

**City of Festus, Missouri**

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

**For the year ended September 30, 2023**



**City of Festus, Missouri**  
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**For the year ended September 30, 2023**

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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, 2023, 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*

<b><i>Opinion Unit</i></b>	<b><i>Type of Opinion</i></b>
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, 2023, 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, 2023, 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 8, 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 15, 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***

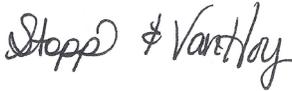
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Festus, Missouri’s basic financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison information, and capital project 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 27, 2024 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 27, 2024

**City of Festus, Missouri**  
**Statement of Net Position**  
**September 30, 2023**

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>Current Assets</b>			
Cash and cash equivalents	\$ 26,147,630	\$ 8,716,862	\$ 34,864,492
Investments	1,000,000	1,000,000	2,000,000
Restricted cash and cash equivalents	2,408,471	1,738,476	4,146,947
Restricted investments	-	-	-
Receivables, net			
Taxes	3,361,848	-	3,361,848
Special assessments	-	8,310	8,310
Service charges	81,717	769,666	851,383
Interest	10,957	9,702	20,659
Grants	8,341	-	8,341
Other	106,931	50,046	156,977
Prepaid items	409,408	52,922	462,330
Inventory	-	528,190	528,190
Lease receivables - current	35,551	5,139	40,690
Total Current Assets	<u>33,570,854</u>	<u>12,879,313</u>	<u>46,450,167</u>
<b>Noncurrent Assets</b>			
Investment in joint venture	-	2,759,002	2,759,002
Lease receivables - noncurrent	347,309	234,287	581,596
Intangible right-to-use subscription assets, net	192,623	-	192,623
Capital assets:			
Land and construction in progress	2,318,064	339,687	2,657,751
Other capital assets, net	17,508,725	13,157,390	30,666,115
Total Noncurrent Assets	<u>20,366,721</u>	<u>16,490,366</u>	<u>36,857,087</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pension related	1,292,484	226,286	1,518,770
Total Deferred Outflows of Resources	<u>1,292,484</u>	<u>226,286</u>	<u>1,518,770</u>
<b>Current Liabilities</b>			
Accounts payable	1,211,933	283,837	1,495,770
Accrued payroll	538,820	98,125	636,945
Accrued payroll liabilities-other	99,533	15,895	115,428
Accrued interest	29,318	11,666	40,984
Deposits payable	-	441,194	441,194
Funds held for others	43,105	-	43,105
Unearned revenue	2,007,660	-	2,007,660
Other liabilities	335,571	17,202	352,773
Subscription liability - current portion	59,421	-	59,421
Long-term debt - current portion	228,170	59,830	288,000
Total Current Liabilities	<u>4,553,531</u>	<u>927,749</u>	<u>5,481,280</u>
<b>Noncurrent Liabilities</b>			
Subscription liability - noncurrent portion	125,069	-	125,069
Long-term debt - noncurrent portion	1,669,595	565,905	2,235,500
Net pension asset	329,444	27,671	357,115
Total Noncurrent Liabilities	<u>2,124,108</u>	<u>593,576</u>	<u>2,717,684</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pension related	203,176	76,512	279,688
Deferred inflows - leases	364,802	230,793	595,595
Total Deferred Inflows of Resources	<u>567,978</u>	<u>307,305</u>	<u>875,283</u>
<b>Net Position</b>			
Net investment in capital assets	17,987,776	13,155,107	31,142,883
Restricted:			
Debt service	31	-	31
Enabling legislation	11,259,387	-	11,259,387
Unrestricted	18,737,248	14,612,228	33,349,476
Total Net Position	<u>\$ 47,984,442</u>	<u>\$ 27,767,335</u>	<u>\$ 75,751,777</u>

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Statement of Activities**  
**For the year ended September 30, 2023**

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	
<b>Primary Government:</b>							
Governmental Activities:							
Administration	\$ 1,273,403	\$ 55,775	\$ 6,622	\$ -	\$ (1,211,006)	\$ -	\$ (1,211,006)
Building department	437,142	114,715	-	-	(322,427)	-	(322,427)
Police	4,119,553	494,918	34,113	-	(3,590,522)	-	(3,590,522)
Dispatch	691,627	-	-	-	(691,627)	-	(691,627)
Fire	1,380,107	12,300	-	180,309	(1,187,498)	-	(1,187,498)
Emergency management	29,211	-	-	-	(29,211)	-	(29,211)
Street	3,045,924	-	-	326,717	(2,719,207)	-	(2,719,207)
Health	201,714	16,306	240	4,477	(180,691)	-	(180,691)
Library	497,377	77,617	23,194	-	(396,566)	-	(396,566)
Parks	873,304	86,202	-	6,410	(780,692)	-	(780,692)
Non-departmental	1,902,231	1,013,543	3,000	-	(885,688)	-	(885,688)
Interest and fiscal charges	72,595	-	-	-	(72,595)	-	(72,595)
Total Government Activities	14,524,188	1,871,376	67,169	517,913	(12,067,730)	-	(12,067,730)
Business-type Activities:							
Water and Sewer	5,728,752	6,046,090	-	55,531	-	372,869	372,869
Total Business-type Activities	5,728,752	6,046,090	-	55,531	-	372,869	372,869
Total Primary Government	\$ 20,252,940	\$ 7,917,466	\$ 67,169	\$ 573,444	(12,067,730)	372,869	(11,694,861)
<b>General Revenues</b>							
Taxes:							
Sales tax					11,895,487	-	11,895,487
Property tax					1,468,889	-	1,468,889
Taxes - other					2,222,752	-	2,222,752
Licenses (taxes)					253,030	-	253,030
Investment income					1,295,234	522,673	1,817,907
Gain on disposal of assets					5,932	-	5,932
Miscellaneous					62,552	-	62,552
Transfers (net)					(384,996)	384,996	-
Total General Revenues					16,818,880	907,669	17,726,549
<b>Change in Net Position</b>					\$ 4,751,150	\$ 1,280,538	\$ 6,031,688
<b>Net Position, October 1</b>					43,233,292	26,486,797	69,720,089
<b>Net Position, September 30</b>					\$ 47,984,442	\$ 27,767,335	\$ 75,751,777

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Balance Sheet - Governmental Funds**  
**September 30, 2023**

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 12,237,103	\$ 3,158,185	\$ 215,388	\$ 2,764,790	\$ 3,501,380	\$ 4,270,784	\$ 26,147,630
Investments	1,000,000	-	-	-	-	-	1,000,000
Restricted cash and cash equivalents	173,259	17,476	1,990,605	-	-	227,100	2,408,440
Restricted investments	-	-	-	-	-	-	-
Receivables, net							
Taxes	2,329,364	344,035	-	172,017	100,000	416,432	3,361,848
Service charges	81,717	-	-	-	-	-	81,717
Interest	10,059	332	-	-	-	566	10,957
Grants	5,171	3,170	-	-	-	-	8,341
Other	25,231	-	-	-	-	81,700	106,931
Prepaid items	332,480	38,107	-	-	-	38,821	409,408
Lease receivable	382,860	-	-	-	-	-	382,860
Total Assets	<u>16,577,244</u>	<u>3,561,305</u>	<u>2,205,993</u>	<u>2,936,807</u>	<u>3,601,380</u>	<u>5,035,403</u>	<u>33,918,132</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 16,577,244</u>	<u>\$ 3,561,305</u>	<u>\$ 2,205,993</u>	<u>\$ 2,936,807</u>	<u>\$ 3,601,380</u>	<u>\$ 5,035,403</u>	<u>\$ 33,918,132</u>
<b>Liabilities</b>							
Accounts payable	\$ 958,442	\$ 37,910	\$ -	\$ -	\$ -	\$ 215,581	\$ 1,211,933
Accrued payroll	118,349	10,207	-	-	-	11,442	139,998
Accrued payroll liabilities - other	81,776	6,420	-	-	-	11,337	99,533
Funds held for others	43,105	-	-	-	-	-	43,105
Unearned revenue	3,300	-	1,953,159	-	-	51,201	2,007,660
Other liabilities	228,527	53,522	-	26,761	-	26,761	335,571
Total Liabilities	<u>1,433,499</u>	<u>108,059</u>	<u>1,953,159</u>	<u>26,761</u>	<u>-</u>	<u>316,322</u>	<u>3,837,800</u>
<b>Deferred Inflows of Resources</b>							
Unavailable resources - property taxes	20,518	-	-	-	-	17,494	38,012
Unavailable resources - leases	364,802	-	-	-	-	-	364,802
Total Deferred Inflows of Resources	<u>385,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,494</u>	<u>402,814</u>
<b>Fund Balance</b>							
Nonspendable:							
Prepaid items	332,480	38,107	-	-	-	38,821	409,408
Leases	18,058	-	-	-	-	-	18,058
Restricted:							
Special revenue funds	-	3,415,139	252,834	2,910,046	-	4,662,766	11,240,785
Capital projects	132,534	-	-	-	-	-	132,534
Committed:							
Contingency	3,311,470	-	-	-	-	-	3,311,470
Capital projects	979,286	-	-	-	3,601,380	-	4,580,666
Unassigned:							
General fund	9,984,597	-	-	-	-	-	9,984,597
Total Fund Balances	<u>14,758,425</u>	<u>3,453,246</u>	<u>252,834</u>	<u>2,910,046</u>	<u>3,601,380</u>	<u>4,701,587</u>	<u>29,677,518</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 16,577,244</u>	<u>\$ 3,561,305</u>	<u>\$ 2,205,993</u>	<u>\$ 2,936,807</u>	<u>\$ 3,601,380</u>	<u>\$ 5,035,403</u>	<u>\$ 33,918,132</u>

