

City of Crestwood, Missouri

Financial Statements

For The Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Alderman
City of Crestwood, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Crestwood, Missouri, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Crestwood, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Crestwood, Missouri, as of December 31, 2020, and the respective changes in financial position, 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, schedule of changes in net pension liability and ratios, schedule of contributions, schedule of changes in other post employment benefit liability and related ratios, and schedule of contributions – post employment benefit liability as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crestwood, Missouri's basic financial statements. The budgetary comparison schedule - Capital Improvement Fund is presented for purposes of additional analysis and is 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 schedule of federal expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedule - Capital Improvement Fund is not a required part of the basic financial statements and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the City of Crestwood, 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 Crestwood, 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 Crestwood, Missouri's internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA
Saint Louis, Missouri
March 29, 2021

City of Crestwood, Missouri
Management's Discussion and Analysis
December 31, 2020

The discussion and analysis of the City of Crestwood, Missouri's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2020. It should be read in conjunction with the accompanying basic financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Crestwood, Missouri's finances, in a manner similar to a private-sector business. Please note that these government-wide financial statements exclude fiduciary fund activities.

The *statement of net position* presents information on all of the City of Crestwood's assets and liabilities, with the difference between the two 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 of Crestwood, Missouri is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The Government-wide financial statements distinguish functions of the City of Crestwood, Missouri 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 Crestwood, Missouri include general government, municipal court, police, fire, parks, and public works. The City does not have any business-type activities.

The government-wide financial statements include only the City of Crestwood, Missouri itself (known as the *primary government*), as the City does not have any component units to be included herein.

The government-wide financial statements can be found on pages 4 through 5 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 Crestwood, Missouri, 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 of Crestwood, Missouri are major governmental funds.

Governmental Funds

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

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

The City of Crestwood, Missouri maintains four individual governmental funds. 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 Fund, Parks and Stormwater Fund, Sewer Lateral Fund and Capital Improvements Fund, all of which are considered major funds.

The City of Crestwood, Missouri, adopts an annual appropriated budget for its General Fund, Parks and Stormwater Fund, Sewer Lateral Fund and Capital Improvements Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 6 through 9 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 10 through 26 of this report.

Required Supplementary Information

In addition to the financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the General, Parks and Stormwater, Sewer Lateral, pension trend information, and OPEB information.

The required supplementary information can be found on pages 27 through 35 of this report.

Supplemental Information

The budgetary comparison schedule for the Capital Improvements fund and the Schedule of Expenditures of Federal Awards and related notes can be found on page 36-38.

Financial Analysis of the City as a whole

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

The City's net position was \$33,500,411 as of December 31, 2020. This analysis focuses on the net position and changes in revenues and expenses of the City's governmental activities.

Statement of Net Position

	2020	2019	Increase (Decrease)
Assets			
Current and other assets	\$ 10,933,417	\$ 10,717,804	\$ 215,613
Noncurrent assets	26,313,128	26,902,654	(589,526)
Total assets	<u>37,246,545</u>	<u>37,620,458</u>	<u>(373,913)</u>
Deferred outflows of resources	<u>1,435,854</u>	<u>464,844</u>	<u>971,010</u>
Liabilities			
Current liabilities	906,785	496,317	410,468
Long-term liabilities	3,249,943	1,231,419	2,018,524
Total liabilities	<u>4,156,728</u>	<u>1,727,736</u>	<u>2,428,992</u>
Deferred inflows of resources	<u>1,025,260</u>	<u>1,881,043</u>	<u>(855,783)</u>
Net position			
Net investment in capital assets	19,935,719	20,663,269	(727,550)
Restricted	2,822,031	2,676,319	145,712
Unrestricted	10,742,661	11,136,935	(394,274)
Total net position	<u>\$ 33,500,411</u>	<u>\$ 34,476,523</u>	<u>\$ (976,112)</u>

Governmental Activities decreased the City's net position by \$976,112. The key elements of this decrease are as follows:

Statement of Activities			
	2020	2019	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 1,345,753	\$ 1,826,247	\$ (480,494)
Operating and capital grants	1,177,750	422,640	755,110
General revenues			
Taxes	10,464,331	10,753,281	(288,950)
Miscellaneous	615,311	722,842	(107,531)
Investment earnings	107,722	128,485	(20,763)
Total revenues	<u>13,710,867</u>	<u>13,853,495</u>	<u>(142,628)</u>
Expenses			
General government	2,059,443	2,045,868	13,575
Public works	3,062,475	2,800,200	262,275
Public safety - Police	3,579,764	3,251,664	328,100
Public safety - Fire	4,305,990	3,225,027	1,080,963
Parks and recreation	1,679,307	1,756,207	(76,900)
Total expenses	<u>14,686,979</u>	<u>13,078,966</u>	<u>1,608,013</u>
Change in net position	<u>\$ (976,112)</u>	<u>\$ 774,529</u>	<u>\$ (1,750,641)</u>

Governmental Funds

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

At the end of 2020 the unassigned fund balance of the general fund was \$6,250,520, while the total fund balance was \$9,643,584. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 55.9% of total general fund expenditures.

The fund balance in the City's general fund decreased by \$411,664 or 5.7% from the prior year fund balance.

General Fund Budgetary Highlights

The General Fund finished fiscal year 2020 with a deficit of \$411,664, which was better than the revised budgeted deficit of \$1,129,460. Overall revenue finished \$501,453 better than originally projected, and expenditures were \$216,343 less than originally projected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City, like many surrounding municipalities, has experienced the long-term impact of a declining economy, particularly in the Watson Road business corridor. While the economy has improved over the last couple of years, there are still challenges that the City faces, such as maintaining high public safety and service levels, while experiencing overall flat to declining revenue streams and a declining retail base.

