

City of Festus, Missouri

**Financial Statements, Independent Auditor's Reports
and Supplementary Information**

For the year ended September 30, 2022



City of Festus, Missouri
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Independent Auditor's Report

Honorable Mayor and City Council
City of Festus, Missouri

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Festus, Missouri, as of and for the year ended September 30, 2022, and the related notes to the financial statements which collectively comprise City of Festus, Missouri's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
City Transportation Tax Fund	Unmodified
County Transportation Tax Fund	Unmodified
Capital Improvement Fund	Unmodified
Capital Reserve Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Water and Sewer Fund	Qualified

Unmodified Opinion on the Major Governmental Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major governmental funds and the aggregate remaining fund information for City of Festus, Missouri, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Governmental Activities, Business-Type Activities, and Proprietary Fund Financial Statements

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities, and the proprietary fund financial statements, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the proprietary fund financial statements of City of Festus, Missouri, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Festus, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and Proprietary Fund Financial Statements

As more fully described in Note 7, the City has not determined the cost of all asset retirement obligations which is required in accordance with accounting principles generally accepted in the United States of America (GASB 83) to be recorded in the business-type activities and in the proprietary fund financial statements. The effects of that departure on the financial statements are not reasonably determinable.

Also, as more fully described in Note 13, the City has not determined the cost of other post-employment benefit (OPEB) expense and obligation which is required in accordance with accounting principles generally accepted in the United States of America (GASB 75), to be recorded in the governmental activities, business-type activities, and the proprietary fund financial statements. The effects of that departure on the financial statements are not reasonably determinable.

Responsibilities of Management for the Financial Statements

City of Festus, Missouri's 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Festus, Missouri's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Festus, Missouri’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Festus, Missouri’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis which has been omitted, budgetary comparison information on pages 37-40, and pension related schedules on pages 42-43 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. Although the management’s discussion and analysis has been omitted, our opinions on the basic financial statements are not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

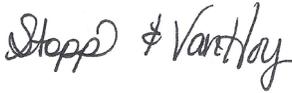
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Festus, Missouri’s basic financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison information, and capital project fund budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison information, and capital project fund budgetary comparison information 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023 on our consideration of City of Festus, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 City of Festus, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
March 23, 2023

City of Festus, Missouri
Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental Activities	Business Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 23,712,173	\$ 8,446,961	\$ 32,159,134
Investments	-	-	-
Restricted cash and cash equivalents	39,001	1,412,115	1,451,116
Restricted investments	-	-	-
Receivables, net			
Taxes	4,921,795	-	4,921,795
Special assessments	-	20,066	20,066
Service charges	75,996	639,497	715,493
Interest	-	2,070	2,070
Grants	96,841	-	96,841
Other	130,057	11,523	141,580
Prepaid items	432,532	50,528	483,060
Inventory	-	369,275	369,275
Lease receivables - current	48,041	4,968	53,009
Total Current Assets	<u>29,456,436</u>	<u>10,957,003</u>	<u>40,413,439</u>
Noncurrent Assets			
Investment in joint venture	-	2,866,338	2,866,338
Lease receivables - noncurrent	273,023	239,426	512,449
Net pension asset	668,723	126,776	795,499
Capital assets:			
Land and construction in progress	2,716,384	194,059	2,910,443
Other capital assets, net	15,111,639	13,398,450	28,510,089
Total Noncurrent Assets	<u>18,769,769</u>	<u>16,825,049</u>	<u>35,594,818</u>
Deferred Outflows of Resources			
Deferred outflows - pension related	728,461	139,014	867,475
Total Deferred Outflows of Resources	<u>728,461</u>	<u>139,014</u>	<u>867,475</u>
Current Liabilities			
Accounts payable	1,333,028	234,626	1,567,654
Accrued payroll	296,569	49,581	346,150
Accrued payroll liabilities-other	95,063	15,314	110,377
Accrued interest	3,880	3,187	7,067
Deposits payable	-	417,633	417,633
Funds held for others	41,949	-	41,949
Unearned revenue	1,711,662	-	1,711,662
Other liabilities	346,823	14,117	360,940
Long-term debt - current portion	90,000	262,076	352,076
Total Current Liabilities	<u>3,918,974</u>	<u>996,534</u>	<u>4,915,508</u>
Noncurrent Liabilities			
Long-term debt - noncurrent portion	505,000	-	505,000
Total Noncurrent Liabilities	<u>505,000</u>	<u>-</u>	<u>505,000</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	986,660	197,741	1,184,401
Deferred inflows - leases	310,740	239,994	550,734
Total Deferred Inflows of Resources	<u>1,297,400</u>	<u>437,735</u>	<u>1,735,135</u>
Net Position			
Net investment in capital assets	16,972,434	13,294,759	30,267,193
Restricted:			
Debt service	2	64,061	64,063
Enabling legislation	10,444,715	-	10,444,715
Unrestricted	15,816,141	13,127,977	28,944,118
Total Net Position	<u>\$ 43,233,292</u>	<u>\$ 26,486,797</u>	<u>\$ 69,720,089</u>

See Notes to the Financial Statements

City of Festus, Missouri
Statement of Activities
For the year ended September 30, 2022

Functions/Programs	Expenses	Program Cash Receipts			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Administration	\$ 1,021,174	\$ 55,775	\$ 1,244,224	\$ -	\$ 278,825	\$ -	\$ 278,825
Building department	379,723	210,993	-	-	(168,730)	-	(168,730)
Police	4,000,677	405,770	27,040	-	(3,567,867)	-	(3,567,867)
Dispatch	559,387	-	-	-	(559,387)	-	(559,387)
Fire	861,361	12,700	-	-	(848,661)	-	(848,661)
Emergency management	14,907	-	-	-	(14,907)	-	(14,907)
Street	3,389,641	49,755	-	551,340	(2,788,546)	-	(2,788,546)
Health	193,130	26,479	70	-	(166,581)	-	(166,581)
Library	482,436	57,503	11,719	-	(413,214)	-	(413,214)
Parks	697,915	84,693	285	66,048	(546,889)	-	(546,889)
Non-departmental	1,738,355	957,421	870	-	(780,064)	-	(780,064)
Interest and fiscal charges	20,467	-	-	-	(20,467)	-	(20,467)
Total Government Activities	13,359,173	1,861,089	1,284,208	617,388	(9,596,488)	-	(9,596,488)
Business-type Activities:							
Water and Sewer	5,015,669	5,914,880	-	496,428	-	1,395,639	1,395,639
Total Business-type Activities	5,015,669	5,914,880	-	496,428	-	1,395,639	1,395,639
Total Primary Government	\$ 18,374,842	\$ 7,775,969	\$ 1,284,208	\$ 1,113,816	(9,596,488)	1,395,639	(8,200,849)
General Revenues							
Taxes:							
					11,343,566	-	11,343,566
					1,345,759	-	1,345,759
					1,784,769	-	1,784,769
					244,653	-	244,653
					345,317	164,500	509,817
					90,587	18,915	109,502
					63,494	-	63,494
					(595,159)	595,159	-
					14,622,986	778,574	15,401,560
Change in Net Position					\$ 5,026,498	\$ 2,174,213	\$ 7,200,711
Net Position, October 1					38,206,794	24,312,584	62,519,378
Net Position, September 30					\$ 43,233,292	\$ 26,486,797	\$ 69,720,089

See Notes to the Financial Statements

City of Festus, Missouri
Balance Sheet - Governmental Funds
September 30, 2022

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 10,921,826	\$ 3,474,405	\$ 70,606	\$ 2,111,054	\$ 3,013,858	\$ 4,120,424	\$ 23,712,173
Investments	-	-	-	-	-	-	-
Restricted cash and cash equivalents	38,999	-	-	-	-	-	38,999
Restricted investments	-	-	-	-	-	-	-
Receivables, net							
Taxes	2,155,614	318,167	1,857,601	159,084	100,000	331,329	4,921,795
Special assessments	-	-	-	-	-	-	-
Service charges	75,996	-	-	-	-	-	75,996
Interest	-	-	-	-	-	-	-
Grants	3,056	93,785	-	-	-	-	96,841
Court	-	-	-	-	-	-	-
Other	81,973	12,310	-	-	-	35,774	130,057
Prepaid items	344,331	36,321	-	-	-	51,880	432,532
Lease receivable	321,064	-	-	-	-	-	321,064
Total Assets	<u>13,942,859</u>	<u>3,934,988</u>	<u>1,928,207</u>	<u>2,270,138</u>	<u>3,113,858</u>	<u>4,539,407</u>	<u>29,729,457</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,942,859</u>	<u>\$ 3,934,988</u>	<u>\$ 1,928,207</u>	<u>\$ 2,270,138</u>	<u>\$ 3,113,858</u>	<u>\$ 4,539,407</u>	<u>\$ 29,729,457</u>
Liabilities							
Accounts payable	\$ 799,604	\$ 175,814	\$ -	\$ -	\$ -	\$ 357,610	\$ 1,333,028
Accrued payroll	98,504	9,559	-	-	-	9,982	118,045
Accrued payroll liabilities - other	75,037	9,742	-	-	-	10,284	95,063
Funds held for others	41,949	-	-	-	-	-	41,949
Unearned revenue	12,378	-	1,685,786	-	-	13,498	1,711,662
Other liabilities	235,923	55,450	-	27,725	-	27,725	346,823
Total Liabilities	<u>1,263,395</u>	<u>250,565</u>	<u>1,685,786</u>	<u>27,725</u>	<u>-</u>	<u>419,099</u>	<u>3,646,570</u>
Deferred Inflows of Resources							
Unavailable resources - property taxes	18,237	-	-	-	-	15,460	33,697
Unavailable resources - leases	310,740	-	-	-	-	-	310,740
Total Deferred Inflows of Resources	<u>328,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,460</u>	<u>344,437</u>
Fund Balance							
Nonspendable:							
Prepaid items	344,331	36,321	-	-	-	51,880	432,532
Leases	10,324	-	-	-	-	-	10,324
Restricted:							
Special revenue funds	-	3,648,102	242,421	2,242,413	-	4,052,968	10,185,904
Committed:							
Contingency	3,152,958	-	-	-	-	-	3,152,958
Capital project fund	-	-	-	-	3,113,858	-	3,113,858
Unassigned:							
General fund	8,842,874	-	-	-	-	-	8,842,874
Total Fund Balances	<u>12,350,487</u>	<u>3,684,423</u>	<u>242,421</u>	<u>2,242,413</u>	<u>3,113,858</u>	<u>4,104,848</u>	<u>25,738,450</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,942,859</u>	<u>\$ 3,934,988</u>	<u>\$ 1,928,207</u>	<u>\$ 2,270,138</u>	<u>\$ 3,113,858</u>	<u>\$ 4,539,407</u>	<u>\$ 29,729,457</u>

