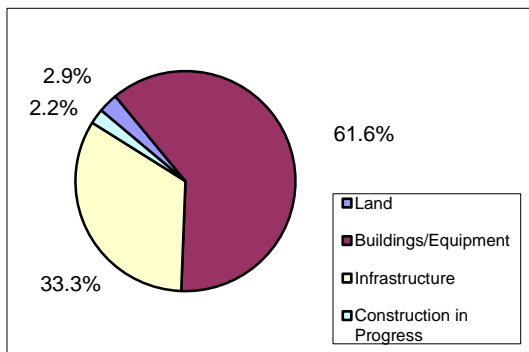
Development Services – \$7,800.00 to cover a General Fund to Airport Fund transfer to cover unbudgeted costs of a new phone system.

CITY OF CAPE GIRARDEAU, MISSOURI

Capital Assets and Debt Administration

Capital Assets. The City of Cape Girardeau's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$397,831,659.27 (net of accumulated depreciation). This investment in capital assets includes all land, buildings and system improvements, machinery and equipment, and infrastructure owned by the City.

City Capital Assets



Major capital asset events during the current fiscal year included the following:

- o Construction costs totaling \$6,674,097.24 on approved transportation sales tax projects were incurred this year. This tax was originally approved to complete a specific list of street construction, street repair and overlay, LED light conversion, and sidewalk construction and repair projects.
- o \$680,561.24 was spent on the overlay and rehabilitation of runway 2/20 at the Airport and was partially funded by MODOT, while \$442,257.57 was spent on lighting rehab on runway 10/28. Construction on this project will continue into the next year.
- o \$8,268,386.54 of bond funds were used to finish the construction of a new police station, replace an aging Fire Station, and rehabilitate two other Fire facilities.
- o Funds received from the Isle of Capri were used to complete the installation of public art, purchase new plan review software, redesign our city's website, purchase new software for trash trucks, and begin the process of installing a radio interoperability project in the amounts of \$8,750.52, \$230,776.56, \$9,750.00, \$51,321.40, and \$661,837.57, respectively.
- o In April 2008 voters approved a ½ cent sales tax to pay for storm water and park improvement projects. \$237,786.59 and \$2,349,924.29 were spent respectively during the current year on these projects.
- o Construction costs totaling \$1,720,102.62 on various water system projects were incurred this year. Major water system improvements included the installation of a new water tank, two new booster pump stations, water tank painting, the planning fees for rehab of several aspects at the main water plant, various water distribution improvements, the addition of water main extensions and the continuation of the two-inch water main replacement program.
- o Sewer project costs amounted to \$825,168.18 in capital expenditures during the current year. Projects included a wastewater scada upgrade, repair of a downtown force main, various sanitary sewer projects, and additional costs to improve the wastewater treatment plant.
- o \$20,960.13 was spent on an intersection that was transformed from a four way stop into a roundabout. This will be partially funded by a Department of Transportation grant.
- o \$1,558,273.01 was spent on a bridge that spans an area affected by sinkholes. The bridge was funded mostly by a grant from the Department of Transportation.
- o Other equipment purchased totaled \$2,128,368.05.
- o Motor fuel funds in the amount of \$284,645.97 were used to repair a bridge.
- o \$101,952.60 in Airport funds were used to improve Airport facilities for a new airline service that began in December.
- o Infrastructure additions and improvements totaling \$3,057,437.60 were contributed by developers. These included new streets, sidewalks, sanitary and storm sewers, water lines and street lighting.

CITY OF CAPE GIRARDEAU, MISSOURI

- o A total of \$121,366.83 was spent to purchase land, renovate offices, and install fences and a surveillance system.

Additional information about the City's capital assets can be found in note D to the financial statements.

City of Cape Girardeau's Capital Assets (net of depreciation)						
	Governmental Activity		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	9,379,312.86	9,346,963.15	1,985,017.54	1,985,017.54	11,364,330.40	11,331,980.69
Buildings and system improvements	36,464,218.58	20,111,315.60	16,736,328.02	17,405,553.14	53,200,546.60	37,516,868.74
Improvements other than buildings	18,360,093.99	18,490,522.48	155,939,154.13	154,123,879.78	174,299,248.12	172,614,402.26
Equipment	10,979,205.30	10,792,462.46	7,007,686.78	4,268,604.16	17,986,892.08	15,061,066.62
Infrastructure	132,323,818.87	122,328,199.33	-	-	132,323,818.87	122,328,199.33
Construction in progress	6,920,246.82	19,225,314.42	1,736,576.38	6,600,091.87	8,656,823.20	25,825,406.29
Total	214,426,896.42	200,294,777.44	183,404,762.85	184,383,146.49	397,831,659.27	384,677,923.93

Long-term debt.

At the end of the fiscal year, the City of Cape Girardeau had total debt outstanding of \$111,524,412.01. Bonded debt outstanding totaling \$78,132,258.21 is secured by revenues of the sewer and water funds and capital improvement sales taxes. The repayment of the remaining debt is subject to annual appropriations.

During the year the City paid off a Missouri Transportation Finance Corporation loan early resulting in additional principal payments of \$3,209,548.48. The Missouri Transportation Finance Corporation loan was used to finance costs of a new bridge on Sprigg Street in previous years. Federal emergency relief funds received by the City for this project and STP-U grant funds were used to prepay the loan.

Outstanding debt decreased by \$13,890,443.37 (11.1%) during the year. Regularly scheduled principal payments and amortization of bond premiums / discounts resulted in outstanding long-term debt being reduced by \$10,680,894.89.

More information about the City's outstanding debt can be found in note E to the financial statements.

City of Cape Girardeau's Outstanding Debt						
	Governmental Activity		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes payable	3,618,447.13	7,520,270.49	-	-	3,618,447.13	7,520,270.49
Special obligation bonds	26,832,290.77	31,312,385.95	2,941,415.90	3,278,346.24	29,773,706.67	34,590,732.19
Revenue bonds	665,900.00	713,800.00	77,466,358.21	82,590,052.70	78,132,258.21	83,303,852.70
	31,116,637.90	39,546,456.44	80,407,774.11	85,868,398.94	111,524,412.01	125,414,855.38

CITY OF CAPE GIRARDEAU, MISSOURI

Economic Factors and the Next Year's Budget

Commercial and residential development slackened over the year, after the record high in the previous year. Values of commercial permits issued during the year were 81.3% lower than the previous year. Values of residential permits issued during the year were 57.8% lower than the previous year.

Commercial and residential permits valued at \$46.8 million and \$15.7 million were issued this year. Commercial and residential permits valued at \$250.5 million and \$37.2 million were issued in the previous year

Local employment continues to be stronger than national employment, although not as strong as the previous year. The Cape Girardeau County unadjusted unemployment rate was only 2.2% in October 2018. Statewide and national unadjusted unemployment rates were 2.3% and 3.5%, respectively, for this month. The unadjusted unemployment rates were 2.2%, 2.5% and 3.9% for the county, state, and nation, respectively, for the previous October. City construction projects and private development provide significant support to local construction employment.

In April 2016 a local investor group announced plans to redevelop the vacant Marquette Hotel into a high-tech hub for startup technology companies and to turn the H-H Building and the adjacent Marquette Center into a Marriott "Courtyard" Hotel. The \$20 million development involves 145,000 square feet of historic renovation that when completed is expected to draw 200 to 300 workers and guests daily to the Cape Girardeau downtown area. The redevelopment of the Marquette Hotel was completed during the previous year. Construction related to the Marriott Hotel began in August 2017 with the hotel opening for business in October 2018.

During the year the following economic development activity took place in Cape Girardeau:

- AT&T announced 200 new jobs.
- Several new retail businesses and restaurants began operation during the year.

- Codefi, the hi-tech hub located in the redeveloped Marquette Tower, now has 40 new businesses, 130 new jobs, and \$14M of private investment.
- Vizient, the nation's largest member-owned health-care services company, expanded its IT operation based in the City.
- In September 2017 the U.S. Department of Transportation approved plans for SkyWest Airlines to serve as the new provider of air services to Cape Girardeau. SkyWest's 50-passenger jet now quickly connects Cape Girardeau to the world through daily flights to Chicago O'Hare airport. In August of 2018 SkyWest announced that it would offer additional flights daily starting in January 2019.

Magnet, the partnership led by the Chamber of Commerce and responsible for promoting economic development in Cape Girardeau and the surrounding communities, reported the following activities during the year:

- Made over 35 visits to businesses with potential new employment of than 6,000 employees. Businesses visited included manufacturing, medical, financial and other business services.
- Retention visits have resulted in the identification of 3 new economic development projects in the area.
- Worked with SEMPO on regional transportation priorities.
- Supported Ameren's efforts on electrical grid upgrade.
- Maintained Certified Work Ready Community status.
- Continued Partnership with Codefi on adult and youth IT training programs.
- Hosted third Manufacturing Day with seven local companies interacting with 250+ students.
- Worked with CTC to foster the CDL Training program.
- Continued a job shadowing initiative with SEMO and Cape Central High School called Connect Cape.

CITY OF CAPE GIRARDEAU, MISSOURI

Local Retail Economy. Sales tax is a significant revenue source of the City and is a barometer of the local economy. In the current year sales tax revenue from the general sales tax increased by 2.45% while inflation grew at 2.25%. In the previous year sales tax revenue from the general sales tax decreased 1.34% while inflation grew at 1.85 %.

The City's hotel / motel gross receipt tax increased 9.0% and restaurant gross receipt tax increased 3.9% during the current year. In the previous year they decreased 1.7% and increased 0.4%, respectively.

Regional Retail Center.

The City is heavily dependent on sales tax revenue for support of its general fund services. Above average growth of local retail sales can have a positive impact on the City's ability to fund services in the future.

Cape Girardeau continues to be a regional retail center for much of Southeast Missouri and Southern Illinois. Since 2015 the City's share of the local retail market has declined.

SALES TAX COMPARISON				
	FY15	FY16	FY17	FY18
Cape Girardeau	43.7%	44.2%	44.3%	42.5%
Carbondale	26.1%	25.6%	25.0%	25.6%
Jackson	9.6%	9.6%	9.8%	10.2%
Perryville	7.4%	7.4%	7.5%	8.1%
Sikeston	13.2%	13.2%	13.4%	13.6%
	100.0%	100.0%	100.0%	100.0%

The previous table, which includes the City of Cape Girardeau and significant retail centers within a 50 mile radius, shows the percentage of estimated sales made by each City to the total estimated sales of the five cities. During the current year the City's share of the local market appears to have declined significantly.

Local Economic Development.

In the previous 13 years the City has entered into 6 long-term development agreements to reimburse companies for public improvements associated with 5 retail development projects and a hotel / convention center development project from additional sales tax generated from those projects. The agreements have resulted in the addition of three major new retailers, the relocation and expansion of another major retailer, the addition of a 168 room hotel and related 20,000 square foot convention center, and in the conversion of a former Sears's facility into a call center. Details of these agreements can be found in Note T in the Notes to the Financial Statements section.

Payments made by the City pursuant to these agreements totaled \$574,748 during the current year. Payments totaling \$4,248,104 have been made since the beginning of these agreements.

During the year the City spent \$66,978 in support of Cape Girardeau Area Magnet, as a result of their membership in that organization. This organization actively solicits business, industry and commerce for the greater Cape Girardeau area which includes neighboring cities Jackson and Scott City and all of Cape Girardeau County.

The City is continuing to market its 247.43 acre business park site purchased in February, 2013 from the Southeast Missouri University Foundation and located along I-55 around the LaSalle interchange. The land will be used for future business development and is best suited for distribution centers, light manufacturing, technology-related businesses and retail development.

Revenue Limitations

The state Hancock Amendment requires the City obtain simple majority voter approval to increase any permit or license fee that is not based on actual costs to the user and strictly limits the City's ability to increase its real estate and personal property tax levies to support its general services such as police and fire protection. The City Charter requires voter approval to increase sewer, water, and solid waste fees by more than 5% in any year. All other user fees can be adjusted to cover actual costs.

CITY OF CAPE GIRARDEAU, MISSOURI

Budget for fiscal year ending June 30, 2018 and financial condition

The adopted general fund budget for the fiscal year ending June 30, 2018, was projected to produce a \$19,369 surplus and included a 1.5% wage increase effective July 1, 2017. Projected revenues used in preparing the budget were based on conservative revenue assumptions.

The approved general fund budget projected the use of this surplus plus \$82,597 prior year's unassigned fund balance to increase the emergency reserve fund balance by \$101,966.

The City's current financial position has modestly improved over the past five years and is good in that it has more than adequate fund balance to cover existing claims and potential emergencies. The City's general fund ended the current year with \$3,214,828.54 in unassigned fund balances and \$3,650,000.00 in fund balances restricted for emergencies. Five years ago these balances were \$3,055,688.70 and \$4,088,745.00, respectively. During the current year fund balances restricted for emergencies for the airport, park and recreation, golf, and sporting complexes funds totaling \$927,102 that had previously been held in the general fund were transferred to their related funds.

Its financial condition or its ability to provide enough reoccurring revenues to meet its reoccurring needs has not changed significantly over the past five years. Funding of equipment for the general and airport funds, excluding police, fire is still not at desired levels.

Requests for Information

This financial report is designed to provide a general overview of the City of Cape Girardeau's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Cape Girardeau, PO Box 617, Cape Girardeau, MO 63702-0617.

BASIC FINANCIAL STATEMENTS

City of Cape Girardeau
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Pooled cash and investments	\$ 39,344,568.95	\$ 12,856,509.21	\$ 52,201,078.16
Cash and cash equivalents	71,521.60	-	71,521.60
Investments	348,660.22	-	348,660.22
Taxes receivable	3,908,643.09	-	3,908,643.09
Utility charges receivable	-	2,475,180.24	2,475,180.24
Special assessments receivable	343,548.78	31,942.28	375,491.06
Interest receivable	180.29	2,152.21	2,332.50
Other receivables	669,853.98	43,406.56	713,260.54
Notes receivable	133,455.78	-	133,455.78
Motor fuel receivable	136,014.87	-	136,014.87
Grants receivable	810,197.10	4,609.16	814,806.26
Inventory	249,766.92	697,946.98	947,713.90
Prepaid items	348,205.71	30,706.24	378,911.95
Internal balances	(186,907.98)	186,907.98	-
Total current assets	46,177,709.31	16,329,360.86	62,507,070.17
Noncurrent assets:			
Restricted cash and cash equivalents	-	6,579,977.43	6,579,977.43
Net pension assets	8,442,567.08	1,428,702.92	9,871,270.00
Land	9,379,312.86	1,985,017.54	11,364,330.40
Buildings	36,464,218.58	16,736,328.02	53,200,546.60
Land improvements	18,360,093.99	155,939,154.13	174,299,248.12
Equipment	10,979,205.30	7,007,686.78	17,986,892.08
Infrastructure	132,323,818.87	-	132,323,818.87
Construction in process	6,920,246.82	1,736,576.38	8,656,823.20
Total noncurrent assets	222,869,463.50	191,413,443.20	414,282,906.70
Total assets	269,047,172.81	207,742,804.06	476,789,976.87
Deferred outflows of resources:			
Deferred outflow from pension plan	1,384,006.02	162,450.98	1,546,457.00
Deferred outflow from retiree health plan	122,784.07	9,013.93	131,798.00
Total deferred outflows of resources	1,506,790.09	171,464.91	1,678,255.00

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,664,423.32	892,394.14	2,556,817.46
Salaries and benefits payable	1,053,142.63	213,925.03	1,267,067.66
Interest payable	114,881.29	586,321.76	701,203.05
Other liabilities	182,237.60	786,879.31	969,116.91
Estimated claims	724,500.00	-	724,500.00
Due to other governments	1,295.14	74,685.68	75,980.82
Unearned revenues	123,191.44	112,962.29	236,153.73
Total current liabilities	3,863,671.42	2,667,168.21	6,530,839.63
Noncurrent liabilities:			
Estimated landfill post closure costs	-	18,000.00	18,000.00
Notes payable	3,618,447.13	-	3,618,447.13
Revenue bonds payable	665,900.00	77,466,358.21	78,132,258.21
Special obligation bonds payable	26,832,290.77	2,941,415.90	29,773,706.67
Compensated absences payable	1,548,858.41	174,121.12	1,722,979.53
Net OPEB obligation	10,363,160.00	760,789.00	11,123,949.00
Total noncurrent liabilities	43,028,656.31	81,360,684.23	124,389,340.54
Total liabilities	46,892,327.73	84,027,852.44	130,920,180.17
Deferred inflows of resources:			
Deferred inflow from pension plan	3,361,504.50	575,837.50	3,937,342.00
Deferred inflow from retiree health plan	403,112.38	29,593.62	432,706.00
Total deferred inflows of resources	3,764,616.88	605,431.12	4,370,048.00
NET POSITION			
Net investment in capital assets	183,312,356.37	102,597,510.82	285,909,867.19
Restricted for depreciation and replacement	-	150,000.00	150,000.00
Restricted for emergency fund	5,032,810.00	3,593,775.00	8,626,585.00
Restricted for mausoleum	98,723.52	-	98,723.52
Unrestricted	31,453,128.40	16,939,699.59	48,392,827.99
Total net position	\$ 219,897,018.29	\$ 123,280,985.41	\$ 343,178,003.70

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Interest and Other Charges	\$ 903,735.34	\$ -	\$ -	\$ -	\$ (903,735.34)	\$ -	\$ (903,735.34)
Development Services	6,341,496.75	1,536,633.43	316,468.87	1,400,222.00	(3,088,172.45)	-	(3,088,172.45)
Public Safety	16,949,952.13	167,334.87	704,907.92	1,062,188.96	(15,015,520.38)	-	(15,015,520.38)
Public Works	7,598,140.69	53,518.88	145.15	1,674,411.15	(5,870,065.51)	-	(5,870,065.51)
Parks and Recreation	5,942,416.07	1,824,476.74	80,890.45	223,744.51	(3,813,304.37)	-	(3,813,304.37)
Capital Improvements	111,187.90	-	-	1,742,445.79	1,631,257.89	-	1,631,257.89
Administrative	3,192,426.65	1,750,379.17	-	-	(1,442,047.48)	-	(1,442,047.48)
Total governmental activities	41,039,355.53	5,332,343.09	1,102,412.39	6,103,012.41	(28,501,587.64)	-	(28,501,587.64)
Business-type activities:							
Golf Course Fund	688,354.89	493,353.73	-	-	-	(195,001.16)	(195,001.16)
Indoor Sports Complex	1,040,273.66	430,627.14	5,000.00	30,800.00	-	(573,846.52)	(573,846.52)
Sewer Fund	10,018,537.41	7,498,321.69	311.64	1,208,362.76	-	(1,311,541.32)	(1,311,541.32)
Solid Waste Fund	4,229,339.80	4,362,275.00	314.41	-	-	133,249.61	133,249.61
Sporting Complexes Fund	1,327,348.33	350,963.54	-	-	-	(976,384.79)	(976,384.79)
Water Fund	7,643,554.28	7,035,754.22	-	195,360.84	-	(412,439.22)	(412,439.22)
Total business-type activities	24,947,408.37	20,171,295.32	5,626.05	1,434,523.60	-	(3,335,963.40)	(3,335,963.40)
Total primary government	\$ 65,986,763.90	\$ 25,503,638.41	\$ 1,108,038.44	\$ 7,537,536.01	(28,501,587.64)	(3,335,963.40)	(31,837,551.04)
General revenues:							
Property taxes					2,489,086.94	-	2,489,086.94
Sales taxes					28,666,729.38	-	28,666,729.38
Franchise taxes					5,166,950.44	-	5,166,950.44
Motor fuel taxes					1,538,419.30	-	1,538,419.30
Convention and tourism taxes					2,329,587.86	-	2,329,587.86
Merchant licenses					1,315,760.84	-	1,315,760.84
Liquor licenses					76,236.25	-	76,236.25
Other taxes					3,425,332.55	-	3,425,332.55
Unrestricted grants and contributions					62,548.94	-	62,548.94
Unrestricted investment earnings					424,808.70	132,390.52	557,199.22
Gain or Loss on disposal of assets					402,912.40	12,052.89	414,965.29
Transfers					(9,336,841.69)	9,336,841.69	-
Total general revenues, special items, and transfers					36,561,531.91	9,481,285.10	46,042,817.01
Change in net position					8,059,944.27	6,145,321.70	14,205,265.97
Net position - beginning					219,726,700.02	117,923,931.21	337,650,631.23
Prior period adjustments					(7,889,626.00)	(788,267.50)	(8,677,893.50)
Net position - ending					\$ 219,897,018.29	\$ 123,280,985.41	\$ 343,178,003.70

See Accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

City of Cape Girardeau
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Airport Fund	Parks and Recreation Fund	Casino Revenue Fund	Transportation Sales Tax V	General Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 13,140.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,381.60	\$ 71,521.60
Pooled cash and investments	6,018,971.19	49,328.33	1,167,926.78	7,191,530.78	7,972,674.11	329,486.90	9,960,598.87	32,690,516.96
Receivables-								
Real estate taxes, net	143,604.99	-	-	-	-	-	27,376.62	170,981.61
Property taxes, net	26,891.54	-	-	-	-	-	5,036.85	31,928.39
Sales tax	1,083,378.37	-	-	-	531,988.51	-	1,348,824.35	2,964,191.23
Franchise taxes	515,766.22	-	-	-	-	-	-	515,766.22
Hotel & motel tax	-	-	-	-	-	-	225,775.64	225,775.64
Special assessments	274,853.98	-	-	-	-	-	68,694.80	343,548.78
Other	104,499.02	154,457.16	78,698.70	223,356.42	-	33,839.08	16,580.82	611,431.20
Motor fuel tax	-	-	-	-	-	-	94,562.72	94,562.72
Vehicle license fees	-	-	-	-	-	-	12,746.63	12,746.63
Motor vehicle sales tax	-	-	-	-	-	-	28,705.52	28,705.52
Grants	200,624.22	559,714.08	-	-	8,911.81	-	40,910.00	810,160.11
Other funds	424,415.40	-	-	-	-	-	-	424,415.40
Inventory	1,175.70	39,756.97	13,830.93	-	-	-	7,520.75	62,284.35
Prepaid items	88,294.48	16,371.65	20,030.13	-	-	-	71,416.97	196,113.23
Total current assets	<u>8,895,615.11</u>	<u>819,628.19</u>	<u>1,280,486.54</u>	<u>7,414,887.20</u>	<u>8,513,574.43</u>	<u>363,325.98</u>	<u>11,967,132.14</u>	<u>39,254,649.59</u>
Noncurrent assets:								
Advances to other funds	-	-	-	432,161.82	-	-	-	432,161.82
Total Noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,161.82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,161.82</u>
Total assets	<u>\$ 8,895,615.11</u>	<u>\$ 819,628.19</u>	<u>\$ 1,280,486.54</u>	<u>\$ 7,847,049.02</u>	<u>\$ 8,513,574.43</u>	<u>\$ 363,325.98</u>	<u>\$ 11,967,132.14</u>	<u>\$ 39,686,811.41</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Airport Fund	Parks and Recreation Fund	Casino Revenue Fund	Transportation Sales Tax V	General Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 272,961.99	\$ 68,984.28	\$ 89,625.80	\$ 130,207.24	\$ 506,925.65	\$ 192,773.73	\$ 236,033.19	\$ 1,497,511.88
Salaries and benefits payable	763,253.19	29,603.82	136,217.00	-	-	-	4,517.66	933,591.67
Other liabilities	115,480.75	49,997.28	16,759.57	-	-	-	-	182,237.60
Due to other governments	88.50	-	-	-	-	-	1,206.64	1,295.14
Payable to other funds	-	171,536.91	-	-	-	-	20,145.32	191,682.23
Unearned revenues	12,361.56	1,897.28	108,932.60	-	-	-	-	123,191.44
Deferred revenues	441,111.09	-	-	27,000.00	-	-	99,577.68	567,688.77
Total Current liabilities	<u>1,605,257.08</u>	<u>322,019.57</u>	<u>351,534.97</u>	<u>157,207.24</u>	<u>506,925.65</u>	<u>192,773.73</u>	<u>361,480.49</u>	<u>3,497,198.73</u>
Total liabilities	1,605,257.08	322,019.57	351,534.97	157,207.24	506,925.65	192,773.73	361,480.49	3,497,198.73
FUND BALANCES (DEFICITS)								
Nonspendable	90,381.96	16,371.65	20,030.13	432,161.82	-	-	71,416.97	630,362.53
Restricted	3,780,900.80	258,000.00	414,500.00	-	8,006,648.78	-	10,921,851.51	23,381,901.09
Committed	-	-	-	7,257,679.96	-	-	-	7,257,679.96
Assigned	204,246.73	223,236.97	494,421.44	-	-	170,552.25	639,239.25	1,731,696.64
Unassigned	<u>3,214,828.54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,856.08)</u>	<u>3,187,972.46</u>
Total fund balances (deficits)	<u>7,290,358.03</u>	<u>497,608.62</u>	<u>928,951.57</u>	<u>7,689,841.78</u>	<u>8,006,648.78</u>	<u>170,552.25</u>	<u>11,605,651.65</u>	<u>36,189,612.68</u>
Total liabilities and fund balances (deficits)	<u>\$ 8,895,615.11</u>	<u>\$ 819,628.19</u>	<u>\$ 1,280,486.54</u>	<u>\$ 7,847,049.02</u>	<u>\$ 8,513,574.43</u>	<u>\$ 363,325.98</u>	<u>\$ 11,967,132.14</u>	<u>\$ 39,686,811.41</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Reconciliation of Balance Sheet
To the Statement of Net Position
June 30, 2018

Fund balances of governmental funds	\$36,189,612.68
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	212,552,938.16
Internal service funds are used by management to charge the costs of management information systems, fleet management,	7,404,966.53
Assets, liabilities, and deferred inflows and outflows related to the City's employee retirement plan are reported on a net basis in government activities of the statement of net position but are not included in the governmental funds because they do require the use of or provide current financial resources.	6,319,740.18
Accrued expenses which are included in governmental activities in the statement of net position are not included in governmental fund because they are not payable from current financial resources.	(195,360.06)
Long-term debt are included in the governmental activities in the statement of net position but not in governmental funds because they are not due and payable in the current period.	(31,116,637.90)
Assets, liabilities, and deferred inflows and outflows related to the City's retiree health plan are reported on a net basis in government activities of the statement of net position but are not included in the governmental funds because they do not require the use of or provide current financial resources.	(10,341,482.06)
Non-current compensated absences payable included in governmental activities of the statement of net position for earned vacation and termination pay do not require the use of current financial resources and are not included in governmental funds.	(1,484,448.01)
Assets included in governmental activities of the statement of net position that are not available to pay for current-period expenditures are offset by deferred revenues in governmental funds.	567,688.77
Net position of governmental activities	<u><u>\$219,897,018.29</u></u>