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**For the year ended September 30, 2023**

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Total Fund Balances - Governmental Funds	\$ 29,677,518
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	31
Certain assets and liabilities are not financial resources (uses) and, therefore, are not reported in the governmental funds:	
Deferred outflows - pension related	1,292,484
Deferred inflows - pension related	(203,176)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	19,826,789
Subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	192,623
Receivables not collected in the current period are not available to pay current expenditures, and, therefore, are not reported in the funds	38,012
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	(398,822)
Net pension liability	(329,444)
Accrued interest payable	(29,318)
Bonds and notes payable outstanding	(1,897,765)
Subscription IT liability	(184,490)
Net Position of Governmental Activities	<u>\$ 47,984,442</u>

**City of Festus, Missouri**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended September 30, 2023**

	General Fund	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property taxes	\$ 790,141	\$ -	\$ -	\$ -	\$ -	\$ 674,433	\$ 1,464,574
Taxes - other	9,280,359	1,937,708	703,426	923,104	-	1,273,642	14,118,239
Intergovernmental	-	-	-	-	-	2,991	2,991
Grant revenue	21,260	326,717	-	-	-	20,587	368,564
Licenses and permits	380,045	-	-	-	-	1,701	381,746
Fines and penalties	148,160	-	-	-	-	44,198	192,358
Investment income	619,017	156,053	10,413	127,529	166,108	216,090	1,295,210
Lease payments	55,775	-	-	-	-	-	55,775
Other	378,041	1,882	-	-	-	159,973	539,896
Service charges	1,013,543	-	-	-	-	-	1,013,543
Total Revenues	<u>12,686,341</u>	<u>2,422,360</u>	<u>713,839</u>	<u>1,050,633</u>	<u>166,108</u>	<u>2,393,615</u>	<u>19,432,896</u>
<b>Expenditures</b>							
Current:							
Administration	953,277	-	-	-	-	-	953,277
Building department	435,224	-	-	-	-	-	435,224
Police	3,843,671	-	-	-	-	26,470	3,870,141
Dispatch	599,180	-	-	-	-	-	599,180
Fire	1,103,055	-	-	-	-	-	1,103,055
Emergency management	19,619	-	-	-	-	-	19,619
Street	-	1,315,572	-	-	-	-	1,315,572
Health	-	-	-	-	-	177,871	177,871
Library	-	-	-	-	-	385,073	385,073
Parks	-	-	-	-	-	704,613	704,613
Non-departmental	1,240,287	-	-	-	-	166,079	1,406,366
Capital outlay	2,451,080	1,460,310	703,426	-	-	1,161,249	5,776,065
Debt service:							
Principal	242,319	16,660	-	-	-	54,740	313,719
Interest and fiscal charges	51,586	5,027	-	-	-	16,517	73,130
Total Expenditures	<u>10,939,298</u>	<u>2,797,569</u>	<u>703,426</u>	<u>-</u>	<u>-</u>	<u>2,692,612</u>	<u>17,132,905</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	1,747,043	(375,209)	10,413	1,050,633	166,108	(298,997)	2,299,991
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of capital assets	376	-	-	-	-	5,556	5,932
Contributed capital	180,309	-	-	-	-	10,887	191,196
Insurance claims and refunds	25,798	173	-	-	-	-	25,971
Lease proceeds	1,124,024	157,955	-	-	-	518,995	1,800,974
Transfers in	55,030	3,344	-	-	620,000	985,316	1,663,690
Transfers out	(724,642)	(17,440)	-	(383,000)	(298,586)	(625,018)	(2,048,686)
Total Other Financing Sources	<u>660,895</u>	<u>144,032</u>	<u>-</u>	<u>(383,000)</u>	<u>321,414</u>	<u>895,736</u>	<u>1,639,077</u>
<b>Net Change in Fund Balance</b>	\$ 2,407,938	\$ (231,177)	\$ 10,413	\$ 667,633	\$ 487,522	\$ 596,739	\$ 3,939,068
<b>Fund Balance (Deficit), October 1</b>	<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>
<b>Fund Balance (Deficit), September 30</b>	<u>\$ 14,758,425</u>	<u>\$ 3,453,246</u>	<u>\$ 252,834</u>	<u>\$ 2,910,046</u>	<u>\$ 3,601,380</u>	<u>\$ 4,701,587</u>	<u>\$ 29,677,518</u>

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Reconciliation of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds to the Statement of Activities**  
**For the year ended September 30, 2023**

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Net Change in Fund Balances - Governmental Funds	\$ 3,939,068
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues that do not provide current financial resources are not included in the fund financial statements	4,315
The acquisition of capital assets requires the use of current financial resources but has no effect on net position	4,079,353
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities	(2,064,014)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources	(16,573)
The acquisition of subscription IT assets requires the use of current financial resources but has no effect on net position	243,989
The cost of subscription IT assets is allocated over their estimated useful lives and are reported as amortization expense in the statement of activities	(51,366)
Issuance of principal on lease liabilities and subscription IT liabilities are revenues in the governmental funds, but the issuance increases long-term liabilities in the statement of net position	(1,826,941)
Repayment of principal on bonds, lease liabilities, subscription IT liabilities, and financed purchased obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	313,719
The increase in interest payable and the amortization of bond premium/discount do not require the use of current financial resources and, therefore, are not reported as an expenditure in governmental funds	559
Increase in compensated absences and accumulated post retirement benefits are recorded when earned in the statement of activities	<u>129,041</u>
Change in net position of governmental activities	<u><u>\$ 4,751,150</u></u>

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2023**

	Water and Sewer
<b>Current Assets</b>	
Cash and cash equivalents	\$ 8,716,862
Investments	1,000,000
Restricted cash and cash equivalents	1,738,476
Restricted investments	-
Receivables, net	
Special assessments	8,310
Service charges	769,666
Interest	9,702
Other	50,046
Prepaid items	52,922
Inventory	528,190
Lease receivables - current	5,139
Total Current Assets	12,879,313
<b>Noncurrent Assets</b>	
Investments in joint venture	2,759,002
Lease receivable - noncurrent	234,287
Capital assets:	
Land and construction in progress	339,687
Other capital assets, net	13,157,390
Total Noncurrent Assets	16,490,366
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension related	226,286
Total Deferred Outflows of Resources	226,286
<b>Current Liabilities</b>	
Accounts payable	283,837
Accrued payroll	98,125
Accrued payroll liabilities - other	15,895
Accrued interest	11,666
Deposits payable	441,194
Other liabilities	17,202
Long-term debt - current portion	59,830
Total Current Liabilities	927,749
<b>Noncurrent Liabilities</b>	
Long-term debt - noncurrent portion	565,905
Net pension liability	27,671
Total Noncurrent Liabilities	593,576
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension related	76,512
Deferred inflows - leases	230,793
Total Deferred Inflows of Resources	307,305
<b>Net Position</b>	
Net investment in capital assets	13,155,107
Restricted	-
Unrestricted	14,612,228
Total Net Position	\$ 27,767,335