See Notes to the Financial Statements

City of Festus, Missouri
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
For the year ended September 30, 2022

Total Fund Balances - Governmental Funds	\$ 25,738,450
Amounts reported for governmental activities in the statement of net assets are different because:	
Certain assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2
Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds:	
Deferred outflows - pension related	728,461
Deferred inflows - pension related	(986,660)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	17,828,023
Receivables not collected in the current period are not available to pay current expenditures, and, therefore, are not reported in the funds	33,697
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:	
Accrued compensated balances	(178,524)
Accrued net pension asset	668,723
Accrued interest payable	(3,880)
Bonds and notes payable outstanding	(595,000)
Net Position of Governmental Activities	\$ 43,233,292

City of Festus, Missouri
Combined Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2022

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ 723,474	\$ -	\$ -	\$ -	\$ -	\$ 617,321	\$ 1,340,795
Taxes - other	8,542,950	1,737,196	793,232	868,595	-	1,186,362	13,128,335
Intergovernmental	-	-	-	-	-	2,145	2,145
Special assessments	-	-	-	-	-	49,755	49,755
Grant revenue	1,255,743	202,808	-	-	-	14,480	1,473,031
Licenses and permits	468,346	-	-	-	-	1,719	470,065
Fines and penalties	100,135	-	-	-	-	37,752	137,887
Investment income	153,986	48,962	1,270	33,112	46,737	61,238	345,305
Lease payments	55,775	-	-	-	-	-	55,775
Other	331,532	1,733	-	-	-	145,062	478,327
Service charges	957,421	-	-	-	-	-	957,421
Total Revenues	<u>12,589,362</u>	<u>1,990,699</u>	<u>794,502</u>	<u>901,707</u>	<u>46,737</u>	<u>2,115,834</u>	<u>18,438,841</u>
Expenditures							
Current:							
Administration	919,612	-	-	-	-	-	919,612
Building department	412,810	-	-	-	-	-	412,810
Police	3,855,566	-	-	-	-	8,937	3,864,503
Dispatch	569,120	-	-	-	-	-	569,120
Fire	1,061,541	-	-	-	-	-	1,061,541
Emergency management	8,328	-	-	-	-	-	8,328
Street	-	1,245,547	-	-	-	-	1,245,547
Health	-	-	-	-	-	188,682	188,682
Library	-	-	-	-	-	385,334	385,334
Parks	-	-	-	-	-	601,115	601,115
Non-departmental	1,147,815	-	-	-	-	186,608	1,334,423
Capital outlay	1,274,259	991,888	793,232	-	-	616,395	3,675,774
Debt service:							
Principal	90,000	-	-	-	-	54,152	144,152
Interest and fiscal charges	19,715	-	-	-	-	1,492	21,207
Total Expenditures	<u>9,358,766</u>	<u>2,237,435</u>	<u>793,232</u>	<u>-</u>	<u>-</u>	<u>2,042,715</u>	<u>14,432,148</u>
Excess (Deficiency) of Revenues over Expenditures	3,230,596	(246,736)	1,270	901,707	46,737	73,119	4,006,693
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	15,373	144,075	-	-	-	6,636	166,084
Contributed capital	-	348,532	-	-	-	66,048	414,580
Insurance claims and refunds	1,255	19,841	-	-	-	10,750	31,846
Transfers in	37,399	58,138	-	-	620,000	601,855	1,317,392
Transfers out	(542,363)	(23,490)	-	(500,000)	(350,000)	(496,698)	(1,912,551)
Total Other Financing Sources	<u>(488,336)</u>	<u>547,096</u>	<u>-</u>	<u>(500,000)</u>	<u>270,000</u>	<u>188,591</u>	<u>17,351</u>
Net Change in Fund Balance	\$ 2,742,260	\$ 300,360	\$ 1,270	\$ 401,707	\$ 316,737	\$ 261,710	\$ 4,024,044
Fund Balance (Deficit), October 1	<u>9,608,227</u>	<u>3,384,063</u>	<u>241,151</u>	<u>1,840,706</u>	<u>2,797,121</u>	<u>3,843,138</u>	<u>21,714,406</u>
Fund Balance (Deficit), September 30	<u>\$ 12,350,487</u>	<u>\$ 3,684,423</u>	<u>\$ 242,421</u>	<u>\$ 2,242,413</u>	<u>\$ 3,113,858</u>	<u>\$ 4,104,848</u>	<u>\$ 25,738,450</u>

See Notes to the Financial Statements

City of Festus, Missouri
Reconciliation of the Combined Statement of Revenue, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended September 30, 2022

Net Change in Fund Balances - Governmental Funds \$ 4,024,044

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold exceeded the depreciation in the current period.

Capital outlays	2,157,896	
Depreciation expense	<u>(1,980,323)</u>	177,573

Gain (loss) on capital assets sold (75,497)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

Deferred property tax revenue		4,964
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and in the treatment of long-term debt and related items.

Repayments:		
Neighborhood Improvement District Bonds	54,152	
Certificates of Participation	<u>90,000</u>	144,152

Payment of interest on Long-Term Debt		752
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Pension obligations		775,552
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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:

Compensated absences		<u>(25,042)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 5,026,498</u></u>
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City of Festus, Missouri
Statement of Net Position
Proprietary Funds
September 30, 2022

	Water & Sewer
Current Assets	
Cash and cash equivalents	\$ 8,446,961
Investments	-
Restricted cash and cash equivalents	1,412,115
Restricted investments	-
Receivables, net	
Special assessments	20,066
Service charges	639,497
Interest	2,070
Grants	-
Other	11,523
Prepaid items	50,528
Inventory	369,275
Lease receivables - current	4,968
Total Current Assets	10,957,003
Noncurrent Assets	
Investments in joint venture	2,866,338
Lease receivable - noncurrent	239,426
Net pension asset	126,776
Capital assets:	
Land and construction in progress	194,059
Other capital assets, net	13,398,450
Total Noncurrent Assets	16,825,049
Deferred Outflows of Resources	
Deferred outflows - pension related	139,014
Total Deferred Outflows of Resources	139,014
Current Liabilities	
Accounts payable	234,626
Accrued payroll	49,581
Accrued payroll liabilities - other	15,314
Accrued interest	3,187
Deposits payable	417,633
Funds held for others	-
Unearned revenue	-
Other liabilities	14,117
Long-term debt - current portion	262,076
Total Current Liabilities	996,534
Noncurrent Liabilities	
Long-term debt - noncurrent portion	-
Total Noncurrent Liabilities	-
Deferred Inflows of Resources	
Deferred inflows - pension related	197,741
Deferred inflows - leases	239,994
Total Deferred Inflows of Resources	437,735
Net Position	
Net investment in capital assets	13,294,759
Restricted for:	
Debt reserve	64,061
Unrestricted	13,127,977
Total Net Position	\$ 26,486,797

See Notes to the Financial Statements

City of Festus, Missouri
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Funds
For the year ended September 30, 2022

	Water & Sewer
Operating Revenues	
Water and sewer collections and fees	\$ 5,878,334
Grant revenues	-
Other revenues	36,546
Total Operating Revenues	5,914,880
Operating Expenses	
Personnel expenses	1,110,531
Materials and supplies	141,491
Purchased water	1,967,350
Utilities and maintenance	255,016
Depreciation and amortization	594,431
Treatment plant	766,413
Other	163,547
Total Operating Expenses	4,998,779
Operating Income (Loss)	916,101
Non-operating Revenues (Expenses)	
Interest income	164,500
Gain (loss) on disposal of assets	18,915
Gain (loss) on joint venture	-
Interest expense	(16,890)
Total Non-operating Revenues (Expenses)	166,525
Income (Loss) Before Capital Contributions and Transfers	1,082,626
Capital contributions	496,428
Transfers in (out)	595,159
	1,091,587
Change in Net Position	\$ 2,174,213
Net Position, October 1	24,312,584
Net Position, September 30	\$ 26,486,797

See Notes to the Financial Statements

City of Festus, Missouri
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2022

	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from customers	\$ 5,879,598
Payments to suppliers	(3,214,365)
Payments to employees	(1,240,944)
Other receipts (payments)	36,546
Net Cash Flows from Operating Activities	1,460,835
Cash Flows from Noncapital Financing Activities:	
Transfer in (out)	595,159
Net Cash from Noncapital Financing Activities	595,159
Cash Flows from Capital and Related Financing Activities:	
Payments on long-term debt	(415,856)
Interest on debt	(33,079)
Proceeds from sale of capital assets	67,440
Acquisition and construction of capital assets	(710,899)
Net Cash Used by Capital and Related Financing Activities	(1,092,394)
Cash Flows from Investing Activities:	
Proceeds from sale/(purchase) of investments	1,495,000
Investment in joint venture	(23,163)
Interest on investments	168,591
Net Cash from Investing Activities	1,640,428
Net Increase in Cash and Cash Equivalents	\$ 2,604,028
Cash and Cash Equivalents, October 1	7,255,048
Cash and Cash Equivalents, September 30	\$ 9,859,076
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Profit (Loss)	\$ 916,101
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	745,265
(Increase) decrease in:	
Accounts receivable	(12,478)
Prepaid items	(6,493)
Inventories	(123,970)
Lease receivable	(244,394)
Deferred outflows - pension related	(33,382)
Increase (decrease) in:	
Accounts payable	59,199
Accrued payroll and other liabilities	6,626
Deferred inflows - leases	239,994
Net pension liability (asset)	257,749
Deferred inflows - pension related	(343,382)
Net cash provided by (used in) operating activities	\$ 1,460,835
Noncash Capital and Related Financing and/or Investing Activities:	
Contributions of capital assets	\$ 496,428

See Notes to the Financial Statements

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies

The significant accounting and financial reporting policies applied by the City of Festus, Missouri (the City) conform to U.S. generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

The Financial Reporting Entity

The City defines its financial reporting entity in accordance with provisions established by the Governmental Accounting Standards Board (GASB). Such standards require inclusion of component units based upon whether the City's governing body has any significant amount of financial accountability for potential component units (PCU). The City is financially accountable if it appoints a voting majority of a PCU's governing body and is able to impose its will on the PCU or there is a potential for the PCU to provide specific financial benefits to, or impose specific financial burdens on, the City. The City's financial reporting entity consists of the City (the primary government); the City has determined that there are no other governmental units that should be included in the financial statements.