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

City of Cape Girardeau
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Airport Fund	Parks and Recreation Fund	Casino Revenue Fund	Transportation Sales Tax V	General Capital Improvements	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 17,866,334.64	\$ -	\$ -	\$ 3,082,692.45	\$ 5,096,520.24	\$ -	\$ 15,982,392.73	\$ 42,027,940.06
Licenses & Permits	1,649,227.01	-	-	-	-	-	4,277.00	1,653,504.01
Intergovernmental	911,897.94	1,584,145.08	-	884,910.00	21,739.68	-	3,290,731.18	6,693,423.88
Charges for Services	364,749.57	457,673.51	1,479,931.18	-	-	-	101,159.40	2,403,513.66
Internal Charges	1,145,715.50	-	-	-	-	-	-	1,145,715.50
Fines and Forfeits	600,446.25	-	-	-	-	-	-	600,446.25
Miscellaneous	538,537.30	306,910.68	22,452.32	104,964.51	-	-	121,161.69	1,094,026.50
Investment Revenue	45,777.00	1,127.96	-	51,248.87	33,677.39	54,752.02	201,311.20	387,894.44
Special Assessments	17,485.68	-	-	-	-	-	4,463.82	21,949.50
Total revenues	<u>23,140,170.89</u>	<u>2,349,857.23</u>	<u>1,502,383.50</u>	<u>4,123,815.83</u>	<u>5,151,937.31</u>	<u>54,752.02</u>	<u>19,705,497.02</u>	<u>56,028,413.80</u>
EXPENDITURES								
Current:								
Administrative	2,776,743.88	-	-	95,810.40	-	-	-	2,872,554.28
Development Services	2,488,862.56	1,409,114.64	-	18,555.00	346,840.72	-	1,227,369.79	5,490,742.71
Parks and Recreation	1,656,263.04	-	2,703,922.94	-	-	-	62,871.45	4,423,057.43
Public Safety	14,188,872.26	-	-	52,552.04	-	144,002.49	410,762.36	14,796,189.15
Public Works	2,538,334.64	-	-	-	-	-	5,567.69	2,543,902.33
Debt service:								
Administrative charges	583.00	-	-	-	-	-	214.56	797.56
Interest	19,700.00	1,159.95	-	90,314.00	-	-	903,061.36	1,014,235.31
Principal	985,000.00	-	-	369,686.00	-	-	7,050,037.36	8,404,723.36
Capital outlay:								
Administrative	-	-	-	9,750.00	-	-	-	9,750.00
Capital Improvements	-	-	-	51,849.71	3,820,721.45	8,310,478.97	7,420,599.71	19,603,649.84
Development Services	1,527.45	1,625,251.60	-	231,181.81	-	-	-	1,857,960.86
Parks and Recreation	8,000.00	-	18,653.54	8,750.52	-	-	386,512.55	421,916.61
Public Safety	93,256.36	-	-	1,694,946.26	-	16,800.00	166,194.38	1,971,197.00
Public Works	3,637.35	-	-	51,321.40	-	-	-	54,958.75
Total expenditures	<u>24,760,780.54</u>	<u>3,035,526.19</u>	<u>2,722,576.48</u>	<u>2,674,717.14</u>	<u>4,167,562.17</u>	<u>8,471,281.46</u>	<u>17,633,191.21</u>	<u>63,465,635.19</u>
Excess (deficiency) of revenues over expenditures	<u>(1,620,609.65)</u>	<u>(685,668.96)</u>	<u>(1,220,192.98)</u>	<u>1,449,098.69</u>	<u>984,375.14</u>	<u>(8,416,529.44)</u>	<u>2,072,305.81</u>	<u>(7,437,221.39)</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	(5,728,300.26)	-	-	(891,654.63)	-	-	(21,182,094.59)	(27,802,049.48)
Transfers in	6,478,345.97	733,927.64	1,604,833.49	-	650,000.00	1,412,459.38	9,496,968.89	20,376,535.37
Compensation for Damages	461.87	48,693.00	14,331.56	-	-	-	21,619.00	85,105.43
Asset Disposition	354,605.99	41,190.25	610.50	(18,158.00)	-	-	11,541.88	389,790.62
Payment to Community Foundation of the Ozarks	-	-	-	-	-	-	(155,725.51)	(155,725.51)
Total other financing source (uses)	<u>1,105,113.57</u>	<u>823,810.89</u>	<u>1,619,775.55</u>	<u>(909,812.63)</u>	<u>650,000.00</u>	<u>1,412,459.38</u>	<u>(11,807,690.33)</u>	<u>(7,106,343.57)</u>
Net change in fund balances	(515,496.08)	138,141.93	399,582.57	539,286.06	1,634,375.14	(7,004,070.06)	(9,735,384.52)	(14,543,564.96)
Fund balances - beginning	7,805,256.75	359,536.62	529,369.00	7,150,555.72	6,372,273.64	7,174,622.31	21,341,036.17	50,732,650.21
Prior period adjustments	597.36	(69.93)	-	-	-	-	-	527.43
Fund balances - ending	<u>\$ 7,290,358.03</u>	<u>\$ 497,608.62</u>	<u>\$ 928,951.57</u>	<u>\$ 7,689,841.78</u>	<u>\$ 8,006,648.78</u>	<u>\$ 170,552.25</u>	<u>\$ 11,605,651.65</u>	<u>\$ 36,189,612.68</u>

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

City of Cape Girardeau
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds	(\$14,543,564.96)
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlays are not expensed, but the cost of the outlays are allocated over their estimated useful lives and reported as depreciation expense. This the amount by which depereciation was more or (less) than capital outlays.	14,177,228.11
Changes in the assets, liabilities, and deferred inflows and outflows related to the City's employee retirement plan that occurred during the current year that do not require current financial resources are reported on the statement of activiites but not in the governmental funds.	(434,701.63)
Changes in the assets, liabilities, and deferred inflows and outflows related to the City's retiree health care plan that occurred during the current year that do not require current financial resources are reported on the statement of activiites but not in the governmental funds.	47,886.79
Changes in compensated absences payable related to the cost of providing currently earned vacation and termination pay to the City's employees in the future are reported on the statement of activities but not in governmental funds because they do not require the use of current financial resources.	(146,902.02)
Revenues in the statment of activities that do not provide current financial resources are not reported as revenues in governmental funds.	101,558.92
Internal service funds are used by management to charge the costs of management information systems, fleet management, employee fringe benefits, workmen's compensation, and equipment replacement to the individual funds. Their assets and liabilities are included in governmental activities in the statement of net position.	343,692.30
Accrued expenses which are included in governmental activities in the statement of net position are not included in governmental fund because they are not payable from current financial resources.	84,928.22
Long-term debt are included in the governmental activities in the statement of net position but not in governmental funds because they are not due and payable in the current period.	8,429,818.54
Change in net position of governmental activities	<u><u>\$8,059,944.27</u></u>

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

City of Cape Girardeau
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities						Governmental Activities	
	Sewer Fund	Water Fund	Solid Waste Fund	Golf Course Fund	Indoor Sports Complex Fund	Sporting Complexes Fund	Total Enterprise Funds	Internal Service Funds
ASSETS								
Current assets:								
Pooled cash and investments	\$ 3,481,639.29	\$ 6,434,730.58	\$ 1,955,857.59	\$ 225,202.55	\$ 406,611.63	\$ 352,467.57	\$ 12,856,509.21	\$ 6,654,051.99
Investments	-	-	-	-	-	-	-	348,660.22
Utilities charges, net	982,212.71	1,069,866.06	423,101.47	-	-	-	2,475,180.24	-
Special assessments	27,161.03	4,781.25	-	-	-	-	31,942.28	-
Other	36,166.82	1,087.08	1,110.96	-	5,000.00	-	43,364.86	58,422.78
Notes receivable	-	-	-	-	-	-	-	133,455.78
Interest	2,152.21	-	-	-	-	-	2,152.21	180.29
Grants	4,425.27	-	183.89	-	-	-	4,609.16	36.99
Inventory	-	659,522.03	-	11,011.73	2,962.62	24,450.60	697,946.98	187,482.57
Prepaid items	23,806.80	4,272.09	1,569.17	180.98	27.97	890.93	30,747.94	152,092.48
Total current assets	<u>4,557,564.13</u>	<u>8,174,259.09</u>	<u>2,381,823.08</u>	<u>236,395.26</u>	<u>414,602.22</u>	<u>377,809.10</u>	<u>16,142,452.88</u>	<u>7,534,383.10</u>
Noncurrent assets:								
Rest cash and cash equivalents	6,579,977.43	-	-	-	-	-	6,579,977.43	-
Net pensions assets	670,433.52	103,708.08	417,783.83	103,607.59	58,007.62	75,162.28	1,428,702.92	241,577.17
Land	537,677.99	-	112,239.55	-	1,335,100.00	-	1,985,017.54	37,500.00
Buildings	8,087,953.35	356,243.98	4,928,941.51	163,674.80	12,204,540.43	1,006,876.94	26,748,231.01	53,906.45
Equipment	7,411,041.63	2,876,727.49	3,741,613.69	463,244.36	159,032.60	540,900.76	15,192,560.53	6,193,755.49
Other improvements	153,202,406.31	64,880,159.10	344,022.92	1,972,744.42	-	3,394,410.63	223,793,743.38	155,653.19
Construction in progress	133,205.50	1,603,370.88	-	-	-	-	1,736,576.38	-
Accumulated depreciation	(53,889,151.43)	(24,656,190.25)	(4,431,226.73)	(1,290,807.66)	(377,224.66)	(1,406,765.26)	(86,051,365.99)	(4,566,856.87)
Total noncurrent assets	<u>122,733,544.30</u>	<u>45,164,019.28</u>	<u>5,113,374.77</u>	<u>1,412,463.51</u>	<u>13,379,455.99</u>	<u>3,610,585.35</u>	<u>191,413,443.20</u>	<u>2,115,535.43</u>
Total assets	<u>127,291,108.43</u>	<u>53,338,278.37</u>	<u>7,495,197.85</u>	<u>1,648,858.77</u>	<u>13,794,058.21</u>	<u>3,988,394.45</u>	<u>207,555,896.08</u>	<u>9,649,918.53</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflow from pension plan	85,487.20	12,047.83	57,814.07	16,114.28	(23,406.90)	14,394.50	162,450.98	31,457.88
Deferred outflow from retiree health plan	4,198.76	450.19	2,906.32	987.28	54.76	416.62	9,013.93	3,483.96
Total deferred outflows of resources	<u>89,685.96</u>	<u>12,498.02</u>	<u>60,720.39</u>	<u>17,101.56</u>	<u>(23,352.14)</u>	<u>14,811.12</u>	<u>171,464.91</u>	<u>34,941.84</u>

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

City of Cape Girardeau
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities						Governmental Activities	
	Sewer Fund	Water Fund	Solid Waste Fund	Golf Course Fund	Indoor Sports Complex Fund	Sporting Complexes Fund	Total Enterprise Funds	Internal Service Funds
LIABILITIES								
Current liabilities:								
Accounts payable	272,184.14	390,301.35	159,666.97	8,427.06	30,722.61	31,092.01	892,394.14	166,911.44
Salaries and benefits payable	65,407.75	9,370.66	44,349.62	24,471.91	25,472.38	44,852.71	213,925.03	39,072.19
Interest payable	586,321.76	-	-	-	-	-	586,321.76	-
Other liabilities	319,391.47	298,823.06	152,406.94	16,257.64	-	-	786,879.11	-
Estimated claims payable	-	-	-	-	-	-	-	724,500.00
Payable to other funds	-	-	-	-	164,646.45	68,086.72	232,733.17	-
Due to other governments	24,025.71	50,659.97	-	-	-	-	74,685.68	-
Unearned revenues	-	-	-	65,390.04	36,238.30	11,333.95	112,962.29	-
Current portion of long-term debt	-	-	-	-	-	-	-	-
Revenue bonds payable	5,627,000.00	605,000.00	-	-	-	-	6,232,000.00	-
Special oblig bonds payable	-	-	140,000.00	-	-	-	140,000.00	-
Total current liabilities	<u>6,894,330.83</u>	<u>1,354,155.04</u>	<u>496,423.53</u>	<u>114,546.65</u>	<u>257,079.74</u>	<u>155,365.39</u>	<u>9,271,901.18</u>	<u>930,483.63</u>
Noncurrent liabilities:								
Compensated absences payable	54,487.40	8,477.98	45,182.63	20,095.20	17,311.34	28,566.57	174,121.12	64,410.40
Net OPEB obligation	354,382.00	37,997.00	245,297.00	83,328.00	4,622.00	35,163.00	760,789.00	294,052.00
Advances from other funds	-	-	432,161.82	-	-	-	432,161.82	-
Revenue bonds payable	61,408,000.00	9,826,358.21	-	-	-	-	71,234,358.21	-
Special oblig bonds payable	-	-	2,801,415.90	-	-	-	2,801,415.90	-
Est landfill post closure cost	-	-	18,000.00	-	-	-	18,000.00	-
Total noncurrent liabilities	<u>61,816,869.40</u>	<u>9,872,833.19</u>	<u>3,542,057.35</u>	<u>103,423.20</u>	<u>21,933.34</u>	<u>63,729.57</u>	<u>75,420,846.05</u>	<u>358,462.40</u>
Total liabilities	<u>68,711,200.23</u>	<u>11,226,988.23</u>	<u>4,038,480.88</u>	<u>217,969.85</u>	<u>279,013.08</u>	<u>219,094.96</u>	<u>84,692,747.23</u>	<u>1,288,946.03</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflow from pension plan	243,803.96	41,104.07	151,608.05	34,341.10	43,653.16	61,327.16	575,837.50	127,706.63
Deferred inflow from retiree health plan	13,784.95	1,478.03	9,541.72	3,241.34	179.79	1,367.79	29,593.62	11,438.21
Total deferred inflows of resources	<u>257,588.91</u>	<u>42,582.10</u>	<u>161,149.77</u>	<u>37,582.44</u>	<u>43,832.95</u>	<u>62,694.95</u>	<u>605,431.12</u>	<u>139,144.84</u>
NET POSITION								
Net investment in capital assets	48,472,368.35	34,633,957.28	1,325,457.83	1,308,855.92	13,321,448.37	3,535,423.07	102,597,510.82	1,873,958.26
Restricted for depreciation and replacement	-	150,000.00	-	-	-	-	150,000.00	-
Restricted for emergencies	1,707,375.00	936,008.00	583,140.00	97,350.00	112,650.00	157,252.00	3,593,775.00	-
Unrestricted	<u>8,232,261.90</u>	<u>6,361,240.78</u>	<u>1,447,689.76</u>	<u>4,201.92</u>	<u>13,761.67</u>	<u>28,740.59</u>	<u>16,087,896.62</u>	<u>6,382,811.24</u>
Total net position	<u>\$ 58,412,005.25</u>	<u>\$ 42,081,206.06</u>	<u>\$ 3,356,287.59</u>	<u>\$ 1,410,407.84</u>	<u>\$ 13,447,860.04</u>	<u>\$ 3,721,415.66</u>	<u>122,429,182.44</u>	<u>\$ 8,256,769.50</u>
Difference between business-type adjustments to assets and liabilities.							851,802.97	
Net position of business-type activities							<u>\$ 123,280,985.41</u>	

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

City of Cape Girardeau
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities						Governmental Activities	
	Sewer Fund	Water Fund	Solid Waste Fund	Golf Course Fund	Indoor Sports Complex Fund	Sporting Complexes Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES								
Residential charges	\$ 4,708,825.99	\$ 4,081,216.00	\$ 2,609,457.26	\$ -	\$ -	\$ -	\$ 11,399,499.25	\$ -
Commerical charges	2,454,904.58	2,629,572.71	46,990.00	-	-	-	5,131,467.29	-
Transfer station charges	-	-	1,538,247.03	-	-	-	1,538,247.03	-
Other fees and charges	135,976.75	297,448.79	78,149.50	-	-	-	511,575.04	15,334.89
Concession revenues	-	-	-	48,932.65	-	52,953.90	101,886.55	-
Internal charges	9,288.71	-	-	-	-	-	9,288.71	7,309,255.81
Usage fees	-	-	-	442,888.78	430,686.69	296,805.43	1,170,380.90	12,741.31
Miscellaneous	2,104.04	23,724.15	89,181.21	1,532.30	4,940.45	1,204.21	122,686.36	2,551.04
Total operating revenues	<u>7,311,100.07</u>	<u>7,031,961.65</u>	<u>4,362,025.00</u>	<u>493,353.73</u>	<u>435,627.14</u>	<u>350,963.54</u>	<u>19,985,031.13</u>	<u>7,339,883.05</u>
OPERATING EXPENSES								
Personnel services	1,783,901.93	252,706.08	1,182,283.01	374,022.07	423,165.03	672,158.38	4,688,236.50	1,017,686.22
Materials & supplies	821,473.73	1,408,358.51	221,409.50	97,274.66	147,320.05	166,221.12	2,862,057.57	591,578.39
Contractual services	961,848.11	3,051,397.58	1,696,730.45	51,771.41	117,889.68	79,403.74	5,959,040.97	4,869,502.83
General operating expenses	464,830.13	437,158.89	47,148.03	2,036.17	3,442.24	1,882.62	956,498.08	82,011.01
Special programs	42,246.19	139,368.45	66,265.71	3,422.76	19,761.87	67,520.88	338,585.86	1,530.02
Internal service expenses	166,530.18	156,726.29	560,966.68	32,916.23	8,968.00	44,719.59	970,826.97	7,157.00
Depreciation	4,277,107.12	1,825,123.66	347,711.05	130,782.90	321,737.08	300,906.82	7,203,368.63	399,317.25
Total operating expenses	<u>8,517,937.39</u>	<u>7,270,839.46</u>	<u>4,122,514.43</u>	<u>692,226.20</u>	<u>1,042,283.95</u>	<u>1,332,813.15</u>	<u>22,978,614.58</u>	<u>6,968,782.72</u>
Operating income (loss)	<u>(1,206,837.32)</u>	<u>(238,877.81)</u>	<u>239,510.57</u>	<u>(198,872.47)</u>	<u>(606,656.81)</u>	<u>(981,849.61)</u>	<u>(2,993,583.45)</u>	<u>371,100.33</u>
NONOPERATING REVENUES (EXPENSES)								
Intergovernmental	311.64	-	314.41	-	-	-	626.05	314.41
Investment revenue	106,912.69	22,794.98	10,142.56	(951.67)	(3,606.94)	(2,901.10)	132,390.52	36,914.26
Gain from sale of asset	6,831.04	1,162.42	131.05	-	-	3,928.38	12,052.89	29,740.00
Compensation for damages	29,412.62	3,792.57	250.00	-	-	-	33,455.19	14,482.60
Loss on sale of asset	(12,117.50)	-	(294.49)	-	-	-	(12,411.99)	-
Storm damage	(8,171.45)	-	(602.00)	-	-	-	(8,773.45)	(4,619.60)
Interest and other charges	(1,516,173.77)	(373,161.77)	(112,927.21)	-	(2,105.91)	(1,314.03)	(2,005,682.69)	-
Total nonoperating revenues (expenses)	<u>(1,392,994.73)</u>	<u>(345,411.80)</u>	<u>(102,985.68)</u>	<u>(951.67)</u>	<u>(5,712.85)</u>	<u>(286.75)</u>	<u>(1,848,343.48)</u>	<u>76,831.67</u>
Income (loss) before contributions and transfers	(2,599,832.05)	(584,289.61)	136,524.89	(199,824.14)	(612,369.66)	(982,136.36)	(4,841,926.93)	447,932.00
Contributed cap - connect fee	157,809.00	-	-	-	-	-	157,809.00	-
Contributed cap - developers	1,208,362.76	195,360.84	-	-	-	-	1,403,723.60	-
Contributed cap - donations	-	-	-	-	30,800.00	-	30,800.00	-
Contributed cap - government	237,786.59	-	-	97,585.75	10,643.22	1,519,146.82	1,865,162.38	-
Transfers in	4,437,795.00	1,610,040.59	-	151,937.56	391,581.12	880,426.94	7,471,781.21	-
Transfers out	(101.90)	-	-	-	-	-	(101.90)	(46,165.20)
Change in net position	3,441,819.40	1,221,111.82	136,524.89	49,699.17	(179,345.32)	1,417,437.40	6,087,247.36	401,766.80
Total net position - beginning	55,556,682.01	40,894,321.30	3,382,511.32	1,354,291.05	13,626,371.15	2,316,025.75	117,130,202.58	7,987,250.61
Prior period adjustments	(586,496.16)	(34,227.06)	(162,748.62)	6,417.62	834.21	(12,047.49)	(788,267.50)	(132,247.91)
Total net position - ending	<u>\$ 58,412,005.25</u>	<u>\$ 42,081,206.06</u>	<u>\$ 3,356,287.59</u>	<u>\$ 1,410,407.84</u>	<u>\$ 13,447,860.04</u>	<u>\$ 3,721,415.66</u>	<u>\$ 122,429,182.44</u>	<u>\$ 8,256,769.50</u>
Adjustments to reflect the consolidation of internal service fund activities related to the enterprise fund							58,074.34	
Change in net position of business-type activities							6,145,321.70	

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

City of Cape Girardeau
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

Business-type Activities - Enterprise Funds

	Sewer	Water	Solid Waste	Golf Course	Indoor Sports Complex	Sports Complexes	Total Proprietary Funds	Government Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 7,250,350.18	\$ 7,198,329.71	\$ 4,895,416.62	\$ 551,924.90	\$ 534,988.37	\$ 437,685.56	\$ 20,868,695.34	\$ 233,978.32
Receipts from interfund services	9,288.71	-	46,990.00	-	-	-	56,278.71	7,247,893.63
Other receipts	-	-	-	-	-	-	-	4,696.81
Payments to suppliers	(1,840,717.49)	(4,338,888.60)	(2,012,037.34)	(206,277.39)	(400,492.36)	(436,286.89)	(9,234,700.07)	(5,428,129.65)
Payments for salaries and benefits	(1,762,512.22)	(244,167.93)	(1,158,166.76)	(365,889.21)	(406,235.34)	(655,454.75)	(4,592,426.21)	(949,083.61)
Payments for interfund services used	(181,866.42)	(156,726.29)	(560,966.68)	(32,916.23)	(9,673.87)	(44,719.59)	(986,869.08)	(7,157.00)
Payments made in lieu of franchise taxes	(364,000.54)	(349,432.78)	-	-	-	-	(713,433.32)	-
Remittance of taxes collected from customers	(18,743.97)	(279,896.85)	-	-	-	-	(298,640.82)	-
Other payments	(294.35)	(252.35)	(246.30)	-	-	-	(793.00)	-
Net cash provided (used) by operating activities	<u>3,091,503.90</u>	<u>1,828,964.91</u>	<u>1,210,989.54</u>	<u>(53,157.93)</u>	<u>(281,413.20)</u>	<u>(698,775.67)</u>	<u>5,098,111.55</u>	<u>1,102,198.50</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from other funds	312,795.00	-	-	151,937.56	391,581.12	880,426.94	1,736,740.62	-
Transfers to other funds	-	-	-	-	-	-	-	(44,965.20)
Interest paid to other funds	-	-	(13,543.27)	-	(2,105.91)	(1,314.03)	(16,963.21)	-
Subsidy from federal grant	33,029.59	-	1,452.61	-	-	-	34,482.20	277.42
Short-term advance from other funds	-	-	-	-	164,646.45	68,086.72	232,733.17	-
Repayment of long-term advance from other funds	-	-	(19,280.51)	-	-	(23,491.36)	(42,771.87)	-
Insurance claims storm damage	-	24,597.42	250.00	-	-	-	24,847.42	-
Storm damage	(8,171.45)	-	(602.00)	-	-	-	(8,773.45)	(4,619.60)
Net cash (used) by noncapital financing	<u>337,653.14</u>	<u>24,597.42</u>	<u>(31,723.17)</u>	<u>151,937.56</u>	<u>554,121.66</u>	<u>923,708.27</u>	<u>1,960,294.88</u>	<u>(49,307.38)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Capital contributions	166,769.00	-	-	-	30,800.00	-	197,569.00	-
Purchase of capital assets	(137,002.72)	(227,920.69)	(16,000.00)	-	(62,566.37)	(8,000.00)	(451,489.78)	(371,203.51)
Acquisition and construction of capital assets	(803,569.86)	(1,790,657.65)	(9,203.83)	-	-	-	(2,603,431.34)	-
Principal paid on capital debt	(4,535,000.00)	(585,000.00)	(340,000.00)	-	-	-	(5,460,000.00)	-
Interest paid on capital debt	(1,581,114.78)	(376,856.26)	(96,314.28)	-	-	-	(2,054,285.32)	-
Proceeds from sales of capital assets	14,831.04	1,071.42	3,231.05	-	-	3,928.38	23,061.89	29,740.00
Proceeds from transfer of capital assets	-	15,591.00	-	-	-	-	15,591.00	-
Principal received on promissory note	-	-	-	-	-	-	-	18,839.11
Interest received on promissory note	-	-	-	-	-	-	-	4,119.28
Transfers in for capital acquisitions	375,000.00	1,609,076.04	-	-	-	-	1,984,076.04	-
Transfers out for capital acquisitions	-	-	-	-	-	-	-	(1,200.00)
Transfers in for payment of capital related debt	3,750,000.00	-	-	-	-	-	3,750,000.00	-
Net cash (used) by capital and related financing activities	<u>(2,750,087.32)</u>	<u>(1,354,696.14)</u>	<u>(458,287.06)</u>	<u>-</u>	<u>(31,766.37)</u>	<u>(4,071.62)</u>	<u>(4,598,908.51)</u>	<u>(319,705.12)</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

Business-type Activities - Enterprise Funds

	Sewer	Water	Solid Waste	Golf Course	Indoor Sports Complex	Sports Complexes	Total Proprietary Funds	Government Activities Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	140,719.65	87,732.48	30,285.55	1,378.70	526.31	764.71	261,407.40	100,970.43
Net change in pooled investments	212,504.73	(586,598.67)	(751,264.86)	(100,158.33)	(241,468.40)	(221,625.69)	(1,688,611.22)	(834,156.43)
Net cash provided by investing activities	<u>353,224.38</u>	<u>(498,866.19)</u>	<u>(720,979.31)</u>	<u>(98,779.63)</u>	<u>(240,942.09)</u>	<u>(220,860.98)</u>	<u>(1,427,203.82)</u>	<u>(733,186.00)</u>
Net Increase (decrease) in cash and cash equivalents	1,032,294.10	-	-	-	-	-	1,032,294.10	-
Balances - beginning of year	5,547,683.33	-	-	-	-	-	5,547,683.33	-
Balances - end of the year	<u>\$ 6,579,977.43</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,579,977.43</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (1,206,837.32)	\$ (238,877.81)	\$ 239,510.57	\$ (198,872.47)	\$ (606,656.81)	\$ (981,849.61)	\$ (2,993,583.45)	\$ 371,100.33
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	4,277,107.12	1,825,123.66	347,711.05	130,782.90	321,737.08	300,906.82	7,203,368.63	399,317.25
Changes in assets and liabilities:								
Accounts payable - supplier	11,866.96	151,370.07	(17,210.91)	34.83	(19,479.39)	(19,449.47)	107,132.09	296,014.54
Accounts payable - other	116,671.77	67,656.98	33,903.76	309.03	(807.35)	4,185.54	221,919.73	-
Salaries & benefits payable	(53,544.69)	(40,552.20)	(69,181.90)	(87,476.57)	9,276.54	(14,554.43)	(256,033.25)	(117,885.01)
Customer receivables	(129,316.68)	(127,628.17)	582,732.94	40.00	(5,000.00)	-	320,828.09	-
Interfund receivables	-	-	-	-	-	-	-	541.21
Other operating receivables	-	-	-	-	-	-	-	9,276.65
Prepaid expenses	622.34	946.66	225.88	(77.98)	(27.97)	(537.95)	1,150.98	(12,207.54)
OPEB liability	46,849.89	44,385.41	76,609.56	91,999.68	3,446.23	24,066.68	287,357.45	169,758.34
Pension asset/liability	28,084.51	4,704.94	16,688.59	3,609.75	4,206.92	7,191.38	64,486.09	16,729.28
Inventory	-	141,835.37	-	(7,469.48)	4,787.21	(863.94)	138,289.16	(15,963.95)
Unearned revenue	-	-	-	13,962.38	7,104.34	(17,870.69)	3,196.03	(14,482.60)
Net cash provided by operating activities	<u>\$ 3,091,503.90</u>	<u>\$ 1,828,964.91</u>	<u>\$ 1,210,989.54</u>	<u>\$ (53,157.93)</u>	<u>\$ (281,413.20)</u>	<u>\$ (698,775.67)</u>	<u>\$ 5,098,111.55</u>	<u>\$ 1,102,198.50</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau
Statement of Fiduciary Net Position
June 30, 2018

	<u>Agency funds</u>
ASSETS	
Pooled cash and investments	\$ 1,987,420.12
Cash and cash equivalents	700.00
Prepaid items	32,072.37
Real estate taxes	144,980.38
Property taxes	27,104.87
Grants	33,230.82
Other	7,752.20
Total assets	<u>\$ 2,233,260.76</u>
LIABILITIES	
Deferred revenues	\$ 167,631.15
Accounts payable	86,088.60
Salaries and benefits payable	29,636.29
Other liabilities	1,949,904.72
Total liabilities	<u>\$ 2,233,260.76</u>

See Accompanying Notes to Basic Financial Statements.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cape Girardeau, Missouri (the City) operates under a charter, which went into effect April 12, 1982. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, sanitation, health and social services, culture-recreation, public improvement, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

1. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Generally, component units are legally separate organizations for which the elected officials of the City are financially accountable. The Cape Girardeau (Missouri) Public Facilities Authority (CGPFA) is a blended component unit of the City. The financial statements of the CGPFA are included in the accompanying financial statements of the City. The Cape Girardeau Municipal Development Foundation (CGMDF), the Cape Girardeau Public Safety Foundation (CGPSF), and the Cape Girardeau Parks Development Foundation (CGPDF) are also component units of the City. The financial statements of these foundations are included as special revenue funds in the accompanying financial statements.

The CGPFA is a not-for-profit corporation organized and existing under Chapter 355 of the Revised Statutes of Missouri. The CGPFA board of directors consists of City officials and City Council members. Due to the significant City influence and financial accountability, the activities of the CGPFA are blended with the financial presentation of the City. The CGPFA executed a bond indenture for the purpose of issuing and securing the Series 2009 Bonds. These bonds were used for the construction of various storm water control improvements, Cape Splash Family Aquatic Center, Shawnee Park Community Center, and various other park related improvements. The CGPFA entered into a Lease Purchase Agreement with the City from which the lease payments were used solely to retire the debt. All debt was retired and remaining assets, \$162.10 in cash, were returned to the City prior to the current year. No activity occurred during the current year.

