

City of Festus, Missouri

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

For the year ended September 30, 2024



City of Festus, Missouri
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Independent Auditor's Report

Honorable Mayor and City Council
 City of Festus, Missouri

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Festus, Missouri, as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise City of Festus, Missouri's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Parks 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, 2024, 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, 2024, 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 Qualified and Unmodified 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion(s) on Governmental Activities, Business-Type Activities, and Proprietary Fund Financial Statements

As more fully described in Note 14, 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 Statement No. 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

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 38-42, and pension related schedules on pages 44-45 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

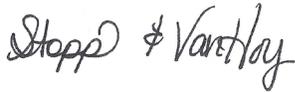
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Festus, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund budgetary comparison information, and capital project 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 26, 2025 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.



St. Louis, Missouri
March 26, 2025

City of Festus, Missouri
Statement of Net Position
September 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current Assets			
Cash and cash equivalents	\$ 20,145,142	\$ 6,510,620	\$ 26,655,762
Investments	9,650,390	4,117,851	13,768,241
Restricted cash and cash equivalents	287,967	480,290	768,257
Restricted investments	-	-	-
Receivables, net			
Taxes	6,739,336	-	6,739,336
Service charges	90,560	603,738	694,298
Interest	156,129	45,549	201,678
Grants	31,160	-	31,160
Other	168,810	19,325	188,135
Prepaid items	458,186	63,665	521,851
Inventory	-	278,753	278,753
Note receivable - current	-	168,663	168,663
Lease receivable - current	31,493	5,685	37,178
Total Current Assets	<u>37,759,173</u>	<u>12,294,139</u>	<u>50,053,312</u>
Noncurrent Assets			
Note receivable - noncurrent	-	1,881,007	1,881,007
Lease receivable - noncurrent	315,816	228,602	544,418
Intangible right-to-use subscription assets, net	481,063	-	481,063
Capital assets:			
Land and construction in progress	2,758,879	516,453	3,275,332
Other capital assets, net	18,852,360	9,531,997	28,384,357
Total Noncurrent Assets	<u>22,408,118</u>	<u>12,158,059</u>	<u>34,566,177</u>
Deferred Outflows of Resources			
Deferred outflows - pension related	1,987,573	355,815	2,343,388
Total Deferred Outflows of Resources	<u>1,987,573</u>	<u>355,815</u>	<u>2,343,388</u>
Current Liabilities			
Accounts payable	1,484,530	613,881	2,098,411
Accrued payroll	265,045	37,945	302,990
Compensated absences - current portion	337,384	73,828	411,212
Accrued interest	26,239	10,550	36,789
Deposits payable	-	461,599	461,599
Funds held for others	44,354	-	44,354
Unearned revenue	2,550,799	-	2,550,799
Other liabilities	383,676	16,291	399,967
Subscription liability - current portion	120,186	-	120,186
Long-term debt - current portion	238,000	62,000	300,000
Total Current Liabilities	<u>5,450,213</u>	<u>1,276,094</u>	<u>6,726,307</u>
Noncurrent Liabilities			
Compensated absences - noncurrent portion	61,189	18,257	79,446
Subscription liability - noncurrent portion	323,269	-	323,269
Long-term debt - noncurrent portion	1,431,595	503,905	1,935,500
Net pension liability	1,206,468	191,104	1,397,572
Total Noncurrent Liabilities	<u>3,022,521</u>	<u>713,266</u>	<u>3,735,787</u>
Deferred Inflows of Resources			
Deferred inflows - pension related	34,152	45,015	79,167
Deferred inflows - leases	320,071	221,592	541,663
Total Deferred Inflows of Resources	<u>354,223</u>	<u>266,607</u>	<u>620,830</u>
Net Position			
Net investment in capital assets	19,887,697	9,081,857	28,969,554
Restricted:			
Debt service	31	-	31
Enabling legislation	12,386,887	-	12,386,887
Unrestricted	21,053,292	13,470,189	34,523,481
Total Net Position	<u>\$ 53,327,907</u>	<u>\$ 22,552,046</u>	<u>\$ 75,879,953</u>