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 primary government. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

Property taxes, sales taxes, franchise taxes, fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.

City Transportation Tax Fund - The City Transportation Tax Fund is comprised of taxes collected to maintain roads and streets within the city.

County Transportation Tax Fund - The County Transportation Tax Fund is comprised of taxes collected to maintain roads and streets within the city.

Capital Improvement Fund - The Capital Improvement Fund is comprised of taxes collected to acquire and maintain capital assets and other improvements within the city.

Capital Reserve Fund - The Capital Reserve Fund is comprised of monies from the General Fund that have been set aside for future capital projects.

The City reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Enterprise Fund is charges for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting - under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash, Cash Equivalents, and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The City evaluates fair value measurements as of the balance sheet date and subsequent to the balance sheet date to determine any material changes in fair market value of investments.

Allowance for Uncollectable Accounts

Allowance for uncollectable accounts is as follows:

	<u>9/30/22</u>
Governmental Activities - General Fund	\$ 39,529
Business-type Activities - Water and Sewer Enterprise Fund	31,651
	<u>\$ 71,180</u>

Leases

The City is a lessor for noncancellable leases of building space, cell towers, and water towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Leases (continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

The City uses its incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Due To/From Other Funds

Noncurrent portions of long-term interfund loans receivable (reported in "advances to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of long-term interfund loans receivable (reported in "due from" asset accounts) are considered "available spendable resources" and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Inventory and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the Water and Sewer Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as various assets with an initial cost of more than \$5,000-\$50,000 and an estimated useful life in excess of one year, depending on the class of assets being acquired. Such assets are recorded at historical cost or, estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, infrastructure assets constructed, purchased, or donated effective October 1, 2003 are reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Asset	Years
Buildings and other improvements	15-30
Office equipment	3-10
Automotive equipment	4-6
Machinery and equipment	5-7
Infrastructure	10-50

Compensated Absences

Vacation

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire accumulated vacation leave is accrued when incurred in the government-wide financial statements. For governmental funds, the expenditure for vacation leave is recorded in the fund when the employees who have accumulated vacation leave are paid. Therefore, the current portion of the liability is not reported in the governmental funds. A schedule of the accrual for vacation leave follows:

	Total	Amounts Due Within One Year
Governmental Activities	\$ 125,718	\$ 125,718
Business-Type Activities	20,600	20,600
	\$ 146,318	\$ 146,318

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Sick Leave

Sick leave is accumulated by eligible employees at a rate of 1 day for every two full months of service and is available for use after six months of being a regular full-time employee. Unused accumulated sick leave is not eligible to be paid to the employee when separation of employment occurs and consequently is accounted for in the period the sick leave is taken and no liability is recorded.

Compensatory Time

A non-exempt employee, except for police or firefighters, who works more than 40 hours during a work week can receive a comparable amount of compensatory time off during the same work week after approval by the department supervisor. If the supervisor determines that the comp time cannot be taken during the same work week, the supervisor shall grant the accrual of comp time at the rate of one and one-half times or grant pay at the rate of one and one-half times the employee's regular hourly rate. An employee may accrue up to a maximum of 100 hours of banked comp time. Employees will be allowed to use compensatory time within a reasonable period, unless the use of compensatory time would, in the opinion of the supervisor, unduly disrupt City operations. State laws pertaining to police personnel are applicable.

Unearned Revenue

Unearned revenue is composed of protested utility taxes, road sales taxes, insurance proceeds, and other items which are measurable but not available and, therefore, not recognized as revenue in the accompanying governmental fund financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. Long-term debt liabilities (including compensated absences and pension liabilities) are typically liquidated by the General Fund, NID Assessment Fund, and Water and Sewer Fund.

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

Fund Equity

The government-wide and proprietary financial statements are classified in the following categories:

Net investment in capital assets - represents capital assets, net of accumulated depreciation, less the outstanding balance of any notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvements of the assets. Net investment in capital assets excludes unspent bond and loan proceeds.

Restricted - represents net position that is legally restricted or identified for specific purposes by outside parties or by law through constitutional provisions or enabling legislation.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Equity (continued)

Unrestricted - represents net position that is the residual net position available for future operations or distribution.

The governmental fund equities, under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, are classified in the following categories:

Nonspendable - represents fund balances that cannot be spent because they are either a) not in spendable form (i.e. inventory and prepaid items) or b) legally or contractually required to be maintained intact.

Restricted - represents fund balances that can be used only for specific purposes due to a) constitutional provisions or enabling legislation or b) externally imposed constraints such as creditors, grantors, laws, or other governments.

Committed - represents fund balances that can be used only for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. The City currently has a policy which requires commitment of General Fund balance equal to thirty-nine percent of General fund operating expenditures incurred.

Assigned - represents fund balances that are any amounts for which it is the City's intent that the funds be used for specific purposes but there are no legal or binding restrictions or commitments (i.e. assignments made by the City's management). The City did not have any assigned resources at September 30, 2022.

Unassigned - represents fund balances that are residual amounts for the government's General Fund and includes all spendable amounts not contained in the other classifications.

Property Taxes

The City's property tax calendar is as follows:

- Property is assessed by the County on January 1 each year.
- The tax levy ordinance is adopted and filed with the County Clerk on or before September 1.
- Property taxes are due to be collected on or before December 31.
- Property taxes attach as an enforceable lien on property as of January 1.

Grant Revenue

Resources received by the City from other governments are accounted for within applicable funds based on the purpose and requirements of each grant. Revenues are recognized on an accounting basis consistent with the Fund's measurement objective.

Revenues related to expenditure-driven grants are recognized to the extent expenditures are incurred. Any excess or deficiency of grant revenues received compared to expenditures incurred is recorded as unearned revenue or amounts receivable from the grantor.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Pensions

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

Interfund Transactions

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

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

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

Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles 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 - Cash and Investments

Deposits and investments held by at the City at September 30, 2022 consisted of the following:

Type	Maturities	Cost
Unrestricted Deposits:		
Petty cash	n/a	\$ 3,347
Demand deposits	n/a	32,155,787
Total Unrestricted Deposits		32,159,134
Restricted Deposits:		
Demand deposits	n/a	1,387,364
Total Restricted Deposits		1,387,364
Total Unrestricted and Restricted Deposits		\$ 33,546,498
Restricted Investments:		
Money market funds	n/a	63,752
Total Restricted Investments		63,752
Total Restricted Investments		\$ 63,752

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 2 - Cash and Investments (continued)

Interest Rate Risk - The City's investment policy minimizes the risk that the market value of securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in short-term securities. Investments in banker's acceptance and commercial paper shall mature and become payable not more than 180 days from the date of purchase. All other investments shall mature and become payable not more than five years from the date of purchase. The City's established investment policy has limited the City's investment portfolio to a weighted-average maturity that does not exceed three years.

Credit Risk - State law permits Cities to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies that mature or become payable in one year or less from the date of issue.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, 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. State law requires depository financial institutions to pledge as collateral for public funds on deposit, governmental unit securities, which, when combined with Federal Deposit Insurance Corporation ("FDIC") insurance, are at least equal to the amount on deposit at all times. As of September 30, 2022, all of the deposits and investments of the City were fully insured or collateralized by securities held in the City's name. The City does not believe it is exposed to any substantial custodial credit risk on uncollateralized deposits or investments.

Concentration of Credit Risk - The City places no limit on the amount the City may invest in any one issuer.

Fair Value Measurements - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 63,752	\$ 63,752	\$ -	\$ -

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

	Balance 9/30/21	Additions	Reductions	Balance 9/30/22
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 1,495,844	\$ -	\$ -	\$ 1,495,844
Construction in process	555,401	1,200,973	(535,834)	1,220,540
Total Non-depreciable capital assets	\$ 2,051,245	\$ 1,200,973	\$ (535,834)	\$ 2,716,384

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 3 - Capital Assets (continued)

	Balance 9/30/21	Additions	Reductions	Balance 9/30/22
<u>Governmental Activities (continued)</u>				
Depreciable capital assets:				
Buildings and other improvements	\$ 7,341,203	\$ 122,110	\$ -	\$ 7,463,313
Office equipment	689,780	-	-	689,780
Automotive equipment	3,416,568	141,640	(39,165)	3,519,043
Machinery and equipment	4,103,913	186,560	(444,473)	3,846,000
Infrastructure	18,461,340	708,420	(60,605)	19,109,155
Land improvements	3,679,805	258,530	(3,255)	3,935,080
Total Depreciable capital assets	<u>37,692,609</u>	<u>1,417,260</u>	<u>(547,498)</u>	<u>38,562,371</u>
Less: Accumulated depreciation				
Buildings and other improvements	4,148,577	203,062	-	4,351,639
Office equipment	403,775	86,346	-	490,121
Automotive equipment	2,396,429	180,789	(39,168)	2,538,050
Machinery and equipment	2,810,013	213,374	(444,474)	2,578,913
Infrastructure	10,833,789	1,117,277	(60,608)	11,890,458
Land improvements	1,425,331	179,475	(3,255)	1,601,551
Total Accumulated depreciation	<u>22,017,914</u>	<u>1,980,323</u>	<u>(547,505)</u>	<u>23,450,732</u>
Depreciable capital assets, net	<u>\$ 15,674,695</u>	<u>\$ (563,063)</u>	<u>\$ 7</u>	<u>\$ 15,111,639</u>
<u>Business-type Activities</u>				
Non-depreciable capital assets:				
Land	\$ 194,059	\$ -	\$ -	\$ 194,059
Construction in process	-	-	-	-
Total Non-depreciable capital assets	<u>\$ 194,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,059</u>
Depreciable capital assets:				
Systems and improvements	\$ 14,411,117	\$ 487,859	\$ (105,146)	\$ 14,793,830
Buildings and other improvements	262,074	100,714	-	362,788
Automotive equipment	353,317	44,030	(15,487)	381,860
Machinery and equipment	4,323,238	574,724	(434,819)	4,463,143
Furniture and fixtures	-	-	-	-
Computer equipment	48,339	-	-	48,339
Total Depreciable capital assets	<u>19,398,085</u>	<u>1,207,327</u>	<u>(555,452)</u>	<u>20,049,960</u>