The CGMDF, CGPSF, and CGPDF are not-for-profit corporations organized and existing under Chapter 355 of the Revised Statutes of Missouri. The CGMDF and CGPSF board of directors consist of City officials, and the CGPDF board of directors consists of Park and Recreation Board members and one City Council member. Due to the significant City influence and financial accountability, the activities of these foundations are included in the financial presentation of the City. These foundations were established to receive donations to be used for the benefit of the City. During the current year the CGMDF and CGPSF were dissolved. The remaining assets of the CGPSF were transferred to the Police and Fire Funds of the Community Foundation of the Ozarks. The CGMDF had no assets. The funds of the Community Foundation of the Ozarks will be used for the benefits of the City's Fire and Police divisions but are not included in these financial statements.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Although not component units of the City, the City handles the funds of and provides accounting and other services for the Cape Girardeau Public Library and the SEMO Metropolitan Planning Organization. Since these funds are held by the City, these entities are shown as an Agency Funds in the financial statements.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. With the economic resources measurement focus, all assets and liabilities associated with operations are reflected in the statement of net position.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis, 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Fines and permit revenues are not susceptible to accrual because, generally, they are not measurable until received in cash. With the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *airport fund* accounts for the resources used in the operation and maintenance of municipal airport facilities.

The *parks and recreation fund* accounts for the resources used in the operation of park and recreational activities.

The *casino revenue fund* accounts for the receipt and expenditure of a gross receipts tax on gaming revenue at the casino located in the City.

The *transportation sales tax trust fund V* accounts for the receipt and expenditure of a capital improvement sales tax that was approved by voters for street construction and improvements.

The *general capital improvements fund* accounts for major capital improvement projects, funded through local revenue sources and / or bond proceeds, involving general public facilities.

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operation of the City's sewage treatment plant, sewage pumping stations, and collection systems.

The *water fund* accounts for the operation of the City's water treatment plants and distribution systems.

The *solid waste fund* accounts for the operation of the City's residential solid waste and recycling programs.

The *golf fund* accounts for the operation of the municipal golf course.

The *indoor sports complex fund* accounts for the operation of the City's new indoors sports complex.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

The *sporting complexes fund* accounts for the operation of the City's softball complex and maintenance of the City's soccer, baseball, and softball fields.

Additionally, the City reports the following fund types:

Internal service funds account for management information systems, fleet management, employee benefits, workers' compensation, and equipment leasing provided to other departments or agencies of the City on a cost reimbursement basis.

Agency funds account for the operations of the Cape Girardeau Public Library and the SEMO Metropolitan Planning Organization.

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

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

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

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

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Cash and Investments

The City maintains an internal investment pool for the majority of its non-restricted cash and investments and a small portion of its restricted cash and investments. Investment revenue is allocated to each fund based on its average equity balance in the pool.

Cash includes amounts in repurchase agreements and other short-term investments with a maturity date within three months of the date of purchase.

Investments with a maturity date of one year or more at the time of purchase are recorded at fair value. All other cash and investments are recorded at cost or amortized cost.

5. Capital Assets

All capital assets with an original cost exceeding \$5,000 are recorded at historical cost or estimated historical cost if actual historical cost is not available. Additions are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation and charging the resulting gain or loss to income.

Depreciation of all exhaustible capital assets is charged as an expense against operations in proprietary funds and a program cost of governmental activities in the statement of activities. Assets are reported net of depreciation on proprietary fund and government-wide statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-40 years
Equipment	3-10 years

When applicable, interest costs are capitalized on self-constructed capital assets.

6. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized in all funds. Encumbrances outstanding at the end of the year in the governmental funds are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be carried forward and honored during the subsequent year. Encumbrances outstanding in the proprietary funds do not constitute expenses but will be honored in the subsequent year. No reservations of net assets are made for encumbrances outstanding at the end of the year on the proprietary fund and government-wide statement of net position.

7. Inventories

Inventories consist primarily of supplies, valued at cost. The cost of inventories is recorded as expenditures or expenses when consumed rather than when purchased.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Only net transfers between governmental and business-type activities are reflected on the government-wide statement of activities.

9. Bond Premiums, Discounts, and Issuance Costs

In governmental fund types, bond premiums, discounts, and issuance costs are recognized in the current period. Bond premiums and discounts for proprietary fund types are deferred and amortized over the term of the bonds. Bond issuance costs are recognized in the current period for proprietary fund types. Bond premiums and discounts are presented as either increases or reductions of the face amount of bonds payable. The accounting treatment of bond premiums, discounts, and issuance costs used for governmental activities in the government-wide statements is the same as that used for proprietary funds.

10. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items.

11. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for the repayment of such bonds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond construction” account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The “revenue bond current debt service” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account.

12. Long-Term Obligations

Only that portion of long-term obligations expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in the appropriate proprietary fund. Long-term liabilities expected to be financed from governmental activities are accounted for in the government-wide statement of net position.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Receivables

Receivables are stated at the amount the City expects to collect. Receivables are reduced by allowances for uncollectible accounts that reflect management's best estimate of probable losses. These allowances are determined principally on the basis of historical experience for smaller accounts. Larger receivables are reduced by allowances that reflect management's best estimate of probable losses based on specific information known about the troubled accounts. Small-balance accounts are normally written off when over 12 months delinquent. Accounts not expected to be collected within the next 12 months are reported as Non-current on the Statement of Net Position only if management estimates the customer has the ability and intent to pay the balance due.

14. Compensated Absences

Vested or accumulated vacation leave and termination pay for proprietary funds are recorded as expenses and liabilities of those funds as the benefits accrue to employees. Amounts of vested or accumulated vacation leave and termination pay of governmental funds are reported in the Statement of Net Position. Employees may accumulate up to 30 days of vacation, for which they are compensated upon termination or retirement. Employees are not compensated for accumulated sick leave upon termination but are compensated one hour for each eight hours of unused sick leave upon retirement.

15. Short-Term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "inter-fund receivables/payables" on the governmental balance sheet and proprietary statement of net position. Only net receivables between governmental and business-type activities are reflected as internal balances on the government-wide statement of net position.

16. Advances to Other Funds

Noncurrent portions of long-term inter-fund loan receivables and payables are reported as advances in the governmental balance sheet and proprietary statement of net position. Fund balances equal to inter-fund loan receivables are reported as non-spendable on the governmental balance sheet to indicate that they do not constitute expendable available financial resources and therefore are not available for appropriation. Only net long-term inter-fund loans between governmental and business-type activities are reflected as internal balances on the government-wide statement of net position. Net assets are not reserved for inter-fund loan receivables on proprietary and government-wide statements of net position.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

17. Pensions

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

18. Post-Employment Health Care Benefits

In addition to the pension benefits described in Note G, it is the City's policy to provide postretirement health care benefits to employees hired prior to July 1, 2010 who retired from the City prior to April 1, 2012 with five or more years of service and who were eligible for LAGERS retirement (Note G) or after April 1, 2012 after reaching their normal retirement ages through LAGERS with five or more years of service. Currently, forty-five retirees and thirty-two employees meet those eligibility requirements. The City provides health care coverage for them until age 65. The costs of retirees' health care benefits are recognized as expenditures as premiums are paid. For the year ending June 30, 2018, those costs totaled \$651,337.00.

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for the duration of 18 months after the termination date for employees and their families and 36 months for surviving spouses and children. There is no associated cost to the City under this program. There were three retiree spouses participating in the health and dental insurance programs as of June 30, 2018.

19. Infrastructure

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system, water system, sewer system, parks and recreation lands and improvement system, storm water system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Infrastructure of the water and sewer systems were routinely capitalized in the water and sewer funds of the City and are reflected as other improvements in the business-type activities section on the statement of activities.

During the year ended June 30, 2018 all infrastructures completed during the fiscal year, including projects started in a previous year, were recorded at their historical costs.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

20. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 8, 2019, the date the financial statements were available to be issued.

NOTE B - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Pooled cash and investments" on the various financial statements. The pooled deposits and investments held at June 30, 2018, and reported at fair value, are as follows:

Deposits:		
	Demand Deposits	\$ 0.00
	Interest Bearing Deposit Accounts	<u>163,101.00</u>
	Total Deposits	<u>\$ 163,101.00</u>
Investments:		
	Negotiable Instruments	\$50,934,674.44
	Federal Home Loan Bank	499,900.00
	Federal Farm Credit Bureau	495,075.00
	Federal Home Loan Mortgage Corp.	977,779.99
	U.S. Treasury	<u>997,755.00</u>
	Total Investments	<u>\$53,905,184.43</u>
Accrued Interest Revenue		<u>\$ 120,212.85</u>
Total Pooled Deposits and Investments		<u>\$54,188,498.28</u>

As of June 30, 2018, the City had the following pooled investments:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Negotiable Instruments	07/05/18 – 06/28/23	\$50,934,674.44
Federal Home Loan Bank	09/14/18 – 09/14/18	499,900.00
Federal Farm Credit Bureau	03/06/19 – 03/06/19	495,075.00
Federal Home Loan Mort. Corp.	11/29/19 – 04/28/22	977,779.99
U.S. Treasury	08/31/18 – 09/13/18	<u>997,755.00</u>
Total		<u>\$53,905,184.43</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE B - DEPOSITS AND INVESTMENTS - continued

Reconciliation of Pooled Cash and Investments to Statements:

Governmental Pooled Cash and Investments	\$39,344,568.95
Business-type Pooled Cash and Investments	12,856,509.21
Fiduciary Pooled Cash and Investments	<u>1,987,420.12</u>
Total Pooled Cash and Investments	<u>\$54,188,498.28</u>

The City also has deposits and investments that are not part of the City's cash and investment pool. These deposits and investments held at June 30, 2018, and reported at fair value, are as follows:

Deposits:

Demand Deposits	\$ 382,075.38
Interest Bearing Deposit Accounts	<u>6,270,123.65</u>
Total Deposits	<u>\$6,652,199.03</u>

Investments:

U. S. Treasury Note	\$ 348,660.22
Total Investments	<u>\$ 348,660.22</u>

Total Non-pooled Deposits and Investments	<u>\$7,000,859.25</u>
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As of June 30, 2018, the City had the following non-pooled investments

U. S. Treasury Note	12/15/18 – 12/15/18	<u>\$348,660.22</u>
Total		<u>\$348,660.22</u>

Reconciliation of Non-pooled Deposits and Investments to Statements:

Governmental Cash and Cash Equivalents	\$ 71,521.60
Governmental Investments	348,660.22
Business-type Restricted Cash and Cash Equivalents	6,579,977.43
Fiduciary Cash and Cash Equivalents	<u>700.00</u>
Total Non-pooled Deposits and Investments	<u>\$7,000,859.25</u>

Custodial Credit Risk:

Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$62,532,726.23 at June 30, 2018, that was fully insured by depository insurance or secured with collateral held by the City's agents in its name. All investments, evidenced by individual securities, are registered in the name of the City.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE B - DEPOSITS AND INVESTMENTS - continued

Investment Interest Rate Risk

The City's investment policy states that "Market price volatility shall be controlled by matching the City's investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than seven years." The maturities of investments held at June 30, 2018 are provided above.

Investment Credit Risk

The City has an investment policy that limits its investment choices as follows:

- a. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;
- c. Repurchase agreements collateralized by securities listed in (a.) above, documented by a written agreement, fully collateralized by delivery to an independent third-party custodian, and are marked-to-market;
- d. Money market mutual funds whose portfolio consists of the foregoing instruments; and,
- e. Other prudent investment instruments approved prior to purchase by a two-thirds majority of the City Council. Bond proceeds may be invested as allowed in the bond indenture.

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. At June 30, 2018, the City had no concentration of credit risk.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE C - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on August 25, 2017, for collection during this fiscal year and were due on or before December 31. Most of the taxes are collected for the City by Cape Girardeau County in November and December and remitted to the City in December and January. The tax rates assessed at the time were as follows:

General Revenue	\$.3033/100.00 assessed valuation
Public Health	.0568/100.00 assessed valuation
Special Business District #2 (Ad Valorem)	.7076/100.00 assessed valuation

Property tax receivable balances as of June 30, 2018 are as follows:

	General	Public	Special Business	
	<u>Revenue</u>	<u>Health</u>	<u>District</u>	<u>Total</u>
Current property tax	\$ 82,205.12	\$ 15,394.83	\$ 478.34	\$ 98,078.29
Delinquent property tax	98,250.33	18,405.75	-	116,656.08
Reserve for doubtful				
Property taxes	<u>(9,958.92)</u>	<u>(1,865.45)</u>	<u>-</u>	<u>(11,824.37)</u>
Net property tax receivable	<u>\$170,496.53</u>	<u>\$ 31,935.13</u>	<u>\$ 478.34</u>	<u>\$ 202,910.00</u>

NOTE D - CHANGES IN CAPITAL ASSETS

A summary of the capital assets for governmental activities included on the government-wide statement of net position for the year ended June 30, 2018 is as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	Current Year <u>Depreciation*</u>	Balance <u>June 30, 2018**</u>
Land	\$ 9,346,963.15	\$ 51,849.71	\$ 19,500.00	\$ -	\$ 9,379,312.86
Buildings	20,111,315.60	17,658,252.50	-	1,305,349.52	36,464,218.58
Land improvements	18,490,522.48	751,313.55	-	881,742.04	18,360,093.99
Equipment	10,792,462.46	1,893,413.89	54,089.53	1,652,581.52	10,979,205.30
Infrastructure	122,328,199.33	15,061,710.58	-	5,066,091.04	132,323,818.87
Construction in progress	<u>19,225,314.42</u>	<u>4,711,010.92</u>	<u>17,016,078.52</u>	<u>-</u>	<u>6,920,246.82</u>
Total capital assets	<u>\$200,294,777.44</u>	<u>\$40,127,551.15</u>	<u>\$17,089,668.05</u>	<u>\$8,905,764.12</u>	<u>\$ 214,426,896.42</u>

* Includes depreciation expenses from the internal service funds' assets which are included in the expenses of the governmental activities and business activities on the government-wide Statement of Activities as internal charges.

**Includes the internal service funds' assets which are included as part of the governmental activities assets included on the government-wide Statement of Net Position.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE D - CHANGES IN CAPITAL ASSETS – Continued

Following is a summary of the capital assets for business-type activities on the government-wide statement of net position for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Deductions	Current Year Depreciation	Balance June 30, 2018
Land	\$ 1,985,017.54	\$ -	\$ -	\$ -	\$ 1,985,017.54
Buildings	17,405,553.14	28,822.04	-	698,047.16	16,736,328.02
Improvements other than buildings	154,123,879.78	7,450,452.56	-	5,635,178.21	155,939,154.13
Equipment	4,268,604.16	3,745,367.22	136,141.34	870,143.26	7,007,686.78
Construction in progress	<u>6,600,091.87</u>	<u>1,388,147.77</u>	<u>6,251,663.26</u>	-	<u>1,736,576.38</u>
Total capital assets	<u>\$184,383,146.49</u>	<u>\$12,612,789.59</u>	<u>\$ 6,387,804.60</u>	<u>\$ 7,203,368.63</u>	<u>\$ 183,404,762.85</u>

Depreciation expense was charged to functions as follows in the statement of activities:

Governmental Activities:

Administrative	\$ 57,676.74
Development Services	804,771.55
Parks and Recreation	1,387,648.99
Public Safety	1,136,339.98
Public Works	<u>5,120,009.61</u>
Total	<u>\$ 8,506,446.87</u>

Business-Type Activities:

Golf Course	\$ 130,782.90
Sewer	4,277,107.12
Sporting Complexes	300,906.82
Sportsplex	321,737.08
Solid Waste	347,711.05
Water	<u>1,825,123.66</u>
Total	<u>\$ 7,203,368.63</u>

NOTE E - LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term debt from governmental activities included on the government-wide statement of net position for the year ended June 30, 2018:

Governmental Activities	Other Debt*	Revenue Bonds	Total
Debt payable June 30, 2017	\$38,832,656.44	\$ 713,800.00	\$39,546,456.44
Discount/Premium	(25,095.18)	-	(25,095.18)
Amortization			
Retired	<u>(8,356,823.36)</u>	<u>(47,900.00)</u>	<u>(8,404,723.36)</u>
Debt payable June 30, 2018	<u>\$30,450,737.90</u>	<u>\$ 665,900.00</u>	<u>\$31,116,637.90</u>

*Other Debt includes Notes Payable and Special Obligation Bonds.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS – Continued

The following is a summary of changes in the long-term debt from business-type activities included on the government-wide statement of net position for the year ended June 30, 2018:

Debt payable July 1, 2017	\$3,278,346.24	\$ 82,590,052.70	\$85,868,398.94
Discount/Premium			
Amortization	3,069.66	(3,694.49)	(624.83)
Accumulated Interest	-	-	
Retired	<u>(340,000.00)</u>	<u>(5,120,000.00)</u>	<u>(5,460,000.00)</u>
Debt payable June 30, 2018	<u>\$2,941,415.90</u>	<u>\$ 77,466,358.21</u>	<u>\$80,407,774.11</u>

*Other Debt includes Special Obligation Bonds

Bonds payable for governmental and business-type activities at June 30, 2018 are comprised of the following individual issues:

\$ 965,000.00 Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1996 due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2019	5.900%	<u>\$ 965,000.00</u>	<u>\$ 42,705.00</u>	<u>\$1,007,705.00</u>

These bonds are dated June 1, 1996. The proceeds of the bond issue were used for the extension and improvement of the existing sewerage system serving the City.

Principal payments are made annually on January 1. Interest is paid semi-annually on January 1 and July 1 beginning in 1997.

The interest due on the Series 1996 Sewerage System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds, the State of Missouri Department of Natural Resources deposits an amount equal to 70% of the disbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve will be \$9,474,500. As bonds are retired, 70% of the amount of bonds retired will be repaid to the Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2018 was \$675,500. The reserve fund yields 5.70%.

During the fiscal year ended June 30, 2001, certain bonds originally issued by the State Environmental Improvement and Energy Resources Authority as part of the State Revolving Fund Program were refunded. Annual debt service savings resulting from this transaction are to be used to offset City debt service payments due on Series 1996 Bonds. During the fiscal year ended June 30, 2018, City interest expense was reduced by \$11,107.50 as a result of this transaction. Over the remaining life of these bonds, the City will receive net present value benefits of approximately \$13,964.38 from this transaction.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS – Continued

\$ 4,865,000 Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2000 due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2019	5.400%	\$1,590,000.00	\$222,227.50	\$1,812,227.50
2020	5.450%	1,655,000.00	134,198.75	1,789,198.75
2021	5.500%	<u>1,620,000.00</u>	<u>44,550.00</u>	<u>1,664,550.00</u>
		<u>\$4,865,000.00</u>	<u>\$400,976.25</u>	<u>\$5,265,976.25</u>

These bonds are dated November 1, 2000. The proceeds of the bond issue were used to extend and improve the existing sewerage facilities serving the City.

Principal payments are made annually on July 1, and interest payments are made semi-annually on July 1 and January 1.

The interest due on the Series 2000, Sewer System Revenue Bonds is subsidized by interest earnings on a reserve fund held by the bond issue's trustee. As the City is reimbursed for sewer project expenditures from the construction funds held by the trustee, the State of Missouri Department of Natural Resources deposits an amount equal to approximately 70% of the reimbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve fund will be \$5,848,500. As bonds are retired, 70% of the amount of bonds retired will be repaid to the State of Missouri Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2018 was \$3,405,500. The reserve fund yields 5.16%.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

Special Obligation Bonds, Series 2010A

On March 1, 2010, the City issued \$1,275,000 of Special Obligation Bonds Series 2010A with interest rates varying from 2.625% to 3.375%. Principal and interest will be paid by the City from the revenues derived from annual appropriations by the City Council.

The proceeds of the bond issue were used to acquire new automated trash collection/recycling trucks for the public works department and to pay the costs of issuing the bonds. These bonds were paid off during the fiscal year ended June 30, 2018.

\$665,900.00 Waterworks Revenue Bonds, Series 2010 due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Admin Fee</u> <u>Due</u>	<u>Total</u>
2019	1.4900%	\$ 48,900.00	\$ 9,740.98	\$ 3,146.50	\$ 61,787.48
2020	1.4900%	50,100.00	9,007.80	2,897.50	62,005.30
2021	1.4900%	51,100.00	8,257.59	2,643.25	62,000.84
2022	1.4900%	52,300.00	7,491.72	2,383.25	62,174.97
2023	1.4900%	53,500.00	6,707.99	2,117.25	62,325.24
2024	1.4900%	54,700.00	5,906.36	1,845.25	62,451.61
2025	1.4900%	55,900.00	5,086.87	1,567.25	62,554.12
2026	1.4900%	57,200.00	4,249.48	1,283.00	62,732.48
2027	1.4900%	58,500.00	3,391.99	992.00	62,883.99
2028	1.4900%	59,900.00	2,515.13	694.25	63,109.38
2029	1.4900%	61,200.00	1,618.14	390.00	63,208.14
2030	1.4900%	<u>62,600.00</u>	<u>701.05</u>	<u>78.75</u>	<u>63,379.80</u>
		<u>\$665,900.00</u>	<u>\$64,675.10</u>	<u>\$20,038.25</u>	<u>\$750,613.35</u>

These bonds are dated January 1, 2010. The proceeds of the bond issue were used to construct a transmission main from new well fields to Water Plant #1.

Principal and interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$10,510,000.00 Waterworks System Refunding Revenue Bonds Series 2012A due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2019	3.000%	\$ 605,000.00	\$ 368,081.26	\$ 973,081.26
2020	4.000%	620,000.00	349,931.26	969,931.26
2021	3.000%	645,000.00	325,131.26	970,131.26
2022	3.000%	665,000.00	305,781.26	970,781.26
2023	3.000%	685,000.00	285,831.26	970,831.26
2024	3.125%	705,000.00	265,281.26	970,281.26
2025	3.250%	725,000.00	243,250.00	968,250.00
2026	3.375%	750,000.00	219,687.50	969,687.50
2027	3.500%	775,000.00	194,375.00	969,375.00
2028	3.625%	805,000.00	167,250.00	972,250.00
2029	3.625%	835,000.00	138,068.76	973,068.76
2030	4.000%	865,000.00	107,800.00	972,800.00
2031	4.000%	895,000.00	73,200.00	968,200.00
2032	4.000%	<u>935,000.00</u>	<u>37,400.00</u>	<u>972,400.00</u>
		<u>\$10,510,000.00</u>	<u>\$3,081,068.82</u>	<u>\$13,591,068.82</u>

On April 17, 2012 the City issued \$13,955,000 of Refunding Revenue Bonds. The proceeds were used to refund the outstanding Series 1998 Bonds.

The Bonds were issued with interest varying from 2.0% to 4.0%. Principal and interest will be paid by the City from the revenues derived from the operation of the waterworks system.

Principal payments are made annually on January 1. Interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$27,137,000.00 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2012 due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Admin Fee</u>	<u>Total</u>
2019	1.430%	\$ 1,352,000.00	\$ 383,254.30	\$ 134,005.00	\$ 1,869,259.30
2020	1.430%	1,385,000.00	363,806.30	127,205.00	1,876,011.30
2021	1.430%	1,419,000.00	343,879.25	120,237.50	1,883,116.75
2022	1.430%	1,455,000.00	323,458.85	113,097.50	1,891,556.35
2023	1.430%	1,491,000.00	302,523.65	105,777.50	1,899,301.15
2024	1.430%	1,527,000.00	281,073.65	98,277.50	1,906,351.15
2025	1.430%	1,565,000.00	259,101.70	90,595.00	1,914,696.70
2026	1.430%	1,604,000.00	236,586.35	82,722.50	1,923,308.85
2027	1.430%	1,644,000.00	213,506.15	74,652.50	1,932,158.65
2028	1.430%	1,684,000.00	189,853.95	66,382.50	1,940,236.45
2029	1.430%	1,726,000.00	165,622.60	57,910.00	1,949,532.60
2030	1.430%	1,769,000.00	140,790.65	49,227.50	1,959,018.15
2031	1.430%	1,813,000.00	115,336.65	40,327.50	1,968,664.15
2032	1.430%	1,857,000.00	89,253.45	31,207.50	1,977,460.95
2033	1.430%	1,904,000.00	62,533.90	21,865.00	1,988,398.90
2034	1.430%	1,950,000.00	35,142.25	12,287.50	1,997,429.75
2035	1.430%	<u>992,000.00</u>	<u>7,092.80</u>	<u>2,480.00</u>	<u>1,001,572.80</u>
		<u>\$27,137,000.00</u>	<u>\$3,512,816.45</u>	<u>\$1,228,257.50</u>	<u>\$31,878,073.95</u>

Sewerage System Revenue Bonds through the State of Missouri – Direct Loan Programs were issued by the City on June 19, 2012. A 1% administrative fee and a 1.43% interest rate were originally charged on this loan. Effective January 1, 2018 the administrative fee was reduced to .5%. Principal was disbursed on this loan as needed.

The proceeds of the bond issue were used to acquire, construct, extend, and improve the existing sewerage system.

Principal payments are made annually on July 1, while interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$2,839,000.00 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2013A due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Admin Fee</u>	<u>Total</u>
2019	1.390%	\$ 143,000.00	\$ 38,968.65	\$ 14,017.50	\$ 195,986.15
2020	1.390%	147,000.00	36,967.05	13,297.50	197,264.55
2021	1.390%	150,000.00	34,909.85	12,557.50	197,467.35
2022	1.390%	153,000.00	32,817.90	11,805.00	197,622.90
2023	1.390%	157,000.00	30,677.30	11,035.00	198,712.30
2024	1.390%	161,000.00	28,481.10	10,245.00	199,726.10
2025	1.390%	165,000.00	26,229.30	9,435.00	200,664.30
2026	1.390%	169,000.00	23,921.90	8,605.00	201,526.90
2027	1.390%	173,000.00	21,558.90	7,755.00	202,313.90
2028	1.390%	177,000.00	19,140.30	6,885.00	203,025.30
2029	1.390%	181,000.00	16,666.10	5,995.00	203,661.10
2030	1.390%	185,000.00	14,136.30	5,085.00	204,221.30
2031	1.390%	189,000.00	11,550.90	4,155.00	204,705.90
2032	1.390%	193,000.00	8,909.90	3,205.00	205,114.90
2033	1.390%	197,000.00	6,213.30	2,235.00	205,448.30
2034	1.390%	202,000.00	3,461.10	1,245.00	206,706.10
2035	1.390%	<u>97,000.00</u>	<u>674.15</u>	<u>242.50</u>	<u>97,916.65</u>
		<u>\$2,839,000.00</u>	<u>\$355,284.00</u>	<u>\$127,800.00</u>	<u>\$3,322,084.00</u>

Sewerage System Revenue Bonds through the State of Missouri – Direct Loan Programs were issued by the City on June 18, 2013. A 1% administrative fee and a 1.39% interest rate were originally charged on this loan. Effective January 1, 2018 the administrative fee was reduced to .5%. Principal was disbursed on this loan as needed.

The proceeds of the bond issue were used to acquire, construct, extend, and improve the existing sewerage system.

Principal payments are made annually on July 1, while interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$31,229,000.00 Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2013B due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Admin Fee</u>	<u>Total</u>
2019	1.390%	\$1,577,000.00	\$ 428,634.30	\$ 154,185.00	\$ 2,159,819.30
2020	1.390%	1,613,000.00	406,588.90	146,255.00	2,165,843.90
2021	1.390%	1,651,000.00	384,036.15	138,142.50	2,173,178.65
2022	1.390%	1,689,000.00	360,955.20	129,840.00	2,179,795.20
2023	1.390%	1,728,000.00	337,346.05	121,347.50	2,186,693.55
2024	1.390%	1,768,000.00	313,187.85	112,657.50	2,193,845.35
2025	1.390%	1,808,000.00	288,473.65	103,767.50	2,200,241.15
2026	1.390%	1,850,000.00	263,196.50	94,675.00	2,207,871.50
2027	1.390%	1,893,000.00	237,335.55	85,372.50	2,215,708.05
2028	1.390%	1,935,000.00	210,876.90	75,855.00	2,221,731.90
2029	1.390%	1,981,000.00	183,820.55	66,122.50	2,230,943.05
2030	1.390%	2,026,000.00	156,131.75	56,162.50	2,238,294.25
2031	1.390%	2,072,000.00	127,810.50	45,975.00	2,245,785.50
2032	1.390%	2,120,000.00	98,842.90	35,555.00	2,254,397.90
2033	1.390%	2,169,000.00	69,208.10	24,895.00	2,263,103.10
2034	1.390%	2,219,000.00	38,885.25	13,987.50	2,271,872.75
2035	1.390%	<u>1,130,000.00</u>	<u>7,853.50</u>	<u>2,825.00</u>	<u>1,140,678.50</u>
		<u>\$31,229,000.00</u>	<u>\$3,913,183.60</u>	<u>\$1,407,620.00</u>	<u>\$36,549,803.60</u>

Sewerage System Revenue Bonds through the State of Missouri – Direct Loan Programs were issued by the City on June 18, 2013. A 1% administrative fee and a 1.39% interest rate were originally charged on this loan. Effective January 1, 2018 the administrative fee was reduced to .5%. Principal was disbursed on this loan as needed.

The proceeds of the bond issue were and will be used to acquire, construct, extend, and improve the existing sewerage system.