In 2015 the City accepted a proposal from Urban Street/Crestwood Missouri Partners to redevelop the Crestwood Court mall site into a mixed use project involving commercial, retail, and residential components. The former Mall property represents a significant commercial development that has been unproductive for several years. In April 2016, the City executed a redevelopment agreement for the mall site with Crestwood Missouri Partners. This led to the demolition of the mall structure, but a full redevelopment was not started. In 2018 Walpert Properties had the site under contract, and this group began attempting redevelopment. In 2020, due to the impact of COVID-19, Walpert indicated they were not proceeding with redevelopment activities. The City issued a request for redevelopment proposals in June 2020, and selected a development partnership between Dierberg's Markets and McBride Homes. The developers propose to build a mixed-use commercial and residential development. Currently the developers and the City are investigating the use of public financing tools. Through the use of these tools, the developers will fund and construct the project, and an as-yet undetermined portion of the costs would be eligible for reimbursement. The reimbursement only occurs if revenues (property, economic activity, sales taxes) are generated in the future. When completed, the City will benefit from a hopeful resurgence of retail activity along the Watson Road corridor resulting from this project.

In 2020, the global economy was impacted by the COVID-19 pandemic. Crestwood weathered the economic crisis. The City's economic base – anchored by groceries and Sam's Club – performed reasonably well during the pandemic. The City cut back on some capital expenditures, but was able to avoid layoffs of any full-time employees. Additionally, the allocation of federal assistance via CARES Act funds helped the City protect its financial position. That said, for 2021 it is anticipated that COVID will continue to negatively affect city revenue streams.

Due to both the uncertainty caused by COVID, as well as the as-yet unbuilt redevelopment of the Mall site, the City will continue to conservatively forecast revenues (excluding grants) in all of its major Funds. Accordingly, General Fund revenues in 2021 are budgeted at \$10,377,135 and expenditures were estimated at \$10,741,259. This deficit of \$364,124 would result in a fund balance of \$6,547,429 at the end of 2021.

The 2021 Capital Improvement Fund budget envisioned revenues of \$995,699 along with \$1,177,500 of expenditures, yielding a deficit of \$181,801. This deficit would result in a fund balance of \$1,432,054 at the end of 2021.

The 2021 Park and Stormwater Fund budget estimated revenues of \$1,667,833 and operating expenditures of \$1,734,338 yielding a deficit of \$66,505. The estimated fund balance for the Park and Storm water Fund would be projected at \$807,922 at the end of 2021.

The 2021 Sewer Lateral Fund budget estimated revenues of \$138,700 and operating expenditures of \$134,957 yielding a surplus of \$3,743. The estimated fund balance for the Sewer Lateral Fund would be \$337,492 at the end of 2021.

The City will continue to focus on maintaining fund balances and being fiscally responsible with the assets of the City, while providing a high quality level of services to the citizens of the City of Crestwood, Missouri. Long term, the City plans to manage expenditures in order to achieve the goal of a balanced budget. Unfortunately, with this type of management, this may result in further deference of maintenance to the City's infrastructure and alterations to the City's long term capital plans. Therefore, the City will also continue exploring possible options to increase other revenue sources in order to provide adequate long term funding.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or would like additional financial information, please visit our website or contact the Finance Officer of the City of Crestwood, Missouri, One Detjen Drive, MO 63126.

Basic Financial Statements

CITY OF CRESTWOOD, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	\$ 5,156,003
Certificates of deposit	2,750,000
Taxes receivable	2,606,731
Grants receivable	409,600
Other receivables	11,083
Total current assets	10,933,417
Noncurrent assets	
Net pension asset	4,338,243
Land and construction in progress	2,039,166
Capital assets, net of depreciation	19,935,719
Total noncurrent assets	26,313,128
TOTAL ASSETS	\$ 37,246,545
 DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to pension	\$ 1,435,854
 LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	\$ 662,358
Salaries and benefits payable	222,129
Refundable deposits	22,298
Total current liabilities	906,785
Noncurrent liabilities	
Accrued compensated absences	378,686
Postemployment benefits other than pension liability	2,871,257
Total noncurrent liabilities	3,249,943
TOTAL LIABILITIES	\$ 4,156,728
 DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to pension	1,025,260
TOTAL DEFERRED INFLOW OF RESOURCES	\$ 1,025,260
 NET POSITION	
Net investment in capital assets	\$ 19,935,719
Restricted for:	
Capital projects	1,613,855
Parks and stormwater	874,427
Sewer repairs	333,749
Unrestricted	10,742,661
TOTAL NET POSITION	\$ 33,500,411

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

CITY OF CRESTWOOD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	Program Revenues				Governmental Activities
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,059,443	\$ 897,818	\$ 823,003	\$ -	\$ (338,622)
Public works	3,062,475	138,434	-	-	(2,924,041)
Public safety					
Police	3,579,764	74,861	6,201	-	(3,498,702)
Fire	4,305,990	-	1,200	-	(4,304,790)
Parks and recreation	1,679,307	234,640	-	347,346	(1,097,321)
Total governmental activities	<u>14,686,979</u>	<u>1,345,753</u>	<u>830,404</u>	<u>347,346</u>	<u>(12,163,476)</u>
General revenues:					
					2,526,695
Property taxes					1,297,821
Utilities taxes					6,639,815
Sales/use taxes					107,722
Investment income					575,653
Other income					39,658
Gain on sale of assets					<u>11,187,364</u>
Total general revenues					<u>11,187,364</u>
					(976,112)
					<u>34,476,523</u>
Net position - beginning (restated)					<u>\$ 33,500,411</u>
Net position - ending					<u><u>\$ 33,500,411</u></u>