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended September 30, 2023**

	Water and Sewer
<b>Operating Revenues</b>	
Water and sewer collections and fees	\$ 6,002,902
Grant revenues	-
Other revenues	43,188
Total Operating Revenues	6,046,090
<b>Operating Expenses</b>	
Personnel expenses	1,168,762
Materials and supplies	581,241
Purchased water	1,926,386
Utilities and maintenance	356,625
Depreciation and amortization	610,604
Treatment plant	943,635
Other	72,291
Total Operating Expenses	5,659,544
 Operating Income (Loss)	 386,546
<b>Non-operating Revenues (Expenses)</b>	
Interest income	522,673
Gain (loss) on disposal of assets	(4,520)
Gain (loss) on joint venture	(28,272)
Interest expense and fiscal charges	(36,416)
Total Non-operating Revenues (Expenses)	453,465
 Income (Loss) Before Capital Contributions and Transfers	 840,011
Capital contributions	55,531
Transfers in (out)	384,996
	440,527
 <b>Change in Net Position</b>	 \$ 1,280,538
 <b>Net Position, October 1</b>	 26,486,797
 <b>Net Position, September 30</b>	 \$ 27,767,335

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended September 30, 2023**

	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from customers	\$ 5,865,294
Payments to suppliers	(3,823,890)
Payments to employees	(1,173,691)
Other receipts (payments)	43,188
Net Cash Provided (Used) by Operating Activities	910,901
Cash Flows from Noncapital Financing Activities:	
Transfer in (out)	384,996
Net Cash Provided (Used) by Noncapital Financing Activities	384,996
Cash Flows from Capital and Related Financing Activities:	
Issuance of long-term debt	699,515
Payments on long-term debt	(328,781)
Interest on debt	(35,012)
Proceeds from sale of capital assets	-
Acquisition and construction of capital assets	(464,161)
Net Cash Provided (Used) by Capital and Related Financing Activities	(128,439)
Cash Flows from Investing Activities:	
Proceeds from sale/(purchase) of investments	(1,000,000)
Investment in joint venture	(86,237)
Interest on investments	515,041
Net Cash Provided (Used) by Investing Activities	(571,196)
Net Increase in Cash and Cash Equivalents	\$ 596,262
Cash and Cash Equivalents, October 1	9,859,076
Cash and Cash Equivalents, September 30	\$ 10,455,338
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Profit (Loss)	\$ 386,546
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	775,905
(Increase) decrease in:	
Accounts receivable	(156,936)
Prepaid items	(2,394)
Inventories	(158,915)
Lease receivable	4,968
Deferred outflows - pension related	(87,272)
Increase (decrease) in:	
Accounts payable	49,211
Accrued payroll and other liabilities	75,771
Deferred inflows - leases	(9,201)
Net pension liability (asset)	154,447
Deferred inflows - pension related	(121,229)
Net cash provided by (used in) operating activities	\$ 910,901
Noncash Capital and Related Financing and/or Investing Activities:	
Contributions of capital assets	\$ 55,531

See Notes to the Financial Statements

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**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, 2023**

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**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. 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, 2023**

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**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>9/30/23</u>
Governmental Activities - General Fund	\$ 5,732
Business-type Activities - Water and Sewer Enterprise Fund	24,520
	<u>\$ 30,252</u>

Leasing Arrangements

For arrangements where the City is a lessee, a lease liability and a right of use (ROU) intangible asset are recognized at the commencement of the lease term. ROU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the City's obligation to make lease payments arising from the lease. The City recognizes lease liabilities with an initial, individual or aggregate value of \$10,000 or more.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Leasing Arrangements (continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

For fund financial statements, an expenditure and other financing source will be reported in the period the lease is initially recognized. The expenditure and other financing source should be measured as noted in the previous paragraph. Subsequent governmental fund lease payments are accounted for consistent with the principles of debt service payments on long-term debt.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses an estimated incremental borrowing rate that represents the rate at which it would borrow funds to calculate the present value of lease payments when the rate implicit in the lease is not known. The City includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the City will exercise the option. The City has elected to combine lease and nonlease components for all lease contracts and also has not recognized ROU assets and lease liabilities for leases with terms for 12 months or less.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the ROU assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

For government-wide and fund financial statements, for arrangements in which the City is the lessor, a lease receivable and deferred inflow of resources is recognized at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflows should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that related to future periods.

Subscription Based Information Technology Arrangements (SBITA)

For arrangements where the City is an end user, a subscription IT liability and a right of use (ROU) intangible asset are recognized at the commencement of the SBITA term. ROU assets represent the City's right to use an underlying asset for the SBITA term and subscription IT liabilities represent the City's obligation to make subscription payments arising from the arrangement. The City recognizes subscription IT liabilities with an initial, individual or aggregate value of \$10,000 or more.

At the commencement of an arrangement, the City initially measures the subscription IT liability at the present value of payments expected to be made during the arrangement term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is measured as the initial amount of the subscription IT liability, adjusted for subscription payments made at or before the arrangement commencement date, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over its useful life.

For fund financial statements, an expenditure and other financing source will be reported in the period the SBITA is initially recognized. The expenditure and other financing source should be measured as noted in the previous paragraph. Subsequent governmental fund subscription payments are accounted for consistent with the principles of debt service payments on long-term debt.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Subscription Based Information Technology Arrangements (SBITA) (continued)

Key estimates and judgments related to SBITA's include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The City uses an estimated incremental borrowing rate that represents the rate at which it would borrow funds to calculate the present value of subscription payments when the rate implicit in the SBITA is not known. The City includes subscription extension and termination options in the SBITA term if, after considering relevant economic factors, it is reasonably certain the City will exercise the option. The City has not recognized ROU assets and subscription IT liabilities for arrangements with terms for 12 months or less.

The City monitors changes in circumstances that would require a remeasurement of its SBITA's and will remeasure the ROU assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription IT liability.

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 and equipment purchase agreements, 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.

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.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Capital Assets (continued)

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.

*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 only eligible to be paid out for employees who are in good standing at separation having worked for the City for at least ten years.

*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.

*Longevity Incentive*

Employees that have reached full-time continuous service anniversaries are eligible to receive a longevity incentive when reaching various milestones from 5 years to 40 years.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies (continued)**

Compensated Absences (continued)

Liabilities accrued for various compensated absences are as follows:

	Total	Amounts Due Within One Year
Governmental Activities	\$ 398,822	\$ 398,822
Business-Type Activities	82,003	82,003
	\$ 480,825	\$ 480,825

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, Library Fund, City Transportation Tax 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, 2023**

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**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, 2023.

*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, 2023**

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**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, 2023 consisted of the following:

<u>Type</u>	<u>Maturities</u>	<u>Cost</u>
Unrestricted Deposits:		
Petty cash	n/a	\$ 3,347
Demand deposits	n/a	34,861,145
Total Unrestricted Deposits		<u>34,864,492</u>
Restricted Deposits:		
Demand deposits	n/a	3,679,418
Total Restricted Deposits		<u>3,679,418</u>
Total Unrestricted and Restricted Deposits		<u>\$ 38,543,910</u>
Unrestricted Investments:		
Certificate of deposit	11/27/2023	\$ 1,000,000
Certificate of deposit	4/29/2024	1,000,000
Total Unrestricted Investments		<u>2,000,000</u>

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 2 - Cash and Investments (continued)**

Type	Maturities	Cost
Restricted Investments:		
Money market funds	n/a	467,529
Total Restricted Investments		467,529
Total Unrestricted and Restricted Investments		\$ 2,467,529

*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, 2023, 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	\$ 467,529	\$ 467,529	\$ -	\$ -

Investments measured at amortized cost:

Certificates of Deposit	\$ 2,000,000
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**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 3 - Capital Assets**