Principal payments are made annually on July 1, while interest payments are made semi-annually on January 1 and July 1.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$3,618,447.51 Note Payable - Southeast Missouri State University Foundation due as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2019	3.26%	\$ 379,925.92	\$ 80,074.08	\$ 460,000.00
2020	3.26%	390,449.86	69,550.14	460,000.00
2021	3.26%	401,104.41	58,895.59	460,000.00
2022	3.26%	412,375.92	47,624.08	460,000.00
2023	3.26%	423,798.73	36,201.27	460,000.00
2024	3.26%	435,537.95	24,462.05	460,000.00
2025	3.26%	447,568.41	12,431.59	460,000.00
2026	2.77%	280,504.28	179,495.72	460,000.00
2027	2.77%	<u>447,182.03</u>	<u>12,817.97</u>	<u>460,000.00</u>
		<u>\$3,618,447.51</u>	<u>\$521,552.49</u>	<u>\$4,140,000.00</u>

On February 4, 2013, the City entered into an agreement with the Southeast Missouri State University Foundation for the purchase of approximately 247.43 acres located on the east side of Interstate 55 along LaSalle Street for the purpose of creating a business park. During the fiscal year ending June 30, 2017, the City entered into an agreement with Southeast Missouri State University for the university to make \$1.84 million in improvements to the City's Capaha Park Baseball Field in exchange for the City amending the original note dated February 4, 2013 to include two additional payments of \$460,000.00 due on February 4, 2026 and 2027.

The total purchase price of the land was \$6,000,000, with \$480,000 paid at the time of closing and twelve (12) annual payments of \$460,000 commencing 12 months from the closing date of the sale. The note payable was recorded at the net present value of the payments discounted at 3.26%. The note payable was later adjusted for the two additional payments at the net present value of the payments discounted at 2.77%.

Special Obligation Bonds, Series 2015B

Principal payments are made annually on June 1, and interest payments are made semi-annually on June 1 and December 1.

In August 2015, the City of Cape Girardeau issued \$985,000.00 of Special Obligation Refunding Bonds, Series 2015B. The Bonds were issued with an interest rate of 2.0%. The proceeds were used to refund the outstanding Special Obligation Bonds, Series 2005. These bonds were paid off during the year ended June 30, 2018.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$8,090,000.00 Special Obligation Bonds, Series 2015A due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2019	2.500%	\$ 565,000.00	\$ 237,085.00	\$ 802,085.00
2020	2.500%	600,000.00	222,960.00	822,960.00
2021	2.500%	625,000.00	207,960.00	832,960.00
2022	2.500%	655,000.00	192,335.00	847,335.00
2023	2.500%	670,000.00	175,960.00	845,960.00
2024	2.750%	695,000.00	159,210.00	854,210.00
2025	3.000%	720,000.00	140,097.50	860,097.50
2026	3.000%	330,000.00	118,497.50	448,497.50
2027	3.000%	340,000.00	108,597.50	448,597.50
2028	3.125%	355,000.00	98,397.50	453,397.50
2029	3.250%	365,000.00	87,303.76	452,303.76
2030	3.350 %	370,000.00	75,441.26	445,441.26
2031	3.375%	360,000.00	63,046.26	423,046.26
2032	3.500%	345,000.00	50,896.26	395,896.26
2033	3.500%	355,000.00	38,821.26	393,821.26
2034	3.500%	365,000.00	26,396.26	391,396.26
2035	3.625%	265,000.00	13,621.26	278,621.26
2036	3.650%	<u>110,000.00</u>	<u>4,015.00</u>	<u>114,015.00</u>
		<u>\$8,090,000.00</u>	<u>\$2,020,641.32</u>	<u>\$10,110,641.32</u>

Principal payments are made annually on June 1, and interest payments are made semi-annually on June 1 and December 1.

In August 2015, the City of Cape Girardeau issued \$9,625,000.00 of Special Obligation Bonds, Series 2015 with the interest rates varying from 2.500% to 3.625%. The bonds are special obligations of the City payable solely from the revenues derived from annual appropriations by the City Council.

The bonds were issued by the City for the purpose of providing funds to (a) construct, furnish, and equip a new fire station; construct a new transfer station; renovate and improve existing fire and police stations; renovate and expand a new police station; acquire vehicles for the fire department; and construct an indoor sports complex, (b) fund capitalized interest on the Bonds and, (c) pay the costs of issuing the Bonds, under the authority of and in full compliance with the City's Charter and the Constitution and laws of the State of Missouri, and pursuant to an ordinance duly passed and proceedings duly and legally had by the governing body of the City.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

\$20,900,000.00 Special Obligation Bonds, Series 2016 due as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2019	2.000%	\$ 2,310,000.00	\$ 536,418.76	\$ 2,846,418.76
2020	2.000%	920,000.00	490,218.76	1,410,218.76
2021	2.000%	1,095,000.00	471,818.76	1,566,818.76
2022	2.000%	1,220,000.00	449,918.76	1,669,918.76
2023	2.000%	1,330,000.00	425,518.76	1,755,518.76
2024	2.000%	1,370,000.00	398,918.76	1,768,918.76
2025	2.000%	1,420,000.00	371,518.76	1,791,518.76
2026	2.000%	1,460,000.00	343,118.76	1,803,118.76
2027	2.125%	1,505,000.00	313,918.76	1,818,918.76
2028	3.000%	1,550,000.00	281,937.50	1,831,937.50
2029	4.000%	1,625,000.00	235,437.50	1,860,437.50
2030	4.000%	1,715,000.00	170,437.50	1,885,437.50
2031	3.000%	1,190,000.00	101,837.50	1,291,837.50
2032	3.000%	430,000.00	66,137.50	496,137.50
2033	3.000%	450,000.00	53,237.50	503,237.50
2034	3.000%	470,000.00	39,737.50	509,737.50
2035	3.000%	490,000.00	25,637.50	515,637.50
2036	3.125%	<u>350,000.00</u>	<u>10,937.50</u>	<u>360,937.50</u>
		<u>\$20,900,000.00</u>	<u>\$4,786,706.34</u>	<u>\$25,686,706.34</u>

Principal payments are made annually on June 1, and interest payments are made semi-annually on June 1 and December 1.

In May 2016, the City of Cape Girardeau issued \$27,350,000.00 of Special Obligation Bonds, Series 2016 with interest rates varying from 2.000% to 4.000%. The bonds are special obligations of the City payable solely from the revenues derived from annual appropriations by the City Council.

The bonds were issued by the City for the purpose of providing funds to (a) refund all of the Leasehold Revenue Bonds, Series 2009, (b) expanding, renovating, and equipping a building to serve as a new police headquarters; constructing an indoor sports complex; constructing, furnishing, and equipping a new fire station; and other capital improvement projects and, (c) pay the costs of issuing the Bonds, under the authority of and in full compliance with the City's Charter and the constitution and laws of the State of Missouri, and pursuant to an ordinance duly passed and proceedings duly and legally had by the governing body of the City.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

Note Payable – Direct Loan from Missouri Transportation Finance Corporation

On November 2, 2015 the City entered into a direct loan agreement and promissory note with the Missouri Transportation Finance Corporation and the Missouri Highways and Transportation Commission. Disbursements of \$700,000.00 and \$3,265,100.00 were received December 1, 2015 and August 1, 2016, respectively, under the agreement and were used to replace a bridge on South Sprigg Street in the City of Cape Girardeau. This loan was paid in full during the year ended June 30, 2018.

The cash and investments available to service revenue bonds are \$57,093.47 and \$6,776,996.08 for the governmental and business-type activities, respectively.

The cash and investments available to service the special obligation bonds are \$22,158.24 and \$12,321.55 in governmental activities and business-type activities, respectively.

The annual requirements to amortize all debt outstanding as of June 30, 2018 including total interest payments of \$18,699,609.36 and total administrative fees of \$2,783,715.75 are as follows:

Year Ending <u>June 30,</u>	Special Obligation <u>Bonds</u>	Revenue <u>Bonds</u>	Promissory <u>Note</u>	<u>Total</u>
2019	\$ 3,648,503.76	\$ 8,079,865.99	\$460,000.00	\$ 12,188,369.75
2020	2,233,178.76	7,060,255.06	460,000.00	9,753,433.82
2021	2,399,778.76	6,950,444.84	460,000.00	9,810,223.60
2022	2,517,253.76	5,301,930.68	460,000.00	8,279,184.44
2023	2,601,478.76	5,317,863.50	460,000.00	8,379,342.26
2024	2,623,128.76	5,332,655.47	460,000.00	8,415,784.23
2025	2,651,616.26	5,346,406.27	460,000.00	8,458,022.53
2026	2,251,616.26	5,365,127.23	460,000.00	8,076,743.49
2027	2,267,516.26	5,382,439.59	460,000.00	8,109,955.85
2028	2,285,335.00	5,400,353.03	-	7,685,688.03
2029	2,312,741.26	5,420,413.65	-	7,733,154.91
2030	2,330,878.76	5,437,713.50	-	7,768,592.26
2031	1,714,883.76	5,387,355.55	-	7,102,239.31
2032	892,033.76	5,409,373.75	-	6,301,407.51
2033	897,058.76	4,456,950.30	-	5,354,009.06
2034	901,133.76	4,476,008.60	-	5,377,142.36
2035	794,258.76	2,240,167.95	-	3,034,426.71
2036	<u>474,952.50</u>	<u>-</u>	<u>-</u>	<u>474,952.50</u>
	<u>\$35,797,347.66</u>	<u>\$92,365,324.96</u>	<u>\$4,140,000.00</u>	<u>\$132,302,672.62</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE E - LONG-TERM OBLIGATIONS - Continued

Interest expense was charged to functions as follows in the statement of activities:

<u>Governmental Activities:</u>	
Interest and Other Costs	\$ 903,735.34
Total	<u>\$ 903,735.34</u>
 <u>Business-Type Activities:</u>	
Golf Course	\$ 0.00
Indoor Sports Complex	2,105.91
Sewer	1,516,173.77
Sporting Complexes	1,314.03
Solid Waste	112,927.21
Water	<u>373,161.77</u>
Total	<u>\$ 2,005,682.69</u>

Missouri statutes limit the amount of general obligation debt that a city can issue to 5.00% of the total assessed value of taxable property located within that city's boundaries. The legal debt margin for the City of Cape Girardeau is \$32,006,755.95.

NOTE F - DEFICIT FUND BALANCES/RETAINED EARNINGS

These following funds – Public Safety Foundation; Transportation Sales Tax III; Street Capital Improvements; STP – Urban Grant Project; and Park System Improvements Phase 2 – had their total liabilities exceed their total assets by \$2,050.00; \$19,571.69; \$35.81; \$35.81; and \$5,162.77, respectively.

NOTE G - PENSION PLAN

1. Plan Description

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

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE G - PENSION PLAN – Continued

2. Benefits Provided

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

The City is providing benefits to its current employees under the LT-8 (65) benefit program available through LAGERS. Future benefits will be based on the final 3 year average salary multiplied by 1.50% and by years of service. The future benefits are multiplied by 2.00% until age 65. The final 3 year average equals the 36 consecutive months of credited services, producing the highest monthly average during the last 120 consecutive months of credited service immediately preceding retirement.

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.

3. Covered Employees

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

Retirees and Beneficiaries	252
Inactive, Non-retired Members	162
Active Members	<u>383</u>
Total	<u>797</u>

4. Contributions

Full-time employees of the City of Cape Girardeau do not contribute to the pension plan. 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. Additional adjustments are made to these rates based on the over or under funded status of each plan with additional charges to finance any unfunded accrued liability or credits to use a portion of the assets from plans that have more assets than accrued liability. Employer annual contribution rates were 8.6% (General), 10.5% (Police) and 10.9% (Fire) of annual covered payroll during the current year.

The original annual required contribution (ARC) was determined as part of the February 28, 2016 annual actuarial valuation using the entry age actuarial cost method.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE G - PENSION PLAN – Continued

5. Net Pension Asset

The City'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.

6. Actuarial Assumptions

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

Inflation	3.25% wage inflation, 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment Rate of Return	7.25% net of investment expenses

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE G - PENSION PLAN – Continued

7. 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 the City's contributions will be made at the actuarially determined rates. 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.

8. Changes in the Net Pension Asset

	Increase (Decrease)		
	Plan Fiduciary Net Position (a)	Total Pension Liability (b)	Net Pension Asset (a) – (b)
Balances at 6/30/2017	\$ 82,256,423	\$ 77,060,543	\$ 5,195,880
Changes for the year:			
Service Cost	-	1,616,796	(1,616,796)
Interest	-	5,518,968	(5,518,968)
Difference between expected and actual experience	-	(725,901)	725,901
Contributions – employer	1,610,466	-	1,610,466
Net investment income	9,835,516	-	9,835,516
Benefit payments, including refunds	(3,523,834)	(3,523,834)	-
Administrative expense	(64,456)	-	(64,456)
Other changes	(296,273)	-	(296,273)
Net changes	<u>7,561,419</u>	<u>2,886,029</u>	<u>4,675,390</u>
Balances at 6/30/2018	<u>\$ 89,817,842</u>	<u>\$ 79,946,572</u>	<u>\$ 9,871,270</u>

Net Pension Asset (Liability) of the City, calculated using the discount rate of 7.25%, as well as what the City's Net Pension Asset (Liability) would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

Current Single Discount		
1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
\$1,482,345	\$9,871,270	\$19,204,533

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE G - PENSION PLAN – Continued

9. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2018 the City recognized pension expense of \$2,128,170. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows (Inflows) of Resources
Differences in experience	\$ 360,519	\$ (1,774,033)	\$ (1,413,514)
Differences in assumptions	1,185,938	-	1,185,938
Excess (deficit) in investment returns	<u>-</u>	<u>(2,163,309)</u>	<u>(2,163,309)</u>
Total	<u>\$ 1,546,457</u>	<u>\$ (3,937,342)</u>	<u>\$ (2,390,885)</u>

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

Year ended:	
2019	\$ 512,484
2020	(301,224)
2021	(1,504,466)
2022	(956,079)
2023	(126,315)
Thereafter	<u>(15,285)</u>
Total	<u>\$ (2,390,885)</u>

10. Payable to the Pension Plan

At June 30, 2018 the City reported a payable of \$128,080.72 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS

1. Description

The City follows the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to GASB Statement No. 75, the financial statements reflect a long-term liability and related expenses of \$11,123,949 and \$651,337, respectively, in the governmental and business-type activities combined.

The City, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all eligible former full-time employees until the retiree is eligible for Medicare (age 65). Such benefits are not available to members' spouses or dependents - only to eligible former employees as previously described. Specific details of the Plan include the provision of certain medical and dental coverage. These benefits are provided through the City's self-insured programs. The City is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the City's firm commitment to provide OPEB through the payment of premiums to its self-insured programs on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

2. Funding Policy

Premiums under the Plan for post-employment healthcare benefits are funded in accordance with rates established by the City for its governmental and business-type funds. Effective July 1, 2010, employees hired on or after that date will not qualify for retiree healthcare coverage. Effective April 1, 2012 employees who retire early (prior to age 55 for police and fire and prior to age 60 for all other city employees) are not eligible for retiree healthcare coverage. For the year ended June 30, 2018, the City paid the full premium cost for eligible retired employees who were hired prior to January 1, 2007. For eligible employees hired on/after January 1, 2007, the City paid a percentage of the full premium cost for retired employees with single coverage according to years of service at retirement. For employees with 10 to 14 years of service at retirement, the City's subsidy was 50%. The subsidy for employees with 15 to 19 years of service was 60%, 20 to 24 years was 70%, and employees with more than 24 years of service at retirement received 100% subsidy. The retiree is responsible for the full cost of dependent coverage. The plan is financed on a pay-as-you-go basis.

3. Employees Covered by Benefit Terms

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

Retirees	43
Active	<u>192</u>
Total	<u>235</u>

4. Total OPEB Liability

The City's total OPEB liability of \$11,123,949 was measured as of June 30, 2018, and was determined by an actuarial valuation date of June 30, 2018 with no adjustments to get to the June 30, 2018 measurement date.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS – Continued

5. Actuarial Assumptions and Other Inputs

Inflation - 3.25%

Salary increases - 3.25% plus merit / productivity increases as shown on the Missouri Local Government Retirement System's June 30, 2017 actuarial valuation

Discount Rate - 3.58% as of July 1, 2017 and 3.87% as of July 1, 2018

Healthcare cost trend rates - Medical / Rx cost trend rate of 8.0% for 2019, gradually decreasing to an ultimate rate of 5.0% for 2025 and beyond. Dental cost trend rate of 4.0% for 2019, gradually decreasing to an ultimate rate of 3.0% for 2021 and beyond.

Mortality - RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 (RPH-2017 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2017 using MP-2017 improvement.)

Actuarial Cost Method - Entry Age Normal

The discount rate was based on 20 Year Bond GO Index.

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

6. Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 11,382,294
Changes for the Year:	
Service Cost	303,952
Interest on Total OPEB Liability	407,566
Effect of Plan Changes	-0-
Effect of Economic/Demographic Gains or Losses	(519,247)
Effect of Assumptions Changes or Inputs	158,158
Benefit Payments	<u>(608,774)</u>
Net Changes	<u>(258,345)</u>
Balance at June 30, 2018	<u>\$ 11,123,949</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS – Continued

7. Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher (4.87%) or lower (2.87%) than the current rate.

Sensitivity of Net OPEB Liability as of June 30, 2018, to the Current Single Discount Rate Assumption			
	Current Single Discount Rate Assumption		
	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
Net OPEB liability	\$ 11,990,973	\$ 11,123,949	\$ 10,335,684

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

Sensitivity of Net OPEB Liability as of June 30, 2018, to the Healthcare Cost Trend Rate Assumption			
	Healthcare Cost Trend Rates Rate Assumption		
	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
Net OPEB liability	\$ 10,222,639	\$ 11,123,949	\$ 12,155,313

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE H - POSTRETIREMENT HEALTHCARE BENEFITS – Continued

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$651,337. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows <u>Resources</u>
Differences between expected and actual experience	\$ -	\$(432,706)
Changes of assumptions or other inputs	<u>131,798</u>	<u>-</u>
Total	<u>\$131,798</u>	<u>\$(432,706)</u>

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

Year Ended June 30:	
2019	\$ (60,181)
2020	(60,181)
2021	(60,181)
2022	(60,181)
2023	(60,184)
Thereafter	<u>-</u>
Total	<u>\$ (300,908)</u>

NOTE I - INTEREST EXPENSE

Interest and handling charges totaling \$1,013,872.62, excluding \$1,160.25 of inter-fund interest, were incurred by governmental funds during the year ended June 30, 2018. Interest and handling charges totaling \$1,988,719.48, excluding \$16,963.21 of inter-fund interest, were incurred by proprietary funds during the year ended June 30, 2018. No interest cost was capitalized as part of the cost of assets constructed during the period.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE J - INTER-FUND ACTIVITY

The City makes transfers between various funds for routine and normal operating expenses and for capital asset acquisitions.

A. The following is a summary of inter-fund transfers for the year ended June 30, 2018:

Fund	Transfer From	Transfer To
General Fund	\$ 5,728,300.26	\$ 6,478,345.97
Airport Fund	-	733,927.64
Park and Recreation Fund	-	1,604,833.49
Convention and Tourism Fund	724,914.12	-
Downtown Business District	88,673.00	-
Public Safety Trust Fund	24,569.00	1,200.00
A.C. Brase Foundation	30,000.00	-
Park & Recreation Foundation	7,000.00	-
Public Safety Trust Fund II	1,810,220.04	2,966,340.54
Casino Revenue Fund	891,654.63	-
Riverfront Region Economic Dev Fund	150,000.00	194,273.53
Motor Fuel Tax Fund	1,285,000.00	3,292,784.49
Transportation Sales Trust I	30.00	-
Transportation Sales Trust IV	650,000.00	238,673.00
Transportation Sales Trust V	-	650,000.00
Cap Imp Sales Tax - Water System Improve	2,959,076.04	-
Cap Imp Sales Tax - Sewer System Improve	3,750,000.00	-
Park/Storm Water Sales Tax-Capital	2,556,619.38	30,000.00
Fire Sales Tax	2,541,283.54	-
Parks/Storm Water Sales Tax	1,234,809.59	-
General Capital Improvements	-	1,412,459.38
Street Capital Improvements	3,006,238.64	-
Park Capital Improvements	27,145.39	-
STP-Urban Grant Projects	286,515.85	-
Community Dev Block Grant Project	50,000.00	-
Stormwater System Improvements	-	278,408.57
Park System Improvements	-	2,488,245.66
Park System Improvements Ph 2	-	7,043.10
Sewer Fund	101.90	4,437,795.00
Water Fund	-	1,610,040.59
Golf Course Fund	-	151,937.56
Indoor Sportsplex	-	391,581.12
Sporting Complexes Fund	-	880,426.94
Fleet Management Fund	19,415.20	-
Employee Benefits Fund	26,750.00	-
	<u>\$ 27,848,316.58</u>	<u>\$ 27,848,316.58</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE J - INTER-FUND ACTIVITY - Continued

B. The following is a summary of inter-fund balances as of June 30, 2018:

Advance to/from other funds:

	<u>Advances from</u>	<u>Advances to</u>
Casino Revenue Fund	\$ 432,161.82	\$ -
Solid Waste Fund	<u>-</u>	<u>432,161.82</u>
	<u>\$ 432,161.82</u>	<u>\$ 432,161.82</u>

The inter-fund balances are a result of advances to purchase capital assets and to pay for operating expenses. Repayments are made as cash flows permit. If cash flows are not sufficient, repayments are deferred to subsequent years.

NOTE K - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains six enterprise funds which provide sewer, water, solid waste, golf, indoor sports complex, and sporting complex services. Segment information for the year ended June 30, 2018 was as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Golf Course Fund</u>	<u>Indoor Sports Complex Fund</u>	<u>Sporting Complexes Fund</u>	<u>Total Enterprise</u>
Operating Revenues	\$ 7,311,100.07	\$ 7,031,961.65	\$4,362,025.00	\$ 493,353.73	\$ 435,627.14	\$ 350,963.54	\$ 19,985,031.13
Depreciation	4,277,107.12	1,825,123.66	347,711.05	130,782.90	321,737.08	300,906.82	7,203,368.63
Operating Income (Loss)	(1,206,837.32)	(238,877.81)	239,510.57	(198,872.47)	(606,656.81)	(981,849.61)	(2,993,583.45)
Operating Transfers In	4,437,795.00	1,610,040.59	-	151,937.56	391,581.12	880,426.94	7,471,781.21
Net Income (Loss)	3,441,819.40	1,221,111.82	136,524.89	49,699.17	(179,345.32)	1,417,437.40	6,087,247.36
Current Capital Contributions	1,603,958.35	195,360.84	-	97,585.75	41,443.22	1,519,146.82	3,457,494.98
Property, Plant, and Equipment							
Additions	5,526,481.50	3,605,822.20	43,733.34	97,585.75	38,744.41	1,912,274.62	11,224,641.82
Deletions	94,279.75	139,484.00	15,911.72	-	-	11,770.00	261,445.47
Net Working Capital	(2,336,766.70)	6,820,104.05	1,885,399.55	121,848.41	157,522.48	222,443.71	6,870,551.50
Total Assets	127,291,108.43	53,338,278.37	7,495,197.85	1,648,682.53	13,794,058.21	3,988,394.45	207,555,719.84
Current Liabilities	6,894,330.83	1,354,155.04	496,423.53	114,370.61	257,079.74	155,365.39	9,271,725.14
Long-Term Liabilities	61,816,869.40	9,872,833.19	3,542,057.35	103,423.20	21,933.34	63,729.57	75,420,846.05
Amounts payable to Other Funds	-	-	432,161.82	-	-	-	432,161.82
Total Liabilities	68,711,200.23	11,226,988.23	4,038,480.88	217,793.81	279,013.08	219,094.96	84,692,571.19
Total Net Position	\$ 58,412,005.25	\$42,081,206.06	\$3,356,287.59	\$1,410,407.84	\$13,447,860.04	\$3,721,415.66	\$ 122,429,182.44

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE L – GOVERNMENTAL FUND BALANCES REPORTING

In order to improve the usefulness and understandability of governmental fund balance information, the Governmental Accounting Standards Board issued Statement No. 54 in which it classified fund balance into the following categories: Nonspendable, Restricted, Committed, Assigned, and Unassigned. Definitions of each category and a reconciliation of how the City of Cape Girardeau reported its Fund Balance follow.

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes long-term receivables that are not currently available for expenditure. These financial statements reflect non-spendable fund balances of \$2,100.00 that are legally restricted to provide for the perpetual care and maintenance of a mausoleum in the City’s cemetery. Only interest earnings on this amount can be used for mausoleum maintenance. Prepaid expenses of \$196,100.71 and long-term advance receivables of \$432,161.82 are also reflected as non-spendable fund balances.

Restricted Fund Balance – Includes amounts that can be spent only for specific purposes because of restrictions by external parties, constitutional provisions, or enabling legislation. These financial statements include the following restricted fund balances. Fund balances totaling \$5,032,810.00 are restricted by the City Charter to use during officially declared emergencies. Special revenue fund balances totaling \$18,169,155.94 are restricted by their enabling legislation. \$49,034.35 in capital project fund balances are restricted as the result of special revenue transfers and unspent bond proceeds. The remaining \$130,900.80 in restricted fund balances result from legal agreements with various outside parties.

Committed Fund Balance – These funds can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority (the City Council). Those amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. Typically, a resolution by the city council would be needed to commit a portion of a fund balance for a specific purpose. The fund balance of the Casino Revenue Fund is committed for various uses identified in a policy approved by the City Council.

Assigned Fund Balance – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted, or committed. For the general fund, amounts can be assigned the intent to be used for a specific purpose by the city council or a city official authorized by the city council; the amount reported as assigned should not result in a deficit in unassigned fund balance.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE L – GOVERNMENTAL FUND BALANCES REPORTING – Continued

Unassigned Fund Balance – For the general fund, amounts not classified as nonspendable, restricted, committed, or assigned are included here. For all other governmental funds, it is the amount expended in excess of resources that are nonspendable, restricted, committed, or assigned. The general fund is the only fund that should have a positive amount in this classification.

Order of Usage – Unless specifically identified, expenditures will reduce related restricted balances first, and then related committed balances, next related assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will reduce the specific classification of fund balance that is identified.

	<u>General Fund</u>	<u>Airport Fund</u>	<u>Parks and Recreation Fund</u>	<u>Casino Revenue Fund</u>	<u>Transportation Sales Tax Trust Fund V</u>	<u>General Capital Improvements Fund</u>	<u>Other Funds</u>	<u>Total</u>
Fund balances								
Nonspendable:								
Prepaid expenses	\$ 88,281.96	\$ 16,371.65	\$ 20,030.13	\$ -	\$ -	\$ -	\$ 71,416.97	\$ 196,100.71
Long-term advance	-	-	-	432,161.82	-	-	-	432,161.82
Mausoleum	2,100.00	-	-	-	-	-	-	2,100.00
Restricted for:								
Mausoleum	96,623.52	-	-	-	-	-	-	96,623.52
Emergencies	3,650,000.00	258,000.00	414,500.00	-	-	-	710,310.00	5,032,810.00
Undistributed TIF revenue	34,277.28	-	-	-	-	-	-	34,277.28
Convention and tourism	-	-	-	-	-	-	353,340.00	353,340.00
Community development	-	-	-	-	-	-	73,718.00	73,718.00
Public safety	-	-	-	-	-	-	586,075.86	586,075.86
Street projects	-	-	-	-	8,006,648.78	-	467,726.68	8,474,375.46
Water system projects	-	-	-	-	-	-	2,632,454.47	2,632,454.47
Sewer system projects	-	-	-	-	-	-	2,389,099.52	2,389,099.52
Parks and recreation	-	-	-	-	-	-	2,744,442.67	2,744,442.67
Other capital projects	-	-	-	-	-	-	964,684.31	964,684.31
Committed:								
Other capital projects	-	-	-	7,257,679.96	-	-	-	7,257,679.96
Assigned to:								
Airport	-	71,827.32	-	-	-	-	-	71,827.32
Parks and recreation	-	-	2,804.37	-	-	-	461,255.61	464,059.98
Operations and mtce	-	-	476,416.40	-	-	-	-	476,416.40
Encumbrances	204,246.73	151,409.65	15,200.67	-	-	-	-	370,857.05
Public safety	-	-	-	-	-	-	177,983.64	177,983.64
Other capital projects	-	-	-	-	-	170,552.25	-	170,552.25
Unassigned:	3,214,828.54	-	-	-	-	-	(26,856.08)	3,187,972.46
	<u>\$ 7,290,358.03</u>	<u>\$ 497,608.62</u>	<u>\$ 928,951.57</u>	<u>\$ 7,689,841.78</u>	<u>\$ 8,006,648.78</u>	<u>\$ 170,552.25</u>	<u>\$ 11,605,651.65</u>	<u>\$ 36,189,612.68</u>

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE M - PROPRIETARY FUNDS RESTRICTED NET ASSETS AND RESTRICTED CASH EQUIVALENTS AND INVESTMENT

At June 30, 2018, net position restricted for depreciation and replacement was \$150,000 for the City's Water Fund, and net assets restricted for emergencies were \$1,707,375.00, \$936,008.00, \$583,140.00, \$97,350.00, \$112,650.00, and \$157,252.00 for the City's Sewer, Water, Solid Waste, Golf Course, Indoor Sports Complex, and Sporting Complexes Fund, respectively.