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

CITY OF CRESTWOOD, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Major Funds				Total Governmental Funds
	General Fund	Parks and Stormwater Fund	Sewer Lateral Fund	Capital Improvements Fund	
ASSETS					
Cash and cash equivalents	\$ 2,845,222	\$ 798,849	\$ 255,818	\$ 1,256,114	\$ 5,156,003
Certificates of deposit	2,500,000	-	50,000	200,000	2,750,000
Receivables					
Property taxes	1,329,971	-	36,272	-	1,366,243
Sales/use taxes	712,435	185,577	-	157,741	1,055,753
Utilities taxes and other	184,735	-	-	-	184,735
Grants	409,600	-	-	-	409,600
Other	11,048	35	-	-	11,083
Internal balances	105,578	-	-	-	105,578
Total assets	<u>\$ 8,098,589</u>	<u>\$ 984,461</u>	<u>\$ 342,090</u>	<u>\$ 1,613,855</u>	<u>\$ 11,038,995</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 654,126	\$ 8,232	\$ -	\$ -	\$ 662,358
Salaries and benefits payable	222,129	-	-	-	222,129
Refundable deposits	17,733	4,565	-	-	22,298
Internal balances	-	97,237	8,341	-	105,578
Total liabilities	<u>893,988</u>	<u>110,034</u>	<u>8,341</u>	<u>-</u>	<u>1,012,363</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	383,048	-	-	-	383,048
FUND BALANCES					
Unspendable	-	-	-	-	-
Restricted	-	874,427	333,749	1,613,855	2,822,031
Committed	-	-	-	-	-
Assigned	571,033	-	-	-	571,033
Unassigned	6,250,520	-	-	-	6,250,520
Total fund balances	<u>6,821,553</u>	<u>874,427</u>	<u>333,749</u>	<u>1,613,855</u>	<u>9,643,584</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 8,098,589</u>	<u>\$ 984,461</u>	<u>\$ 342,090</u>	<u>\$ 1,613,855</u>	<u>\$ 11,038,995</u>

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

CITY OF CRESTWOOD, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2020

Total fund balance - governmental funds		\$	9,643,584
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			21,974,885
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.			383,048
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:			
Net pension asset	4,338,243		
Deferred outflows - pension related	1,435,854		
Deferred inflows - pension related	<u>(1,025,260)</u>		4,748,837
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the statement of net position.			
Accrued compensated absences	(378,686)		
Postemployment benefits other than pension liability	<u>(2,871,257)</u>		<u>(3,249,943)</u>
Net position of governmental activities		\$	<u><u>33,500,411</u></u>

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

CITY OF CRESTWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Major Funds				Total Governmental Funds
	General Fund	Parks and Stormwater Fund	Sewer Lateral Fund	Capital Improvements Fund	
Revenues:					
Taxes	\$ 8,313,989	\$ 1,123,868	\$ -	\$ 955,376	\$ 10,393,233
Licenses and permits	897,818	-	-	-	897,818
Fines and forfeitures	74,861	-	-	-	74,861
Grants	830,404	347,346	-	-	1,177,750
Charges for services	-	234,641	138,434	-	373,075
Investment income	81,434	10,619	3,327	12,341	107,721
Other income	568,685	6,968	-	39,658	615,311
	<u>10,767,191</u>	<u>1,723,442</u>	<u>141,761</u>	<u>1,007,375</u>	<u>13,639,769</u>
Total revenues					
Expenditures:					
Current					
General government	1,641,972	-	-	-	1,641,972
Public works	3,170,149	314,041	141,117	-	3,625,307
Public safety					
Police	2,978,172	-	-	-	2,978,172
Fire	3,388,562	-	-	-	3,388,562
Parks and recreation	-	1,554,729	-	-	1,554,729
Capital outlay	-	-	-	716,979	716,979
	<u>11,178,855</u>	<u>1,868,770</u>	<u>141,117</u>	<u>716,979</u>	<u>13,905,721</u>
Total expenditures					
Revenues over (under) expenditures	<u>(411,664)</u>	<u>(145,328)</u>	<u>644</u>	<u>290,396</u>	<u>(265,952)</u>
Fund balances - beginning	<u>7,233,217</u>	<u>1,019,755</u>	<u>333,105</u>	<u>1,323,459</u>	<u>9,909,536</u>
Fund balances - ending	<u>\$ 6,821,553</u>	<u>\$ 874,427</u>	<u>\$ 333,749</u>	<u>\$ 1,613,855</u>	<u>\$ 9,643,584</u>

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

CITY OF CRESTWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds		\$ (265,952)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	3,023,367	
Depreciation expense	<u>(1,711,751)</u>	1,311,616
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Deferred revenue	<u>71,097</u>	71,097
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in accrued compensated absences	(62,161)	
Change in postemployment benefits other than pension liability	(1,956,363)	
Change in net pension asset	(1,901,142)	
Change in deferred outflows - pension related	971,010	
Change in deferred inflows - pension related	<u>855,783</u>	<u>(2,092,873)</u>
Change in net assets of governmental activities		<u>\$ (976,112)</u>

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

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crestwood, Missouri is a charter city governed by a mayor and an eight member Board of Aldermen.

The accounting and financial reporting policies of the City of Crestwood, Missouri (the City) conform to U.S. generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

The City defines its financial reporting entity in accordance with GASB Statements No. 14 and No. 39. The criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability. Financial accountability includes control or dependence over budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, the City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. As a general rule 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 as 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. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues 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, although the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements of the City are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column. The City reports the following major governmental funds:

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except for those that are required to be accounted for in another fund.

The Park and Stormwater Fund is used to account for financial resources to be used for the operations of park and stormwater activities as well as the acquisition, construction or maintenance of major capital items related to parks and stormwater projects.

The Sewer Lateral Fund is used to account for financial resources collected for sewer lateral repairs.

The Capital Improvements Fund is used to account for resources accumulated for the purchase of capital items.

Measurement Focus and Basis of Accounting

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

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

GASB 33 groups non-exchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

The City recognizes assets derived from tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

Resources received in advance are reported as deferred revenues until the period of the exchange.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated uncollectible amounts, in the period for which the taxes are levied. Imposed non-exchange revenues also include permits and court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues. Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Cash, Cash Equivalents and Certificates of Deposit

The City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Missouri State Statute requires that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Certificates of deposits held at banks with an original maturity in excess of three months are reported at cost and reported as certificates of deposit in the financial statements.

Allowance for Doubtful Accounts

Management believes there are no significant uncollectible receivables, therefore, no allowance for doubtful accounts has been recorded.