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 1,495,844	\$ 200,372	\$ -	\$ 1,696,216
Construction in process	1,220,540	1,295,877	(1,894,569)	621,848
Total Non-depreciable capital assets	<u>2,716,384</u>	<u>1,496,249</u>	<u>(1,894,569)</u>	<u>2,318,064</u>
Depreciable capital assets:				
Buildings and other improvements	7,463,313	943,732	(51,246)	8,355,799
Office equipment	689,780	56,760	(29,685)	716,855
Automotive equipment	3,519,043	1,060,050	(33,050)	4,546,043
Machinery and equipment	3,846,000	1,126,293	(240,475)	4,731,818
Infrastructure	19,109,155	889,889	(60,944)	19,938,100
Land improvements	3,935,080	392,733	(7,401)	4,320,412
Total Depreciable capital assets	<u>38,562,371</u>	<u>4,469,457</u>	<u>(422,801)</u>	<u>42,609,027</u>
Less: Accumulated depreciation				
Buildings and other improvements	4,351,639	225,210	(51,246)	4,525,603
Office equipment	490,121	86,105	(29,685)	546,541
Automotive equipment	2,538,050	221,019	(33,050)	2,726,019
Machinery and equipment	2,578,913	259,491	(232,827)	2,605,577
Infrastructure	11,890,458	1,082,524	(60,424)	12,912,558
Land improvements	1,601,551	189,665	(7,212)	1,784,004
Total Accumulated depreciation	<u>23,450,732</u>	<u>2,064,014</u>	<u>(414,444)</u>	<u>25,100,302</u>
Depreciable capital assets, net	<u>\$ 15,111,639</u>	<u>\$ 2,405,443</u>	<u>\$ (8,357)</u>	<u>\$ 17,508,725</u>
<u>Business-type Activities</u>				
Non-depreciable capital assets:				
Land	\$ 194,059	\$ -	\$ -	\$ 194,059
Construction in process	-	145,628	-	145,628
Total Non-depreciable capital assets	<u>194,059</u>	<u>145,628</u>	<u>-</u>	<u>339,687</u>
Depreciable capital assets:				
Systems and improvements	14,793,830	-	-	14,793,830
Buildings and other improvements	362,788	236,569	-	599,357
Automotive equipment	381,860	37,003	-	418,863
Machinery and equipment	4,463,143	95,088	(10,898)	4,547,333
Computer equipment	48,339	5,404	-	53,743
Total Depreciable capital assets	<u>20,049,960</u>	<u>374,064</u>	<u>(10,898)</u>	<u>20,413,126</u>

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 3 - Capital Assets (continued)**

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23
<u>Business-type Activities (continued)</u>				
Less: Accumulated depreciation				
Systems and improvements	4,318,109	304,818	-	4,622,927
Buildings and other improvements	185,719	22,978	-	208,697
Automotive equipment	182,664	35,132	-	217,796
Machinery and equipment	1,924,946	243,653	(6,378)	2,162,221
Computer equipment	40,072	4,023	-	44,095
Total Accumulated depreciation	6,651,510	610,604	(6,378)	7,255,736
Depreciable capital assets, net	\$ 13,398,450	\$ (236,540)	\$ (4,520)	\$ 13,157,390

Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2023 as follows:

	Amount
Governmental Activities:	
Administration	\$ 32,505
Building department	12,733
Police	155,789
Dispatch	44,921
Fire	138,864
Street	1,337,286
Emergency Management	9,592
Non-Departmental	64,979
Health	8,354
Library	108,548
Parks	150,443
Total Depreciation Expense - Governmental Activities	\$ 2,064,014
Business-type Activities:	
Water and Sewer	\$ 610,604
Total Depreciation Expense - Business-type Activities	\$ 610,604

**Note 4 - Intangible Right-to-Use Lease and Subscription IT Assets**

A summary of lease and subscription IT asset activity during the year ended September 30, 2023 is as follows:

	Balance at 09/30/22	Additions	Reductions'	Balance at 09/30/23
Subscription IT assets				
Camera software platform	\$ -	\$ 243,989	\$ -	\$ 243,989
Less: accumulated amortization				
Camera software platform	-	(51,366)	-	(51,366)
Intangible subscription IT assets, net	\$ -	\$ 192,623	\$ -	\$ 192,623

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 4 - Intangible Right-to-Use Lease and Subscription IT Assets (continued)**

Amortization expense was charged to functions/programs of the primary government for the year ended September 30, 2023 as follows:

Police	\$ 51,366
Total Amortization Expense - Governmental Activities	\$ 51,366

**Note 5 - Long-Term Debt**

Long-term liability activity for the year ended September 30, 2023 was as follows:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Equipment Purchase Agreement	\$ -	\$ 1,556,985	\$ (164,220)	\$ 1,392,765	\$ 133,170
Certificates of Participation	595,000	-	(90,000)	505,000	95,000
Total Governmental Activities:	\$ 595,000	\$ 1,556,985	\$ (254,220)	\$ 1,897,765	\$ 228,170
<b>Business-type Activities:</b>					
Equipment Purchase Agreement	\$ -	\$ 699,515	\$ (73,780)	\$ 625,735	\$ 59,830
Revenue Bonds	255,000	-	(255,000)	-	-
Add: Premium	7,076	-	(7,076)	-	-
Total Business-type Activities:	\$ 262,076	\$ 699,515	\$ (335,856)	\$ 625,735	\$ 59,830

Equipment Purchase Agreement

On November 22, 2022, the City entered into a financed purchase arrangement for \$2,256,500 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%. Balances of the Equipment Purchase Agreement will be made from the General Fund, Library Fund, City Transportation Tax Fund, and Water and Sewer Fund.

Annual debt service requirements to maturity for the equipment purchase agreement is as follows:

For the years ending September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 133,170	\$ 52,216	\$ 185,386	\$ 59,830	\$ 23,459	\$ 83,289
2025	138,000	47,222	185,222	62,000	21,213	83,213
2026	142,830	42,047	184,877	64,170	18,891	83,061
2027	148,350	36,691	185,041	66,650	16,484	83,134
2028	153,870	31,128	184,998	69,130	13,985	83,115
2029-2032	676,545	64,558	741,103	303,955	29,004	332,959
	\$ 1,392,765	\$ 273,862	\$ 1,666,627	\$ 625,735	\$ 123,036	\$ 748,771

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 5 - 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. The certificates are due in annual installments through January 1, 2028 with interest payable at 3.0% - 4.0%.

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
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
	<u>\$ 505,000</u>	<u>\$ 41,500</u>	<u>\$ 546,500</u>

Revenue Bonds

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. The bonds are due in annual installments through July 1, 2023 with interest payable at 2.050% - 5.500%. The Revenue Bonds were paid in full as of September 30, 2023.

**Note 6 - 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](http://www.molagers.org).

*Benefits provided* - LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 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.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 6 - Employee Retirement Plans (continued)**

General Information about the Defined Benefit Pension Plan (continued)

	2023 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to but not yet receiving benefits	71
Active employees	99
	256

*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 17.8% (General), 17.5% (Police), and 21.5% (Fire) of annual covered payroll.

*Net Pension Liability* - The employer's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023.

*Actuarial Assumptions* - The total pension liability in the February 28, 2023 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 expense

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.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 6 - Employee Retirement Plans (continued)**

General Information about the Defined Benefit Pension Plan (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

*Discount rate* - The discount 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 3.86% 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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at 6/30/2022	<u>\$ 25,260,693</u>	<u>\$ 26,056,192</u>	<u>\$ (795,499)</u>
Changes for the year:			
Service cost	565,358	-	565,358
Interest	1,752,313	-	1,752,313
Changes in benefit terms	-	-	-
Difference between expected and actual experience	707,980	-	707,980
Contributions - employer	-	877,535	(877,535)
Contributions - employee	-	-	-
Net investment income	-	947,423	(947,423)
Benefit payments, including refunds	(1,028,464)	(1,028,464)	-
Administrative expense	-	(33,947)	33,947
Other changes	-	82,026	(82,026)
Net changes	<u>1,997,187</u>	<u>844,573</u>	<u>1,152,614</u>
Balances at 6/30/2023	<u>\$ 27,257,880</u>	<u>\$ 26,900,765</u>	<u>\$ 357,115</u>

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 6 - Employee Retirement Plans (continued)**

Changes in Pension Liability

*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	\$ 31,189,206	\$ 27,257,880	\$ 24,023,585
Plan Fiduciary Net Position	(26,900,765)	(26,900,765)	(26,900,765)
Net Pension Liability	\$ 4,288,441	\$ 357,115	\$ (2,877,180)

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

For the year ended September 30, 2023, the City of Festus recognized pension expense of \$492,733. 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	\$ 939,937	\$ (140,241)
Differences in assumptions	6,885	(139,447)
Excess (deficit) investment returns	331,269	-
Contributions subsequent to the measurement date*	240,679	-
	\$ 1,518,770	\$ (279,688)

\*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, 2023.