At June 30, 2018, the City's Sewer Fund had restricted cash equivalents in sinking reserve funds for Revenue Bonds in the amount of \$6,579,977.43.

NOTE N - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City closed its landfill in the fiscal year ending June 30, 1994, and an expense provision and related liability were recognized at that time based on the future closure and post closure care costs that were estimated to be incurred near or after the date the landfill no longer accepted waste. The entire amount of the estimated total costs for landfill closure and post closure care costs was recognized in prior years since the recognition is based on landfill capacity used to date, and the landfill was filled to capacity in prior years. The estimated total future liability for landfill post closure care costs is \$18,000 as of June 30, 2018, which is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2018. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City has used the option of a Contract of Obligation as the financial assurance instrument for the landfill. The City issued bonds in October 1994 from which the proceeds were used to pay the closure costs.

NOTE O - 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 employee health benefits. These risks, with the exception of those discussed in the following paragraphs, are covered by commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past fifteen fiscal years.

The City is a member of the Missouri Public Entity Risk Management Fund, a not-for-profit public entity insurance pool established by the state legislature. Through this pool, the City receives coverage for general liability, law enforcement liability, errors and omissions, and employment practice liability. Risks for these coverages are spread across members of the fund. Currently the fund is comprised of over 900 Missouri counties, municipalities, and special districts. Premiums for these coverages are actuarially determined based on actual claims of the pool and individual claims of the City. Each year, portions of premiums not required because of below-expected claims are returned to the members. Effective January 1, 2018, the city became covered by Missouri Rural Services Corporation, which is part of Star Insurance Company, for the liability coverages mentioned above.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE O - RISK MANAGEMENT - Continued

Vehicle loss and accident liability is carried by Savers Property and Casualty Insurance. It is rated “B++” by A.M. Best.

Airport liability is carried by StarNet. It is rated “A+” by A.M. Best.

Property insurance is carried by Chubb Group of Insurance Companies. It is rated “A++” by A.M. Best.

Equipment coverage is carried by Travelers Property Casualty Company of America. It is rated “A++” by A.M. Best.

The City has established self-insurance plans for employees’ health insurance and workers’ compensation. Both of these are accounted for using internal service funds. Under each plan, the City is substantially self-insured and uses an administrator to handle claims management.

The City provided health coverage to its employees through a self-insured plan administered by Anthem Blue Cross Blue Shield of Missouri. Anthem had an “A” rating by A.M. Best. Under the plans, the City paid the administrator a monthly premium for claims administration, cost management, and specific and aggregate stop loss coverage. The City reimbursed the administrator for claims paid up to the specific stop loss amount of \$150,000 per employee during each calendar year included in the current fiscal year. The City also reimbursed the administrator for total claims paid up to the annual aggregate stop loss amounts (125% of estimated claims) of approximately \$4,200,000 and \$4,200,000 for years ending December 31, 2017 and December 31, 2018, respectively. Rates were charged by the internal service fund to the other City funds to cover the monthly premium to the administrator and claims up to 80% of the aggregate stop loss amount during the current fiscal year.

Corporate Claims Management, Inc. administers the City’s workers’ compensation plan. Under this plan, the City pays the administrator a per claim fee to administer its claims. All claims are paid directly by the City. The City has purchased insurance coverage from Midwest Employers that limits the City’s maximum individual claims liability to \$550,000 for USL & H and \$500,000 for other regular employees and per occurrence claims liability to \$1,000,000. Additionally, \$5,000,000 in coverage is provided for annual claims in excess of \$1,699,596. Rates are charged by the internal service fund to the other City funds based on rates and experience factors established by the National Council on Compensation Insurance and City of Cape Girardeau actual claims trends. Midwest Employers is rated “A+” by A. M. Best.

Claims liability is estimated using data supplied by the administrator. The claims activity during the last five years is summarized as follows:

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE O - RISK MANAGEMENT – Continued

CLAIMS LIABILITIES RECONCILIATION

	<u>Health Insurance</u>	<u>Workers’ Compensation</u>	<u>Total</u>
Balance June 30, 2013	\$ 207,000	\$ 245,000	\$ 452,000
Provision for Incurred Claims	2,400,637	591,973	2,992,610
Payment of Claims	<u>(2,371,637)</u>	<u>(535,973)</u>	<u>(2,907,610)</u>
Balance June 30, 2014	\$ 236,000	\$ 301,000	\$ 537,000
Provisions for Incurred Claims	2,614,968	283,108	2,898,076
Payment of Claims	<u>(2,689,968)</u>	<u>(364,108)</u>	<u>(3,054,076)</u>
Balance June 30, 2015	\$ 161,000	\$ 220,000	\$ 381,000
Provisions for Incurred Claims	3,208,003	880,535	4,088,538
Payment of Claims	<u>(3,062,503)</u>	<u>(728,535)</u>	<u>(3,791,038)</u>
Balance June 30, 2016	\$ 306,500	\$ 372,000	\$ 678,500
Provisions for Incurred Claims	2,879,190	381,333	3,260,523
Payment of Claims	<u>(3,046,190)</u>	<u>(395,333)</u>	<u>(3,441,523)</u>
Balance June 30, 2017	\$ 139,500	\$ 358,000	\$ 497,500
Provisions for Incurred Claims	2,933,406	644,328	3,577,734
Payment of Claims	<u>(2,973,906)</u>	<u>(376,828)</u>	<u>(3,350,734)</u>
Balance June 30, 2018	<u>\$ 99,000</u>	<u>\$ 625,500</u>	<u>\$ 724,500</u>

NOTE P - CONCENTRATION OF CREDIT RISK/BAD DEBT ALLOWANCE

The City has uncollateralized utility accounts receivable generated within a limited geographical region primarily consisting of its City limits. The City also has taxes, special assessments, and user fees receivable which are concentrated among its citizens. Some of these items attach as liens against real and personal property. The maximum accounting loss is the amount shown as utility charges receivable on the statement of net position.

At June 30, 2018, utility receivables totaled \$2,681,639.28. On the financial statements, the utility receivables are shown net of the allowance for doubtful accounts of \$206,459.04. This results in net utility receivable of \$2,475,180.24. During the year ended June 30, 2018, the allowance was increased by \$149,055.38 or approximately 0.82% of the current year’s utility charges, and accounts totaling \$146,790.94 were written off.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE Q - COMMITMENTS AND CONTINGENCIES

1. Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, the potential loss on all claims and lawsuits will not be significant to the City's financial statements.

2. Grant Audit

The City receives Federal and State Grants for specific purposes that are subject to review and audit by various Federal and State agencies. Such audits could result in a request for reimbursement by any of the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be significant.

3. Construction Commitments

As of June 30, 2018, the City had construction commitments outstanding of \$2,683,496.61. The construction commitments represent incomplete portions of contracts entered into to construct the following: replacement of Fire Station #4 and Waste Water Treatment Plant; additions and renovations to Fire Stations #1 and #2; new LaSalle Booster Pump and Transmission Main; the restoration of S. Sprigg Street due to the appearance of sink holes; and various street, sidewalk, sanitary sewer, storm sewer, and water system projects. These contracts are expected to be completed within the next fiscal year.

4. Encumbrances

As of June 30, 2018, the City had encumbrances outstanding of \$7,661,677.33.

NOTE R – PRIOR PERIOD ADJUSTMENTS

The net position of the governmental and business activities has been decreased by \$7,889,626.00 and \$788,267.50, respectively, as of June 30, 2018 from transactions that occurred in previous years. The most significant adjustment related to establishing a different OPEB liability at the the beginning of year as a resulting on implementing GASB 75. This adjustment resulted in decreases of \$7,873,039.76 and \$494,011.24 to the net position of the governmental and business activities, respectively. The only other significant adjustment to the net position of governmental activities was a \$17,113.83 decrease resulting from costs treated as construction in progress instead of operating costs in the previous year in error. Business-type activities were decreased by \$253,666.62 for the overstatement of accrued sewer utility revenue at the end of the previous year, \$34,000.00 for prior year's receivable payments erroneously being shown as credits against water treatment chemical expense, and \$21,298.87 for costs previously treated as construction in progress instead of operating costs in the previous year in error. Business-type activities were increased \$12,574.22 as a result of adjusting for a solid waste utility account being written off in error during the previous year and \$2,135.01 of contributed construction in process not being recognized at the end of the previous year.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE S - TAX ABATEMENTS

The City has entered into real property tax abatement agreements with developers pursuant to provisions of Chapter 353 of the Revised Statutes of Missouri. During the first 10 years of abatement, 100% of the incremental increase in real property taxes on the land and 100% of the real property taxes on all improvements are abated. During the next 15 years, between 50% and 100% of the incremental real property taxes on all land and all land improvements are abated.

During the current fiscal year \$17,916.02 in real property taxes were abated related to provisions of Chapter 353. Over 85% of the current year's abatement related to two projects:

- \$9,856.87 in abatements related to a project to redevelop an abandoned hotel building. These abatements will expire in 2028.
- \$5,736.97 in abatements related to a project to convert an abandoned retail building into an office building for a national call center. These abatements will expire in 2032.

The City has established two Redevelopment Project Areas in the Cape Downtown Tax Increment Financing District (TIF) according to Missouri TIF laws. During the current year \$6,088.95 in real property taxes were abated related to provisions of these laws. However, payments in lieu of taxes are made to the City by owners of the abated properties based on the abated assessed values for all taxing entities included in the TIF. These deposits are kept in a special allocation fund to be used to reimburse developers for approved redevelopment projects within the TIF.

NOTE T - CONTINGENCY

1. In June 2004, the City of Cape Girardeau and Cape Girardeau County entered into a development agreement with a local business. Under the agreement, the local business agreed to pay for certain public improvements incurred in conjunction with the construction of a new retail facility, and the City and County agreed to reimburse the local business for the cost of these improvements up to a maximum of \$4,000,000 over an estimated 15 years. The local business completed these improvements at a cost of \$2,668,646. The development agreement required the City to reimburse the local business for \$2,134,917 of these costs through scheduled quarterly payments over fifteen years from available revenues. Available revenues are defined in the development agreement as 75% of the City's quarterly net revenues from specific sales taxes generated by the business operations of the new retail facility which exceed \$64,000. The rates of the specified sales taxes currently equal 2%. Sales taxes with rates currently equal to .75% will expire during the term of this agreement. The City will be required to substitute revenues for sales taxes with equivalent rates, if available, when the specific sales taxes expire.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE T - CONTINGENCY – Continued

Required quarterly payments increase annually per the repayment schedule included in the development agreement. To the extent that the available revenues for any quarter are less than the required quarterly payment due, the unpaid amount will be added to the next scheduled quarterly amount due without penalties. Any amounts unpaid at the end of 15 years will be payable quarterly from available revenues for the remainder of the agreement. Any amounts unpaid at the end of the agreement will not be required to be paid. The term of the developer agreement is 20 years from the execution of the agreement.

During the fiscal year ended June 30, 2018, no payment was due under the development agreement.

2. In July 2007, the City entered into a development agreement with Greater Missouri Builders, Inc. (GMB) to reimburse them for costs associated with the Town Plaza Redevelopment Project. In conjunction with this agreement, the City established the Town Plaza Community Improvement District (CID) and determined the project area to be blighted pursuant to Chapter 353 of the Missouri Revised Statutes.

This project involved the conversion of the former Sears facility into a call center for National Asset Recover Services (NARS) and other various improvements, such as facade improvements, parking facilities, roof reconstruction, and HVAC enhancements. Total reimbursements to GMB for redevelopment costs were limited to \$3.6 million plus 7.5% interest. These reimbursements will be made from incremental County and City sales tax revenues, an additional CID sales tax, and real estate tax abatements. Reimbursements from incremental County and City sales tax revenue will be limited to \$1.2 of the \$3.6 million total.

Incremental County and City sales tax revenue was defined as the difference in future tax revenues from the City's 1% general sales tax and .5% capital improvement sales tax and half the County's .5% general sales tax and the revenues from these taxes from the project area in calendar year 2006. The CID implemented a 1% sales tax. Improvements to the redevelopment project will receive 100% real estate tax abatement for the first 10 years and 50% real estate tax abatement for the next 15 years. The current Sears facility will receive 50% real estate tax abatement for 25 years. Based on 2006 assessed values the abatement of City taxes on the unimproved Sears facility would be \$627.53.

Beginning in year six of the agreement, 50% of the gross rentals from the NARS site will be used to supplement the incremental sales tax revenues. Reimbursements from incremental sales tax revenues expire with repayment of the amount to be paid by incremental sales tax or 20 years, whichever comes first.

This project was completed at a cost of \$3,203,308. Reimbursement from incremental County and City sales tax revenue is limited to \$1,164,839. The City and the County are obligated to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City and County.

During the fiscal year ended June 30, 2018, no payment was due under the development agreement.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE T - CONTINGENCY – Continued

3. In June 2004, the City of Cape Girardeau and Cape Girardeau County entered into a development agreement with a local real estate developer. Under the agreement, the local developer agreed to pay for certain public improvements incurred in conjunction with the development of a 60 acre retail development, and the City and County agreed to reimburse the local business for the \$2,998,434 cost of these improvements plus 4% interest with quarterly payments from available net sales tax revenue generated from any businesses operations located in the development.

Available revenue is defined by the agreement as all the net sales tax revenue generated by two .25% City capital improvement sales taxes and the .50% City transportation sales tax and half of the net sales tax revenue generated by a .50% County sales tax. All City sales taxes have expiration dates that could occur before the total costs of the improvements are reimbursed to the developer. The County sales tax has no expiration date. No provision is made to replace revenues from the City sales taxes that expire if they are not extended. The development agreement remains in effect until the total cost of the public improvements is reimbursed to the developer.

In October 2012, the City of Cape Girardeau and Cape Girardeau County entered into an amendment to the original development agreement. Under the agreement, the local developer agreed to pay for additional public improvements incurred in conjunction with the development of the 60 acre retail development, and the City and County agreed to reimburse the local business for the \$2,024,360 cost of these improvements from available net sales tax revenue generated from an Academy Sports retail store. Academy Sports began operation in May 2013.

The City and County are required by the development agreement to reimburse the developer for the additional public improvement costs related to Academy Sports after the original development costs have been reimbursed with quarterly payments from available revenue. Available revenue is defined by the agreement as all the net sales tax revenue generated by Academy Sports at that location on sales that exceed an inflation adjusted \$2.5 million annually from two .25% City capital improvement sales taxes and half of the .50% City transportation sales tax and half of the net sales tax revenue generated by a .50% County sales tax. All City sales taxes have expiration dates that could occur before the total costs of the improvements are reimbursed to the developer. The County sales tax has no expiration date. No provision is made to replace revenues from the City sales taxes that expire if they are not extended. The development agreement remains in effect until the total cost of the additional public improvements is reimbursed to the developer or fifteen years from the beginning of repayments to the developer for costs related to the additional public improvements.

The City and the County are obligated only to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City and County. During the fiscal year ended June 30, 2018 the City incurred payments of \$301,449.43 under the development agreement. This amount is included in the Development Services expenses on the statement of activities.

City of Cape Girardeau, Missouri
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

NOTE T - CONTINGENCY – Continued

4. In May 2011, the City of Cape Girardeau entered into a development agreement with a local real estate developer. Under this agreement, the local developer agreed to pay for certain public improvements incurred in conjunction with the development of a Menards Home Improvement Store site and other adjacent retail development sites, and the City agreed to reimburse the local developer for the cost of these improvements from available net sales tax revenue generated from the Menards Home Improvement operations and operations of other similar retail stores in the City that exceeded a baseline amount established in the development agreement.

The local developer has completed all public improvements at a cost of \$2,943,843. The City is required by the development agreement to reimburse the developer for these costs from available revenues. Available revenue is defined by the agreement as all the net sales tax revenue generated by two .25% City capital improvement sales taxes and the .50% City transportation sales tax that exceed a baseline amount. All City sales taxes with the exception of one of the capital improvement sales taxes have expiration dates that could occur before the total costs of the improvements are reimbursed to the developer. No provision is made to replace revenues from the City sales taxes that expire if they are not extended. The development agreement expires 15 years after the beginning of the Menards Home Improvement operations.

The City is obligated only to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City. During the fiscal year ended June 30, 2018, the City incurred \$243,194.70 under the development agreement.

5. In November 2015, the City of Cape Girardeau entered into a development agreement with Drury Southwest, Inc. (the “Company”). Under this agreement, the Company agreed to construct a 168-room hotel and adjoining restaurant with an approximately 20,000 square foot conference center. In recognition of the significant economic benefits to the City, once the facility became operational, the City agreed to reimburse the Company for part of the cost of constructing the conference center from available net sales tax revenues generated from the operations of the hotel, restaurant, and conference center.

As of October 3, 2017, the Company had substantially completed the project, having incurred \$6,938,689 in costs under the development agreement. The City is required by the agreement to reimburse the developer for these costs, up to a maximum of \$6,250,000, from available revenues. Available revenue is defined by the agreement as all the net sales tax revenue generated by the 1% general sales tax and two .25% capital improvement sales taxes relating to the operations of the hotel, restaurant, and conference center. All City sales taxes with the exception of one of the capital improvement sales taxes have expiration dates that could occur before the total costs of the improvements are reimbursed to the developer. No provision is made to replace revenues from the City sales taxes that expire if they are not extended. The development agreement expires 20 years from December 31, 2017, or as soon as the City has completely reimbursed the Company for the total of reimbursable costs, if that happens first.

The City is obligated only to make quarterly payments as may lawfully be made from funds budgeted and appropriated for that purpose by the City. During the fiscal year ended June 30, 2018, the City incurred \$30,104.18 under the development agreement.

REQUIRED SUPPLEMENTAL INFORMATION

City of Cape Girardeau
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 17,721,245.00	\$ 17,721,245.00	\$ 17,866,334.64	\$ 145,089.64
Licenses & permits	1,656,428.00	1,656,428.00	1,649,227.01	(7,200.99)
Intergovernmental	638,807.00	843,650.00	897,241.36	53,591.36
Charges for services	252,890.00	252,890.00	364,749.57	111,859.57
Internal charges	1,180,065.00	1,180,065.00	1,233,282.87	53,217.87
Fines and forfeits	725,000.00	725,000.00	600,446.25	(124,553.75)
Miscellaneous	338,148.00	338,148.00	338,537.30	389.30
Investment revenue	96,778.00	96,778.00	106,382.10	9,604.10
Total revenues	<u>22,609,361.00</u>	<u>22,814,204.00</u>	<u>23,056,201.10</u>	<u>241,997.10</u>
EXPENDITURES				
Current:				
Administrative Services	3,107,124.00	3,233,083.00	2,902,812.78	330,270.22
Development Services	2,368,065.00	2,562,065.00	2,470,560.11	91,504.89
Parks and Recreation	1,756,063.00	1,757,288.00	1,683,615.26	73,672.74
Public Safety	13,993,033.00	14,267,269.00	14,153,230.94	114,038.06
Public Works	2,704,315.00	2,710,031.00	2,558,990.12	151,040.88
Total current	<u>23,928,600.00</u>	<u>24,529,736.00</u>	<u>23,769,209.21</u>	<u>760,526.79</u>
Debt service:				
Administrative charges	500.00	500.00	583.00	(83.00)
Principal	975,000.00	975,000.00	985,000.00	(10,000.00)
Interest	19,700.00	19,700.00	19,700.00	-
Total debt service	<u>995,200.00</u>	<u>995,200.00</u>	<u>1,005,283.00</u>	<u>(10,083.00)</u>
Capital outlay:				
Development Services	-	-	5,202.45	(5,202.45)
Public Safety	-	66,111.00	79,307.78	(13,196.78)
Public Works	-	-	3,637.35	(3,637.35)
Parks and Recreation	-	-	8,000.00	(8,000.00)
Total capital outlay	<u>-</u>	<u>66,111.00</u>	<u>96,147.58</u>	<u>(30,036.58)</u>
Total expenditures	<u>24,923,800.00</u>	<u>25,591,047.00</u>	<u>24,870,639.79</u>	<u>720,407.21</u>
Excess (deficiency) of revenues over expenditures	<u>(2,314,439.00)</u>	<u>(2,776,843.00)</u>	<u>(1,814,438.69)</u>	<u>962,404.31</u>
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	461.87	461.87
Contributed cap - other	-	-	200,000.00	200,000.00
Special assessments	18,000.00	18,000.00	17,485.68	(514.32)
Advance repayments	42,772.00	42,772.00	23,491.36	(19,280.64)
Asset disposition	-	-	354,605.99	354,605.99
Transfers in	6,525,620.00	6,603,120.00	6,478,345.97	(124,774.03)
Transfers out	<u>(4,252,584.00)</u>	<u>(5,915,141.00)</u>	<u>(5,728,300.26)</u>	<u>186,840.74</u>
Total other financing source (uses)	<u>2,333,808.00</u>	<u>748,751.00</u>	<u>1,346,090.61</u>	<u>597,339.61</u>
Net change in fund balances	19,369.00	(2,028,092.00)	(468,348.08)	1,559,743.92
Fund balances - beginning	<u>7,618,199.89</u>	<u>7,618,199.89</u>	<u>7,618,199.89</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,637,568.89</u>	<u>\$ 5,590,107.89</u>	<u>\$ 7,149,851.81</u>	<u>\$ 1,559,743.92</u>

See Independent Auditors' Report.

City of Cape Girardeau
 Airport Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 167,000.00	\$ 941,532.00	\$ 881,818.98	\$ (59,713.02)
Charges for services	440,650.00	440,650.00	457,673.51	17,023.51
Miscellaneous	294,698.00	294,698.00	306,910.68	12,212.68
Investment revenue	300.00	300.00	1,379.58	1,079.58
Total revenues	902,648.00	1,677,180.00	1,647,782.75	(29,397.25)
EXPENDITURES				
Current:				
Development Services	1,373,889.00	1,518,358.00	1,391,027.47	127,330.53
Total current	1,373,889.00	1,518,358.00	1,391,027.47	127,330.53
Debt service:				
Interest	-	-	1,159.95	(1,159.95)
Total debt service	-	-	1,159.95	(1,159.95)
Capital outlay:				
Capital Improvement Projects	-	865,397.00	710,471.66	154,925.34
Development Services	-	210,664.00	200,544.34	10,119.66
Total capital outlay	-	1,076,061.00	911,016.00	165,045.00
Total expenditures	1,373,889.00	2,594,419.00	2,303,203.42	291,215.58
Excess (deficiency) of revenues over expenditures	(471,241.00)	(917,239.00)	(655,420.67)	261,818.33
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	48,693.00	48,693.00
Asset disposition	-	-	41,190.25	41,190.25
Transfers in	471,241.00	837,041.00	733,927.64	(103,113.36)
Total other financing source (uses)	471,241.00	837,041.00	823,810.89	(13,230.11)
Net change in fund balances	-	(80,198.00)	168,390.22	248,588.22
Fund balances - beginning	178,409.18	178,409.18	178,409.18	-
Prior period adjustment	(69.93)	(69.93)	(69.93)	-
Fund balances - ending	\$ 178,339.25	\$ 98,141.25	\$ 346,729.47	\$ 248,588.22

See Independent Auditors' Report.

City of Cape Girardeau
Parks and Recreation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	\$ 1,578,129.00	\$ 1,578,129.00	\$ 1,479,931.18	\$ (98,197.82)
Miscellaneous	21,568.00	21,568.00	22,452.32	884.32
Investment revenue	6,750.00	6,750.00	9,036.21	2,286.21
Total revenues	1,606,447.00	1,606,447.00	1,511,419.71	(95,027.29)
EXPENDITURES				
Current:				
Parks and Recreation	2,682,330.00	3,900,255.06	2,700,708.15	1,199,546.91
Total current	2,682,330.00	3,900,255.06	2,700,708.15	1,199,546.91
Debt service:				
Total debt service	-	-	-	-
Capital outlay:				
Parks and Recreation	31,500.00	45,324.94	31,153.54	14,171.40
Total capital outlay	31,500.00	45,324.94	31,153.54	14,171.40
Total expenditures	2,713,830.00	3,945,580.00	2,731,861.69	1,213,718.31
Excess (deficiency) of revenues over expenditures	(1,107,383.00)	(2,339,133.00)	(1,220,441.98)	1,118,691.02
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	14,331.56	14,331.56
Asset disposition	-	-	610.50	610.50
Transfers in	1,107,383.00	1,676,883.00	1,604,833.49	(72,049.51)
Total other financing source (uses)	1,107,383.00	1,676,883.00	1,619,775.55	(57,107.45)
Net change in fund balances	-	(662,250.00)	399,333.57	1,061,583.57
Fund balances - beginning	526,977.68	526,977.68	526,977.68	-
Fund balances - ending	\$ 526,977.68	\$ (135,272.32)	\$ 926,311.25	\$ 1,061,583.57

See Independent Auditors' Report.

City of Cape Girardeau
Casino Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 3,200,000.00	\$ 3,200,000.00	\$ 3,082,692.45	\$ (117,307.55)
Intergovernmental	973,401.00	1,000,401.00	911,910.00	(88,491.00)
Investment revenue	54,043.00	54,043.00	123,893.83	69,850.83
Total revenues	<u>4,227,444.00</u>	<u>4,254,444.00</u>	<u>4,118,496.28</u>	<u>(135,947.72)</u>
EXPENDITURES				
Current:				
Administrative Services	96,000.00	137,000.00	134,076.56	2,923.44
Development Services	-	-	20,056.32	(20,056.32)
Parks and Recreation	-	-	2,551.00	(2,551.00)
Public Safety	-	23,534.00	40,051.54	(16,517.54)
Total current	<u>96,000.00</u>	<u>160,534.00</u>	<u>196,735.42</u>	<u>(36,201.42)</u>
Debt service:				
Principal	369,686.00	369,686.00	369,686.00	-
Interest	90,314.00	90,314.00	90,314.00	-
Total debt service	<u>460,000.00</u>	<u>460,000.00</u>	<u>460,000.00</u>	<u>-</u>
Capital outlay:				
Capital Improvement Projects	1,140,267.00	133,168.00	51,849.71	81,318.29
Administrative Services	-	140,000.00	73,568.40	66,431.60
Development Services	233,700.00	234,923.00	232,199.31	2,723.69
Public Safety	54,000.00	4,954,165.00	4,921,331.26	32,833.74
Public Works	400,000.00	548,777.00	544,570.00	4,207.00
Parks and Recreation	-	-	(7,663.32)	7,663.32
Total capital outlay	<u>1,827,967.00</u>	<u>6,011,033.00</u>	<u>5,815,855.36</u>	<u>195,177.64</u>
Total expenditures	<u>2,383,967.00</u>	<u>6,631,567.00</u>	<u>6,472,590.78</u>	<u>158,976.22</u>
Excess (deficiency) of revenues over expenditures	<u>1,843,477.00</u>	<u>(2,377,123.00)</u>	<u>(2,354,094.50)</u>	<u>23,028.50</u>
OTHER FINANCING SOURCES (USES)				
Contributed cap - other	63,921.00	63,921.00	104,861.61	40,940.61
Advance repayments	19,281.00	19,281.00	19,280.51	(0.49)
Asset disposition	-	-	(18,158.00)	(18,158.00)
Transfers out	(195,000.00)	(895,000.00)	(891,654.63)	3,345.37
Total other financing source (uses)	<u>(111,798.00)</u>	<u>(811,798.00)</u>	<u>(785,670.51)</u>	<u>26,127.49</u>
Net change in fund balances	1,731,679.00	(3,188,921.00)	(3,139,765.01)	49,155.99
Fund balances - beginning	6,657,918.22	6,657,918.22	6,657,918.22	-
Fund balances - ending	<u>\$ 8,389,597.22</u>	<u>\$ 3,468,997.22</u>	<u>\$ 3,518,153.21</u>	<u>\$ 49,155.99</u>

See Independent Auditors' Report.

City of Cape Girardeau
Transportation Sales Tax V
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 5,174,000.00	\$ 5,174,000.00	\$ 5,096,520.24	\$ (77,479.76)
Intergovernmental	-	-	3,061.48	3,061.48
Investment revenue	37,500.00	37,500.00	115,090.06	77,590.06
Total revenues	5,211,500.00	5,211,500.00	5,214,671.78	3,171.78
EXPENDITURES				
Current:				
Development Services	275,000.00	275,000.00	272,322.10	2,677.90
Public Works	-	118,985.00	115,237.08	3,747.92
Total current	275,000.00	393,985.00	387,559.18	6,425.82
Capital outlay:				
Capital Improvement Projects	8,315,000.00	8,196,015.00	3,579,243.55	4,616,771.45
Total capital outlay	8,315,000.00	8,196,015.00	3,579,243.55	4,616,771.45
Total expenditures	8,590,000.00	8,590,000.00	3,966,802.73	4,623,197.27
Excess (deficiency) of revenues over expenditures	(3,378,500.00)	(3,378,500.00)	1,247,869.05	4,626,369.05
OTHER FINANCING SOURCES (USES)				
Transfers in	650,000.00	650,000.00	650,000.00	-
Total other financing source (uses)	650,000.00	650,000.00	650,000.00	-
Net change in fund balances	(2,728,500.00)	(2,728,500.00)	1,897,869.05	4,626,369.05
Fund balances - beginning	4,731,411.33	4,731,411.33	4,731,411.33	-
Fund balances - ending	\$ 2,002,911.33	\$ 2,002,911.33	\$ 6,629,280.38	\$ 4,626,369.05

See Independent Auditors' Report.