Prepaid Item

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at original or estimated original cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$5,000 or more, as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

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

Buildings and other structures	40 years
Infrastructure	20-40 years
Improvements other than buildings	3-15 years
Machinery, equipment and vehicles	3-15 years

General infrastructure assets acquired after July 1, 2002, were recorded as capital assets and consist of the road network assets that were acquired or that received substantial improvements and are reported at historical cost. The costs of normal maintenance and repairs that do not add value to the assets or materially extend the assets' lives are not capitalized.

Compensated Absences

Under terms of the City's personnel policy, vacations accrue immediately after employment and employees are eligible for vacation time after six months employment with the City. Upon termination, the employee is entitled to payment for accrued vacation benefits and comp time. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination. The entire accrued benefit liability related to the City's compensated absences in the amount of \$378,686 has been recorded in the government-wide financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. This item is deferred amounts related to pension reported in the government-wide statement of net position. The deferred amounts related to pension are differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes of assumptions.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The item, deferred amounts related to pension reported in the government-wide statement of net position. The deferred amounts related to pension are differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes of assumptions. These amounts are deferred and amortized over five years. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balances

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows.

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

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

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

Assigned – The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

Unassigned – Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

The City would typically use restricted fund balance first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

CITY OF CRESTWOOD, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City adopted a fund balance policy which established a minimum unrestricted reserve requirement goal of 45% at the end of any fiscal year. The reserve is calculated as the amount of available unrestricted reserves (committed, assigned, and unassigned fund balance categories) divided by the operating expenditures of the General Fund. \$6,250,520 of the ending fund balance at December 31, 2020 was classified as unrestricted reserves, which was 56% of expenditures.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

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

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the City.

The assessed valuation of the tangible real, personal taxable and state assessed railroad and utilities property for the calendar year 2019 for purposes of local taxation was \$327,706,310. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was:

	Real Estate		Personal
	Residential	Commercial	Property
General Fund	\$ 0.598	\$ 0.832	\$ 0.743

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

Deposits - At year-end, the carrying amount of the City's deposits totaled \$7,906,003 and bank balances totaled \$8,528,689. At year-end, included in the total above, the City also had certificates of deposit with a total carrying amount, which approximates fair value, of \$2,750,000. These are shown as certificates of deposit due to their original maturity dates.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy for custodial credit risk that follows Missouri Statutes for deposits. The bank balance was covered by the FDIC in the amount of \$500,000; \$8,028,689 was covered by collateral pledged in the name of the City and held by the pledging bank's trust department or agent.

Investments

State statutes and City policy authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, time deposit certificates and repurchase agreements. The City's investments are all categorized as: uninsured and unregistered for which the securities are held by the counter party's trust department or agent in the City's name.

Interest Rate Risk

The City minimizes the risk that the market values of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter- term securities. Investments are limited to maturities of five years or less from the date of purchase. The weighted average of maturities should not exceed three years.

Custodial Credit Risk

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City does business and diversifying the portfolio so that potential losses on individual securities is minimized.

Concentration of Credit Risk

It is the City's policy to limit investments to the maximum percentages as follows:

U.S. treasuries and securities having principal and/or interest guaranteed by the US government	100%
Collateralized time and demand deposits	100%
Collateralized repurchase agreements	50%

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES

The composition of interfund balances as of December 31, 2020 is as follows:

	Net Interfund Receivable	Net Interfund Payable
General Fund	\$ 105,578	\$ -
Sewer Lateral Fund	-	8,341
Parks and Stormwater Fund	-	97,237

The outstanding balances between funds result from the time lag between the dates that the reimbursable expenditures occur and the payments are made. The balances are expected to be repaid within one year.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Land	\$ 1,908,702	\$ -	\$ -	\$ 1,908,702
Construction in Progress	53,696	2,625,013	2,548,245	130,464
Total capital assets not being depreciated	<u>1,962,398</u>	<u>2,625,013</u>	<u>2,548,245</u>	<u>2,039,166</u>
<i>Capital assets being depreciated:</i>				
Machinery and equipment	2,201,616	136,033	127,400	2,210,249
Infrastructure	11,420,064	399,566	-	11,819,630
Buildings and other structures	19,952,640	2,136,283	-	22,088,923
Vehicles	2,691,781	274,717	98,958	2,867,540
Total capital assets being depreciated	<u>36,266,101</u>	<u>2,946,599</u>	<u>226,358</u>	<u>38,986,342</u>
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	1,398,871	164,997	127,400	1,436,468
Infrastructure	3,688,320	536,397	-	4,224,717
Buildings and other structures	10,878,742	756,112	-	11,634,854
Vehicles	1,599,297	254,245	98,958	1,754,584
Total accumulated depreciation	<u>17,565,230</u>	<u>1,711,751</u>	<u>226,358</u>	<u>19,050,623</u>
Total net capital assets being depreciated	<u>18,700,871</u>	<u>1,234,848</u>	<u>-</u>	<u>19,935,719</u>
Governmental activity capital assets, net	<u>\$20,663,269</u>	<u>\$3,859,861</u>	<u>\$2,548,245</u>	<u>\$21,974,885</u>

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 750,993
Parks and recreation	208,734
Public works	121,153
Police	538,470
Fire	92,401
Total	<u>\$ 1,711,751</u>

NOTE 6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities.

In order to operate as a group self-insurer of workers' compensation, SLAIT was formed in August 1986. In addition to insurance protection, the program provides risk management services with emphasis on loss control, claims administration and management information services. The trust is also able to provide the required excess reinsurance at a discount based on volume and the existence of the loss control program. Coverage is provided by the trust for general and auto liability subject to a \$500 deductible per occurrence. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

The trust requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities or fund balances of the insurance trust. However, the City retains a contingent liability to fund its pro rata share of any deficit incurred by the trust should the trust cease operation at some future date. The City's 2020 expenditures for the trust totaled \$355,729 to SLAIT.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2021, the date which the financial statements were available for issue, and noted no reportable events.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN

Plan description. The City of Crestwood, Missouri’s (the City) 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.

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.

	<u>2020 Valuation</u>
Benefit multiplier:	1.50%
Final average salary:	3 years
Member contributions:	0%

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

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

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	50
Active employees	82
	224

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 4.8% (General), 5.5% (Police) and 4.5% (Fire) of annual covered payroll.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (continued)

Net Pension Liability. The employer’s net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2020.