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 3 - Capital Assets (continued)

	Balance 9/30/21	Additions	Reductions	Balance 9/30/22
<u>Business-type Activities (continued)</u>				
Less: Accumulated depreciation				
Systems and improvements	4,069,078	306,960	(57,929)	4,318,109
Buildings and other improvements	169,510	16,209	-	185,719
Automotive equipment	166,720	31,431	(15,487)	182,664
Machinery and equipment	2,122,099	236,359	(433,512)	1,924,946
Furniture and fixtures	-	-	-	-
Computer equipment	36,600	3,472	-	40,072
Total Accumulated depreciation	6,564,007	594,431	(506,928)	6,651,510
Depreciable capital assets, net	\$ 12,834,078	\$ 612,896	\$ (48,524)	\$ 13,398,450

Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2022 as follows:

	Amount
Governmental Activities:	
Administration	\$ 25,630
Building department	5,299
Police	146,842
Dispatch	41,190
Fire	89,100
Street	1,347,777
Emergency Management	6,249
Non-Departmental	67,472
Health	7,540
Library	94,186
Parks	149,038
Total Depreciation Expense - Governmental Activities	\$ 1,980,323
Business-type Activities:	
Water and Sewer	\$ 594,431
Total Depreciation Expense - Business-type Activities	\$ 594,431

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 4 - Long-Term Debt

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Balance 9/30/21	Additions	Reductions	Balance 9/30/22	Amounts Due Within One Year
Governmental Activities:					
NID Bonds	\$ 54,152	\$ -	\$ (54,152)	\$ -	\$ -
Certificates of Participation	685,000	-	(90,000)	595,000	90,000
Total Governmental Activities:	\$ 739,152	\$ -	\$ (144,152)	\$ 595,000	\$ 90,000
Business-type Activities:					
Revenue Bonds	\$ 650,000	\$ -	\$ (395,000)	\$ 255,000	\$ 255,000
Add: Premium	18,321	-	(11,245)	7,076	7,076
NID Bonds	20,857	-	(20,857)	-	-
Less: Discount	(91)	-	91	-	-
Total Business-type Activities:	\$ 689,087	\$ -	\$ (427,011)	\$ 262,076	\$ 262,076

Neighborhood Improvement District Bonds

The total amount of the Neighborhood Improvement District Bonds Series 2002 issued was \$875,000. This amount is split between the governmental activities and the business-type activities. The City has attached liens to the properties benefitting from improvements to allow property owners to pay their pro rata share of the improvement costs on installments. Installments are collected annually and remitted by the County. The property liens will be removed when the assessments are paid in full. Balances of the Neighborhood Improvement District Bonds are paid from the NID Assessment Fund and the Water and Sewer Fund. These bonds were paid in full as of September 30, 2022.

Governmental Activities:

\$631,654 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3.00% to 5.55%.

\$ -

Business-type Activities:

\$243,346 Neighborhood Improvement District Limited General Obligation Bonds, Series 2002, due in annual installments through March 1, 2022, interest payable at 3.00% to 5.55%.

-

Total: \$ -

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 4 - Long-Term Debt (continued)

Certificates of Participation

The total amount of the Certificates of Participation Series 2012 issued was \$1,440,000. These Certificates were issued for the purpose of prepaying the Series 2008 Lease-Purchase Agreement. Original proceeds were used to pay the costs of acquiring, constructing, and installing the facilities and related improvements, fixtures, equipment, and furnishings for the Festus Public Library. This amount is located in the governmental activities. Balances of the Certificates of Participation are paid from the General Fund.

Governmental Activities:

\$1,440,000 Certificates of Participation, Series 2012, due in annual installments through January 1, 2028, interest payable at 3.0% to 4.0% \$ 595,000

Annual debt service requirements to maturity for the Certificates of Participation Series 2012 are as follows:

For the years ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 90,000	\$ 17,285	\$ 107,285
2024	95,000	14,600	109,600
2025	100,000	11,625	111,625
2026	100,000	8,450	108,450
2027	105,000	5,119	110,119
2028	105,000	1,706	106,706
	\$ 595,000	\$ 58,785	\$ 653,785

Revenue Bonds Payable

The City issued various series of bonds for the purpose of acquiring, constructing, reconstructing, extending, and improving the combined waterworks and sewerage system of the City. These amounts are located in the business-type activities. Balances of the Revenue Bonds are paid from the Water and Sewer Fund. Series 2001C Revenue Bonds were paid in full as of September 30, 2022.

Business-type Activities:

\$3,575,000 Revenue Bonds, Series 2002B, due in annual installments through July 2023, interest payable at 2.050% to 5.500% \$ 255,000

\$1,885,000 Revenue Bonds, Series 2001C, due in annual installments through July 2022, interest payable at 3.000% to 5.375% -

Total: \$ 255,000

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 4 - Long-Term Debt (continued)

Annual debt service requirements to maturity for the Series 2002B Revenue Bonds are as follows:

For the years ending September 30, 2023	Business-type Activities		
	Principal	Interest	Total
	\$ 255,000	\$ 12,750	\$ 267,750

Note 5 - Employee Retirement Plans

General Information about the Defined Benefit Pension Plan

Plan description - The City of Festus's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City of Festus 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.

	2022 Valuation
Benefit Multiplier	2.00%
Final Average Salary	5 years
Member Contributions	0%

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

Employees covered by benefit terms - At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	83
Inactive employees entitled to but not yet receiving benefits	67
Active employees	98
	248

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 5 - Employee Retirement Plans (continued)

General Information about the Defined Benefit Pension Plan (continued)

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 17.5% (General), 17.1% (Police) and 24.0% (Fire) of annual covered payroll.

Net Pension Liability - The employer's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2022.

Actuarial Assumptions - The total pension liability in the February 28, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75% - 7.15% including wage inflation
Investment Rate of Return	7.00%, net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 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%

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 5 - Employee Retirement Plans (continued)

Discount rate - The discount rates used to measure the total pension liability are 7.00% (General), 7.00% (Police), and 7.00% (Fire). The projection of cash flows used to determine the discount rates 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. The single discount rate reflects (1) a 7.00% long-term expected rate of return on pension plan investments and (2) a 3.69% municipal bond rate based on an index of 20-year general obligation bonds with an average AA rate as of the measurement date.

Changes in Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2021	\$ 23,684,243	\$ 26,417,094	\$ (2,732,851)
Changes for the year:			
Service cost	536,867	-	536,867
Interest	1,639,279	-	1,639,279
Changes in benefit terms	-	-	-
Difference between expected and actual experience	478,240	-	478,240
Contributions - employer	-	806,942	(806,942)
Contributions - employee	-	-	-
Net investment income	-	20,396	(20,396)
Benefit payments, including refunds	(1,077,936)	(1,077,936)	-
Administrative expense	-	(24,641)	24,641
Other changes	-	(85,663)	85,663
Net changes	1,576,450	(360,902)	1,937,352
Balances at 6/30/2022	\$ 25,260,693	\$ 26,056,192	\$ (795,499)

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 7.00% (General), 7.00% (Police) and 7.00% (Fire), as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower or one percentage point higher than the current rates.

	1% Decrease	Current Rate	1% Increase
Total Pension Liability	\$ 28,941,659	\$ 25,260,693	\$ 22,236,966
Plan Fiduciary Net Position	(26,056,192)	(26,056,192)	(26,056,192)
Net Pension Liability	\$ 2,885,467	\$ (795,499)	\$ (3,819,226)

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 5 - Employee Retirement Plans (continued)

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

For the year ended September 30, 2022, the City of Festus recognized pension expense of (\$49,002). The City of Festus reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 630,767	\$ (329,522)
Differences in assumptions	11,099	(267,961)
Excess (deficit) investment returns	3,522	(586,918)
Contributions subsequent to the measurement date*	222,087	-
	\$ 867,475	\$ (1,184,401)

*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 September 30, 2022.

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

Year ended September 30,	Amount
2023	\$ (60,583)
2024	(228,876)
2025	(424,037)
2026	382,221
2027	8,432
Thereafter	5,917
	\$ (316,926)

Payable to the Pension Plan

At September 30, 2022, the City of Festus reported a payable of \$93,616 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2022.

General Information about the Defined Contribution Pension 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 not available to employees until termination, retirement, death, or unforeseeable emergency. The City makes no contribution to the Plan. Nationwide Retirement Solutions administers the City's Deferred Compensation Plan. The City does not have significant administrative involvement in the Plan. With the adoption of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City's Deferred Compensation Plan is not included in the general purpose financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 6 - Interfund Transfers

Individual fund transfers for the year ended September 30, 2022 are as follows:

	Fund	Transfers In	Transfers Out	Net Transfers
Governmental Activities:	General Fund	\$ 37,399	\$ (542,363)	\$ (504,964)
	City Transportation Tax Fund	58,138	(23,490)	34,648
	Capital Improvement Fund	-	(500,000)	(500,000)
	Capital Reserve Fund	620,000	(350,000)	270,000
	Health Fund	7,300	-	7,300
	Library Fund	102,277	-	102,277
	Park Fund	481,592	-	481,592
	NID Assessment Fund	4,129	(37,399)	(33,270)
	Storm Water Tax Fund	3,934	(434,299)	(430,365)
	Tourism Tax Fund	2,623	(25,000)	(22,377)
	Total Governmental Activities	1,317,392	(1,912,551)	(595,159)
Business-Type Activities:	Water and Sewer Fund	595,159	-	595,159
	Total Business-Type Activities	595,159	-	595,159
	Total Transfers	\$ 1,912,551	\$ (1,912,551)	\$ -

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

Note 7 - Asset Retirement Obligation

Asset retirement obligations are recorded in the period in which they are incurred and reasonably estimable, including those obligations for which the timing method of settlement are conditional on a future event that may or may not be within control of the City. Retirement of assets may involve efforts such as removal of leasehold improvements, contractually required demolition, and other related activities, depending on the nature and location of the assets. In identifying asset retirement obligations, the City considers identification of legally enforceable obligations, changes in existing law, estimates of potential settlement dates, and the calculation of an appropriate discount rate to be used in calculating the fair value of the obligations. For those assets where a range of potential settlement dates may be reasonably estimated, obligations are recorded. The City routinely reviews and reassesses its estimates to determine if an adjustment to the value of the asset retirement obligation is required.