City of Cape Girardeau
General Capital Improvements
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 51,137.81	\$ 51,137.81
Total revenues	-	-	51,137.81	51,137.81
EXPENDITURES				
Current:				
Public Safety	-	150,000.00	136,357.49	13,642.51
Total current	-	150,000.00	136,357.49	13,642.51
Capital outlay:				
Capital Improvement Projects	-	130,000.00	104,101.33	25,898.67
Public Safety	-	-	(8,831.50)	8,831.50
Total capital outlay	-	130,000.00	95,269.83	34,730.17
Total expenditures	-	280,000.00	231,627.32	48,372.68
Excess (deficiency) of revenues over expenditures	-	(280,000.00)	(180,489.51)	99,510.49
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,452,200.00	1,412,459.38	(39,740.62)
Total other financing source (uses)	-	1,452,200.00	1,412,459.38	(39,740.62)
Net change in fund balances	-	1,172,200.00	1,231,969.87	59,769.87
Fund balances - beginning	(1,168,313.51)	(1,168,313.51)	(1,168,313.51)	-
Fund balances - ending	<u>\$ (1,168,313.51)</u>	<u>\$ 3,886.49</u>	<u>\$ 63,656.36</u>	<u>\$ 59,769.87</u>

See Independent Auditors' Report.

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING

The City adopts annual operating budgets for all funds except Storm Water Projects from Park / Storm Water Sales Tax Fund, Park Improvement Projects from Park / Storm Water Sales Tax Fund, and Park Improvement Projects from Park/Storm Water Sales Tax Fund Phase 2 - which have project length budgets - and the Cape Girardeau Municipal Development Foundation, and the Cape Girardeau Parks Development Foundation, whose main purposes are to solicit and collect donations.

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year ending the following June 30th at the first meeting of June each year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total appropriations of any department must be approved by the City Council. Departments may not legally exceed their appropriations without approval from the City Council. Appropriations expire at the end of the year; however, outstanding encumbrances at the end of the year are honored by the City.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a budgetary basis.
7. If, during the fiscal year, the City Manager certifies there are additional revenues to appropriate, unencumbered appropriation balances within a department, or there is an emergency situation, the City Council may amend the initial budget by ordinance. The initial budget was adopted by the City Council on June 19, 2017 and amended on September 5, 2017; January 8, 2018; June 4, 2018; and July 02, 2018. The initial budget and final amended budget are both reflected in the financial statements.

For the year ended June 30, 2018, the fund expenditures for Capital Improvements Sales Tax-Sewer System and Worker's Compensation exceeded their approved budgets by \$2,356.77 and \$140,662.64, respectively.

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING - Continued

The statement of revenues, expenditures, and changes in fund balances - governmental funds reports revenues and expenditures on the modified accrual basis of accounting in accordance with GAAP. The statement of revenues, expenditures, and changes in fund balances - budget and actual (budget basis) for all governmental fund types is prepared on a budgetary basis which includes encumbrances as expenditures.

The following reconciliation adjusts GAAP basis to budget basis:

	<u>General</u>	<u>Airport</u>	<u>Parks and Recreation</u>	<u>Casino Revenue Fund</u>	<u>Transportation Sales Tax Trust Fund V</u>	<u>General Capital Improvements</u>	<u>Non-major Funds</u>
GAAP Basis	\$(515,496.08)	\$ 138,141.93	\$399,582.57	\$ 539,286.06	\$ 1,634,375.14	\$ (7,004,070.06)	\$(9,735,384.52)
Increase due to:							
Prior year-end encumbrances							
Administrative services	644.23	-	-	23,500.00	-	-	-
Development services	113,252.24	1,134,060.37	-	-	-	-	-
Parks and recreation	1,677.01	-	2,960.13	16,413.84	-	-	-
Public safety	53,031.36	-	-	5,976.95	-	-	2,329.95
Public works	13,350.01	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,664,155.50	8,350,093.46	4,511,963.92
Advance repayments from other funds	23,491.36	-	-	19,280.51	-	-	-
Adjust investments to market	60,605.10	251.62	11,991.54	72,644.96	81,412.67	-	90,072.30
Funds not budgeted annually	-	-	-	-	-	-	135,700.22
Encumbrance revenue	-	-	-	27,000.00	-	-	-
	<u>266,051.31</u>	<u>1,134,311.99</u>	<u>14,951.67</u>	<u>164,816.26</u>	<u>1,745,568.17</u>	<u>8,350,093.46</u>	<u>4,740,066.39</u>
Decrease due to:							
Current year-end encumbrances							
Administrative services	126,322.89	-	-	-	-	-	-
Development services	43,371.06	401,737.60	-	1,017.50	-	-	-
Parks and recreation	1,104.96	-	15,200.67	-	-	-	-
Public safety	3,441.46	-	-	3,262,282.83	-	-	4,624.80
Public works	30,006.36	-	-	580,567.00	-	-	-
Capital outlay	-	-	-	-	1,463,396.06	110,439.32	383,816.27
Adjust investments to market	-	-	-	-	-	3,614.21	3,500.53
Funds not budgeted annually	-	-	-	-	-	-	165,470.08
Encumbrance revenue	14,656.58	702,326.10	-	-	18,678.20	-	16,456.98
	<u>218,903.31</u>	<u>1,104,063.70</u>	<u>15,200.67</u>	<u>3,843,867.33</u>	<u>1,482,074.26</u>	<u>114,053.53</u>	<u>573,868.66</u>
Budget Basis	<u>\$(468,348.08)</u>	<u>\$ 168,390.22</u>	<u>\$393,333.57</u>	<u>\$(3,139,765.01)</u>	<u>\$ 1,897,869.05</u>	<u>\$ 1,231,969.87</u>	<u>\$(5,569,186.79)</u>

The individual proprietary fund schedules of comparing budget to actual is reported on a budgetary basis that uses the modified accrual basis of accounting with the exception of encumbrances. Encumbrances are reported as expenses in the year of encumbrance.

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING - Continued

	<u>Net Income (Loss)</u>					
	<u>Sewer</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Golf Course</u>	<u>Indoor Sports Complex</u>	<u>Sporting Complexes</u>
GAAP Basis	\$ 3,441,819.40	\$ 1,221,111.82	\$ 136,524.89	\$ 49,699.17	\$ (179,345.32)	\$ 1,417,437.40
Increase due to :						
Prior year encumbrances						
Operating expenses	13,671.36	42,448.24	-	-	782.90	3,783.67
Depreciation	4,277,107.12	1,825,123.66	347,711.05	130,782.90	321,737.08	300,906.82
Special assessments	8,960.00	-	-	-	-	-
Deferred revenues	-	-	569,131.05	-	-	-
Amortized Bond premium/discount	-	-	3,069.66	-	-	-
Amount deferred for future debt service for capital appreciation bonds:						
Interest subsidy received	29,515.50	-	-	-	-	-
Net OPEB obligation	24,209.74	4,652.41	16,705.98	10,338.68	3,446.23	10,338.68
Adjust investments to market	34,972.86	64,937.50	20,142.99	2,330.37	4,133.25	3,665.81
Asset dispositions	20,117.50	15,135.45	3,394.49	-	-	-
Net pension cost	28,084.51	4,704.94	16,688.59	3,609.75	4,206.92	7,191.38
Bad debt allowance	<u>58,742.70</u>	<u>53,557.60</u>	<u>36,755.08</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,495,381.29</u>	<u>2,010,559.80</u>	<u>1,013,598.89</u>	<u>147,061.70</u>	<u>334,306.38</u>	<u>325,886.36</u>
Decrease due to:						
Year-end encumbrances						
Operating expenses	79,803.82	66,830.13	111.47	-	3,325.00	18,289.79
Capital outlays	657,308.14	366,418.06	-	-	18,609.00	6,235.00
Landfill closure and maintenance costs	-	-	2,927.41	-	-	-
Interest paid more than accrual	64,941.01	-	-	-	-	-
Bond principal paid	4,535,000.00	585,000.00	359,280.51	-	-	23,491.36
Amortized Bond premium/discount	-	3,694.49	-	-	-	-
Capital outlays	156,119.82	1,453,878.67	35,752.81	-	15,478.00	8,000.00
Deferred revenues	187,817.78	176,217.89	33,286.18	-	-	-
Adjustment to liability for future landfill post closure maintenance costs	-	-	72.59	-	-	-
Net OPEB Obligation	10,852.85	-	2,334.42	-	-	-
Contributed capital	<u>1,446,149.35</u>	<u>195,360.84</u>	<u>-</u>	<u>97,585.75</u>	<u>10,643.22</u>	<u>1,519,146.82</u>
	<u>7,137,992.77</u>	<u>2,847,400.08</u>	<u>433,765.39</u>	<u>97,585.75</u>	<u>48,055.22</u>	<u>1,575,162.97</u>
Budget Basis	<u>\$ 799,207.92</u>	<u>\$ 384,271.54</u>	<u>\$ 716,358.39</u>	<u>\$ 99,175.12</u>	<u>\$ 106,905.84</u>	<u>\$ 168,160.79</u>

City of Cape Girardeau, Missouri
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING - Continued

	<u>Net Income (Loss)</u>				
	<u>IT</u>	<u>Fleet Management</u>	<u>Employee Fringe</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>
GAAP Basis	\$ (44,481.29)	\$ (41,000.28)	\$504,708.74	\$(145,297.55)	\$ 127,837.18
Increase due to:					
Prior year encumbrances					
Operating expenses	660.47	5,284.25	-	-	-
Capital outlays	-	-	-	-	-
Depreciation	122,144.71	22,341.11	-	-	254,831.43
Deferred revenues	-	18,215.20	-	-	-
Adjust investments to market	766.86	2,256.37	34,634.65	13,811.56	16,031.25
Net pension cost	4,984.79	11,744.49	-	-	-
Net OPEB Obligation	<u>7,409.39</u>	<u>26,535.95</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>135,966.22</u>	<u>86,377.37</u>	<u>34,634.65</u>	<u>13,811.56</u>	<u>270,862.68</u>
Decrease due to:					
Year-end encumbrances					
Operating expenses	14,719.14	2,699.00	-	-	-
Capital outlays	<u>132,509.75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,109.90</u>
	<u>147,228.89</u>	<u>2,699.00</u>	<u>-</u>	<u>-</u>	<u>201,109.90</u>
Budget Basis	<u>\$ (55,743.96)</u>	<u>\$ 42,678.09</u>	<u>\$539,343.39</u>	<u>\$(131,485.99)</u>	<u>\$ 197,589.96</u>

CITY OF CAPE GIRARDEAU, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GENERAL DIVISION

June 30, 2018

Fiscal Year Ended June 30,	2018	2017	2016	2015
Total Pension Liability				
Service Costs	\$ 847,662	\$ 813,616	\$ 795,771	\$ 768,458
Interest on the Pension Liability	2,668,902	2,567,279	2,346,499	2,240,283
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(568,794)	(678,078)	(183,850)	(261,952)
Changes of Assumptions	-	-	1,388,735	-
Benefit Payments, Including Refunds of Employee Contributions	(1,340,034)	(1,296,403)	(1,324,473)	(1,266,841)
Net Change in Total Pension Liability	1,607,736	1,406,414	3,022,682	1,479,948
Total Pension Liability - Beginning	37,054,325	35,647,911	32,625,229	31,145,281
Total Pension Liability - Ending (A)	<u>\$ 38,662,061</u>	<u>\$ 37,054,325</u>	<u>\$ 35,647,911</u>	<u>\$ 32,625,229</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 847,162	\$ 745,001	\$ 820,228	\$ 1,953,089
Contributions - Employees	-	16,008	-	-
Net Investment Income	4,823,411	4,214,232	(82,162)	684,825
Benefit Payments, Including Refunds of Employee Contributions	(1,340,034)	(1,296,403)	(1,324,473)	(1,266,841)
Pension Plan Administrative Expense	(40,041)	(38,351)	(37,018)	(40,731)
Other (Net Transfers)	(225,107)	(15,167)	(298,285)	267,961
Net Change in Plan Fiduciary Net Position	4,065,391	3,625,320	(921,710)	1,598,303
Plan Fiduciary Net Position - Beginning	39,568,620	35,943,300	36,865,010	35,266,707
Plan Fiduciary Net Position - Ending (B)	<u>\$ 43,634,011</u>	<u>\$ 39,568,620</u>	<u>\$ 35,943,300</u>	<u>\$ 36,865,010</u>
Net Pension Liability - Ending (A) - (B)	(4,971,950)	(2,514,295)	(295,389)	(4,239,781)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.86%	106.79%	100.83%	113.00%
Covered Valuation Payroll	\$ 9,841,879	\$ 9,707,798	\$ 9,109,297	\$ 8,987,241
Net Pension Liability as a Percentage of Covered Valuation Payroll	-50.52%	-25.90%	-3.24%	-47.18%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF CAPE GIRARDEAU, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLICE DIVISION

June 30, 2018

Fiscal Year Ended June 30,	2018	2017	2016	2015
Total Pension Liability				
Service Costs	\$ 367,842	\$ 345,371	\$ 309,133	\$ 303,651
Interest on the Pension Liability	1,377,421	1,327,202	1,248,307	1,182,926
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(5,046)	21,040	(83,909)	274,477
Changes of Assumptions	-	-	481,968	-
Benefit Payments, Including Refunds of Employee Contributions	(1,081,050)	(945,268)	(827,008)	(895,666)
Net Change in Total Pension Liability	659,167	748,345	1,128,491	865,388
Total Pension Liability - Beginning	19,349,277	18,600,932	17,472,441	16,607,053
Total Pension Liability - Ending (A)	<u>\$ 20,008,444</u>	<u>\$ 19,349,277</u>	<u>\$ 18,600,932</u>	<u>\$ 17,472,441</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 392,375	\$ 366,721	\$ 337,743	\$ 1,043,262
Contributions - Employees	-	-	-	-
Net Investment Income	2,382,243	2,267,369	(46,280)	349,748
Benefit Payments, Including Refunds of Employee Contributions	(1,081,050)	(945,268)	(827,008)	(895,666)
Pension Plan Administrative Expense	(13,830)	(13,148)	(12,366)	(12,862)
Other (Net Transfers)	(42,272)	156,567	50,565	(106,927)
Net Change in Plan Fiduciary Net Position	1,637,466	1,832,241	(497,346)	377,555
Plan Fiduciary Net Position - Beginning	20,308,624	18,476,383	18,973,729	18,596,174
Plan Fiduciary Net Position - Ending (B)	<u>\$ 21,946,090</u>	<u>\$ 20,308,624</u>	<u>\$ 18,476,383</u>	<u>\$ 18,973,729</u>
Net Pension Liability - Ending (A) - (B)	(1,937,646)	(959,347)	124,549	(1,501,288)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	109.68%	104.96%	99.33%	108.59%
Covered Valuation Payroll	\$ 3,943,991	\$ 3,818,933	\$ 3,536,454	\$ 3,223,790
Net Pension Liability as a Percentage of Covered Valuation Payroll	-49.13%	-25.12%	3.52%	-46.57%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF CAPE GIRARDEAU, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FIRE DIVISION

June 30, 2018

Fiscal Year Ended June 30,	2018	2017	2016	2015
Total Pension Liability				
Service Costs	\$ 401,292	\$ 388,806	\$ 375,784	\$ 370,414
Interest on the Pension Liability	1,472,645	1,452,993	1,336,826	1,319,931
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(152,061)	(515,001)	461,181	(356,529)
Changes of Assumptions	-	-	508,788	-
Benefit Payments, Including Refunds of Employee Contributions	(1,102,750)	(1,022,379)	(1,148,773)	(1,059,610)
Net Change in Total Pension Liability	619,126	304,419	1,533,806	274,206
Total Pension Liability - Beginning	20,656,941	20,352,522	18,818,716	18,544,510
Total Pension Liability - Ending (A)	<u>\$ 21,276,067</u>	<u>\$ 20,656,941</u>	<u>\$ 20,352,522</u>	<u>\$ 18,818,716</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 370,929	\$ 326,044	\$ 375,209	\$ 765,345
Contributions - Employees	-	-	-	-
Net Investment Income	2,629,862	2,374,115	(40,593)	415,318
Benefit Payments, Including Refunds of Employee Contributions	(1,102,750)	(1,022,379)	(1,148,773)	(1,059,610)
Pension Plan Administrative Expense	(10,585)	(10,113)	(9,925)	(10,625)
Other (Net Transfers)	(28,894)	100,165	18,256	(25,522)
Net Change in Plan Fiduciary Net Position	1,858,562	1,767,832	(805,826)	84,906
Plan Fiduciary Net Position - Beginning	22,379,179	20,611,347	21,417,173	21,332,267
Plan Fiduciary Net Position - Ending (B)	<u>\$ 24,237,741</u>	<u>\$ 22,379,179</u>	<u>\$ 20,611,347</u>	<u>\$ 21,417,173</u>
Net Pension Liability - Ending (A) - (B)	(2,961,674)	(1,722,238)	(258,825)	(2,598,457)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	113.92%	108.34%	101.27%	113.81%
Covered Valuation Payroll	\$ 3,290,770	\$ 3,283,135	\$ 3,099,147	\$ 3,017,659
Net Pension Liability as a Percentage of Covered Valuation Payroll	-90.00%	-52.46%	-8.35%	-86.11%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF CAPE GIRARDEAU, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF EMPLOYER CONTRIBUTIONS

June 30, 2018

Fiscal Year Ended June 30,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2018	\$ 1,644,496	\$ 1,610,466	\$ 34,030	\$ 16,990,644	9.48%
2017	1,437,766	1,437,766	-	16,749,343	8.58%
2016	1,533,180	1,533,180	-	16,040,522	9.56%
2015	1,777,019	1,741,546	35,473	15,253,527	11.42%
2014	1,743,286	1,662,520	80,766	14,797,136	11.24%
2013	1,723,280	1,474,487	248,793	14,340,850	10.28%
2012	1,628,048	1,342,323	285,725	14,434,347	9.30%
2011	1,606,736	1,155,207	451,529	13,942,807	8.29%
2010	1,035,135	1,035,137	(2)	14,194,829	7.29%
2009	1,006,174	1,006,043	131	13,853,405	7.26%

Notes to Schedule:

Valuation Date: February 28, 2018

Notes The roll-forward of total pension liability from February 28, 2018 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized of the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining Amortization Period: 15 years

Asset Valuation Method: 5-year smoothed market, 20% corridor

Inflation: 3.25% wage inflation, 2.50% price inflation

Salary Increases: 3.25% to 6.55%, including wage inflation

Investment Rate of Return: 7.25%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition.

Mortality: The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other Information: None

See Accompanying Notes to the Basic Financial Statements.

CITY OF CAPE GIRARDEAU, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2018

Calendar Year Ended June 30,	<u>2018</u>
Total OPEB Liability	
Service Costs	\$ 303,952
Interest on Total OPEB Liability	407,566
Effect of Economic/Demographic Gains or Losses	(519,247)
Effect of Assumptions Changes or Inputs	158,158
Benefit Payments	<u>(608,774)</u>
Net Change in Total OPEB Liability	(258,345)
Total OPEB Liability - Beginning	<u>11,382,294</u>
Total OPEB Liability - Ending	<u><u>\$ 11,123,949</u></u>
Covered Employee Payroll	9,074,209
Total OPEB Liability as a Percentage of Covered Employee Payroll	122.59%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

See Accompanying Notes to the Financial Statements.

SUPPLEMENTAL INFORMATION

City of Cape Girardeau
Parks/Stormwater Sales Tax-Capital
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 4,008,750.00	\$ 4,008,750.00	\$ 3,941,141.67	\$ (67,608.33)
Investment revenue	15,000.00	15,000.00	46,882.04	31,882.04
Total revenues	<u>4,023,750.00</u>	<u>4,023,750.00</u>	<u>3,988,023.71</u>	<u>(35,726.29)</u>
EXPENDITURES				
Debt service:				
Administrative charges	-	-	141.19	(141.19)
Principal	2,330,000.00	2,330,000.00	2,330,000.00	-
Interest	77,500.00	77,500.00	77,500.00	-
Total debt service	<u>2,407,500.00</u>	<u>2,407,500.00</u>	<u>2,407,641.19</u>	<u>(141.19)</u>
Capital outlay:				
Parks and Recreation	488,100.00	488,100.00	358,960.37	129,139.63
Total capital outlay	<u>488,100.00</u>	<u>488,100.00</u>	<u>358,960.37</u>	<u>129,139.63</u>
Total expenditures	<u>2,895,600.00</u>	<u>2,895,600.00</u>	<u>2,766,601.56</u>	<u>128,998.44</u>
Excess (deficiency) of revenues over expenditures	<u>1,128,150.00</u>	<u>1,128,150.00</u>	<u>1,221,422.15</u>	<u>93,272.15</u>
OTHER FINANCING SOURCES (USES)				
Asset disposition	-	-	6,191.88	6,191.88
Transfers in	-	-	30,000.00	30,000.00
Transfers out	(1,311,900.00)	(3,011,900.00)	(2,556,619.38)	455,280.62
Total other financing source (uses)	<u>(1,311,900.00)</u>	<u>(3,011,900.00)</u>	<u>(2,520,427.50)</u>	<u>491,472.50</u>
Net change in fund balances	(183,750.00)	(1,883,750.00)	(1,299,005.35)	584,744.65
Fund balances - beginning	3,336,092.40	3,336,092.40	3,336,092.40	-
Fund balances - ending	<u>\$ 3,152,342.40</u>	<u>\$ 1,452,342.40</u>	<u>\$ 2,037,087.05</u>	<u>\$ 584,744.65</u>

See Independent Auditors' Report.

City of Cape Girardeau
Capital Improvement Sales Tax-Water System
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment revenue	\$ -	\$ -	\$ 87,397.13	\$ 87,397.13
Total revenues	-	-	87,397.13	87,397.13
EXPENDITURES				
Debt service:				
Administrative charges	4,800.00	4,800.00	-	4,800.00
Principal	47,900.00	47,900.00	47,900.00	-
Interest	10,459.00	10,459.00	10,473.92	(14.92)
Total debt service	63,159.00	63,159.00	58,373.92	4,785.08
Total expenditures	63,159.00	63,159.00	58,373.92	4,785.08
Excess (deficiency) of revenues over expenditures	(63,159.00)	(63,159.00)	29,023.21	92,182.21
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,315,300.00)	(3,315,300.00)	(2,959,076.04)	356,223.96
Total other financing source (uses)	(3,315,300.00)	(3,315,300.00)	(2,959,076.04)	356,223.96
Net change in fund balances	(3,378,459.00)	(3,378,459.00)	(2,930,052.83)	448,406.17
Fund balances - beginning	5,599,767.90	5,599,767.90	5,599,767.90	-
Fund balances - ending	\$ 2,221,308.90	\$ 2,221,308.90	\$ 2,669,715.07	\$ 448,406.17

See Independent Auditors' Report.

City of Cape Girardeau
Convention and Tourism Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,282,224.00	\$ 2,282,224.00	\$ 2,329,587.86	\$ 47,363.86
Investment revenue	3,750.00	3,750.00	9,453.68	5,703.68
Total revenues	<u>2,285,974.00</u>	<u>2,285,974.00</u>	<u>2,339,041.54</u>	<u>53,067.54</u>
EXPENDITURES				
Current:				
Development Services	724,400.00	724,400.00	787,728.15	(63,328.15)
Total current	<u>724,400.00</u>	<u>724,400.00</u>	<u>787,728.15</u>	<u>(63,328.15)</u>
Debt service:				
Administrative charges	-	-	268.66	(268.66)
Principal	265,000.00	265,000.00	265,000.00	-
Interest	<u>272,992.00</u>	<u>272,992.00</u>	<u>272,989.99</u>	<u>2.01</u>
Total debt service	<u>537,992.00</u>	<u>537,992.00</u>	<u>538,258.65</u>	<u>(266.65)</u>
Total expenditures	<u>1,262,392.00</u>	<u>1,262,392.00</u>	<u>1,325,986.80</u>	<u>(63,594.80)</u>
Excess (deficiency) of revenues over expenditures	<u>1,023,582.00</u>	<u>1,023,582.00</u>	<u>1,013,054.74</u>	<u>(10,527.26)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(704,869.00)</u>	<u>(817,519.00)</u>	<u>(724,914.12)</u>	<u>92,604.88</u>
Total other financing source (uses)	<u>(704,869.00)</u>	<u>(817,519.00)</u>	<u>(724,914.12)</u>	<u>92,604.88</u>
Net change in fund balances	318,713.00	206,063.00	288,140.62	82,077.62
Fund balances - beginning	333,724.05	333,724.05	333,724.05	-
Fund balances - ending	<u>\$ 652,437.05</u>	<u>\$ 539,787.05</u>	<u>\$ 621,864.67</u>	<u>\$ 82,077.62</u>

See Independent Auditors' Report.

City of Cape Girardeau
Downtown Business District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 28,190.00	\$ 28,190.00	\$ 39,203.62	\$ 11,013.62
Investment revenue	-	-	2,159.75	2,159.75
Total revenues	<u>28,190.00</u>	<u>28,190.00</u>	<u>41,363.37</u>	<u>13,173.37</u>
EXPENDITURES				
Current:				
Development Services	<u>128,190.00</u>	<u>128,190.00</u>	<u>15,359.23</u>	<u>112,830.77</u>
Total current	<u>128,190.00</u>	<u>128,190.00</u>	<u>15,359.23</u>	<u>112,830.77</u>
Total expenditures	<u>128,190.00</u>	<u>128,190.00</u>	<u>15,359.23</u>	<u>112,830.77</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000.00)</u>	<u>(100,000.00)</u>	<u>26,004.14</u>	<u>126,004.14</u>
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	3,600.00	3,600.00
Transfers out	-	-	(88,673.00)	(88,673.00)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>(85,073.00)</u>	<u>(85,073.00)</u>
Net change in fund balances	(100,000.00)	(100,000.00)	(59,068.86)	40,931.14
Fund balances - beginning	133,224.12	133,224.12	133,224.12	-
Fund balances - ending	<u>\$ 33,224.12</u>	<u>\$ 33,224.12</u>	<u>\$ 74,155.26</u>	<u>\$ 40,931.14</u>

See Independent Auditors' Report.

City of Cape Girardeau
Health Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 361,370.00	\$ 361,370.00	\$ 363,034.77	\$ 1,664.77
Licenses & permits	5,000.00	5,000.00	4,277.00	(723.00)
Intergovernmental	9,600.00	9,600.00	9,866.09	266.09
Investment revenue	3,000.00	3,000.00	6,251.48	3,251.48
Total revenues	<u>378,970.00</u>	<u>378,970.00</u>	<u>383,429.34</u>	<u>4,459.34</u>
EXPENDITURES				
Current:				
Public Safety	<u>578,970.00</u>	<u>578,970.00</u>	<u>393,531.20</u>	<u>185,438.80</u>
Total current	<u>578,970.00</u>	<u>578,970.00</u>	<u>393,531.20</u>	<u>185,438.80</u>
Total expenditures	<u>578,970.00</u>	<u>578,970.00</u>	<u>393,531.20</u>	<u>185,438.80</u>
Excess (deficiency) of revenues over expenditures	<u>(200,000.00)</u>	<u>(200,000.00)</u>	<u>(10,101.86)</u>	<u>189,898.14</u>
Net change in fund balances	(200,000.00)	(200,000.00)	(10,101.86)	189,898.14
Fund balances - beginning	405,976.64	405,976.64	405,976.64	-
Fund balances - ending	<u>\$ 205,976.64</u>	<u>\$ 205,976.64</u>	<u>\$ 395,874.78</u>	<u>\$ 189,898.14</u>

See Independent Auditors' Report.