Actuarial assumptions. The total pension liability in the February 28, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 7.15% including inflation
Investment rate of return	7.25%

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.

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>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real assets	36.00%	3.29%
Strategic assets	8.00%	5.25%
Cash/leverage	-25.00%	-0.29%

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

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/2019	\$ 29,381,638	\$ 35,621,023	\$ (6,239,385)
Changes for the year:			
Service Cost	500,618	-	500,618
Interest	2,095,836	-	2,095,836
Difference between expected and actual experience	(101,550)	-	(101,550)
Contributions - employer	-	249,490	(249,490)
Net investment income	-	451,713	(451,713)
Benefit payments, including refunds	(1,464,583)	(1,464,583)	-
Administrative expense	-	(28,498)	28,498
Other changes	-	(78,943)	78,943
Net changes	<u>1,030,321</u>	<u>(870,821)</u>	<u>1,901,142</u>
Balances at 6/30/2020	<u>\$ 30,411,959</u>	<u>\$ 34,750,202</u>	<u>\$ (4,338,243)</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension 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	Rate Assumption	1% Increase
	6.25%	7.25%	8.25%
General	\$ (167,541)	\$ (1,399,454)	\$ (2,430,145)
Police	131,245	(1,244,057)	(2,382,462)
Fire	(441,670)	(1,694,732)	(2,741,107)
	<u>\$ (477,966)</u>	<u>\$ (4,338,243)</u>	<u>\$ (7,553,714)</u>

For the year ended June 30, 2020 the employer recognized pension expense of \$334,864. 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 Outflow of Resources
Differences in experience	\$ 349,213	\$ (1,025,260)	\$ (676,047)
Differences in assumptions	75,848	-	75,848
Excess (deficit) investment returns	871,168	-	871,168
Contributions subsequent to the measurement date*	139,625	-	139,625
Total	<u>\$ 1,435,854</u>	<u>\$ (1,025,260)</u>	<u>\$ 410,594</u>

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - PENSION PLAN (continued)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ended December 31, 2020.

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

Year Ending June 30	Net Deferred Outflows of Resources
2021	\$ (381,355)
2022	51,276
2023	351,732
2024	294,592
2025	(45,276)
Thereafter	-
Total	<u>\$ 270,969</u>

NOTE 9 – MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

Missouri State statutes require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. All fines and costs from traffic violations in excess of 20% of the City’s “annual general operating revenue” is required to be remitted to the director of the department of revenue for annual distribution to the schools of the county. “Annual general operating revenue of the City” is defined by the Missouri State Auditor as revenue that is not required by the enacting ordinance law or Constitution to be used only for a designated purpose and can be used to pay any bill or obligation of the City. This includes, but is not limited to, general sales tax, general property tax, and fees from certain licenses and permits, interest, fines, and penalties. “General Operation Revenues” does not include, among other items, designated sales or use taxes, user fees, grant funds or other revenue designated by law, ordinance, or Constitution, for a specific purpose.

Total court fines and costs (all case types)	\$61,023
Total general operating revenue of the City	\$9,182,318
Court fines and costs as a percentage of total general operating revenues	0.66%

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees at termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the assets and liabilities of the deferred compensation plan are not included in the accompanying basic financial statements.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

From time to time, the City is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the City.

In 2015 the City began the process of evaluating and negotiation of a developer's proposal (Urban Street/Crestwood Missouri Partners) to redevelop the idled Crestwood Court mall site (approximately 47 acres) into a mixed use project involving commercial, retail, and residential components. After significant due diligence involving public input and review and endorsement by the tax increment financing commission, the City and Crestwood Missouri Partners executed a redevelopment agreement for the mall site in April 2016. In 2018 the developer conducted some grading activities, and reached agreement with Walpert Properties to lead development activities on the site. In 2020, due to the impact of COVID-19, Walpert indicated they were not proceeding with their redevelopment activities. The City promptly issued a request for redevelopment proposals in June 2020, and eventually selected a development partnership between Dierberg's Markets and McBride Homes. Together, the developers propose to build a grocery store anchored commercial development and a residential development. Currently the developers and the City are investigating the use of various public financing tools. Through the use of these tools, the developers will fund and construct the project, and an as-yet undetermined portion of the development costs would be eligible for reimbursement. The flow of funds back to the developer only occurs if revenues (property, economic activity, sales taxes) are generated in the future.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The City of Crestwood, Missouri administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members, until the retiree reaches the age of 65.

CITY OF CRESTWOOD, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The City Administrator makes a recommendation to the Board of Aldermen, who then approve benefit provisions and costs to both the City and to plan members. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. The Board of Aldermen determines contribution requirements. The City contributes a percentage of the cost of current-year premiums for eligible retired plan members and their spouses. The percentage is different depending on the level of coverage the retiree chooses.

For fiscal year 2020, the City contributed \$189,255 to the plan. Plan members receiving benefits contribute the remainder of their premium costs.

Annual OPEB Cost and OPEB Liability. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members. The most recent ARC calculation was performed December 31, 2020. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

At December 31, 2020, the Plan covered the following number of participants for medical coverage:

Active	81
Retired	9
	90

Methods and Assumptions Valuations are performed using the Entry Age Normal (Alternative Measurement Method). Under the Entry Age Normal Method the projected benefits of each active participant is allocated on a level basis over the earnings of the individual over the participant's period of service.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Marital status – 30% of active employees are assumed to be married and elect spousal coverage upon retirement.

Mortality- Life expectancies were based on mortality tables used from the National Center for Health Statistics. General employees used the PubG.H-2010 Mortality Table and public safety employees used the PubS.H-2010 Mortality Table.

Turnover – Table T-5 from the Pension Actuary’s Handbook was used for turnover rates.

Healthcare cost trend rate -. A rate of 7.7 percent initially, reduced to an ultimate rate of 4.5 percent after 16 years, was used.

Inflation rate -The expected long-term inflation assumption was 2.75%.