The City maintains and operates a sewage treatment facility as a joint venture with the City of Crystal City (see Note 12). The City cannot reasonably estimate the fair value of its portion of the liability for the retirement and remediation activities of the Festus-Crystal City sewage treatment facility, and accordingly, has not recorded an asset retirement obligation for this matter.

Note 8 - Concentration

The City entered into a water rate agreement to purchase all water from the Jefferson County Water Authority.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 9 - Insurance

The City is a member of the Missouri Intergovernmental Risk Management Association (MIRMA), a state-wide governmental self-insurance pool which provides property, liability, and worker's compensation coverage to its participating members in a single comprehensive multiline package. The various lines of coverage are not available individually and the membership is limited to municipalities and municipally owned utilities. The City's policy covers all real and personal property owned by the City except sewer lines. The policy is for replacement cost and expires June 30, 2023. MIRMA is funded by annual member assessments calculated at a rate per \$100 of annual payroll which applies to all lines of coverage on a composite basis.

These funds are used to pay losses within specific risk retention limits shared equally by all members; purchase excess insurance which provides a transfer of catastrophic risk to private insurance carriers; purchase services such as claims administration, loss prevention, and data processing; and pay administrative expenses. Should actual insurance losses exceed MIRMA's estimates, the City could be required to contribute additional funds. Management believes the risk of additional loss is minimal and any additional contributions that may be required would not materially impact the overall operations of the City. The City paid \$491,601 in insurance premiums to MIRMA during the year ended September 30, 2022. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Note 10 - Claims and Contingencies

Litigation

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. At this time, a reasonable estimate as to the amount or range of potential loss and/or gain cannot be provided.

Federal and State Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 11 - Leases in the Statements of Lessors

The City's General Fund and Water and Sewer Fund derives a portion of its revenues from noncancelable leases from tenants who rent a City owned building, land used for a cell phone tower, and a water tower. These lease agreements are set to expire at various dates through October 31, 2048 with interest receivable at an incremental borrowing rate of 3.40%.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 11 - Leases in the Statements of Lessors (continued)

Future minimum rentals to be received under these leases as of September 30, 2022, are as follows:

Years ending September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 48,041	\$ 10,176	\$ 58,217	\$ 4,968	\$ 8,232	\$ 13,200
2024	17,404	8,941	26,345	5,139	8,061	13,200
2025	11,500	8,513	20,013	5,685	7,878	13,563
2026	11,898	8,115	20,013	5,915	7,681	13,596
2027	12,308	7,705	20,013	6,119	7,477	13,596
2028-2032	81,350	30,975	112,325	35,166	34,004	69,170
2033-2037	114,708	14,467	129,175	43,929	27,316	71,245
2038-2042	23,855	407	24,262	54,382	19,000	73,382
2043-2047	-	-	-	66,838	8,746	75,584
2048	-	-	-	16,253	324	16,577
	<u>\$ 321,064</u>	<u>\$ 89,299</u>	<u>\$ 410,363</u>	<u>\$ 244,394</u>	<u>\$ 128,719</u>	<u>\$ 373,113</u>

Total lease revenue received by Governmental Activities was \$67,543 which includes \$11,768 of interest revenue for the year ended September 30, 2022. Total lease revenue received by Business-type Activities was \$17,599 which includes \$8,398 of interest revenue for the year ended September 30, 2022.

Note 12 - Joint Ventures

Festus-Crystal City Sewage Treatment Commission

The City of Festus and the City of Crystal City, Missouri participate in the Festus-Crystal City Sewage Treatment Commission (the Commission) which was formed for the purpose of operating and maintaining a sewage treatment facility for the two cities. Both City Councils appoint two members to the Commission. The City of Festus is committed to pay monthly to the Commission an amount equal to 73% of the previous month's costs of operation and maintenance of the shared facility and repairs. Capital expenditures are shared 50/50 by the cities. The City of Crystal City is committed to pay the remaining 27% of described costs. The City accounts for its participation in this joint venture under the equity method of accounting to reflect its ownership of the Commission.

The City's interest in the joint venture at September 30, 2022 is \$2,866,338. The net change in value of the joint venture resulted in a loss of \$127,672 for the year ended September 30, 2022. For the year ended September 30, 2022, the City's cost for sewage treatment services provided by the Commission was \$615,579, which includes the City's share of operating expenses. Separate financial statements are prepared for the Festus-Crystal City Sewage Treatment Commission and may be obtained by contacting the administrative offices of the Commission.

The following paragraph is unaudited:

The Commission maintains its accounts on the cash basis. Total assets and equity of the Commission at September 30, 2022 were both \$43,091. Commission management stated that no long-term liabilities were outstanding at September 30, 2022. For the year ended September 30, 2022, total receipts and disbursements were \$897,591 and \$931,234 respectively, resulting in a net change in the Commission's equity of (\$33,643).

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 12 - Joint Ventures (continued)

Jefferson County Water Authority

The City of Festus entered into a joint venture with the City of Herculaneum to form the Jefferson County Water Authority (JCWA) in January 2000 to provide water to the residents of both cities. It has been determined that the JCWA is a joint venture with no equity interest, as defined under GASB Statement No. 14.

The JCWA is governed by an eight member board which is appointed by the City of Festus and the City of Herculaneum. Each City appoints four members to the JCWA board. The JCWA is designed to be self-sufficient.

Separate financial statements are prepared for the Jefferson County Water Authority and may be obtained by contacting the City of Festus at (636) 937-4694 or by writing to 711 Main Street, Festus, MO, 63028.

Festus-Crystal City Levee Commission

The City of Crystal City and the City of Festus, Missouri participate in the Festus-Crystal City Levee Commission (the Commission) which was formed for the purpose of constructing and providing for the maintenance of the Twin City levee. The Commission is governed by an eight member board with both City Councils appointing four members to the Commission. It has been determined that the Commission is a joint venture with no equity interest, as defined under GASB Statement No. 14.

The City of Crystal City and the City of Festus are committed to pay monthly the previous month's costs of operation and maintenance of the levee. The only assets of the Commission at September 30, 2022 were the Twin City levee and land. Currently no separate financial statements for the Commission are available.

Note 13 - Other Post Employment Benefits

In addition to the pension benefits described in Note 5, the City allows employees who retire from the City to participate in the City's health, dental and vision insurance plans. Upon meeting the retirement requirements of LAGERS, the employees can elect to participate in the City's plans. The City pays for employee premiums for five years or until they reach age 65, but employees must pay for 100% of their spouse or dependents coverage for each plan they elect to participate. Future retirees will not be allowed to cover their spouse or dependents beyond the COBRA allowed time period. The difference between the amount the retiree is required to pay and the actual cost to the City is considered to be a post employment benefit. The City has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan. During the year ended September 30, 2022, 7 retirees participated in the City's insurance plans and the City paid premiums totaling \$64,126. COBRA premiums paid (not by City) totaled \$0.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 14 - Missouri Legislation

House Bill 103 amending Section 302.341.2 RSMo became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. The City was not required to and did not account for the fines and court costs for traffic violations separately from the total fines and court costs prior to August 28, 2013. During the fiscal year ended September 30, 2022, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$93,410. "Annual general operating revenue of the city" is not defined in the amended statute and may or may not include various sources of the City's revenues. However, the City's general revenue fund tax revenue alone totaled \$9,266,424. Using general fund tax revenue and total fines and court costs as the "annual general operating revenue," the City's total fines and court costs revenues are only 1.00% of this total "annual general operating revenue," which is substantially below the 30.00% threshold requirement of the amended statute. This clearly demonstrates at a minimum that the City in no way exceeded the percentage requirement regardless of how "annual general operating revenue" is calculated.

Note 15 - Tax Abatement Disclosures

GASB Statement No. 77, *Tax Abatement Disclosure* seeks to assist users of the financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

The City has entered into an economic development agreement with a local business where the City will refund economic activity taxes equal to 50% of the additional economic activity taxes resulting from business improvement and investment activities performed by the local business up to \$400,000. The City incurred \$4,962 in economic activity tax rebates for the year ended September 30, 2022. The terms of the economic agreement will expire in the fiscal year ending September 30, 2034.

Note 16 - Commitments

At September 30, 2022, the City had commitments for the following projects:

Street and transportation projects	\$ 652,984
Generator purchase	360,435
Park improvements and expansion	180,000
Storm water drainage improvements	277,686
Water and sewer system improvements	800
	<u>\$ 1,471,905</u>

These commitments will be met with resources from the following funds:

General Fund	\$ 360,435
City Transportation Tax Fund	652,984
Park Fund	180,000
Storm Water Tax Fund	277,686
Water and Sewer Fund	800
	<u>\$ 1,471,905</u>

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 17 - Subsequent Events

The City has evaluated events subsequent to September 30, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through March 23, 2023, the date the financial statements were available to be issued.

On November 22, 2022, the City entered into a financed purchase arrangement for \$2,256,000 for energy conservation and facility improvements to the city hall, library, and public works buildings, payable in variable annual installments. The arrangement matures on April 1, 2032 and has interest payable at 3.75%.

Note 18 - Adoption of New Accounting Pronouncements

Effective October 1, 2021, the City adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizes inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

This report does not incorporate GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*; and GASB Statement No. 101, *Compensated Absences*.