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
2024	\$ 338,009
2025	(97,831)
2026	673,191
2027	237,073
2028	31,589
Thereafter	57,051
	\$ 1,239,082

Payable to the Pension Plan

At September 30, 2023, the City of Festus reported a payable of \$101,696 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2023.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 6 - Employee Retirement Plans (continued)**

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.

**Note 7 - Interfund Transfers**

Individual fund transfers for the year ended September 30, 2023 are as follows:

	Fund	Transfers In	Transfers Out	Net Transfers
Governmental Activities:	General Fund	\$ 55,030	\$ (724,642)	\$ (669,612)
	City Transportation Tax Fund	3,344	(17,440)	(14,096)
	Capital Improvement Fund	-	(383,000)	(383,000)
	Capital Reserve Fund	620,000	(298,586)	321,414
	Library Fund	161,712	-	161,712
	Park Fund	823,604	-	823,604
	Storm Water Tax Fund	-	(600,018)	(600,018)
	Tourism Tax Fund	-	(25,000)	(25,000)
	Total Governmental Activities	1,663,690	(2,048,686)	(384,996)
Business-Type Activities:	Water and Sewer Fund	400,440	(15,444)	384,996
	Total Business-Type Activities	400,440	(15,444)	384,996
	Total Transfers	\$ 2,064,130	\$ (2,064,130)	\$ -

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 8 - 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.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 8 - Asset Retirement Obligation (continued)**

The City maintains and operates a sewage treatment facility as a joint venture with the City of Crystal City (see Note 14). 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.

On February 15, 2024, the cities signed an asset transfer agreement finalizing the sale of the sewage treatment facility to the Jefferson County Public Sewer District for a purchase price of \$5,000,000 to be received in installments over a ten year period. Any additional environmental matters and obligations cannot be determined at this time.

**Note 9 - Concentration**

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

**Note 10 - 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, 2024. 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 \$519,772 in insurance premiums to MIRMA during the year ended September 30, 2023. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

**Note 11 - 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.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

**Note 12 - Leases**

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 2048 with interest receivable at an incremental borrowing rate of 3.40%.

Future minimum rentals to be received under these leases as of September 30, 2023, are as follows:

Years ending September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 35,551	\$ 12,395	\$ 47,946	\$ 5,139	\$ 8,061	\$ 13,200
2025	31,493	11,321	42,814	5,685	7,878	13,563
2026	33,799	10,214	44,013	5,915	7,681	13,596
2027	36,185	9,028	45,213	6,119	7,477	13,596
2028	38,904	7,760	46,664	6,331	7,265	13,596
2029-2033	87,247	28,119	115,366	36,794	32,783	69,577
2034-2038	119,681	10,451	130,132	45,873	25,792	71,665
2039-2043	-	-	-	56,699	17,116	73,815
2043-2047	-	-	-	69,599	6,430	76,029
2048	-	-	-	1,272	4	1,276
	<u>\$ 382,860</u>	<u>\$ 89,288</u>	<u>\$ 472,148</u>	<u>\$ 239,426</u>	<u>\$ 120,487</u>	<u>\$ 359,913</u>

Total lease revenue received by Governmental Activities was \$65,951, which includes \$10,176 of interest revenue for the year ended September 30, 2023. Total lease revenue received by Business-type Activities was \$17,433, which includes \$8,232 of interest revenue for the year ended September 30, 2023.

**Note 13 - Subscription Based Information Technology Arrangements (SBITA)**

The City has entered into a subscription contract for the right to use public safety software for a term of 60 months with an incremental borrowing rate of 3.40%. The contract will expire in June of 2027. The subscription IT assets are intangible assets and are presented in a separate footnote (Note 4). For the fiscal year ended September 30, 2023, the City paid \$59,231 in subscription payments.

A summary of principal and interest requirements for the future minimum subscription payments is as follows:

Year ended, September 30,	Principal	Interest	Total
2024	\$ 59,421	\$ 6,371	\$ 65,792
2025	61,473	4,319	65,792
2026	63,596	2,196	65,792
	<u>\$ 184,490</u>	<u>\$ 12,886</u>	<u>\$ 197,376</u>

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 14 - 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 73-74% 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 26-27% 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, 2023 is \$2,759,002. The net change in value of the joint venture resulted in a loss of \$107,336 for the year ended September 30, 2023. For the year ended September 30, 2023, the City's cost for sewage treatment services provided by the Commission was \$778,334, 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, 2023 were both \$40,000. Commission management stated that no long-term liabilities were outstanding at September 30, 2023. For the year ended September 30, 2023, total receipts and disbursements were \$1,227,827 and \$1,230,918 respectively, resulting in a net change in the Commission's equity of (\$3,091).

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, Missouri, 63028.

Festus-Crystal City Levee Commission

The City of Crystal City and the City of Festus 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, 2023 were the Twin City levee and land. Currently no separate financial statements for the Commission are available.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 15 - Other Post Employment Benefits**

In addition to the pension benefits described in Note 6, 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, 2023, 6 retirees participated in the City's insurance plans and the City paid premiums totaling \$80,013. COBRA premiums paid (not by City) totaled \$0.

**Note 16 - 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, 2023, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$140,384. "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 \$10,070,500. 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 1.37% 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 17 - 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 \$2,262 in economic activity tax rebates for the year ended September 30, 2023. The terms of the economic agreement will expire in the fiscal year ending September 30, 2034.

**City of Festus, Missouri**  
**Notes to the Financial Statements**  
**For the year ended September 30, 2023**

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**Note 18 - Commitments**

At September 30, 2023, the City had commitments for the following projects:

Street and transportation projects	\$ 326,592
Generator purchase	282,435
Software upgrades	129,800
Public safety cameras	196,701
Building renovations	66,569
Various public improvements and green energy upgrades	524,031
Water and sewer system improvements	166,800
	<u>\$ 1,692,928</u>

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

General Fund	\$ 979,286
City Transportation Tax Fund	347,859
Library Fund	11,485
Water and Sewer Fund	354,298
	<u>\$ 1,692,928</u>

**Note 19 - Subsequent Events**

The City has evaluated events subsequent to September 30, 2023 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through March 27, 2024, the date the financial statements were available to be issued.

**Note 20 - Adoption of New Accounting Pronouncements**

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. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62; GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*.