City of Cape Girardeau
Motor Fuel Tax Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,538,419.30	\$ 38,419.30
Investment revenue	6,750.00	6,750.00	12,136.73	5,386.73
Total revenues	1,506,750.00	1,506,750.00	1,550,556.03	43,806.03
EXPENDITURES				
Debt service:				
Principal	344,049.00	3,532,137.00	3,532,137.36	(0.36)
Interest	115,148.00	136,608.00	136,607.21	0.79
Total debt service	459,197.00	3,668,745.00	3,668,744.57	0.43
Capital outlay:				
Capital Improvement Projects	-	288,000.00	285,243.71	2,756.29
Total capital outlay	-	288,000.00	285,243.71	2,756.29
Total expenditures	459,197.00	3,956,745.00	3,953,988.28	2,756.72
Excess (deficiency) of revenues over expenditures	1,047,553.00	(2,449,995.00)	(2,403,432.25)	46,562.75
OTHER FINANCING SOURCES (USES)				
Special assessments	-	-	4,462.17	4,462.17
Transfers in	289,032.00	3,296,532.00	3,292,784.49	(3,747.51)
Transfers out	(1,345,000.00)	(1,345,000.00)	(1,285,000.00)	60,000.00
Total other financing source (uses)	(1,055,968.00)	1,951,532.00	2,012,246.66	60,714.66
Net change in fund balances	(8,415.00)	(498,463.00)	(391,185.59)	107,277.41
Fund balances - beginning	862,479.63	862,479.63	862,479.63	-
Fund balances - ending	\$ 854,064.63	\$ 364,016.63	\$ 471,294.04	\$ 107,277.41

See Independent Auditors' Report.

City of Cape Girardeau
Transportation Sales Tax Trust Fund I
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 28.35	\$ 28.35
Total revenues	-	-	28.35	28.35
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	28.35	28.35
OTHER FINANCING SOURCES (USES)				
Special assessments	-	-	1.65	1.65
Transfers out	-	(1,000.00)	(30.00)	970.00
Total other financing source (uses)	-	(1,000.00)	(28.35)	971.65
SPECIAL ITEMS				
Total special items	-	-	-	-
Net change in fund balances	-	(1,000.00)	-	1,000.00
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ (1,000.00)	\$ -	\$ 1,000.00

See Independent Auditors' Report.

City of Cape Girardeau
Capital Improvement Sales Tax-Sewer System Improvements
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 5,345,000.00	\$ 5,345,000.00	\$ 5,252,562.46	\$ (92,437.54)
Investment revenue	10,500.00	10,500.00	22,952.72	12,452.72
Total revenues	5,355,500.00	5,355,500.00	5,275,515.18	(79,984.82)
EXPENDITURES				
Current:				
Development Services	265,000.00	280,000.00	282,356.77	(2,356.77)
Total current	265,000.00	280,000.00	282,356.77	(2,356.77)
Total expenditures	265,000.00	280,000.00	282,356.77	(2,356.77)
Excess (deficiency) of revenues over expenditures	5,090,500.00	5,075,500.00	4,993,158.41	(82,341.59)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,750,000.00)	(3,750,000.00)	(3,750,000.00)	-
Total other financing source (uses)	(3,750,000.00)	(3,750,000.00)	(3,750,000.00)	-
Net change in fund balances	1,340,500.00	1,325,500.00	1,243,158.41	(82,341.59)
Fund balances - beginning	484,916.44	484,916.44	484,916.44	-
Fund balances - ending	\$ 1,825,416.44	\$ 1,810,416.44	\$ 1,728,074.85	\$ (82,341.59)

See Independent Auditors' Report.

City of Cape Girardeau
Public Safety Trust Fund II
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment revenue	\$ -	\$ -	\$ 13,082.15	\$ 13,082.15
Total revenues	-	-	13,082.15	13,082.15
EXPENDITURES				
Debt service:				
Administrative charges	750.00	750.00	440.71	309.29
Principal	875,000.00	875,000.00	875,000.00	-
Interest	405,352.00	405,352.00	405,348.75	3.25
Total debt service	1,281,102.00	1,281,102.00	1,280,789.46	312.54
Capital outlay:				
Public Safety	166,752.00	166,752.00	166,194.38	557.62
Total capital outlay	166,752.00	166,752.00	166,194.38	557.62
Total expenditures	1,447,854.00	1,447,854.00	1,446,983.84	870.16
Excess (deficiency) of revenues over expenditures	(1,447,854.00)	(1,447,854.00)	(1,433,901.69)	13,952.31
OTHER FINANCING SOURCES (USES)				
Transfers in	2,932,333.00	3,024,057.00	2,966,340.54	(57,716.46)
Transfers out	(1,293,500.00)	(1,870,200.00)	(1,810,220.04)	59,979.96
Total other financing source (uses)	1,638,833.00	1,153,857.00	1,156,120.50	2,263.50
Net change in fund balances	190,979.00	(293,997.00)	(277,781.19)	16,215.81
Fund balances - beginning	611,221.61	611,221.61	611,221.61	-
Fund balances - ending	\$ 802,200.61	\$ 317,224.61	\$ 333,440.42	\$ 16,215.81

See Independent Auditors' Report.

City of Cape Girardeau
Fire Sales Tax Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,587,000.00	\$ 2,587,000.00	\$ 2,548,255.36	\$ (38,744.64)
Investment revenue	-	-	683.74	683.74
Total revenues	<u>2,587,000.00</u>	<u>2,587,000.00</u>	<u>2,548,939.10</u>	<u>(38,060.90)</u>
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>2,587,000.00</u>	<u>2,587,000.00</u>	<u>2,548,939.10</u>	<u>(38,060.90)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,587,000.00)</u>	<u>(2,587,000.00)</u>	<u>(2,541,283.54)</u>	<u>45,716.46</u>
Total other financing source (uses)	<u>(2,587,000.00)</u>	<u>(2,587,000.00)</u>	<u>(2,541,283.54)</u>	<u>45,716.46</u>
Net change in fund balances	-	-	7,655.56	7,655.56
Fund balances - beginning	<u>258,338.79</u>	<u>258,338.79</u>	<u>258,338.79</u>	<u>-</u>
Fund balances - ending	<u>\$ 258,338.79</u>	<u>\$ 258,338.79</u>	<u>\$ 265,994.35</u>	<u>\$ 7,655.56</u>

See Independent Auditors' Report.

City of Cape Girardeau
Public Safety Trust Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 707.47	\$ 707.47
Total revenues	-	-	707.47	707.47
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	707.47	707.47
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	18,019.00	18,019.00
Asset disposition	12,000.00	12,000.00	5,350.00	(6,650.00)
Transfers in	-	-	1,200.00	1,200.00
Transfers out	(12,000.00)	(36,569.00)	(24,569.00)	12,000.00
Total other financing source (uses)	-	(24,569.00)	-	24,569.00
Net change in fund balances	-	(24,569.00)	707.47	25,276.47
Fund balances - beginning	40,325.98	40,325.98	40,325.98	-
Prior period adjustment	-	-	1,200.00	1,200.00
Fund balances - ending	\$ 40,325.98	\$ 15,756.98	\$ 42,233.45	\$ 26,476.47

See Independent Auditors' Report.

City of Cape Girardeau
Street Capital Improvements
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,438,486.17	\$ 1,438,486.17
Investment revenue	-	-	7,013.57	7,013.57
Total revenues	-	-	1,445,499.74	1,445,499.74
EXPENDITURES				
Debt service:				
Interest	-	-	0.15	(0.15)
Total debt service	-	-	0.15	(0.15)
Capital outlay:				
Capital Improvement Projects	-	-	-	-
Total capital outlay	-	-	-	-
Total expenditures	-	-	0.15	(0.15)
Excess (deficiency) of revenues over expenditures	-	-	1,445,499.59	1,445,499.59
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,006,500.00)	(3,006,238.64)	261.36
Total other financing source (uses)	-	(3,006,500.00)	(3,006,238.64)	261.36
Net change in fund balances	-	(3,006,500.00)	(1,560,739.05)	1,445,760.95
Fund balances - beginning	1,367,176.37	1,367,176.37	1,367,176.37	-
Prior period adjustment	-	-	193,526.87	193,526.87
Fund balances - ending	<u>\$ 1,367,176.37</u>	<u>\$ (1,639,323.63)</u>	<u>\$ (35.81)</u>	<u>\$ 1,639,287.82</u>

See Independent Auditors' Report.

City of Cape Girardeau
Park Capital Improvements
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 314.14	\$ 314.14
Total revenues	-	-	314.14	314.14
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	314.14	314.14
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(27,500.00)	(27,145.39)	354.61
Total other financing source (uses)	-	(27,500.00)	(27,145.39)	354.61
Net change in fund balances	-	(27,500.00)	(26,831.25)	668.75
Fund balances - beginning	26,831.25	26,831.25	26,831.25	-
Fund balances - ending	<u>\$ 26,831.25</u>	<u>\$ (668.75)</u>	<u>\$ -</u>	<u>\$ 668.75</u>

See Independent Auditors' Report.

City of Cape Girardeau
Community Development Block Grant Project
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 668.07	\$ 668.07
Total revenues	-	-	668.07	668.07
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	668.07	668.07
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(50,000.00)	(50,000.00)	-
Total other financing source (uses)	-	(50,000.00)	(50,000.00)	-
Net change in fund balances	-	(50,000.00)	(49,331.93)	668.07
Fund balances - beginning	54,397.41	54,397.41	54,397.41	-
Fund balances - ending	<u>\$ 54,397.41</u>	<u>\$ 4,397.41</u>	<u>\$ 5,065.48</u>	<u>\$ 668.07</u>

See Independent Auditors' Report.

City of Cape Girardeau
Transportation Sales Tax Trust Fund III
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 7,882.38	\$ 7,882.38
Total revenues	-	-	7,882.38	7,882.38
EXPENDITURES				
Capital outlay:				
Capital Improvement Projects	-	185,000.00	178,703.50	6,296.50
Total capital outlay	-	185,000.00	178,703.50	6,296.50
Total expenditures	-	185,000.00	178,703.50	6,296.50
Excess (deficiency) of revenues over expenditures	-	(185,000.00)	(170,821.12)	14,178.88
Net change in fund balances	-	(185,000.00)	(170,821.12)	14,178.88
Fund balances - beginning	151,254.83	151,254.83	151,254.83	-
Fund balances - ending	\$ 151,254.83	\$ (33,745.17)	\$ (19,566.29)	\$ 14,178.88

See Independent Auditors' Report.

City of Cape Girardeau
Park/Stormwater Sales Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,336,250.00	\$ 1,336,250.00	\$ 1,313,713.92	\$ (22,536.08)
Investment revenue	3,000.00	3,000.00	14,406.90	11,406.90
Total revenues	<u>1,339,250.00</u>	<u>1,339,250.00</u>	<u>1,328,120.82</u>	<u>(11,129.18)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,339,250.00</u>	<u>1,339,250.00</u>	<u>1,328,120.82</u>	<u>(11,129.18)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,278,092.00)</u>	<u>(1,288,092.00)</u>	<u>(1,234,809.59)</u>	<u>53,282.41</u>
Total other financing source (uses)	<u>(1,278,092.00)</u>	<u>(1,288,092.00)</u>	<u>(1,234,809.59)</u>	<u>53,282.41</u>
Net change in fund balances	61,158.00	51,158.00	93,311.23	42,153.23
Fund balances - beginning	314,622.15	314,622.15	314,622.15	-
Fund balances - ending	<u>\$ 375,780.15</u>	<u>\$ 365,780.15</u>	<u>\$ 407,933.38</u>	<u>\$ 42,153.23</u>

See Independent Auditors' Report.

City of Cape Girardeau
Housing Development Grant Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment revenue	\$ -	\$ -	\$ 5.50	\$ 5.50
Total revenues	-	-	5.50	5.50
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	5.50	5.50
Net change in fund balances	-	-	5.50	5.50
Fund balances - beginning	344.89	344.89	344.89	-
Fund balances - ending	<u>\$ 344.89</u>	<u>\$ 344.89</u>	<u>\$ 350.39</u>	<u>\$ 5.50</u>

See Independent Auditors' Report.

City of Cape Girardeau
STP - Urban Grant Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 289,032.00	\$ 289,032.00	\$ 287,502.64	\$ (1,529.36)
Investment revenue	-	-	23.13	23.13
Total revenues	289,032.00	289,032.00	287,525.77	(1,506.23)
EXPENDITURES				
Debt service:				
Interest	-	-	0.15	(0.15)
Total debt service	-	-	0.15	(0.15)
Capital outlay:				
Capital Improvement Projects	-	-	1,045.58	(1,045.58)
Total capital outlay	-	-	1,045.58	(1,045.58)
Total expenditures	-	-	1,045.73	(1,045.73)
Excess (deficiency) of revenues over expenditures	289,032.00	289,032.00	286,480.04	(2,551.96)
OTHER FINANCING SOURCES (USES)				
Transfers out	(289,032.00)	(289,032.00)	(286,515.85)	2,516.15
Total other financing source (uses)	(289,032.00)	(289,032.00)	(286,515.85)	2,516.15
Net change in fund balances	-	-	(35.81)	(35.81)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ (35.81)	\$ (35.81)

See Independent Auditors' Report.

City of Cape Girardeau
Sewer Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 311.64	\$ 311.64
Residential charges	4,605,300.00	4,605,300.00	4,643,537.80	38,237.80
Commerical charges	2,478,980.00	2,478,980.00	2,332,374.99	(146,605.01)
Other fees and charges	125,460.00	125,460.00	135,976.75	10,516.75
Internal charges	-	-	9,288.71	9,288.71
Miscellaneous	2,000.00	2,000.00	2,104.04	104.04
Investment revenue	92,300.00	92,300.00	141,885.55	49,585.55
Total revenues	<u>7,304,040.00</u>	<u>7,304,040.00</u>	<u>7,265,479.48</u>	<u>(38,560.52)</u>
EXPENDITURES				
Current:				
Contractual services	981,604.00	1,158,079.43	988,395.11	169,684.32
General operating expenses	420,377.00	420,381.09	406,087.43	14,293.66
Internal service expense	196,483.00	196,483.00	166,530.18	29,952.82
Material and supplies	1,025,720.00	988,754.62	850,319.32	138,435.30
Personnel services	1,840,535.00	1,840,535.00	1,742,460.53	98,074.47
Special projects expense	20,552.00	23,847.86	61,157.51	(37,309.65)
Total current	<u>4,485,271.00</u>	<u>4,628,081.00</u>	<u>4,214,950.08</u>	<u>413,130.92</u>
Debt service:				
Administrative charges	693,201.00	658,201.00	541,505.29	116,695.71
Principal	4,535,000.00	4,535,000.00	4,535,000.00	-
Interest	1,007,489.00	1,007,489.00	1,010,093.99	(2,604.99)
Total debt service	<u>6,235,690.00</u>	<u>6,200,690.00</u>	<u>6,086,599.28</u>	<u>114,090.72</u>
Capital outlay:				
Capital Improvement Projects	475,000.00	808,520.00	631,817.14	176,702.86
Equipment	134,723.00	133,893.00	181,610.82	(47,717.82)
Total capital outlay	<u>609,723.00</u>	<u>942,413.00</u>	<u>813,427.96</u>	<u>128,985.04</u>
Total expenditures	<u>11,330,684.00</u>	<u>11,771,184.00</u>	<u>11,114,977.32</u>	<u>656,206.68</u>
Excess (deficiency) of revenues over expenditures	<u>(4,026,644.00)</u>	<u>(4,467,144.00)</u>	<u>(3,849,497.84)</u>	<u>617,646.16</u>
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	29,412.62	29,412.62
Contributed cap - connect fee	100,000.00	100,000.00	157,809.00	57,809.00
Special assessments	-	-	8,960.00	8,960.00
Asset disposition	-	-	14,831.04	14,831.04
Transfers in	4,443,161.00	4,443,161.00	4,437,795.00	(5,366.00)
Transfers out	-	-	(101.90)	(101.90)
Total other financing source (uses)	<u>4,543,161.00</u>	<u>4,543,161.00</u>	<u>4,648,705.76</u>	<u>105,544.76</u>
Net change in fund balances	516,517.00	76,017.00	799,207.92	723,190.92
Fund balances - beginning	<u>7,789,245.63</u>	<u>7,789,245.63</u>	<u>7,789,245.63</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,305,762.63</u>	<u>\$ 7,865,262.63</u>	<u>\$ 8,588,453.55</u>	<u>\$ 723,190.92</u>

See Independent Auditors' Report.

City of Cape Girardeau
Water Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Residential charges	\$ 3,878,000.00	\$ 3,878,000.00	\$ 3,976,589.64	\$ 98,589.64
Commerical charges	2,592,800.00	2,592,800.00	2,557,981.18	(34,818.82)
Other fees and charges	240,220.00	240,220.00	297,448.79	57,228.79
Miscellaneous	26,217.00	26,217.00	23,724.15	(2,492.85)
Investment revenue	67,500.00	67,500.00	87,732.48	20,232.48
Total revenues	6,804,737.00	6,804,737.00	6,943,476.24	138,739.24
EXPENDITURES				
Current:				
Contractual services	3,038,943.00	3,104,185.86	3,039,613.47	64,572.39
General operating expenses	345,421.00	345,421.00	383,601.29	(38,180.29)
Internal service expense	169,300.00	169,300.00	156,726.29	12,573.71
Material and supplies	1,287,292.00	1,388,116.89	1,444,524.51	(56,407.62)
Personnel services	314,922.00	314,922.00	243,348.73	71,573.27
Special projects expense	1,916.00	141,916.00	139,368.45	2,547.55
Total current	5,157,794.00	5,463,861.75	5,407,182.74	56,679.01
Debt service:				
Principal	585,000.00	585,000.00	585,000.00	-
Interest	376,857.00	376,857.00	376,856.26	0.74
Total debt service	961,857.00	961,857.00	961,856.26	0.74
Capital outlay:				
Capital Improvement Projects	3,327,580.00	3,243,944.51	1,609,076.04	1,634,868.47
Equipment	204,750.00	205,287.11	211,220.69	(5,933.58)
Total capital outlay	3,532,330.00	3,449,231.62	1,820,296.73	1,628,934.89
Total expenditures	9,651,981.00	9,874,950.37	8,189,335.73	1,685,614.64
Excess (deficiency) of revenues over expenditures	(2,847,244.00)	(3,070,213.37)	(1,245,859.49)	1,824,353.88
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	3,792.57	3,792.57
Asset disposition	30,500.00	30,500.00	16,297.87	(14,202.13)
Transfers in	1,965,300.00	1,965,300.00	1,610,040.59	(355,259.41)
Total other financing source (uses)	1,995,800.00	1,995,800.00	1,630,131.03	(365,668.97)
Net change in fund balances	(851,444.00)	(1,074,413.37)	384,271.54	1,458,684.91
Fund balances - beginning	5,666,924.70	5,666,924.70	5,666,924.70	-
Prior period adjustment	(34,000.00)	(34,000.00)	(34,000.00)	-
Fund balances - ending	\$ 4,781,480.70	\$ 4,558,511.33	\$ 6,017,196.24	\$ 1,458,684.91

See Independent Auditors' Report.

City of Cape Girardeau
Solid Waste Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 314.41	\$ 314.41
Residential charges	2,576,270.00	2,576,270.00	2,576,171.08	(98.92)
Commerical charges	43,260.00	43,260.00	46,950.40	3,690.40
Transfer station charges	1,814,671.00	1,814,671.00	2,107,417.68	292,746.68
Other fees and charges	75,000.00	75,000.00	78,149.50	3,149.50
Miscellaneous	97,500.00	97,500.00	89,181.21	(8,318.79)
Investment revenue	15,000.00	15,000.00	30,285.55	15,285.55
Total revenues	<u>4,621,701.00</u>	<u>4,621,701.00</u>	<u>4,928,469.83</u>	<u>306,768.83</u>
EXPENDITURES				
Current:				
Contractual services	2,006,674.00	1,998,198.90	1,698,230.72	299,968.18
General operating expenses	11,114.00	12,439.77	10,392.95	2,046.82
Internal service expense	467,654.00	467,654.00	560,966.68	(93,312.68)
Material and supplies	231,315.00	230,644.33	221,716.11	8,928.22
Personnel services	1,168,120.00	1,168,120.00	1,152,454.86	15,665.14
Special projects expense	69,532.00	69,532.00	66,940.30	2,591.70
Total current	<u>3,954,409.00</u>	<u>3,946,589.00</u>	<u>3,710,701.62</u>	<u>235,887.38</u>
Debt service:				
Administrative charges	-	-	324.27	(324.27)
Principal	359,281.00	359,281.00	359,280.51	0.49
Interest	109,534.00	109,534.00	109,533.28	0.72
Total debt service	<u>468,815.00</u>	<u>468,815.00</u>	<u>469,138.06</u>	<u>(323.06)</u>
Capital outlay:				
Capital Improvement Projects	-	1,320.00	1,626.81	(306.81)
Equipment	33,725.00	40,225.00	34,126.00	6,099.00
Total capital outlay	<u>33,725.00</u>	<u>41,545.00</u>	<u>35,752.81</u>	<u>5,792.19</u>
Total expenditures	<u>4,456,949.00</u>	<u>4,456,949.00</u>	<u>4,215,592.49</u>	<u>241,356.51</u>
Excess (deficiency) of revenues over expenditures	<u>164,752.00</u>	<u>164,752.00</u>	<u>712,877.34</u>	<u>548,125.34</u>
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	250.00	250.00
Asset disposition	2,300.00	2,300.00	3,231.05	931.05
Total other financing source (uses)	<u>2,300.00</u>	<u>2,300.00</u>	<u>3,481.05</u>	<u>1,181.05</u>
Net change in fund balances	167,052.00	167,052.00	716,358.39	549,306.39
Fund balances - beginning	852,647.92	852,647.92	852,647.92	-
Fund balances - ending	<u>\$ 1,019,699.92</u>	<u>\$ 1,019,699.92</u>	<u>\$ 1,569,006.31</u>	<u>\$ 549,306.39</u>

See Independent Auditors' Report.

City of Cape Girardeau
Golf Course Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Concession revenues	\$ 44,247.00	\$ 44,247.00	\$ 48,932.65	\$ 4,685.65
Usage fees	490,311.00	490,311.00	442,888.78	(47,422.22)
Miscellaneous	1,500.00	1,500.00	1,532.30	32.30
Investment revenue	750.00	750.00	1,378.70	628.70
Total revenues	536,808.00	536,808.00	494,732.43	(42,075.57)
EXPENDITURES				
Current:				
Contractual services	53,194.00	52,849.57	51,771.41	1,078.16
General operating expenses	4,490.00	4,490.00	2,036.17	2,453.83
Internal service expense	42,215.00	42,215.00	32,916.23	9,298.77
Material and supplies	101,573.00	102,673.00	97,274.66	5,398.34
Personnel services	391,054.00	391,054.00	360,073.64	30,980.36
Special projects expense	10,000.00	9,244.43	3,422.76	5,821.67
Total current	602,526.00	602,526.00	547,494.87	55,031.13
Total expenditures	602,526.00	602,526.00	547,494.87	55,031.13
Excess (deficiency) of revenues over expenditures	(65,718.00)	(65,718.00)	(52,762.44)	12,955.56
OTHER FINANCING SOURCES (USES)				
Transfers in	65,718.00	173,068.00	151,937.56	(21,130.44)
Total other financing source (uses)	65,718.00	173,068.00	151,937.56	(21,130.44)
Net change in fund balances	-	107,350.00	99,175.12	(8,174.88)
Fund balances - beginning	5,000.00	5,000.00	5,000.00	-
Fund balances - ending	\$ 5,000.00	\$ 112,350.00	\$ 104,175.12	\$ (8,174.88)

See Independent Auditors' Report.

City of Cape Girardeau
Sporting Complexes Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Concession revenues	\$ 61,600.00	\$ 61,600.00	\$ 52,953.90	\$ (8,646.10)
Usage fees	333,111.00	333,111.00	296,805.43	(36,305.57)
Miscellaneous	7,300.00	7,300.00	1,204.21	(6,095.79)
Investment revenue	750.00	750.00	764.71	14.71
Total revenues	<u>402,761.00</u>	<u>402,761.00</u>	<u>351,728.25</u>	<u>(51,032.75)</u>
EXPENDITURES				
Current:				
Contractual services	91,709.00	105,123.60	95,035.53	10,088.07
General operating expenses	3,724.00	2,205.00	1,882.62	322.38
Internal service expense	41,121.00	41,121.00	44,719.59	(3,598.59)
Material and supplies	188,524.00	181,838.40	164,807.45	17,030.95
Personnel services	657,616.00	657,616.00	654,628.32	2,987.68
Special projects expense	77,237.00	72,027.00	67,808.88	4,218.12
Total current	<u>1,059,931.00</u>	<u>1,059,931.00</u>	<u>1,028,882.39</u>	<u>31,048.61</u>
Debt service:				
Principal	23,491.00	23,491.00	23,491.36	(0.36)
Interest	885.00	885.00	1,314.03	(429.03)
Total debt service	<u>24,376.00</u>	<u>24,376.00</u>	<u>24,805.39</u>	<u>(429.39)</u>
Capital outlay:				
Capital Improvement Projects	-	-	14,235.00	(14,235.00)
Total capital outlay	<u>-</u>	<u>-</u>	<u>14,235.00</u>	<u>(14,235.00)</u>
Total expenditures	<u>1,084,307.00</u>	<u>1,084,307.00</u>	<u>1,067,922.78</u>	<u>16,384.22</u>
Excess (deficiency) of revenues over expenditures	<u>(681,546.00)</u>	<u>(681,546.00)</u>	<u>(716,194.53)</u>	<u>(34,648.53)</u>
OTHER FINANCING SOURCES (USES)				
Asset disposition	-	-	3,928.38	3,928.38
Transfers in	681,546.00	878,798.00	880,426.94	1,628.94
Total other financing source (uses)	<u>681,546.00</u>	<u>878,798.00</u>	<u>884,355.32</u>	<u>5,557.32</u>
Net change in fund balances	-	197,252.00	168,160.79	(29,091.21)
Fund balances - beginning	4,982.14	4,982.14	4,982.14	-
Fund balances - ending	<u>\$ 4,982.14</u>	<u>\$ 202,234.14</u>	<u>\$ 173,142.93</u>	<u>\$ (29,091.21)</u>

See Independent Auditors' Report.

City of Cape Girardeau
Indoor Sports Complex Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Concession revenues	\$ 93,172.00	\$ 93,172.00	\$ 74,960.69	\$ (18,211.31)
Usage fees	381,417.00	381,417.00	355,726.00	(25,691.00)
Miscellaneous	-	-	4,940.45	4,940.45
Investment revenue	-	-	526.31	526.31
Total revenues	<u>474,589.00</u>	<u>474,589.00</u>	<u>436,153.45</u>	<u>(38,435.55)</u>
EXPENDITURES				
Current:				
Contractual services	146,710.00	148,507.75	120,508.81	27,998.94
General operating expenses	8,380.00	5,452.25	3,442.24	2,010.01
Internal service expense	12,268.00	12,268.00	9,673.87	2,594.13
Material and supplies	162,576.00	158,346.00	146,537.15	11,808.85
Personnel services	489,755.00	489,755.00	415,511.88	74,243.12
Special projects expense	26,436.00	31,796.00	19,761.87	12,034.13
Total current	<u>846,125.00</u>	<u>846,125.00</u>	<u>715,435.82</u>	<u>130,689.18</u>
Debt service:				
Interest	-	-	2,105.91	(2,105.91)
Total debt service	<u>-</u>	<u>-</u>	<u>2,105.91</u>	<u>(2,105.91)</u>
Capital outlay:				
Equipment	-	-	15,478.00	(15,478.00)
Other capital expenditures	-	-	18,609.00	(18,609.00)
Total capital outlay	<u>-</u>	<u>-</u>	<u>34,087.00</u>	<u>(34,087.00)</u>
Total expenditures	<u>846,125.00</u>	<u>846,125.00</u>	<u>751,628.73</u>	<u>94,496.27</u>
Excess (deficiency) of revenues over expenditures	<u>(371,536.00)</u>	<u>(371,536.00)</u>	<u>(315,475.28)</u>	<u>56,060.72</u>
OTHER FINANCING SOURCES (USES)				
Contributed cap - other	-	-	30,800.00	30,800.00
Transfers in	<u>371,536.00</u>	<u>484,186.00</u>	<u>391,581.12</u>	<u>(92,604.88)</u>
Total other financing source (uses)	<u>371,536.00</u>	<u>484,186.00</u>	<u>422,381.12</u>	<u>(61,804.88)</u>
Net change in fund balances	-	112,650.00	106,905.84	(5,744.16)
Fund balances - beginning	<u>15,744.16</u>	<u>15,744.16</u>	<u>15,744.16</u>	<u>-</u>
Fund balances - ending	<u>\$ 15,744.16</u>	<u>\$ 128,394.16</u>	<u>\$ 122,650.00</u>	<u>\$ (5,744.16)</u>

See Independent Auditors' Report.