The effects of the City's financial statements as a result of adoption of these new pronouncements are unknown. The City will adopt and implement these statements at the required time.

Required Supplementary Information

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues				
Property taxes	\$ 693,393	\$ 693,393	\$ 723,474	\$ 30,081
Taxes - other	6,756,930	6,756,930	8,542,950	1,786,020
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	18,000	1,255,749	1,255,743	(6)
Licenses and permits	370,250	370,250	468,346	98,096
Fines and penalties	91,500	91,500	100,135	8,635
Investment income	36,999	36,999	153,986	116,987
Lease payments	54,879	54,879	55,775	896
Other	328,252	328,252	331,532	3,280
Service charges	927,330	927,330	957,421	30,091
Total Revenues	<u>9,277,533</u>	<u>10,515,282</u>	<u>12,589,362</u>	<u>2,074,080</u>
Expenditures				
Current:				
Administration	990,022	970,327	919,612	(50,715)
Building department	377,681	424,887	412,810	(12,077)
Police	3,678,752	3,986,941	3,855,566	(131,375)
Dispatch	588,807	629,591	569,120	(60,471)
Fire	1,115,946	1,217,607	1,061,541	(156,066)
Emergency management	17,700	17,700	8,328	(9,372)
Street	-	-	-	-
Non-departmental	1,164,344	1,170,868	1,147,815	(23,053)
Capital outlay	1,388,850	1,474,725	1,274,259	(200,466)
Debt service:				
Principal	90,000	90,000	90,000	-
Interest and fiscal charges	19,715	19,715	19,715	-
Total Expenditures	<u>9,431,817</u>	<u>10,002,361</u>	<u>9,358,766</u>	<u>(643,595)</u>
Excess (Deficiency) of Revenues over Expenditures	(154,284)	512,921	3,230,596	2,717,675
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	6,998	15,373	8,375
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	1,255	1,255
Transfers in	-	38,500	37,399	(1,101)
Transfers out	(345,155)	(542,363)	(542,363)	-
Total Other Financing Sources (Uses)	<u>(345,155)</u>	<u>(496,865)</u>	<u>(488,336)</u>	<u>8,529</u>
Net Change in Fund Balance	<u>\$ (499,439)</u>	<u>\$ 16,056</u>	<u>\$ 2,742,260</u>	<u>\$ 2,726,204</u>
Fund Balance, October 1			<u>9,608,227</u>	
Fund Balance, September 30			<u>\$ 12,350,487</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
City Transportation Tax Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,557,100	1,472,000	1,737,196	265,196
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	1,280,734	1,280,734	202,808	(1,077,926)
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	25,458	25,458	48,962	23,504
Lease payments	-	-	-	-
Other	1,000	1,000	1,733	733
Service charges	-	-	-	-
Total Revenues	<u>2,864,292</u>	<u>2,779,192</u>	<u>1,990,699</u>	<u>(788,493)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	1,398,755	1,501,993	1,245,547	(256,446)
Non-departmental	-	-	-	-
Capital outlay	2,397,911	2,794,785	991,888	(1,802,897)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,796,666</u>	<u>4,296,778</u>	<u>2,237,435</u>	<u>(2,059,343)</u>
Excess (Deficiency) of Revenues over Expenditures	(932,374)	(1,517,586)	(246,736)	1,270,850
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	144,075	144,075	-
Contributed capital	-	343,974	348,532	4,558
Insurance claims and refunds	3,000	3,000	19,841	16,841
Transfers in	-	58,138	58,138	-
Transfers out	(52,491)	(52,491)	(23,490)	29,001
Total Other Financing Sources (Uses)	<u>(49,491)</u>	<u>496,696</u>	<u>547,096</u>	<u>50,400</u>
Net Change in Fund Balance	<u>\$ (981,865)</u>	<u>\$ (1,020,890)</u>	\$ 300,360	<u>\$ 1,321,250</u>
Fund Balance, October 1			<u>3,384,063</u>	
Fund Balance, September 30			<u>\$ 3,684,423</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
County Transportation Tax Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	726,000	726,000	793,232	67,232
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	1,205	1,205	1,270	65
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>727,205</u>	<u>727,205</u>	<u>794,502</u>	<u>67,297</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	915,000	793,500	793,232	(268)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>915,000</u>	<u>793,500</u>	<u>793,232</u>	<u>(268)</u>
Excess (Deficiency) of Revenues over Expenditures	(187,795)	(66,295)	1,270	67,565
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (187,795)</u>	<u>\$ (66,295)</u>	\$ 1,270	<u>\$ 67,565</u>
Fund Balance, October 1			<u>241,151</u>	
Fund Balance, September 30			<u>\$ 242,421</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Improvement Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	737,000	737,000	868,595	131,595
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	10,923	10,923	33,112	22,189
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>747,923</u>	<u>747,923</u>	<u>901,707</u>	<u>153,784</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	747,923	747,923	901,707	153,784
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(500,000)	(500,000)	(500,000)	-
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 247,923</u>	<u>\$ 247,923</u>	\$ 401,707	<u>\$ 153,784</u>
Fund Balance, October 1			<u>1,840,706</u>	
Fund Balance, September 30			<u>\$ 2,242,413</u>	

City of Festus, Missouri
Notes to the Required Supplementary Information - Budgetary Schedules
For the year ended September 30, 2022

Note 1 - Explanation of Budgetary Process

Budgets are adopted on an accrual basis. An annual appropriated budget is adopted for the governmental funds except proceeds from notes payable and related expenses. All annual appropriations lapse at fiscal year-end.

In August, all departments submit requests for appropriation to the City's budget committee so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. During September, the budget is presented to the City Council for review. Prior to October 1, the budget is enacted by the City Council through passage of an ordinance. Expenditures may not legally exceed budgeted appropriations at the activity level. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original budget ordinance. The City Administrator is authorized to transfer appropriations between budget line items within departments. The City Council must approve transfers between funds and departments.

During the audit it was noted that actual expenditures exceeded budgeted expenditures in the following funds: Law Enforcement Training Fund and Federal Forfeiture Fund.

City of Festus, Missouri
Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Fiscal Years
Missouri Local Government Employees Retirement System (LAGERS)

Fiscal year ending June 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 536,867	\$ 496,986	\$ 462,857	\$ 430,166	\$ 421,241	\$ 427,801	\$ 391,392	\$ 386,909
Interest on the Total Pension Liability	1,639,279	1,631,103	1,591,047	1,507,242	1,458,841	1,345,331	1,230,668	1,205,031
Benefit Changes	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	478,240	224,328	(566,237)	133,294	(391,561)	544,511	(64,181)	(570,584)
Assumption Changes	-	(386,943)	(101,755)	22,179	(14,526)	(153,257)	678,302	53,188
Benefit Payments	(1,077,936)	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	1,576,450	913,773	440,761	1,217,021	720,852	1,453,869	1,612,577	369,352
Total Pension Liability beginning	23,684,243	22,770,470	22,329,709	21,112,688	20,391,836	18,937,967	17,325,390	16,956,038
Total Pension Liability ending	25,260,693	23,684,243	22,770,470	22,329,709	21,112,688	20,391,836	18,937,967	17,325,390
Plan Fiduciary Net Position								
Contributions-Employer	806,942	800,587	713,737	601,498	565,286	618,046	590,399	553,848
Contributions-Employee	-	-	-	-	-	-	-	-
Pension Plan Net Investment income	20,396	5,777,104	282,085	1,308,280	2,215,523	1,957,825	(33,114)	320,327
Benefit Payments	(1,077,936)	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-	-
Pension Plan Administrative Expense	(24,641)	(22,191)	(28,101)	(23,910)	(16,220)	(15,761)	(15,647)	(16,124)
Other	(85,663)	(294,486)	207,751	82,380	(350,864)	235,650	44,955	47,974
Net Change in Plan Fiduciary Net Position	(360,902)	5,209,313	230,321	1,092,388	1,660,582	2,085,243	(37,011)	200,833
Plan Fiduciary Net Position beginning	26,417,094	21,207,781	20,977,460	19,885,072	18,224,490	16,139,247	16,176,258	15,975,425
Plan Fiduciary Net Position ending	\$ 26,056,192	\$ 26,417,094	\$ 21,207,781	\$ 20,977,460	\$ 19,885,072	\$ 18,224,490	\$ 16,139,247	\$ 16,176,258
Employer Net Pension Liability	\$ (795,499)	\$ (2,732,851)	\$ 1,562,689	\$ 1,352,249	\$ 1,227,616	\$ 2,167,346	\$ 2,798,720	\$ 1,149,132
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	103.15%	111.54%	93.14%	93.94%	94.19%	89.37%	85.22%	93.37%
Covered Employee Payroll	\$ 4,634,941	\$ 4,396,001	\$ 4,105,982	\$ 3,757,517	\$ 3,571,795	\$ 3,604,777	\$ 3,632,243	\$ 3,350,035
Employer's Net Pension Liability as a percentage of covered employee payroll	-17.16%	-62.17%	38.06%	35.99%	34.37%	60.12%	77.05%	34.30%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Festus, Missouri
Schedule of Pension Contributions - Last 10 Fiscal Years
Missouri Local Government Employees Retirement System (LAGERS)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined pension contribution	\$ 847,465	\$ 813,335	\$ 748,762	\$ 646,061	\$ 562,651	\$ 704,466	\$ 724,858	\$ 550,122	\$ 569,638	\$ 516,359
Contributions in relation to the actuarially determined contributions	<u>845,566</u>	<u>809,140</u>	<u>741,672</u>	<u>621,727</u>	<u>562,651</u>	<u>579,193</u>	<u>618,221</u>	<u>541,750</u>	<u>567,605</u>	<u>429,143</u>
Contribution deficiency (excess)	<u>\$ 1,899</u>	<u>\$ 4,195</u>	<u>\$ 7,090</u>	<u>\$ 24,334</u>	<u>\$ -</u>	<u>\$ 125,273</u>	<u>\$ 106,637</u>	<u>\$ 8,372</u>	<u>\$ 2,033</u>	<u>\$ 87,216</u>
Covered Employee Payroll	\$ 4,918,129	\$ 4,264,834	\$ 3,764,429	\$ 3,585,488	\$ 3,708,915	\$ 3,717,345	\$ 3,403,902	\$ 3,501,276	\$ 3,552,041	\$ 3,694,863
Contributions as a percentage of covered employee payroll	17.19%	18.97%	19.70%	17.34%	15.17%	15.58%	18.16%	15.47%	15.98%	11.61%

Notes to Schedule:

Valuation date: February 28, 2022 - Actuarially determined contribution rates are calculated as of February 28, prior to the end of the fiscal year in which contributions are reported.