Payroll growth rate - The expected long-term payroll growth rate was assumed to be 3.00%.

Discount rate - The discount rate used to measure the total OPEB liability was 1.93%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2020.

OPEB Liability

The following schedule shows the OPEB liability as of December 31, 2020, the date of the last actuarial valuation:

Balances at 12/31/19	\$ 914,894
Changes for the year:	
Service Cost	126,532
Interest	29,694
Difference between expected and actual experience	1,671,475
Changes of assumptions and other inputs	317,917
Benefit payments, including refunds	(189,255)
Net changes	1,956,363
Balances at 12/31/20	\$ 2,871,257

Discount Rate Sensitivity- The following presents the OPEB liability of the City, calculated using the discount rate of 1.93%, as well as what the City’s OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (0.93%) or 1 percentage-point higher (2.93%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate Sensitivity	\$ 3,057,212	\$ 2,871,757	\$ 2,697,348

CITY OF CRESTWOOD, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Healthcare Trend Rate Sensitivity- The following presents the OPEB liability of the City, calculated using the healthcare trend rate of 7.7% decreasing to 4.5% after 16 years, as well as what the City's OPEB liability would be if it were calculated using a trend rate that is 1 percentage-point lower (6.7% to 3.5%) or 1 percentage-point higher (8.7% to 5.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Trend Rate Sensitivity	\$ 2,632,299	\$ 2,871,757	\$ 3,105,051

Other Post Employment Benefit Expense And Deferred Outflows of Resources and Deferred Inflows Of Resources Related to the Pension. For the year-ended December 31, 2020, the City recognized OPEB pension expense of \$2,145,618. At December 31, 2020, the City reported no deferred outflow or deferred inflows of resources related to the OPEB Plan. Therefore, no deferred inflows of resources will be reflected in the future years' pension expense.

Required Supplementary Information
(Other than Management's Discussion and Analysis)

CITY OF CRESTWOOD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Property taxes	\$ 2,572,591	\$ 2,572,591	\$ 2,455,598	\$ (116,993)
Utility taxes	1,433,923	1,433,923	1,297,821	(136,102)
Sales/use taxes	4,326,163	4,326,163	4,064,149	(262,014)
Other	513,215	513,215	496,421	(16,794)
Total taxes	8,845,892	8,845,892	8,313,989	(531,903)
Licenses, permits, fines and fees				
Licenses and permits	905,519	905,519	897,818	(7,701)
Fines and forfeitures	202,428	202,428	74,861	(127,567)
Total licenses, permits, fines and fees	1,107,947	1,107,947	972,679	(135,268)
Grants				
Grants	134,999	134,999	830,404	695,405
Investment income	75,000	75,000	81,434	6,434
Other income	101,900	101,900	568,685	466,785
Total revenues	10,265,738	10,265,738	10,767,191	501,453
Expenditures				
General government				
Mayor's office	10,891	10,891	10,169	722
Board of Aldermen	38,041	38,041	36,866	1,175
Municipal court	95,327	95,327	85,694	9,633
City clerk's office	201,040	201,040	178,794	22,246
Finance department	206,475	206,475	200,343	6,132
City administrator	369,467	369,467	360,578	8,889
MIS	250,127	250,127	173,984	76,143
General supporting services	550,322	550,322	595,544	(45,222)
Total general government	1,721,690	1,721,690	1,641,972	79,718

(continued on next page)

CITY OF CRESTWOOD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Expenditures (continued)				
Public works				
General public work services	595,090	595,090	598,225	(3,135)
Administration services	1,707,205	1,707,205	1,880,582	(173,377)
Maintenance services	642,247	642,247	558,544	83,703
Mechanical services	152,570	152,570	132,798	19,772
Total public works	<u>3,097,112</u>	<u>3,097,112</u>	<u>3,170,149</u>	<u>(73,037)</u>
Public safety - police	<u>3,094,886</u>	<u>3,094,886</u>	<u>2,978,172</u>	<u>116,714</u>
Public safety - fire	<u>3,481,510</u>	<u>3,481,510</u>	<u>3,388,562</u>	<u>92,948</u>
Total expenditures	<u>11,395,198</u>	<u>11,395,198</u>	<u>11,178,855</u>	<u>216,343</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,129,460)</u>	<u>\$ (1,129,460)</u>	(411,664)	<u>\$ 717,796</u>
Fund balance, beginning of year			<u>7,233,217</u>	
Fund balance, end of year			<u>\$ 6,821,553</u>	

CITY OF CRESTWOOD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 PARKS AND STORMWATER FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Sales/use taxes	\$ 1,253,861	\$ 1,253,861	\$ 1,123,868	\$ (129,993)
Charges for services	646,050	646,050	234,641	(411,409)
Investment income	10,541	10,541	10,619	78
Grant income	370,000	370,000	347,346	(22,654)
Other income	27,000	27,000	6,968	(20,032)
Total revenues	<u>2,307,452</u>	<u>2,307,452</u>	<u>1,723,442</u>	<u>(584,010)</u>
Expenditures				
Public works				
Stormwater maintenance services	6,500	6,500	6,000	500
Parks maintenance services	369,393	369,393	308,041	61,352
Parks and recreation				
Recreation services	879,051	879,051	719,416	159,635
Aquatic center	891,631	891,631	796,836	94,795
Historic facilities	120,480	120,480	38,477	82,003
Total expenditures	<u>2,267,055</u>	<u>2,267,055</u>	<u>1,868,770</u>	<u>398,285</u>
Net change in fund balance	<u>\$ 40,397</u>	<u>\$ 40,397</u>	(145,328)	<u>\$ (185,725)</u>
Fund balance, beginning of year			<u>1,019,755</u>	
Fund balance, end of year			<u>\$ 874,427</u>	

CITY OF CRESTWOOD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 SEWER LATERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 138,000	\$ 138,000	\$ 138,434	\$ 434
Investment income	2,800	2,800	3,327	527
Total revenues	<u>140,800</u>	<u>140,800</u>	<u>141,761</u>	<u>961</u>
Expenditures				
Public works	135,000	135,000	141,117	(6,117)
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>141,117</u>	<u>(6,117)</u>
Net change in fund balance	<u>\$ 5,800</u>	<u>\$ 5,800</u>	644	<u>\$ (5,156)</u>
Fund balance, beginning of year			<u>333,105</u>	
Fund balance, end of year			<u>\$ 333,749</u>	

CITY OF CRESTWOOD, MISSOURI
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2020

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City prepares and legally adopts an annual budget for the General Fund, Capital Improvements Fund, Parks and Stormwater Fund and the Sewer Lateral Fund.