City of Cape Girardeau
Information Technology Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Internal charges	\$ 716,000.00	\$ 716,000.00	\$ 716,000.00	\$ -
Investment revenue	-	-	356.80	356.80
Total revenues	<u>716,000.00</u>	<u>716,000.00</u>	<u>716,356.80</u>	<u>356.80</u>
EXPENDITURES				
Current:				
Contractual services	202,874.00	243,074.00	245,863.21	(2,789.21)
General operating expenses	6,950.00	3,250.00	2,320.72	929.28
Material and supplies	89,367.00	129,517.00	106,710.49	22,806.51
Personnel services	<u>279,609.00</u>	<u>289,909.00</u>	<u>284,881.59</u>	<u>5,027.41</u>
Total current	<u>578,800.00</u>	<u>665,750.00</u>	<u>639,776.01</u>	<u>25,973.99</u>
Capital outlay:				
Equipment	<u>137,200.00</u>	<u>112,550.00</u>	<u>132,509.75</u>	<u>(19,959.75)</u>
Total capital outlay	<u>137,200.00</u>	<u>112,550.00</u>	<u>132,509.75</u>	<u>(19,959.75)</u>
Total expenditures	<u>716,000.00</u>	<u>778,300.00</u>	<u>772,285.76</u>	<u>6,014.24</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(62,300.00)</u>	<u>(55,928.96)</u>	<u>6,371.04</u>
OTHER FINANCING SOURCES (USES)				
Asset disposition	-	-	185.00	185.00
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>185.00</u>	<u>185.00</u>
Net change in fund balances	-	(62,300.00)	(55,743.96)	6,556.04
Fund balances - beginning	204,671.79	204,671.79	204,671.79	-
Prior period adjustment	6,326.00	6,326.00	6,326.00	-
Fund balances - ending	<u>\$ 210,997.79</u>	<u>\$ 148,697.79</u>	<u>\$ 155,253.83</u>	<u>\$ 6,556.04</u>

See Independent Auditors' Report.

City of Cape Girardeau
Fleet Management Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 314.41	\$ 314.41
Charges for services	10,000.00	10,000.00	12,741.31	2,741.31
Internal charges	1,517,300.00	1,517,300.00	1,507,934.09	(9,365.91)
Miscellaneous	-	-	1,804.23	1,804.23
Investment revenue	2,528.00	2,528.00	6,586.44	4,058.44
Total revenues	<u>1,529,828.00</u>	<u>1,529,828.00</u>	<u>1,529,380.48</u>	<u>(447.52)</u>
EXPENDITURES				
Current:				
Contractual services	289,933.00	381,675.24	320,200.16	61,475.08
General operating expenses	5,050.00	6,343.00	6,318.13	24.87
Internal service expense	7,157.00	7,157.00	7,157.00	-
Material and supplies	538,679.00	485,643.76	479,565.09	6,078.67
Personnel services	689,009.00	689,009.00	682,130.01	6,878.99
Special projects expense	-	-	4,619.60	(4,619.60)
Total current	<u>1,529,828.00</u>	<u>1,569,828.00</u>	<u>1,499,989.99</u>	<u>69,838.01</u>
Total expenditures	<u>1,529,828.00</u>	<u>1,569,828.00</u>	<u>1,499,989.99</u>	<u>69,838.01</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(40,000.00)</u>	<u>29,390.49</u>	<u>69,390.49</u>
OTHER FINANCING SOURCES (USES)				
Compensation for damages	-	-	14,482.60	14,482.60
Asset disposition	16,743.00	16,743.00	18,220.20	1,477.20
Transfers out	(16,743.00)	(16,743.00)	(19,415.20)	(2,672.20)
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>13,287.60</u>	<u>13,287.60</u>
Net change in fund balances	-	(40,000.00)	42,678.09	82,678.09
Fund balances - beginning	<u>261,277.10</u>	<u>261,277.10</u>	<u>261,277.10</u>	<u>-</u>
Fund balances - ending	<u>\$ 261,277.10</u>	<u>\$ 221,277.10</u>	<u>\$ 303,955.19</u>	<u>\$ 82,678.09</u>

See Independent Auditors' Report.

City of Cape Girardeau
Employee Benefits Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	\$ 30,000.00	\$ 30,000.00	\$ 15,334.89	\$ (14,665.11)
Internal charges	4,187,005.00	4,187,005.00	4,154,374.76	(32,630.24)
Miscellaneous	-	-	746.81	746.81
Investment revenue	30,000.00	30,000.00	50,026.85	20,026.85
Total revenues	<u>4,247,005.00</u>	<u>4,247,005.00</u>	<u>4,220,483.31</u>	<u>(26,521.69)</u>
EXPENDITURES				
Current:				
Contractual services	4,175,255.00	4,175,255.00	3,640,797.70	534,457.30
General operating expenses	25,000.00	22,500.00	10,172.22	12,327.78
Material and supplies	-	2,500.00	1,889.98	610.02
Special projects expense	20,000.00	20,000.00	1,530.02	18,469.98
Total current	<u>4,220,255.00</u>	<u>4,220,255.00</u>	<u>3,654,389.92</u>	<u>565,865.08</u>
Total expenditures	<u>4,220,255.00</u>	<u>4,220,255.00</u>	<u>3,654,389.92</u>	<u>565,865.08</u>
Excess (deficiency) of revenues over expenditures	<u>26,750.00</u>	<u>26,750.00</u>	<u>566,093.39</u>	<u>539,343.39</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(26,750.00)	(26,750.00)	(26,750.00)	-
Total other financing source (uses)	<u>(26,750.00)</u>	<u>(26,750.00)</u>	<u>(26,750.00)</u>	<u>-</u>
Net change in fund balances	-	-	539,343.39	539,343.39
Fund balances - beginning	<u>2,751,486.93</u>	<u>2,751,486.93</u>	<u>2,751,486.93</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,751,486.93</u>	<u>\$ 2,751,486.93</u>	<u>\$ 3,290,830.32</u>	<u>\$ 539,343.39</u>

See Independent Auditors' Report.

City of Cape Girardeau
Worker's Compensation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Internal charges	\$ 583,492.00	\$ 583,492.00	\$ 585,564.19	\$ 2,072.19
Investment revenue	16,562.00	16,562.00	23,666.46	7,104.46
Total revenues	600,054.00	600,054.00	609,230.65	9,176.65
EXPENDITURES				
Current:				
Contractual services	547,554.00	547,554.00	677,516.70	(129,962.70)
General operating expenses	50,000.00	50,000.00	63,199.94	(13,199.94)
Material and supplies	2,500.00	2,500.00	-	2,500.00
Total current	600,054.00	600,054.00	740,716.64	(140,662.64)
Total expenditures	600,054.00	600,054.00	740,716.64	(140,662.64)
Excess (deficiency) of revenues over expenditures	-	-	(131,485.99)	(131,485.99)
Net change in fund balances	-	-	(131,485.99)	(131,485.99)
Fund balances - beginning	1,245,184.99	1,245,184.99	1,245,184.99	-
Fund balances - ending	\$ 1,245,184.99	\$ 1,245,184.99	\$ 1,113,699.00	\$ (131,485.99)

See Independent Auditors' Report.

City of Cape Girardeau
General Equipment Replacement
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Internal charges	\$ 355,515.00	\$ 355,515.00	\$ 345,382.77	\$ (10,132.23)
Investment revenue	15,000.00	15,000.00	23,778.40	8,778.40
Total revenues	370,515.00	370,515.00	369,161.17	(1,353.83)
EXPENDITURES				
Current:				
Material and supplies	-	-	11.31	(11.31)
Total current	-	-	11.31	(11.31)
Capital outlay:				
Equipment	220,800.00	220,800.00	201,109.90	19,690.10
Total capital outlay	220,800.00	220,800.00	201,109.90	19,690.10
Total expenditures	220,800.00	220,800.00	201,121.21	19,678.79
Excess (deficiency) of revenues over expenditures	149,715.00	149,715.00	168,039.96	18,324.96
OTHER FINANCING SOURCES (USES)				
Asset disposition	20,000.00	20,000.00	29,550.00	9,550.00
Total other financing source (uses)	20,000.00	20,000.00	29,550.00	9,550.00
Net change in fund balances	169,715.00	169,715.00	197,589.96	27,874.96
Fund balances - beginning	1,400,504.46	1,400,504.46	1,400,504.46	-
Fund balances - ending	<u>\$ 1,570,219.46</u>	<u>\$ 1,570,219.46</u>	<u>\$ 1,598,094.42</u>	<u>\$ 27,874.96</u>

See Independent Auditors' Report.

City of Cape Girardeau
Riverfront Region Economic Development
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 195,000.00	\$ 195,000.00	\$ 194,893.07	\$ (106.93)
Investment revenue	-	-	14,177.06	14,177.06
Total revenues	195,000.00	195,000.00	209,070.13	14,070.13
EXPENDITURES				
Current:				
Development Services	140,000.00	140,000.00	141,672.50	(1,672.50)
Total current	140,000.00	140,000.00	141,672.50	(1,672.50)
Capital outlay:				
Development Services	250,000.00	250,000.00	-	250,000.00
Total capital outlay	250,000.00	250,000.00	-	250,000.00
Total expenditures	390,000.00	390,000.00	141,672.50	248,327.50
Excess (deficiency) of revenues over expenditures	(195,000.00)	(195,000.00)	67,397.63	262,397.63
OTHER FINANCING SOURCES (USES)				
Transfers in	195,000.00	195,000.00	194,273.53	(726.47)
Transfers in	-	-	(150,000.00)	(150,000.00)
Total other financing source (uses)	195,000.00	195,000.00	44,273.53	(150,726.47)
Net change in fund balances	-	-	111,671.16	111,671.16
Fund balances - beginning	858,670.69	858,670.69	858,670.69	-
Fund balances - ending	\$ 858,670.69	\$ 858,670.69	\$ 970,341.85	\$ 111,671.16

See Independent Auditors' Report.

City of Cape Girardeau
Transportation Sales Tax Trust Fund IV
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Investment revenue	\$ -	\$ -	\$ 35,698.61	\$ 35,698.61
Total revenues	-	-	35,698.61	35,698.61
EXPENDITURES				
Capital outlay:				
Capital Improvement Projects	-	450,000.00	357,980.38	92,019.62
Total capital outlay	-	450,000.00	357,980.38	92,019.62
Total expenditures	-	450,000.00	357,980.38	92,019.62
Excess (deficiency) of revenues over expenditures	-	(450,000.00)	(322,281.77)	127,718.23
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	238,673.00	238,673.00
Transfers out	(650,000.00)	(650,000.00)	(650,000.00)	-
Total other financing source (uses)	(650,000.00)	(650,000.00)	(411,327.00)	238,673.00
Net change in fund balances	(650,000.00)	(1,100,000.00)	(733,608.77)	366,391.23
Fund balances - beginning	1,550,054.62	1,550,054.62	1,550,054.62	-
Fund balances - ending	\$ 900,054.62	\$ 450,054.62	\$ 816,445.85	\$ 366,391.23

See Independent Auditors' Report.

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

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

Honorable Mayor and Members of the City Council
City of Cape Girardeau, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Cape Girardeau, 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 Cape Girardeau, Missouri's major federal programs for the year ended June 30, 2018. The City of Cape Girardeau, Missouri's major federal programs are 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 Cape Girardeau, 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 Cape Girardeau, 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 Cape Girardeau, Missouri's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the City of Cape Girardeau, 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 Cape Girardeau, 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 Cape Girardeau, Missouri's internal control over compliance.

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 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Cape Girardeau, Missouri
February 8, 2019

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

Honorable Mayor and Members of the City Council
City of Cape Girardeau, 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 Cape Girardeau, Missouri as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Cape Girardeau, Missouri's basic financial statements, and have issued our report thereon dated February 8, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Cape Girardeau, Missouri
February 8, 2019

City of Cape Girardeau, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF DEFENSE:</u>			
Loan of DOD Property (non-cash)	12.UNKNOWN	N/A	\$ 100,000
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT :</u>			
Passed Through Missouri Department of Economic Development - Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	2008-DN-02 2008-DN-301	\$ 257,357 <u>349,889</u> \$ 607,246
Passed Through Missouri Housing Development Commission - Emergency Solutions Grant Program	14.231	18-714-E 17-721-E	\$ 43,633 <u>87,013</u> <u>130,646</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ <u>737,892</u>
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,048
Public Safety Partnership and Community Policing Grants	16.710	N/A	125,644
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>20,199</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ <u>148,891</u>

The Accompanying Notes to the Schedule of Expenditures of Federal Awards
Are an Integral Part of This Report.

City of Cape Girardeau, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>	
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Passed Through Missouri Department of Transportation - Airport Improvement Program (1)	20.106	14-077A-2 15-077A-1 16-077A-1	\$ 333,547 420,143 <u>646,532</u>	\$ 1,400,222
Highway Planning and Construction	20.205	TAP-1500(023) ER-1518(005) STP-1500(022) MO-81-0013	\$ 21,740 1,343,486 13,456 94,185	
Passed Through Illinois Department of Transportation - Highway Planning and Construction	20.205	SPR-PL-3000(48)	<u>2,341</u>	1,475,208
Passed Through Missouri Department of Transportation - Highway Safety Cluster: State and Community Highway Safety	20.600	17-PT-02-097 18-PT-02-019 17-SA-09-001 18-SA-09-001 17-CP-09-003 18-CP-09-003	\$ 4,447 2,883 15,147 39,918 97,410 <u>85,970</u>	245,775
National Priority Safety Programs	20.616	17-M5HVE-03-038 17-M5HVE-03-039	\$ 1,594 <u>3,128</u>	<u>4,722</u>
Total Highway Safety Cluster				250,497
Alcohol Open Container Requirements	20.607	18-154-AL-181 18-154-AL-018 18-154-AL-019	\$ 23,890 7,700 <u>3,102</u>	<u>34,692</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$	3,160,619

The Accompanying Notes to the Schedule of Expenditures of Federal Awards
Are an Integral Part of This Report.

City of Cape Girardeau, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Number</u>	<u>Disbursements</u>
<u>DELTA REGIONAL AUTHORITY:</u>			
Delta Area Economic Development	90.201	N/A	\$ 95,000
TOTAL DELTA REGIONAL AUTHORITY			\$ 95,000
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>			
Passed Through the Missouri State Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters	97.036	FEMA-4317-DR-MO	\$ 938
Assistance to Firefighters Grant (1)	97.044		884,910
Passed Through Missouri Office of Homeland Security - Homeland Security Grant Program	97.067	EMW-2016-SS-00049 EMW-2015-SS-00020-019 EMW-2017-SS-00047	\$ 35,204 36,755 <u>12,085</u> 84,044
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0216HSLR823	<u>18,288</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			\$ 988,180
TOTAL FEDERAL AWARDS			\$ <u>5,230,582</u>

(1) Identified major program.

The Accompanying Notes to the Schedule of Expenditures of Federal Awards
Are an Integral Part of This Report.

City of Cape Girardeau, Missouri
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Purpose of Schedule and Reporting Entity:

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Cape Girardeau, Missouri under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Cape Girardeau, Missouri

B. Basis of Presentation:

The Schedule is presented in accordance with the Uniform Guidance, which defines federal financial assistance “...assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.”

C. Basis of Accounting:

The Schedule is presented on the modified accrual basis of accounting, which recognizes expenditures when liabilities for goods and services are incurred. This is the same basis of accounting presented in the financial statements.

D. Indirect Cost Rate:

The City’s grant programs involve reimbursement of the City’s actual costs of administering the programs, and therefore, the City is not reimbursed for indirect costs and does not apply any indirect cost rate.

City of Cape Girardeau, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of report issued on whether the financial statements
audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes X no
- Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes X no
- Significant deficiencies identified that are not
considered to be material weaknesses? yes X none reported

Type of Auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516 (A)? yes X no

Identification of major programs.

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
97.044	Assistance to Firefighters Grant Program

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee: X yes no

2. FINANCIAL STATEMENT FINDINGS:

No findings were noted that are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No findings or questioned costs were noted that are required to be reported.



FINANCE DIRECTOR

CITY HALL
P.O. BOX 617
CAPE GIRARDEAU, MO 63702-0617

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2018

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

1. FINANCIAL STATEMENT FINDINGS:

No findings were noted that are required to be reported.

2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No Federal findings were reported in the prior year.

APPENDIX B

SUMMARY OF THE BOND ORDINANCE

Definitions

In addition to words and terms defined elsewhere herein, the following capitalized words and terms as used in the Bond Ordinance and in this Official Statement shall have the following meanings:

“Act” means Chapter 91 of the Revised Statutes of Missouri, as amended.

“Bond Counsel” means Gilmore & Bell, P.C., St. Louis, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Ordinance” means the Bond Ordinance of the City authorizing the issuance of the Bonds, as it may be amended from time to time in accordance with the terms thereof.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Paying Agent.

“Bondowner,” “Owner” or “Registered Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

“Bonds” means the City’s Waterworks System Refunding Revenue Bonds, Series 2019, in the original aggregate principal amount of \$8,650,000, authorized and issued pursuant to the Bond Ordinance.

“Business Day” means a day, other than a Saturday, Sunday or holiday, on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“City” means the City of Cape Girardeau, Missouri, and any successors or assigns.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

“Consultant” means an independent engineer or engineering firm having a favorable reputation for skill and experience in the construction, financing and operation of public utilities and the preparation of management studies and financial feasibility studies in connection therewith, selected by the City for the purpose of carrying out the duties imposed on the Consultant by the Bond Ordinance.

“Costs of Issuance Account” means the account by that name ratified in the Bond Ordinance.

“Debt Service Account” means the account by that name created by the Bond Ordinance.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on all System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set

aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers.

“Defeasance Obligations” means any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
 - (1) the obligations are (A) not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
 - (3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations, plus any cash in the escrow fund, are sufficient to meet the liabilities of the obligations;
 - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
 - (5) such cash and United States Government Obligations serving as security for the obligations, are not available to satisfy any other claims, including those against the trustee or escrow agent; and
 - (6) the obligations are rated in the same rating category or higher as United States Government Obligations by a nationally recognized rating service.

“Depreciation and Replacement Account” means the account by that name referred to in the Bond Ordinance.

“Escrow Agent” means UMB Bank, N.A., St. Louis, Missouri, and any successors or assigns.

“Escrow Agreement” means the Escrow Trust Agreement between the City and the Escrow Agent.

“Escrow Fund” means the fund by that name referred to in the Bond Ordinance.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, deposits required to be made to a rebate fund for any System Revenue Bonds, short-term obligations incurred and payable within a particular fiscal year, other obligations or indebtedness

incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System.

“Interest Payment Date” means the Stated Maturity of an installment of interest on any Bond.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for optional or mandatory redemption or otherwise.

“Net Revenues” means all Revenues less all Expenses.

“Operation and Maintenance Account” means the account by that name ratified in the Bond Ordinance.

“Outstanding” means, when used with reference to Bonds, as of any particular date, all Bonds theretofore issued and delivered under the Bond Ordinance, except the following Bonds:

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

“Parity Bonds” means the Series 2010 Bonds, the Series 2012A Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to the Bond Ordinance and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

“Paying Agent” means UMB Bank, N.A., St. Louis, Missouri, and any successors and assigns.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City’s moneys held in the funds and accounts referred to in the Bond Ordinance:

- (a) United States Government Obligations;
- (b) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;
- (c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;
- (d) obligations of the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land

Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c) above, inclusive, which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and

(f) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

“Person” means any natural person, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Purchaser” means Commerce Bank, Kansas City, Missouri, the original purchaser of the Bonds.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Ordinance.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the Bond Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Revenue Fund” means the fund by that name ratified in the Bond Ordinance.

“Revenues” means all income and revenues derived from the operation of the System, including investment income, sales tax revenues which have been annually appropriated by the City or which are limited solely to the payment of improvements to or expenses of the System, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and any other moneys of the City which have been appropriated by the City Council to pay expenses of the System or other Debt Service Requirements.

“Series 2010 Bonds” means the City’s Waterworks System Revenue Bonds (State of Missouri – Direct Loan Program – ARRA), Series 2010.

“Series 2012A Bonds” means the City’s Waterworks System Refunding Revenue Bonds, Series 2012A.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“System” means the entire waterworks plant and system owned and operated by the City for the production, storage, treatment and distribution of water, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“System Revenue Bonds” means, collectively, the Bonds, the Parity Bonds and all other revenue bonds or other obligations which are payable out of, or secured by the Net Revenues of the System.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the same rating category or higher as the United States of America by a nationally recognized rating service and such obligations are held in a custodial account for the City’s benefit.

Establishment of Funds and Accounts

The Bond Ordinance creates or ratifies and orders to be established and maintained in the treasury of the City the following separate funds and accounts:

- (a) Waterworks System Revenue Fund (the “Revenue Fund”).
- (b) Waterworks System Operation and Maintenance Account (the “Operation and Maintenance Account”).
- (c) Debt Service Account for Waterworks System Refunding Revenue Bonds, Series 2019 (the “Debt Service Account”).
- (d) Waterworks System Depreciation and Replacement Account (the “Depreciation and Replacement Account”).
- (e) Waterworks System Costs of Issuance Account (the “Costs of Issuance Account”).

In addition to the funds described above, the Escrow Agreement establishes the Escrow Fund to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement.

Application of Revenues

All of the Revenues derived and collected from the operation of the System shall as and when received be paid and deposited into the Revenue Fund unless otherwise specifically provided by the Bond Ordinance. On the first day of each month, the City will administer and allocate all of the moneys then held in the Revenue Fund as follows:

- (a) *Operation and Maintenance.* There shall first be paid and credited from month to month as a first charge against the Revenue Fund the Expenses of the System as the same become due and payable.
- (b) *Debt Service Account.* There shall next be paid and credited monthly to the Debt Service Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:
 - (1) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter to and including June 1, 2020, an equal pro rata portion of the amount of interest becoming due on the Bonds on July 1, 2020, and thereafter, beginning on July 1, 2020, and continuing on the first day of each month thereafter so long as any of the

Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter to and including December 1, 2020, an equal pro rata portion of the amount of principal becoming due on the Bonds on January 1, 2021, and thereafter, beginning on January 1, 2021, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Bonds on the next succeeding Maturity date.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Account and to the debt service accounts established to pay the principal of and interest on the Parity Bonds, the available moneys in the Revenue Fund shall be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

(c) *Depreciation and Replacement Account.* Except as provided under the section **“Transfer of Funds to Paying Agent,”** moneys in the Depreciation and Replacement Account shall be expended and used by the City, if no other funds are available therefor, solely for the purpose of making emergency repairs and replacements in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof. So long as the Depreciation and Replacement Account aggregates the sum of \$150,000, no payments into said Account shall be required, but if the City is ever required to expend a part of the moneys in said Account for its authorized purposes and such expenditure reduces the amount of said Account below the sum of \$150,000, then the City shall make monthly payments of \$2,500 into said Account until said Account again aggregates the sum of \$150,000.

(d) *Surplus Moneys.* After all payments and credits required at the time to be made under the provisions of paragraphs (a), (b) and (c) of this Section have been made, all moneys remaining in the Revenue Fund may be expended and used for the following purposes as determined by the governing body of the City:

(1) Paying the cost of the operation, maintenance and repair of the System to the extent that may be necessary after the application of the moneys held in the Operation and Maintenance Account under the provisions of paragraph (a) of this Section;

(2) Paying the cost of extending, enlarging or improving the System;

(3) Preventing default in, anticipating payments into or increasing the amounts in the Debt Service Account or the Depreciation and Replacement Account referred to in paragraphs (b) and (c) of this Section, or any one of them, or establishing or increasing the amount of any debt service account or debt service reserve account created by the City for the payment of the Parity Bonds;

(4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the Redemption Price (if any bonds are callable), the Bonds or the Parity Bonds, including principal, interest and redemption premium, if any;

(5) Any other lawful purpose in connection with the operation of the System and benefiting the System; or

- (6) Any lawful purpose of the City.

Transfer of Funds to Paying Agent

The Finance Director or other authorized officer of the City is hereby authorized and directed to withdraw from the Debt Service Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the Depreciation and Replacement Account as provided in the Bond Ordinance, sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. If, through lapse of time, or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance.

Payments Due on Saturdays, Sundays and Holidays

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Nonpresentment of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall, without liability for interest thereon, repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Deposit and Investment of Moneys

Moneys in each of the funds and accounts created by and referred to in the Bond Ordinance must be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits must be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri. Moneys held in said funds and accounts may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account. In determining the amount held in any fund or account under any of the provisions of the Bond Ordinance, obligations shall be valued at the lower of the cost or the market value thereof. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of the Bond Ordinance, the City shall direct that such excess be paid and credited to the Revenue Fund.

Efficient and Economical Operation

The City will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

Rate Covenant

See the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Bond Ordinance – *Rate Covenant***” in this Official Statement.

Reasonable Charges for all Services

None of the facilities or services provided by the System will be furnished to any user (excepting the City itself) without a reasonable charge being made therefor. If the Revenues derived from the System are at any time insufficient to pay the reasonable Expenses of the System and also to pay all interest on and principal of the Bonds as and when the same become due, then the City will thereafter pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all services furnished to the City or any of its departments by the System, and such payments will continue so long as the same may be necessary in order to prevent or reduce the amount of any default in the payment of the interest on or principal of the Bonds.

Restrictions on Mortgage or Sale of System

The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may:

(a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redeem Outstanding Bonds in accordance with the provisions governing repayment of Bonds in advance of Stated Maturity, or (2) replace the property so disposed of by other property the revenues of which shall be incorporated into the System as provided in the Bond Ordinance;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City;

(c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee as described in this subparagraph (c) shall not be treated as part of the System for purposes of this Section and may be mortgaged, pledged or otherwise encumbered; and

(d) sell, lease or convey all or substantially all of the System to another entity or enter into a management contract with another entity if:

(1) The transferee entity is a political subdivision organized and existing under the laws of the State of Missouri, or instrumentality thereof, or an organization described in Section 501(c)(3) of the Code, and expressly assumes in writing the due and punctual payment of the principal of and premium, if any, and interest on all outstanding System Revenue Bonds

according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Bond Ordinance;

(2) If there remains unpaid any System Revenue Bond which bears interest that is not includable in gross income under the Code, the City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, to the effect that under then existing law the consummation of such sale, lease or conveyance, whether or not contemplated on any date of the delivery of such System Revenue Bond, would not cause the interest payable on such System Revenue Bond to become includable in gross income under the Code;

(3) The City receives a certificate of the Consultant which demonstrates and certifies that immediately upon such sale or conveyance the transferee entity will not, as a result thereof, be in default in the performance or observance of any covenant or agreement to be performed or observed by it under the Bond Ordinance;

(4) Such transferee entity possesses such licenses to operate the System as may be required if it is to operate the System; and

(5) The City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, as conclusive evidence that any such sale, lease or conveyance, and any such assumption, is permitted by law and complies with the provisions of the Bond Ordinance.

Insurance

The City will carry and maintain insurance with respect to the System and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability, business interruption or workers' compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other enterprises engaged in similar activities of comparable size and similarly situated.

Books, Records and Accounts

The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System.

Annual Budget

Prior to the commencement of each fiscal year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding fiscal year. The City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the Purchaser of the Bonds, upon request. Said annual budget shall be prepared in accordance with the requirements of the laws of Missouri and shall contain all information that is required by such laws.

Annual Audit

Not later than the last day of the sixth month after the end of the fiscal year, the City will cause an audit to be made of the System for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such fiscal year and shall evidence compliance with the rate covenant contained in the Bond Ordinance.

Within 30 days after the completion of the audit, a copy thereof shall be filed in the office of the City Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser, upon request. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of the Bond Ordinance and the Act, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Right of Inspection

The Purchaser and any Registered Owner or Owners of not less than 10% of the principal amount of the Bonds then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the System and the operation thereof which the Purchaser or such Registered Owner or Owners may reasonably request.

Parity Lien Bonds

See the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Bond Ordinance – *Parity Obligations***” in this Official Statement.

Junior Lien Bonds and Other Obligations

The City may issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the facility and benefiting the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the Net Revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations the City is not in default in the performance of any covenant or agreement contained in the Bond Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City is in default in making any payments required to be made by it under the Bond Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the Revenue Fund.

Acceleration of Maturity Upon Default

The City covenants and agrees that if it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of the Bond Ordinance or of the Constitution or statutes of the State of Missouri, and such default continues 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 not less than 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Bond Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the

principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of the Bond Ordinance and under the provisions of the statutes of the State of Missouri have 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 given as hereinbefore described, 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 Remedies

The provisions of the Bond Ordinance, including the covenants and agreements contained therein, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

Limitation on Rights of Bondowners

No one or more Bondowners secured by the Bond Ordinance shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for therein, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

Remedies Cumulative

No remedy conferred in the Bond Ordinance upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred in the Bond Ordinance. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by the Bond Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights under the Bond Ordinance, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

Defeasance

When any or all of the Bonds or the interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and the pledge of Net Revenues made thereunder and all other rights granted thereby shall terminate with respect to the Bonds or interest payments so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with the Bond Ordinance.

In the event the Bonds are not redeemed within 90 days of the deposit referred to in the paragraph above, in order to accomplish defeasance of the Bonds, the City shall cause to be delivered to the Paying Agent (1) a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay the Bonds in full at Maturity ("Verification Report"), (2) an escrow trust agreement between the City and an escrow agent, and (3) an opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under the Bond Ordinance; each Verification Report and defeasance opinion shall be acceptable in form and substance, and addressed to the City. Bonds shall be deemed "Outstanding" under the Bond Ordinance unless and until they are in fact paid and retired or the criteria of this Section are met.

Amendments

The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond; (c) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Bonds or Parity Bonds; (d) permit preference or priority of any Bonds over any other Bonds; (e) alter the optional Redemption Date of any Bond; or (f) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Without notice to or the consent of any Bondowners, the City may amend or supplement the Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

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