Notes: The roll-forward of total pension liability from February 28, 2022 to June 30, 2022 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 12 to 21 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% - 7.15% including wage inflation
Investment rate of return	7.00%, net of investment and administrative expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

Supplementary Information

City of Festus, Missouri
Combining Balance Sheet - Non-Major Governmental Funds
September 30, 2022

Special Revenue Funds									
Assets	Health	Library	Park	NID Assessment	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	Totals
Cash and cash equivalents	\$ 485,535	\$ 136,647	\$ 964,641	\$ -	\$ 4,125	\$ 1,742,326	\$ 575,988	\$ 211,162	\$ 4,120,424
Investments	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-	-	-	-
Receivables, net									
Taxes	4,657	6,413	85,955	-	-	172,946	61,358	-	331,329
Special assessments	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Other	33,983	614	-	-	832	-	345	-	35,774
Prepaid items	5,639	13,562	19,884	-	-	3,357	9,438	-	51,880
Due from other funds	-	-	-	-	-	-	-	-	-
Total Assets	529,814	157,236	1,070,480	-	4,957	1,918,629	647,129	211,162	4,539,407
Deferred Outflows of Resources	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 529,814	\$ 157,236	\$ 1,070,480	\$ -	\$ 4,957	\$ 1,918,629	\$ 647,129	\$ 211,162	\$ 4,539,407
Liabilities									
Accounts payable	\$ 1,371	\$ 11,482	\$ 87,983	\$ -	\$ -	\$ 245,878	\$ 10,896	\$ -	\$ 357,610
Accrued payroll	1,235	3,497	4,164	-	-	620	466	-	9,982
Accrued payroll liabilities - other	2,830	1,973	4,442	-	-	593	446	-	10,284
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	5,173	5,325	-	-	3,000	-	-	13,498
Other liabilities	-	-	-	-	-	27,725	-	-	27,725
Total Liabilities	5,436	22,125	101,914	-	-	277,816	11,808	-	419,099
Deferred Inflows of Resources									
Unavailable resources - property taxes	4,118	5,671	5,671	-	-	-	-	-	15,460
Unavailable resources - special assessments	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	4,118	5,671	5,671	-	-	-	-	-	15,460
Fund Balance									
Nonspendable:									
Prepaid items	5,639	13,562	19,884	-	-	3,357	9,438	-	51,880
Restricted:									
Special revenue funds	514,621	115,878	943,011	-	4,957	1,637,456	625,883	211,162	4,052,968
Unassigned:									
General fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	520,260	129,440	962,895	-	4,957	1,640,813	635,321	211,162	4,104,848
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 529,814	\$ 157,236	\$ 1,070,480	\$ -	\$ 4,957	\$ 1,918,629	\$ 647,129	\$ 211,162	\$ 4,539,407

City of Festus, Missouri
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2022

Special Revenue Funds									
Revenues	Health	Library	Park	NID Assessment	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	Totals
Property taxes	\$ 164,459	\$ 226,431	\$ 226,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 617,321
Taxes - other	-	-	-	-	-	868,597	317,765	-	1,186,362
Intergovernmental	-	-	-	-	2,145	-	-	-	2,145
Special assessments	-	-	-	49,755	-	-	-	-	49,755
Grant revenue	-	8,818	-	-	524	-	-	5,138	14,480
Licenses and permits	1,719	-	-	-	-	-	-	-	1,719
Fines and penalties	2,190	32,631	2,076	237	-	-	618	-	37,752
Investment income	8,016	1,853	14,485	375	51	24,695	8,636	3,127	61,238
Lease payments	-	-	-	-	-	-	-	-	-
Other	24,306	29,851	85,008	-	-	-	5,897	-	145,062
Total Revenues	200,690	299,584	328,000	50,367	2,720	893,292	332,916	8,265	2,115,834
Expenditures									
Current:									
Police	-	-	-	-	4,621	-	-	4,316	8,937
Health	188,682	-	-	-	-	-	-	-	188,682
Library	-	385,334	-	-	-	-	-	-	385,334
Parks	-	-	601,115	-	-	-	-	-	601,115
Non-departmental	-	-	-	460	-	140,778	45,370	-	186,608
Capital outlay	31,087	20,484	160,735	-	-	168,702	235,387	-	616,395
Debt service:									
Principal	-	-	-	54,152	-	-	-	-	54,152
Interest and fiscal charges	-	-	-	1,492	-	-	-	-	1,492
Total Expenditures	219,769	405,818	761,850	56,104	4,621	309,480	280,757	4,316	2,042,715
Excess (Deficiency) of Revenues over Expenditures	(19,079)	(106,234)	(433,850)	(5,737)	(1,901)	583,812	52,159	3,949	73,119
Other Financing Sources (Uses)									
Proceeds from sale of capital assets	3,150	326	3,160	-	-	-	-	-	6,636
Contributed capital	-	-	66,048	-	-	-	-	-	66,048
Insurance claims and refunds	-	-	-	-	-	10,750	-	-	10,750
Transfers in	7,300	102,277	481,592	4,129	-	3,934	2,623	-	601,855
Transfers out	-	-	-	(37,399)	-	(434,299)	(25,000)	-	(496,698)
Total Other Financing Sources (Uses)	10,450	102,603	550,800	(33,270)	-	(419,615)	(22,377)	-	188,591
Net Change in Fund Balance	\$ (8,629)	\$ (3,631)	\$ 116,950	\$ (39,007)	\$ (1,901)	\$ 164,197	\$ 29,782	\$ 3,949	\$ 261,710
Fund Balance (Deficit), October 1	528,889	133,071	845,945	39,007	6,858	1,476,616	605,539	207,213	3,843,138
Fund Balance (Deficit), September 30	\$ 520,260	\$ 129,440	\$ 962,895	\$ -	\$ 4,957	\$ 1,640,813	\$ 635,321	\$ 211,162	\$ 4,104,848