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 Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ 732,254	\$ 732,254	\$ 790,141	\$ 57,887
Taxes - other	7,093,961	7,093,961	9,280,359	2,186,398
Intergovernmental	-	-	-	-
Grant revenue	22,000	22,000	21,260	(740)
Licenses and permits	380,500	380,500	380,045	(455)
Fines and penalties	66,100	66,100	148,160	82,060
Investment income	115,154	115,154	619,017	503,863
Lease payments	54,879	54,879	55,775	896
Other	356,179	356,179	378,041	21,862
Service charges	980,371	980,371	1,013,543	33,172
Total Revenues	<u>9,801,398</u>	<u>9,801,398</u>	<u>12,686,341</u>	<u>2,884,943</u>
<b>Expenditures</b>				
Current:				
Administration	981,815	991,815	953,277	(38,538)
Building department	446,798	450,308	435,224	(15,084)
Police	3,967,021	3,993,621	3,843,671	(149,950)
Dispatch	634,630	635,830	599,180	(36,650)
Fire	1,173,505	1,192,105	1,103,055	(89,050)
Emergency management	17,700	21,200	19,619	(1,581)
Non-departmental	1,259,526	1,280,226	1,240,287	(39,939)
Capital outlay	2,125,393	2,639,574	2,451,080	(188,494)
Debt service:				
Principal	184,200	277,020	242,319	(34,701)
Interest and fiscal charges	17,285	45,293	51,586	6,293
Total Expenditures	<u>10,807,873</u>	<u>11,526,992</u>	<u>10,939,298</u>	<u>(587,694)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(1,006,475)	(1,725,594)	1,747,043	3,472,637
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	376	376
Contributed capital	-	180,309	180,309	-
Insurance claims and refunds	-	-	25,798	25,798
Lease proceeds	-	880,035	1,124,024	243,989
Transfers in	106,000	55,030	55,030	-
Transfers out	(649,000)	(724,643)	(724,642)	1
Total Other Financing Sources (Uses)	<u>(543,000)</u>	<u>390,731</u>	<u>660,895</u>	<u>270,164</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,549,475)</u>	<u>\$ (1,334,863)</u>	\$ 2,407,938	<u>\$ 3,742,801</u>
<b>Fund Balance, October 1</b>			<u>12,350,487</u>	
<b>Fund Balance, September 30</b>			<u>\$ 14,758,425</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**City Transportation Tax Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,630,700	1,630,700	1,937,708	307,008
Intergovernmental	-	-	-	-
Grant revenue	1,589,549	1,589,549	326,717	(1,262,832)
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	32,892	32,892	156,053	123,161
Lease payments	-	-	-	-
Other	500	500	1,882	1,382
Service charges	-	-	-	-
Total Revenues	<u>3,253,641</u>	<u>3,253,641</u>	<u>2,422,360</u>	<u>(831,281)</u>
<b>Expenditures</b>				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	1,524,441	1,536,641	1,315,572	(221,069)
Non-departmental	-	-	-	-
Capital outlay	2,736,940	1,644,879	1,460,310	(184,569)
Debt service:				
Principal	-	16,660	16,660	-
Interest and fiscal charges	-	5,027	5,027	-
Total Expenditures	<u>4,261,381</u>	<u>3,203,207</u>	<u>2,797,569</u>	<u>(405,638)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(1,007,740)	50,434	(375,209)	(425,643)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	3,000	3,000	173	(2,827)
Lease proceeds	-	157,955	157,955	-
Transfers in	-	-	3,344	3,344
Transfers out	(64,100)	(17,441)	(17,440)	1
Total Other Financing Sources (Uses)	<u>(61,100)</u>	<u>143,514</u>	<u>144,032</u>	<u>518</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,068,840)</u>	<u>\$ 193,948</u>	<u>\$ (231,177)</u>	<u>\$ (425,125)</u>
<b>Fund Balance, October 1</b>			<u>3,684,423</u>	
<b>Fund Balance, September 30</b>			<u>\$ 3,453,246</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**County Transportation Tax Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	658,000	658,000	703,426	45,426
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	1,500	1,500	10,413	8,913
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>659,500</u>	<u>659,500</u>	<u>713,839</u>	<u>54,339</u>
<b>Expenditures</b>				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	716,500	716,500	703,426	(13,074)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>716,500</u>	<u>716,500</u>	<u>703,426</u>	<u>(13,074)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(57,000)</b>	<b>(57,000)</b>	<b>10,413</b>	<b>67,413</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Lease proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<b><u>\$ (57,000)</u></b>	<b><u>\$ (57,000)</u></b>	<b>\$ 10,413</b>	<b><u>\$ 67,413</u></b>
<b>Fund Balance, October 1</b>			<u>242,421</u>	
<b>Fund Balance, September 30</b>			<u>\$ 252,834</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, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	774,900	774,900	923,104	148,204
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	27,271	27,271	127,529	100,258
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>802,171</u>	<u>802,171</u>	<u>1,050,633</u>	<u>248,462</u>
<b>Expenditures</b>				
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>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	802,171	802,171	1,050,633	248,462
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Lease proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(841,000)	(383,000)	(383,000)	-
Total Other Financing Sources (Uses)	<u>(841,000)</u>	<u>(383,000)</u>	<u>(383,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (38,829)</u>	<u>\$ 419,171</u>	<u>\$ 667,633</u>	<u>\$ 248,462</u>
<b>Fund Balance, October 1</b>			<u>2,242,413</u>	
<b>Fund Balance, September 30</b>			<u>\$ 2,910,046</u>	

**City of Festus, Missouri**  
**Notes to the Required Supplementary Information - Budgetary Schedules**  
**For the year ended September 30, 2023**

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**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.

**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)**

<i>Fiscal year ending June 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>									
Service Cost	\$ 565,358	\$ 536,867	\$ 496,986	\$ 462,857	\$ 430,166	\$ 421,241	\$ 427,801	\$ 391,392	\$ 386,909
Interest on the Total Pension Liability	1,752,313	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	707,980	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	(1,028,464)	(1,077,936)	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<u>1,997,187</u>	<u>1,576,450</u>	<u>913,773</u>	<u>440,761</u>	<u>1,217,021</u>	<u>720,852</u>	<u>1,453,869</u>	<u>1,612,577</u>	<u>369,352</u>
<b>Total Pension Liability beginning</b>	<u>25,260,693</u>	<u>23,684,243</u>	<u>22,770,470</u>	<u>22,329,709</u>	<u>21,112,688</u>	<u>20,391,836</u>	<u>18,937,967</u>	<u>17,325,390</u>	<u>16,956,038</u>
<b>Total Pension Liability ending</b>	<u>27,257,880</u>	<u>25,260,693</u>	<u>23,684,243</u>	<u>22,770,470</u>	<u>22,329,709</u>	<u>21,112,688</u>	<u>20,391,836</u>	<u>18,937,967</u>	<u>17,325,390</u>
<b>Plan Fiduciary Net Position</b>									
Contributions-Employer	877,535	806,942	800,587	713,737	601,498	565,286	618,046	590,399	553,848
Contributions-Employee	-	-	-	-	-	-	-	-	-
Pension Plan Net Investment income	947,423	20,396	5,777,104	282,085	1,308,280	2,215,523	1,957,825	(33,114)	320,327
Benefit Payments	(1,028,464)	(1,077,936)	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-	-	-
Pension Plan Administrative Expense	(33,947)	(24,641)	(22,191)	(28,101)	(23,910)	(16,220)	(15,761)	(15,647)	(16,124)
Other	82,026	(85,663)	(294,486)	207,751	82,380	(350,864)	235,650	44,955	47,974
<b>Net Change in Plan Fiduciary Net Position</b>	<u>844,573</u>	<u>(360,902)</u>	<u>5,209,313</u>	<u>230,321</u>	<u>1,092,388</u>	<u>1,660,582</u>	<u>2,085,243</u>	<u>(37,011)</u>	<u>200,833</u>
<b>Plan Fiduciary Net Position beginning</b>	<u>26,056,192</u>	<u>26,417,094</u>	<u>21,207,781</u>	<u>20,977,460</u>	<u>19,885,072</u>	<u>18,224,490</u>	<u>16,139,247</u>	<u>16,176,258</u>	<u>15,975,425</u>
<b>Plan Fiduciary Net Position ending</b>	<u>\$ 26,900,765</u>	<u>\$ 26,056,192</u>	<u>\$ 26,417,094</u>	<u>\$ 21,207,781</u>	<u>\$ 20,977,460</u>	<u>\$ 19,885,072</u>	<u>\$ 18,224,490</u>	<u>\$ 16,139,247</u>	<u>\$ 16,176,258</u>
<b>Employer Net Pension Liability</b>	\$ 357,115	\$ (795,499)	\$ (2,732,851)	\$ 1,562,689	\$ 1,352,249	\$ 1,227,616	\$ 2,167,346	\$ 2,798,720	\$ 1,149,132
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	98.69%	103.15%	111.54%	93.14%	93.94%	94.19%	89.37%	85.22%	93.37%
<b>Covered Employee Payroll</b>	\$ 4,897,783	\$ 4,634,941	\$ 4,396,001	\$ 4,105,982	\$ 3,757,517	\$ 3,571,795	\$ 3,604,777	\$ 3,632,243	\$ 3,350,035
<b>Employer's Net Pension Liability as a percentage of covered employee payroll</b>	7.29%	-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>2023</u>	<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>
Actuarially determined pension contribution	\$ 918,477	\$ 847,465	\$ 813,335	\$ 748,762	\$ 646,061	\$ 562,651	\$ 704,466	\$ 724,858	\$ 550,122	\$ 569,638
Contributions in relation to the actuarially determined contributions	896,128	845,566	809,140	741,672	621,727	562,651	579,193	618,221	541,750	567,605
Contribution deficiency (excess)	<u>\$ 22,349</u>	<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>
Covered Employee Payroll	\$ 5,017,262	\$ 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	17.86%	19.83%	21.49%	20.69%	16.76%	15.14%	17.02%	17.66%	15.25%	15.36%