See Notes to the Financial Statements

City of Festus, Missouri
Statement of Activities
For the year ended September 30, 2024

Functions/Programs	Expenses	Program Cash Receipts			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Administration	\$ 1,765,943	\$ 46,313	\$ 7,028	\$ -	\$ (1,712,602)	\$ -	\$ (1,712,602)
Building department	446,319	201,857	-	-	(244,462)	-	(244,462)
Police	4,620,953	473,641	32,532	3,896	(4,110,884)	-	(4,110,884)
Dispatch	680,386	-	-	-	(680,386)	-	(680,386)
Fire	1,497,949	11,750	-	-	(1,486,199)	-	(1,486,199)
Emergency management	12,477	-	-	-	(12,477)	-	(12,477)
Street	2,321,073	-	-	521,825	(1,799,248)	-	(1,799,248)
Health	208,292	20,238	50	4,757	(183,247)	-	(183,247)
Library	529,808	72,705	25,023	-	(432,080)	-	(432,080)
Parks	927,672	93,953	732	459,075	(373,912)	-	(373,912)
Non-departmental	2,183,225	1,068,747	-	-	(1,114,478)	-	(1,114,478)
Interest and fiscal charges	70,092	-	-	-	(70,092)	-	(70,092)
Total Government Activities	15,264,189	1,989,204	65,365	989,553	(12,220,067)	-	(12,220,067)
Business-type Activities:							
Water and Sewer	11,910,529	5,267,132	-	185,171	-	(6,458,226)	(6,458,226)
Total Business-type Activities	11,910,529	5,267,132	-	185,171	-	(6,458,226)	(6,458,226)
Total Primary Government	\$ 27,174,718	\$ 7,256,336	\$ 65,365	\$ 1,174,724	(12,220,067)	(6,458,226)	(18,678,293)
General Revenues							
Taxes:							
					12,271,997	-	12,271,997
					1,575,891	-	1,575,891
					2,168,875	-	2,168,875
					276,368	-	276,368
					1,547,179	619,333	2,166,512
					227,563	-	227,563
					119,263	-	119,263
					(623,604)	623,604	-
					17,563,532	1,242,937	18,806,469
Change in Net Position					\$ 5,343,465	\$ (5,215,289)	\$ 128,176
Net Position, October 1					47,984,442	27,767,335	75,751,777
Net Position, September 30					\$ 53,327,907	\$ 22,552,046	\$ 75,879,953