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Health Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 157,488	\$ 157,488	\$ 164,459	\$ 6,971
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	1,000	1,000	1,719	719
Fines and penalties	2,600	2,600	2,190	(410)
Investment income	2,881	2,881	8,016	5,135
Lease payments	-	-	-	-
Other	4,700	4,700	24,306	19,606
Total Revenues	<u>168,669</u>	<u>168,669</u>	<u>200,690</u>	<u>32,021</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	180,071	207,521	188,682	(18,839)
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	30,576	32,001	31,087	(914)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>210,647</u>	<u>239,522</u>	<u>219,769</u>	<u>(19,753)</u>
Excess (Deficiency) of Revenues over Expenditures	(41,978)	(70,853)	(19,079)	51,774
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	3,150	3,150	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	7,300	7,300	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,450</u>	<u>10,450</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (41,978)</u>	<u>\$ (60,403)</u>	<u>\$ (8,629)</u>	<u>\$ 51,774</u>
Fund Balance, October 1			<u>528,889</u>	
Fund Balance, September 30			<u>\$ 520,260</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 217,025	\$ 217,025	\$ 226,431	\$ 9,406
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	7,537	7,537	8,818	1,281
Licenses and permits	-	-	-	-
Fines and penalties	34,100	34,100	32,631	(1,469)
Investment income	589	589	1,853	1,264
Lease payments	-	-	-	-
Other	23,500	23,500	29,851	6,351
Total Revenues	<u>282,751</u>	<u>282,751</u>	<u>299,584</u>	<u>16,833</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	365,175	395,541	385,334	(10,207)
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	7,600	20,600	20,484	(116)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>372,775</u>	<u>416,141</u>	<u>405,818</u>	<u>(10,323)</u>
Excess (Deficiency) of Revenues over Expenditures	(90,024)	(133,390)	(106,234)	27,156
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	326	326
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	75,155	102,276	102,277	1
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>75,155</u>	<u>102,276</u>	<u>102,603</u>	<u>327</u>
Net Change in Fund Balance	<u>\$ (14,869)</u>	<u>\$ (31,114)</u>	<u>\$ (3,631)</u>	<u>\$ 27,483</u>
Fund Balance, October 1			<u>133,071</u>	
Fund Balance, September 30			<u>\$ 129,440</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Park Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 217,025	\$ 217,025	\$ 226,431	\$ 9,406
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	2,100	2,100	2,076	(24)
Investment income	3,155	3,155	14,485	11,330
Lease payments	-	-	-	-
Other	67,550	67,550	85,008	17,458
Total Revenues	<u>289,830</u>	<u>289,830</u>	<u>328,000</u>	<u>38,170</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	661,161	690,955	601,115	(89,840)
Non-departmental	-	-	-	-
Capital outlay	126,100	194,481	160,735	(33,746)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>787,261</u>	<u>885,436</u>	<u>761,850</u>	<u>(123,586)</u>
Excess (Deficiency) of Revenues over Expenditures	(497,431)	(595,606)	(433,850)	161,756
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	3,160	3,160	-
Contributed capital	-	66,048	66,048	-
Insurance claims and refunds	-	-	-	-
Transfers in	393,500	415,794	481,592	65,798
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>393,500</u>	<u>485,002</u>	<u>550,800</u>	<u>65,798</u>
Net Change in Fund Balance	<u>\$ (103,931)</u>	<u>\$ (110,604)</u>	\$ 116,950	<u>\$ 227,554</u>
Fund Balance, October 1			<u>845,945</u>	
Fund Balance, September 30			<u>\$ 962,895</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
NID Assessment Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	49,937	49,937	49,755	(182)
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	237	237
Investment income	-	-	375	375
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>49,937</u>	<u>49,937</u>	<u>50,367</u>	<u>430</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	500	500	460	(40)
Capital outlay	-	-	-	-
Debt service:				
Principal	54,142	54,142	54,152	10
Interest and fiscal charges	1,848	1,848	1,492	(356)
Total Expenditures	<u>56,490</u>	<u>56,490</u>	<u>56,104</u>	<u>(386)</u>
Excess (Deficiency) of Revenues over Expenditures	(6,553)	(6,553)	(5,737)	816
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	4,241	4,241	4,129	(112)
Transfers out	-	(38,500)	(37,399)	1,101
Total Other Financing Sources (Uses)	<u>4,241</u>	<u>(34,259)</u>	<u>(33,270)</u>	<u>989</u>
Net Change in Fund Balance	<u>\$ (2,312)</u>	<u>\$ (40,812)</u>	<u>\$ (39,007)</u>	<u>\$ 1,805</u>
Fund Balance, October 1			<u>39,007</u>	
Fund Balance, September 30			<u>\$ -</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Law Enforcement Training Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	1,500	1,500	2,145	645
Special assessments	-	-	-	-
Grant revenue	-	-	524	524
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	25	25	51	26
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,525</u>	<u>1,525</u>	<u>2,720</u>	<u>1,195</u>
Expenditures				
Current:				
Police	4,200	4,200	4,621	421
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>4,200</u>	<u>4,200</u>	<u>4,621</u>	<u>421</u>
Excess (Deficiency) of Revenues over Expenditures	(2,675)	(2,675)	(1,901)	774
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ (2,675)</u></u>	<u><u>\$ (2,675)</u></u>	<u><u>\$ (1,901)</u></u>	<u><u>\$ 774</u></u>
Fund Balance, October 1			<u>6,858</u>	
Fund Balance, September 30			<u><u>\$ 4,957</u></u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Storm Water Tax Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	737,000	737,000	868,597	131,597
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	6,767	6,767	24,695	17,928
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>743,767</u>	<u>743,767</u>	<u>893,292</u>	<u>149,525</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	122,452	144,386	140,778	(3,608)
Capital outlay	332,000	332,000	168,702	(163,298)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>454,452</u>	<u>476,386</u>	<u>309,480</u>	<u>(166,906)</u>
Excess (Deficiency) of Revenues over Expenditures	289,315	267,381	583,812	316,431
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	10,750	10,750	-
Transfers in	-	3,934	3,934	-
Transfers out	(368,500)	(368,500)	(434,299)	(65,799)
Total Other Financing Sources (Uses)	<u>(368,500)</u>	<u>(353,816)</u>	<u>(419,615)</u>	<u>(65,799)</u>
Net Change in Fund Balance	<u>\$ (79,185)</u>	<u>\$ (86,435)</u>	\$ 164,197	<u>\$ 250,632</u>
Fund Balance, October 1			<u>1,476,616</u>	
Fund Balance, September 30			<u>\$ 1,640,813</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Tourism Tax Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	230,000	230,000	317,765	87,765
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	450	450	618	168
Investment income	2,939	2,939	8,636	5,697
Lease payments	-	-	-	-
Other	5,000	5,000	5,897	897
Total Revenues	<u>238,389</u>	<u>238,389</u>	<u>332,916</u>	<u>94,527</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	51,329	53,952	45,370	(8,582)
Capital outlay	202,790	327,640	235,387	(92,253)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>254,119</u>	<u>381,592</u>	<u>280,757</u>	<u>(100,835)</u>
Excess (Deficiency) of Revenues over Expenditures	(15,730)	(143,203)	52,159	195,362
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	2,623	2,623	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(22,377)</u>	<u>(22,377)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (40,730)</u>	<u>\$ (165,580)</u>	\$ 29,782	<u>\$ 195,362</u>
Fund Balance, October 1			<u>605,539</u>	
Fund Balance, September 30			<u>\$ 635,321</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Federal Forfeiture Special Revenue Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	5,138	5,138	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	918	918	3,127	2,209
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>918</u>	<u>6,056</u>	<u>8,265</u>	<u>2,209</u>
Expenditures				
Current:				
Police	-	2,000	4,316	2,316
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>2,000</u>	<u>4,316</u>	<u>2,316</u>
Excess (Deficiency) of Revenues over Expenditures	918	4,056	3,949	(107)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 918</u>	<u>\$ 4,056</u>	<u>\$ 3,949</u>	<u>\$ (107)</u>
Fund Balance, October 1			<u>207,213</u>	
Fund Balance, September 30			<u>\$ 211,162</u>	

City of Festus, Missouri
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Reserve Capital Project Fund
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	10,236	10,236	46,737	36,501
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>10,236</u>	<u>10,236</u>	<u>46,737</u>	<u>36,501</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	10,236	10,236	46,737	36,501
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	620,000	620,000	620,000	-
Transfers out	(350,000)	(350,000)	(350,000)	-
Total Other Financing Sources (Uses)	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 280,236</u>	<u>\$ 280,236</u>	\$ 316,737	<u>\$ 36,501</u>
Fund Balance, October 1			<u>2,797,121</u>	
Fund Balance, September 30			<u>\$ 3,113,858</u>	

Other Supplementary Information

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*

Independent Auditor's Report

Honorable Mayor and City Council
City of Festus, Missouri

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Festus, Missouri as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Festus, Missouri's basic financial statements, and have issued our qualified report thereon dated March 23, 2023.

The City has not determined the cost of all asset retirement obligations which is required in accordance with accounting principles generally accepted in the United States of America (GASB 83) to be recorded in the business-type activities and in the proprietary fund financial statements. Also, the City has not determined the cost of other post-employment benefit (OPEB) expense and obligation which is required in accordance with accounting principles generally accepted in the United States of America (GASB 75), to be recorded in the governmental activities, business-type activities, and the proprietary fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Festus, Missouri's internal control over financial reporting (internal control) as a basis for designing 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 City of Festus, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Festus, 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

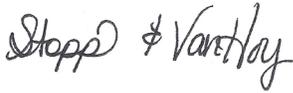
As part of obtaining reasonable assurance about whether City of Festus, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002.

City of Festus, Missouri's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Creve Coeur, Missouri
March 23, 2023

City of Festus, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2022

Financial Statement Findings

2022-001 **Condition:** An actuarial valuation has not been obtained for other post employment benefits.

Criteria: Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* is effective for periods beginning after June 15, 2017.

Cause: The City of Festus has not obtained an actuarial valuation of its other post employment benefits (OPEB).

Effect: Liabilities could be understated due to not recording OPEB liability in the financial statements.

Recommendation: We recommend the City of Festus obtain an actuarial valuation of its other post employment benefits to be in compliance with GASB 75.

Management's Response: Due to budgetary restraints, management has determined that the value of the actuarial valuation of the other post employment benefits did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will issue a RFP for actuarial services if it is deemed to be of value to the City and its residents. The contact person is Stephanie Cunningham, Finance Director.

2022-002 **Condition:** An estimated liability has not been calculated for the asset retirement obligation for the City's investment in the joint venture for the Festus-Crystal City sewage treatment facility.

Criteria: Governmental Accounting Standards Board Statement No. 83, *"Certain Asset Retirement Obligations"* is effective for periods beginning after June 15, 2018.

Cause: The City of Festus has not calculated an estimated liability for the asset retirement obligation for the City's investment in the joint venture for the Festus-Crystal City sewage treatment facility.

Effect: The City's investment in the joint venture could be overstated due to not recording the City's portion of the related asset retirement obligation in the City's financial statements.

Recommendation: We recommend the City of Festus prepare an estimate of liabilities that the City will incur for its portion of the retirement and remediation activities related to the post-closure care of the Festus-Crystal City sewage treatment facility.

Management's Response: Due to budgetary restraints, management has determined that the determination of the estimated liability of retirement and remediation costs related to the post-closure care of the Festus-Crystal City sewage treatment facility did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will consult with the necessary vendors and/or contractors to determine the estimated liability if it is deemed to be of value to the City and its residents. The contact person is Stephanie Cunningham, Finance Director.

City of Festus, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended September 30, 2022

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the City of Festus, Missouri, on the applicable findings in the prior audit report issued for the year end September 30, 2021.

Prior Year Financial Statement Findings

2021-001 **Condition:** An actuarial valuation has not been obtained for other post employment benefits.

Criteria: Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* is effective for periods beginning after June 15, 2017.

Cause: The City of Festus has not obtained an actuarial valuation of its other post employment benefits (OPEB).

Effect: Liabilities could be understated due to not recording OPEB liability in the financial statements.

Recommendation: We recommend the City of Festus obtain an actuarial valuation of its other post employment benefits to be in compliance with GASB 75.

Management's Response: Due to budgetary restraints, management has again determined that the value of the actuarial valuation of the other post employment benefits did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will issue a RFP for actuarial services if it is deemed to be of value to the City and its citizens. The contact person is Stephanie Cunningham, Finance Director.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2022-001.

2021-002 **Condition:** An estimated liability has not been calculated for the asset retirement obligation for the City's investment in the joint venture for the Festus-Crystal City sewage treatment facility.

Criteria: Governmental Accounting Standards Board Statement No. 83, *"Certain Asset Retirement Obligations"* is effective for periods beginning after June 15, 2018.

Cause: The City of Festus has not calculated an estimated liability for the asset retirement obligation for the City's investment in the joint venture for the Festus-Crystal City sewage treatment facility.

Effect: The City's investment in the joint venture could be overstated due to not recording the City's portion of the related asset retirement obligation in the City's financial statements.

Recommendation: We recommend the City of Festus prepare an estimate of liabilities that the City will incur for its portion of the retirement and remediation activities related to the post-closure care of the Festus-Crystal City sewage treatment facility.

Management's Response: Due to budgetary restraints, management has determined that the determination of the estimated liability of retirement and remediation costs related to the post-closure care of the Festus-Crystal City sewage treatment facility did not warrant the cost. The City will re-evaluate the benefits versus the cost for the next year, and will consult with the necessary vendors and/or contractors to determine the estimated liability if it is deemed to be of value to the City and its citizens. The contact person is Stephanie Cunningham, Finance Director.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2022-002.

City of Festus, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended September 30, 2022

Prior Year Federal Award Findings and Questioned Costs

Not applicable.