**Notes to Schedule:**

Valuation date: February 28, 2023 - 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, 2023 to June 30, 2023 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 11 to 20 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, 2023**

<b>Special Revenue Funds</b>								
<b>Assets</b>	Health	Library	Park	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	Totals
Cash and cash equivalents	\$ 504,624	\$ 204,452	\$ 1,161,526	\$ 8,667	\$ 1,722,808	\$ 668,707	\$ -	\$ 4,270,784
Investments	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	32,361	-	-	-	-	194,739	227,100
Restricted investments	-	-	-	-	-	-	-	-
Receivables, net								
Taxes	5,201	7,162	118,973	-	189,412	95,684	-	416,432
Special assessments	-	-	-	-	-	-	-	-
Interest	-	566	-	-	-	-	-	566
Grants	-	-	-	-	-	-	-	-
Other	37,647	3,100	-	250	40,703	-	-	81,700
Prepaid items	5,291	14,052	15,272	-	2,508	1,698	-	38,821
Total Assets	<u>552,763</u>	<u>261,693</u>	<u>1,295,771</u>	<u>8,917</u>	<u>1,955,431</u>	<u>766,089</u>	<u>194,739</u>	<u>5,035,403</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 552,763</u>	<u>\$ 261,693</u>	<u>\$ 1,295,771</u>	<u>\$ 8,917</u>	<u>\$ 1,955,431</u>	<u>\$ 766,089</u>	<u>\$ 194,739</u>	<u>\$ 5,035,403</u>
<b>Liabilities</b>								
Accounts payable	\$ 15,715	\$ 23,569	\$ 39,597	\$ -	\$ 115,657	\$ 21,043	\$ -	\$ 215,581
Accrued payroll	1,338	3,885	5,079	-	651	489	-	11,442
Accrued payroll liabilities - other	2,200	2,471	5,483	-	661	522	-	11,337
Unearned revenue	-	5,173	5,325	-	40,703	-	-	51,201
Other liabilities	-	-	-	-	26,761	-	-	26,761
Total Liabilities	<u>19,253</u>	<u>35,098</u>	<u>55,484</u>	<u>-</u>	<u>184,433</u>	<u>22,054</u>	<u>-</u>	<u>316,322</u>
<b>Deferred Inflows of Resources</b>								
Unavailable resources - property taxes	4,660	6,417	6,417	-	-	-	-	17,494
Unavailable resources - leases	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>4,660</u>	<u>6,417</u>	<u>6,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,494</u>
<b>Fund Balance</b>								
Nonspendable:								
Prepaid items	5,291	14,052	15,272	-	2,508	1,698	-	38,821
Restricted:								
Special revenue funds	523,559	206,126	1,218,598	8,917	1,768,490	742,337	194,739	4,662,766
Unassigned:								
General fund	-	-	-	-	-	-	-	-
Total Fund Balance	<u>528,850</u>	<u>220,178</u>	<u>1,233,870</u>	<u>8,917</u>	<u>1,770,998</u>	<u>744,035</u>	<u>194,739</u>	<u>4,701,587</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 552,763</u>	<u>\$ 261,693</u>	<u>\$ 1,295,771</u>	<u>\$ 8,917</u>	<u>\$ 1,955,431</u>	<u>\$ 766,089</u>	<u>\$ 194,739</u>	<u>\$ 5,035,403</u>

**City of Festus, Missouri**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Non-Major Governmental Funds**  
**For the year ended September 30, 2023**

<b>Special Revenue Funds</b>								
<b>Revenues</b>	Health	Library	Park	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	Totals
Property taxes	\$ 179,675	\$ 247,379	\$ 247,379	\$ -	\$ -	\$ -	\$ -	\$ 674,433
Taxes - other	-	-	-	-	923,104	350,538	-	1,273,642
Intergovernmental	-	-	-	2,991	-	-	-	2,991
Special assessments	-	-	-	-	-	-	-	-
Grant revenue	-	19,932	-	655	-	-	-	20,587
Licenses and permits	1,701	-	-	-	-	-	-	1,701
Fines and penalties	2,602	34,302	2,370	-	-	4,924	-	44,198
Investment income	26,906	22,274	46,318	314	79,326	30,905	10,047	216,090
Lease payments	-	-	-	-	-	-	-	-
Other	14,341	52,234	86,231	-	3,000	4,167	-	159,973
<b>Total Revenues</b>	<b>225,225</b>	<b>376,121</b>	<b>382,298</b>	<b>3,960</b>	<b>1,005,430</b>	<b>390,534</b>	<b>10,047</b>	<b>2,393,615</b>
<b>Expenditures</b>								
<b>Current:</b>								
Police	-	-	-	-	-	-	26,470	26,470
Health	177,871	-	-	-	-	-	-	177,871
Library	-	385,073	-	-	-	-	-	385,073
Parks	-	-	704,613	-	-	-	-	704,613
Non-departmental	-	-	-	-	119,734	46,345	-	166,079
Capital outlay	43,241	515,316	236,724	-	155,493	210,475	-	1,161,249
<b>Debt service:</b>								
Principal	-	54,740	-	-	-	-	-	54,740
Interest and fiscal charges	-	16,517	-	-	-	-	-	16,517
<b>Total Expenditures</b>	<b>221,112</b>	<b>971,646</b>	<b>941,337</b>	<b>-</b>	<b>275,227</b>	<b>256,820</b>	<b>26,470</b>	<b>2,692,612</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>4,113</b>	<b>(595,525)</b>	<b>(559,039)</b>	<b>3,960</b>	<b>730,203</b>	<b>133,714</b>	<b>(16,423)</b>	<b>(298,997)</b>
<b>Other Financing Sources (Uses)</b>								
Proceeds from sale of capital assets	-	5,556	-	-	-	-	-	5,556
Contributed capital	4,477	-	6,410	-	-	-	-	10,887
Lease proceeds	-	518,995	-	-	-	-	-	518,995
Transfers in	-	161,712	823,604	-	-	-	-	985,316
Transfers out	-	-	-	-	(600,018)	(25,000)	-	(625,018)
<b>Total Other Financing Sources (Uses)</b>	<b>4,477</b>	<b>686,263</b>	<b>830,014</b>	<b>-</b>	<b>(600,018)</b>	<b>(25,000)</b>	<b>-</b>	<b>895,736</b>
<b>Net Change in Fund Balance</b>	<b>\$ 8,590</b>	<b>\$ 90,738</b>	<b>\$ 270,975</b>	<b>\$ 3,960</b>	<b>\$ 130,185</b>	<b>\$ 108,714</b>	<b>\$ (16,423)</b>	<b>\$ 596,739</b>
<b>Fund Balance (Deficit), October 1</b>	<b>520,260</b>	<b>129,440</b>	<b>962,895</b>	<b>4,957</b>	<b>1,640,813</b>	<b>635,321</b>	<b>211,162</b>	<b>4,104,848</b>
<b>Fund Balance (Deficit), September 30</b>	<b>\$ 528,850</b>	<b>\$ 220,178</b>	<b>\$ 1,233,870</b>	<b>\$ 8,917</b>	<b>\$ 1,770,998</b>	<b>\$ 744,035</b>	<b>\$ 194,739</b>	<b>\$ 4,701,587</b>

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Health Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ 166,450	\$ 166,450	\$ 179,675	\$ 13,225
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	1,300	1,300	1,701	401
Fines and penalties	2,050	2,050	2,602	552
Investment income	8,394	8,394	26,906	18,512
Lease payments	-	-	-	-
Other	23,700	23,700	14,341	(9,359)
Total Revenues	<u>201,894</u>	<u>201,894</u>	<u>225,225</u>	<u>23,331</u>
<b>Expenditures</b>				
Current:				
Police	-	-	-	-
Health	199,449	205,449	177,871	(27,578)
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	50,125	50,125	43,241	(6,884)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>249,574</u>	<u>255,574</u>	<u>221,112</u>	<u>(34,462)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(47,680)	(53,680)	4,113	57,793
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	4,477	4,477
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,477</u>	<u>4,477</u>
<b>Net Change in Fund Balance</b>	<u>\$ (47,680)</u>	<u>\$ (53,680)</u>	\$ 8,590	<u>\$ 62,270</u>
<b>Fund Balance, October 1</b>			<u>520,260</u>	
<b>Fund Balance, September 30</b>			<u>\$ 528,850</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Library Special Revenue Fund**  
**For the year ended September 30, 2023**