See Notes to the Financial Statements

City of Festus, Missouri
Balance Sheet - Governmental Funds
September 30, 2024

	General Fund	Parks	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 10,080,008	\$ 1,403,623	\$ 2,913,433	\$ -	\$ 1,560,176	\$ 1,583,473	\$ 2,604,429	\$ 20,145,142
Investments	4,924,616	-	585,000	-	1,597,262	1,958,512	585,000	9,650,390
Restricted cash and cash equivalents	62,436	-	10,598	-	-	-	214,902	287,936
Restricted investments	-	-	-	-	-	-	-	-
Receivables, net								
Taxes	2,594,418	131,989	379,513	2,981,478	189,756	115,012	347,170	6,739,336
Service charges	90,560	-	-	-	-	-	-	90,560
Interest	67,361	-	12,022	-	23,788	37,952	15,006	156,129
Grants	11,888	-	19,272	-	-	-	-	31,160
Other	107,207	2,647	12,958	-	-	-	45,998	168,810
Prepaid items	358,985	20,076	44,517	-	-	-	34,608	458,186
Due from other funds	226,135	-	-	-	-	-	-	226,135
Lease receivable	347,309	-	-	-	-	-	-	347,309
Total Assets	<u>18,870,923</u>	<u>1,558,335</u>	<u>3,977,313</u>	<u>2,981,478</u>	<u>3,370,982</u>	<u>3,694,949</u>	<u>3,847,113</u>	<u>38,301,093</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 18,870,923</u>	<u>\$ 1,558,335</u>	<u>\$ 3,977,313</u>	<u>\$ 2,981,478</u>	<u>\$ 3,370,982</u>	<u>\$ 3,694,949</u>	<u>\$ 3,847,113</u>	<u>\$ 38,301,093</u>
Liabilities								
Accounts payable	\$ 1,200,078	\$ 44,127	\$ 78,247	\$ -	\$ -	\$ -	\$ 162,078	\$ 1,484,530
Accrued payroll	219,523	10,716	21,352	-	-	-	13,454	265,045
Funds held for others	44,354	-	-	-	-	-	-	44,354
Unearned revenue	1,800	5,325	-	2,490,584	-	-	53,090	2,550,799
Due to other funds	-	-	-	226,135	-	-	-	226,135
Other liabilities	272,537	-	55,957	-	27,591	-	27,591	383,676
Total Liabilities	<u>1,738,292</u>	<u>60,168</u>	<u>155,556</u>	<u>2,716,719</u>	<u>27,591</u>	<u>-</u>	<u>256,213</u>	<u>4,954,539</u>
Deferred Inflows of Resources								
Unavailable resources - property taxes	25,422	7,961	-	-	-	-	13,743	47,126
Unavailable resources - leases	320,071	-	-	-	-	-	-	320,071
Total Deferred Inflows of Resources	<u>345,493</u>	<u>7,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,743</u>	<u>367,197</u>
Fund Balance								
Nonspendable:								
Prepaid items	358,985	20,076	44,517	-	-	-	34,608	458,186
Leases	27,238	-	-	-	-	-	-	27,238
Restricted:								
Special revenue funds	-	1,470,130	3,777,240	264,759	3,343,391	-	3,542,549	12,398,069
Capital projects	19,307	-	-	-	-	-	-	19,307
Committed:								
Contingency	3,537,690	-	-	-	-	-	-	3,537,690
Capital projects	375	-	-	-	-	3,694,949	-	3,695,324
Unassigned:								
General fund	12,843,543	-	-	-	-	-	-	12,843,543
Total Fund Balances	<u>16,787,138</u>	<u>1,490,206</u>	<u>3,821,757</u>	<u>264,759</u>	<u>3,343,391</u>	<u>3,694,949</u>	<u>3,577,157</u>	<u>32,979,357</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,870,923</u>	<u>\$ 1,558,335</u>	<u>\$ 3,977,313</u>	<u>\$ 2,981,478</u>	<u>\$ 3,370,982</u>	<u>\$ 3,694,949</u>	<u>\$ 3,847,113</u>	<u>\$ 38,301,093</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, 2024

Total Fund Balances - Governmental Funds	\$ 32,979,357
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	1,987,573
Deferred inflows - pension related	(34,152)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	21,611,239
Subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	481,063
Receivables not collected in the current period are not available to pay current expenditures, and, therefore, are not reported in the funds	47,126
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	(398,573)
Net pension liability	(1,206,468)
Accrued interest payable	(26,239)
Bonds and notes payable outstanding	(1,669,595)
Subscription IT liability	(443,455)
Net Position of Governmental Activities	\$ 53,327,907

City of Festus, Missouri
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2024