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

The Board of Aldermen follow the procedures outlined below in establishing the budgetary data reflected in the accompanying basic financial statements:

- 1) Department heads prepare departmental operating budgets and the Finance Officer makes revenue projections on or before September 15. The Finance Department edits and assembles the data for review.
- 2) The City Administrator and Finance Officer review and revise departmental operating budgets based upon estimated revenue projections and operational priorities.
- 3) At least forty-five days prior to the beginning of each fiscal year, the City Administrator shall submit to the Board of Aldermen a proposed final budget and accompanying written narrative.
- 4) The Ways and Means Committee reviews a preliminary budget approximately three months prior to the new fiscal year to discuss revenue and fund balance projections, and proposed expenditures for all
- 5) Following any recommendations by the Ways and Means Committee, the Board of Aldermen conducts budget work sessions in which board members express their opinions on the proposed
- 6) Based on the Board's recommendations, a budget ordinance is prepared. After a fifteen-day public notice, the Board of Aldermen holds a public hearing to hear taxpayer comments of the proposed budget.
- 7) The budget is then adopted by ordinance.
- 8) Budgeted expenditures cannot legally exceed appropriations at the department level. Revenue estimates are adjusted to reflect any unencumbered or undesignated balance from the previous year.
- 9) During the year, the City Administrator may transfer all or any part of any unencumbered appropriation balance among accounts within a department. The Board of Aldermen may, by motion of the Board, transfer part or all of any unencumbered appropriation balance from one department to
- 10) At the end of each budget period, all appropriated balances lapse and may be reappropriated in the next budget period.

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

Fiscal year ending June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability										
Service cost	\$ 500,618	\$ 492,840	\$ 468,014	\$ 454,524	\$ 431,543	\$ 416,778				
Interest on the total pension liability	2,095,836	2,084,455	1,999,228	1,944,646	1,836,833	1,792,291				
Difference between expected and actual results	(101,550)	(904,500)	216,104	(235,574)	(348,568)	(315,549)				
Assumption changes	-	-	-	-	879,304	-				
Benefit payments and refunds	(1,464,583)	(1,572,792)	(1,469,021)	(1,367,485)	(1,280,699)	(1,291,903)				
Net change in total pension liability	1,030,321	100,003	1,214,325	796,111	1,518,413	601,617				
Total pension liability - beginning	29,381,638	29,281,635	28,067,310	27,271,199	25,752,786	25,151,169				
Total pension liability - ending (a)	\$ 30,411,959	\$ 29,381,638	\$ 29,281,635	\$ 28,067,310	\$ 27,271,199	\$ 25,752,786				
Plan Fiduciary Net Position										
Contributions - employer	\$ 249,490	\$ 217,642	\$ 194,954	\$ 212,684	\$ 263,271	\$ 301,492				
Contributions - member	-	-	-	-	36,318	-				
Pension plan net investment income	451,713	2,243,419	3,992,982	3,479,077	(88,524)	597,101				
Benefit payments and refunds	(1,464,583)	(1,572,792)	(1,469,021)	(1,367,485)	(1,280,699)	(1,291,903)				
Administrative expenses	(28,498)	(24,383)	(17,072)	(15,760)	(15,728)	(16,963)				
Other	(78,943)	(434,863)	89,975	(94,477)	362,878	(566,884)				
Net change in plan fiduciary net position	(870,821)	429,023	2,791,818	2,214,039	(722,484)	(977,157)				
Plan fiduciary net position - beginning	35,621,023	35,192,000	32,400,182	30,186,143	30,908,627	31,885,784				
Plan fiduciary net position - ending (b)	\$ 34,750,202	\$ 35,621,023	\$ 35,192,000	\$ 32,400,182	\$ 30,186,143	\$ 30,908,627				
Net pension liability(asset) - ending (a) - (b)	\$ (4,338,243)	\$ (6,239,385)	\$ (5,910,365)	\$ (4,332,872)	\$ (2,914,944)	\$ (5,155,841)				
Net position as a percentage of pension liability	114.26%	121.24%	120.18%	115.44%	110.69%	120.02%				
Covered-employee payroll	\$ 5,084,980	\$ 4,782,626	\$ 4,877,977	\$ 4,501,219	\$ 4,491,703	\$ 4,228,937				
Net pension liability as a percentage of payroll	-85.31%	-130.46%	-121.16%	-96.26%	-64.90%	-121.92%				

Notes to schedule:

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

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 259,511	\$ 260,595	\$ 220,408	\$ 187,895	\$ 233,947	\$ 302,490	\$ 297,328	\$ 340,480	\$ 428,479	\$ 423,155
Contributions in relation to the actuarially determined contribution	259,511	243,206	207,121	187,895	233,947	296,525	297,328	340,479	379,547	341,687
Contribution deficiency (excess)	\$ -	\$ 17,389	\$ 13,287	\$ -	\$ -	\$ 5,965	\$ -	\$ 1	\$ 48,932	\$ 81,468
Covered-employee payroll	\$ 5,176,973	\$ 5,076,050	\$ 4,703,011	\$ 4,535,160	\$ 4,647,296	\$ 4,418,069	\$ 4,214,510	\$ 4,415,502	\$ 4,585,987	\$ 4,679,715
Contributions as a percentage of covered-employee payroll	5.01%	4.79%	4.40%	4.14%	5.03%	6.71%	7.05%	7.71%	8.28%	7.30%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of February 28, 2020 prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% - 7.15%; including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 mortality tables

Other information:

Notes None

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CHANGES IN OTHER THAN PENSION POST EMPLOYEMENT BENEFITS LIABILITY

Last 10 Calendar Years

Fiscal year ending December 31,	2019	2018	2017	2016	2015	2014	2012	2011	2010	2009
Total OPEB liability										
Service cost	\$ 126,532	\$ 126,173								
Interest on the total pension liability	29,694	19,024								
Difference between expected and actual experience	1,671,475	(17,573)								
Changes of assumptions and other inputs	317,917									
Benefit payments and refunds	(189,255)	(64,850)								
Net change in total OPEB liability	1,956,363	62,774								
Total OPEB liability - beginning	914,894	852,120								
Total OPEB liability - ending	\$ 2,871,257	\$ 914,894								
Plan Fiduciary Net Position										
Contributions - employer	\$ -	\$ 64,850								
Benefit payments and refunds	-	(64,850)								
Net change in plan fiduciary net position	-	-								
Plan fiduciary net position - beginning	-	-								
Plan fiduciary net position - ending (b)	\$ -	\$ -								
Covered-employee payroll	\$ 4,972,545	\$ 5,116,350								
Net OPEB liability as a percentage of payroll	57.74%	17.88%								

Notes to schedule:

The December 31, 2020 valuation is the last valuation performed.

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

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT LIABILITY
Last 10 Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 253,503	\$ -	\$ 126,173	\$ 136,188	\$ 76,416	\$ 76,416	\$ 76,416	\$ 130,663		
Contributions in relation to the actuarially determined contribution	189,255	-	64,850	53,719	56,210	67,667	82,415	71,124		
Contribution deficiency (excess)	\$ 64,248	\$ -	\$ 61,323	\$ 82,469	\$ 20,206	\$ 8,749	\$ (5,999)	\$ 59,539	\$ -	\$ -
Covered-employee payroll	\$ 4,972,545	\$ -	\$ 5,390,184	\$ 4,856,641	\$ 4,743,794	\$ 4,783,533	\$ 4,561,789	\$ 4,421,586		
Contributions as a percentage of covered-employee payroll	3.81%	N/A	1.20%	1.11%	1.18%	1.41%	1.81%	1.61%		

Notes to Schedule

Valuation date: December 31, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	No assets
Inflation	2.75%
Health care inflation	7.70%
Salary increases	3.00%
Discount rate	1.93%
Retirement age	62 years of age
Mortality	Public Safety - 2010 Mortality Table

Other information:

Notes: None

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

Supplementary Information

CITY OF CRESTWOOD, MISSOURI
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENTS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,065,933	\$ 1,065,933	\$ 955,376	\$ (110,557)
Investment income	7,283	7,283	12,341	5,058
Other	20,000	20,000	39,658	19,658
Total revenues	<u>1,093,216</u>	<u>1,093,216</u>	<u>1,007,375</u>	<u>(85,841)</u>
Expenditures				
Public works				
Street maintenance services	1,079,357	1,079,357	620,737	458,620
Public safety				
Police	<u>91,500</u>	<u>91,500</u>	<u>96,242</u>	<u>(4,742)</u>
Total expenditures	<u>1,170,857</u>	<u>1,170,857</u>	<u>716,979</u>	<u>453,878</u>
Net change in fund balance	<u>\$ (77,641)</u>	<u>\$ (77,641)</u>	290,396	<u>\$ 368,037</u>
Fund balance, beginning of year			<u>1,323,459</u>	
Fund balance, end of year			<u>\$ 1,613,855</u>	

CITY OF CRESTWOOD, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL PROGRAM EXPENDITURES
US DEPARTMENT OF THE TREASURY:			
Passed-through-St. Louis County, Missouri Coronavirus Relief Fund (m)	21.019	N/A	819,200
TOTAL US DEPARTMENT OF TREASURY			<u>819,200</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 819,200</u>

(m) - Program audited as a major program.

CITY OF CRESTWOOD, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR DECEMBER 31, 2020

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Crestwood, Missouri and has been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles. The information in this schedule is also 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

None of the federal expenditures presented in the schedule were provided to sub-recipients.

NOTE 3 - DESCRIPTIONS OF MAJOR FEDERAL PROGRAM

The objectives of the Coronavirus Relief Fund are to cover costs that are necessary expenditures incurred due to the Coronavirus Disease 2019 public health emergency.

NOTE 4 - NON-CASH ASSISTANCE

The City received no non-cash assistance.

NOTE 5 - INSURANCE

The federal programs presented in the previous schedule did not have separate program specific insurance policies.

NOTE 6 - LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

The federal programs presented in the previous schedule did not have any loans, loan guarantees, or interest subsidies associated with them.

NOTE 7 - DE MINIMIS COST RATE

The City has not elected to use the 10% de minimis indirect cost rate allocation.

Federal Compliance
Section



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

To the Board of Alderman
City of Crestwood, 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, each major fund, and the aggregate remaining fund information of the City of Crestwood, Missouri, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Crestwood, Missouri's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Crestwood, 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 Crestwood, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Crestwood, 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph 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 Crestwood, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA
Saint Louis, Missouri
March 29, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Alderman
City of Crestwood, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Crestwood, 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 Crestwood, Missouri's major federal programs for the year ended December 31, 2020. The City of Crestwood, Missouri's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Crestwood, 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 Crestwood, 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 Crestwood, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Crestwood, 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 December 31, 2020.

Report on Internal Control Over Compliance

Management of the City of Crestwood, 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 Crestwood, 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 Crestwood, 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.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA
Saint Louis, Missouri
March 29, 2021

**CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	___X___ No
Significant deficiencies identified?	_____ Yes	___X___ No
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?	_____ Yes	___X___ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____ Yes	___X___ No
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Identification of major programs:

<u><i>CFDA Numbers</i></u>	<u><i>Name of Federal Program or Cluster</i></u>
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21.019	Coronavirus Relief Fund
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Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low risk auditee?	_____ Yes	___X___ No
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**CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section II - Financial Statement Findings

There are no reportable conditions to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

**CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

There were no prior year audit findings.