<b>Revenues</b>	Budgeted Amounts		<b>Actual</b>	Variance with Final Budget Over (Under)
	Original	Final		\$
Property taxes	\$ 229,129	\$ 229,129	\$ 247,379	\$ 18,250
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	19,615	19,615	19,932	317
Licenses and permits	-	-	-	-
Fines and penalties	25,200	25,200	34,302	9,102
Investment income	1,935	1,935	22,274	20,339
Lease payments	-	-	-	-
Other	27,100	51,100	52,234	1,134
Total Revenues	302,979	326,979	376,121	49,142
<b>Expenditures</b>				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	386,809	394,309	385,073	(9,236)
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	60,891	517,941	515,316	(2,625)
Debt service:				
Principal	-	54,740	54,740	-
Interest and fiscal charges	-	16,518	16,517	(1)
Total Expenditures	447,700	983,508	971,646	(11,862)
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(144,721)	(656,529)	(595,525)	61,004
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	5,556	5,556
Contributed capital	-	-	-	-
Lease proceeds	-	518,995	518,995	-
Transfers in	100,000	161,713	161,712	(1)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	100,000	680,708	686,263	5,555
<b>Net Change in Fund Balance</b>	\$ (44,721)	\$ 24,179	\$ 90,738	\$ 66,559
<b>Fund Balance, October 1</b>			129,440	
<b>Fund Balance, September 30</b>			\$ 220,178	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Park Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ 229,226	\$ 229,226	\$ 247,379	\$ 18,153
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	1,500	1,500	2,370	870
Investment income	13,278	13,278	46,318	33,040
Lease payments	-	-	-	-
Other	65,000	65,000	86,231	21,231
Total Revenues	<u>309,004</u>	<u>309,004</u>	<u>382,298</u>	<u>73,294</u>
<b>Expenditures</b>				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	750,297	773,697	704,613	(69,084)
Non-departmental	-	-	-	-
Capital outlay	488,749	824,249	236,724	(587,525)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,239,046</u>	<u>1,597,946</u>	<u>941,337</u>	<u>(656,609)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(930,042)	(1,288,942)	(559,039)	729,903
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	330,000	6,410	(323,590)
Insurance claims and refunds	-	-	-	-
Transfers in	763,685	763,685	823,604	59,919
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>763,685</u>	<u>1,093,685</u>	<u>830,014</u>	<u>(263,671)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (166,357)</u>	<u>\$ (195,257)</u>	\$ 270,975	<u>\$ 466,232</u>
<b>Fund Balance, October 1</b>			<u>962,895</u>	
<b>Fund Balance, September 30</b>			<u>\$ 1,233,870</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Law Enforcement Training Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	1,500	1,500	2,991	1,491
Special assessments	-	-	-	-
Grant revenue	-	-	655	655
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	51	51	314	263
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,551</u>	<u>1,551</u>	<u>3,960</u>	<u>2,409</u>
<b>Expenditures</b>				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	1,551	1,551	3,960	2,409
<b>Other Financing Sources (Uses)</b>				
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>
<b>Net Change in Fund Balance</b>	<u>\$ 1,551</u>	<u>\$ 1,551</u>	\$ 3,960	<u>\$ 2,409</u>
<b>Fund Balance, October 1</b>			<u>4,957</u>	
<b>Fund Balance, September 30</b>			<u>\$ 8,917</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Storm Water Tax Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	774,900	774,900	923,104	148,204
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	24,864	24,864	79,326	54,462
Lease payments	-	-	-	-
Other	-	-	3,000	3,000
Total Revenues	<u>799,764</u>	<u>799,764</u>	<u>1,005,430</u>	<u>205,666</u>
<b>Expenditures</b>				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	138,854	138,854	119,734	(19,120)
Capital outlay	25,000	191,250	155,493	(35,757)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>163,854</u>	<u>330,104</u>	<u>275,227</u>	<u>(54,877)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	635,910	469,660	730,203	260,543
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(503,685)	(503,685)	(600,018)	(96,333)
Total Other Financing Sources (Uses)	<u>(503,685)</u>	<u>(503,685)</u>	<u>(600,018)</u>	<u>(96,333)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 132,225</u>	<u>\$ (34,025)</u>	\$ 130,185	<u>\$ 164,210</u>
<b>Fund Balance, October 1</b>			<u>1,640,813</u>	
<b>Fund Balance, September 30</b>			<u>\$ 1,770,998</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Tourism Tax Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	240,000	240,000	350,538	110,538
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	450	450	4,924	4,474
Investment income	9,004	9,004	30,905	21,901
Lease payments	-	-	-	-
Other	3,000	3,000	4,167	1,167
Total Revenues	<u>252,454</u>	<u>252,454</u>	<u>390,534</u>	<u>138,080</u>
<b>Expenditures</b>				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	54,000	54,000	46,345	(7,655)
Capital outlay	168,175	279,239	210,475	(68,764)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>222,175</u>	<u>333,239</u>	<u>256,820</u>	<u>(76,419)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	30,279	(80,785)	133,714	214,499
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 5,279</u>	<u>\$ (105,785)</u>	\$ 108,714	<u>\$ 214,499</u>
<b>Fund Balance, October 1</b>			<u>635,321</u>	
<b>Fund Balance, September 30</b>			<u>\$ 744,035</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Federal Forfeiture Special Revenue Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	3,198	3,198	10,047	6,849
Lease payments	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>3,198</u>	<u>3,198</u>	<u>10,047</u>	<u>6,849</u>
<b>Expenditures</b>				
Current:				
Police	-	26,500	26,470	(30)
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>26,500</u>	<u>26,470</u>	<u>(30)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	3,198	(23,302)	(16,423)	6,879
<b>Other Financing Sources (Uses)</b>				
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>
<b>Net Change in Fund Balance</b>	<u>\$ 3,198</u>	<u>\$ (23,302)</u>	<u>\$ (16,423)</u>	<u>\$ 6,879</u>
<b>Fund Balance, October 1</b>			<u>211,162</u>	
<b>Fund Balance, September 30</b>			<u>\$ 194,739</u>	

**City of Festus, Missouri**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Reserve Capital Project Fund**  
**For the year ended September 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues</b>				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	15,844	133,550	166,108	32,558
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>15,844</u>	<u>133,550</u>	<u>166,108</u>	<u>32,558</u>
<b>Expenditures</b>				
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>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	15,844	133,550	166,108	32,558
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Lease proceeds	-	-	-	-
Transfers in	620,000	620,000	620,000	-
Transfers out	<u>(335,000)</u>	<u>(335,000)</u>	<u>(298,586)</u>	<u>36,414</u>
Total Other Financing Sources (Uses)	<u>285,000</u>	<u>285,000</u>	<u>321,414</u>	<u>36,414</u>
<b>Net Change in Fund Balance</b>	<u>\$ 300,844</u>	<u>\$ 418,550</u>	\$ 487,522	<u>\$ 68,972</u>
<b>Fund Balance, October 1</b>			<u>3,113,858</u>	
<b>Fund Balance, September 30</b>			<u>\$ 3,601,380</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, 2023, 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 27, 2024.

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**

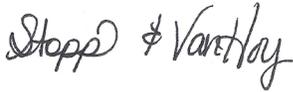
As part of obtaining reasonable assurance about whether City of Festus, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 2023-001 and 2023-002.

## **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 responses. 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 27, 2024

**City of Festus, Missouri**  
**Schedule of Findings and Responses**  
**For the year ended September 30, 2023**

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**Financial Statement Findings**

2023-001 **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 Michelle Vaughn, Finance Director.

2023-002 **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 Michelle Vaughn, Finance Director.

**City of Festus, Missouri**  
**Summary Schedule of Prior Year Findings and Responses**  
**For the year ended September 30, 2023**

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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, 2022.

**Prior Year 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 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 2023-001.

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 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 2023-002.