	General Fund	Parks	City Transportation Tax	County Transportation Tax	Capital Improvement	Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Property taxes	\$ 845,230	\$ 264,660	\$ -	\$ -	\$ -	\$ -	\$ 456,887	\$ 1,566,777
Taxes - other	9,736,907	-	1,943,173	490,894	971,974	-	1,297,924	14,440,872
Intergovernmental	371,013	-	-	-	-	-	2,022	373,035
Grant revenue	23,783	-	521,825	-	-	-	21,058	566,666
Licenses and permits	489,975	-	-	-	-	-	1,413	491,388
Fines and penalties	116,132	2,629	-	-	-	-	49,456	168,217
Investment income	758,437	72,379	175,427	11,925	161,957	185,906	181,146	1,547,177
Lease payments	46,313	-	-	-	-	-	-	46,313
Other	2,933	1,182	2,792	-	-	-	7,401	14,308
Service charges	1,078,862	93,953	-	-	-	-	57,341	1,230,156
Total Revenues	13,469,585	434,803	2,643,217	502,819	1,133,931	185,906	2,074,648	20,444,909
Expenditures								
Current:								
Administration	1,026,578	-	-	-	-	-	-	1,026,578
Building department	429,985	-	-	-	-	-	-	429,985
Police	4,037,098	-	-	-	-	-	3,000	4,040,098
Dispatch	661,664	-	-	-	-	-	-	661,664
Fire	1,251,623	-	-	-	-	-	-	1,251,623
Emergency management	6,009	-	-	-	-	-	-	6,009
Street	-	-	1,189,840	-	-	-	-	1,189,840
Health	-	-	-	-	-	-	193,854	193,854
Library	-	-	-	-	-	-	393,423	393,423
Parks	-	743,421	-	-	-	-	-	743,421
Non-departmental	1,353,539	-	-	-	-	-	181,312	1,534,851
Capital outlay	2,406,786	1,083,661	1,192,813	490,894	-	-	608,824	5,782,978
Debt service:								
Principal	254,035	-	13,510	-	-	-	44,390	311,935
Interest and fiscal charges	50,469	-	5,297	-	-	-	17,405	73,171
Total Expenditures	11,477,786	1,827,082	2,401,460	490,894	-	-	1,442,208	17,639,430
Excess (Deficiency) of Revenues over Expenditures	1,991,799	(1,392,279)	241,757	11,925	1,133,931	185,906	632,440	2,805,479
Other Financing Sources (Uses)								
Proceeds from sale of capital assets	80,700	30,957	99,136	-	-	-	16,770	227,563
Contributed capital	3,896	459,075	-	-	-	-	4,757	467,728
Insurance claims and refunds	68,486	-	12,756	-	-	-	700	81,942
Lease/subscription proceeds	342,731	-	-	-	-	-	-	342,731
Transfers in	280,826	1,158,583	32,326	-	-	705,764	86,556	2,264,055
Transfers out	(739,725)	-	(17,464)	-	(700,586)	(798,101)	(631,783)	(2,887,659)
Total Other Financing Sources	36,914	1,648,615	126,754	-	(700,586)	(92,337)	(523,000)	496,360
Net Change in Fund Balance	\$ 2,028,713	\$ 256,336	\$ 368,511	\$ 11,925	\$ 433,345	\$ 93,569	\$ 109,440	\$ 3,301,839
Fund Balance (Deficit), October 1, as previously stated	14,758,425	-	3,453,246	252,834	2,910,046	3,601,380	4,701,587	29,677,518
Change within financial reporting entity (nonmajor to major fund)	-	1,233,870	-	-	-	-	(1,233,870)	-
Fund Balance (Deficit), September 30	\$ 16,787,138	\$ 1,490,206	\$ 3,821,757	\$ 264,759	\$ 3,343,391	\$ 3,694,949	\$ 3,577,157	\$ 32,979,357

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, 2024

Net Change in Fund Balances - Governmental Funds	\$ 3,301,839
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	9,114
The acquisition of capital assets requires the use of current financial resources but has no effect on net position	4,039,443
The cost of capital assets is allocated over their estimated useful lives and are reported as depreciation expense in the statement of activities	(2,198,674)
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	(56,320)
The acquisition of subscription IT assets requires the use of current financial resources but has no effect on net position	389,616
The cost of subscription IT assets is allocated over their estimated useful lives and are reported as amortization expense in the statement of activities	(101,176)
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	(342,730)
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	311,935
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	3,081
Increase in compensated absences and accumulated post retirement benefits are recorded when earned in the statement of activities	<u>(12,663)</u>
Change in net position of governmental activities	<u><u>\$ 5,343,465</u></u>

See Notes to the Financial Statements

City of Festus, Missouri
Statement of Net Position
Proprietary Funds
September 30, 2024

	Water and Sewer
Current Assets	
Cash and cash equivalents	\$ 6,510,620
Investments	4,117,851
Restricted cash and cash equivalents	480,290
Restricted investments	-
Receivables, net	
Service charges	603,738
Interest	45,549
Other	19,325
Prepaid items	63,665
Inventory	278,753
Note receivable - current	168,663
Lease receivable - current	5,685
Total Current Assets	12,294,139
Noncurrent Assets	
Note receivable - noncurrent	1,881,007
Lease receivable - noncurrent	228,602
Capital assets:	
Land and construction in progress	516,453
Other capital assets, net	9,531,997
Total Noncurrent Assets	12,158,059
Deferred Outflows of Resources	
Deferred outflows - pension related	355,815
Total Deferred Outflows of Resources	355,815
Current Liabilities	
Accounts payable	613,881
Accrued payroll	37,945
Compensated absences - current portion	73,828
Accrued interest	10,550
Deposits payable	461,599
Other liabilities	16,291
Long-term debt - current portion	62,000
Total Current Liabilities	1,276,094
Noncurrent Liabilities	
Compensated absences - noncurrent portion	18,257
Long-term debt - noncurrent portion	503,905
Net pension liability	191,104
Total Noncurrent Liabilities	713,266
Deferred Inflows of Resources	
Deferred inflows - pension related	45,015
Deferred inflows - leases	221,592
Total Deferred Inflows of Resources	266,607
Net Position	
Net investment in capital assets	9,081,857
Restricted	-
Unrestricted	13,470,189
Total Net Position	\$ 22,552,046

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, 2024

	Water and Sewer
Operating Revenues	
Water and sewer collections and fees	\$ 5,199,027
Grant revenues	-
Other revenues	68,105
Total Operating Revenues	5,267,132
Operating Expenses	
Personnel expenses	1,331,398
Materials and supplies	768,950
Purchased water	1,972,740
Utilities and maintenance	227,315
Depreciation and amortization	683,461
Treatment plant	400,893
Other	85,001
Total Operating Expenses	5,469,758
Operating Income (Loss)	(202,626)
Non-operating Revenues (Expenses)	
Interest income	619,333
Gain (loss) on disposal of assets	(6,312,014)
Gain (loss) on joint venture	(106,413)
Interest expense and fiscal charges	(22,344)
Total Non-operating Revenues (Expenses)	(5,821,438)
Income (Loss) Before Capital Contributions and Transfers	(6,024,064)
Capital contributions	185,171
Transfers in (out)	623,604
	808,775
Change in Net Position	\$ (5,215,289)
Net Position, October 1	27,767,335
Net Position, September 30	\$ 22,552,046

See Notes to the Financial Statements

City of Festus, Missouri
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2024

	Water and Sewer
Cash Flows from Operating Activities:	
Receipts from customers	\$ 5,420,329
Payments to suppliers	(2,804,153)
Payments to employees	(1,312,981)
Other receipts (payments)	68,105
Net Cash Provided (Used) by Operating Activities	1,371,300
Cash Flows from Noncapital Financing Activities:	
Transfer in (out)	623,604
Net Cash Provided (Used) by Noncapital Financing Activities	623,604
Cash Flows from Capital and Related Financing Activities:	
Issuance of long-term debt	-
Payments on long-term debt	(59,830)
Interest on debt	(23,460)
Proceeds from sale of capital assets	39,651
Acquisition and construction of capital assets	(3,401,252)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,444,891)
Cash Flows from Investing Activities:	
Proceeds from sale/(purchase) of investments	(3,097,927)
Payments on note receivable	500,000
Interest on investments	583,486
Net Cash Provided (Used) by Investing Activities	(2,014,441)
Net Increase in Cash and Cash Equivalents	\$ (3,464,428)
Cash and Cash Equivalents, October 1	10,455,338
Cash and Cash Equivalents, September 30	\$ 6,990,910
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Profit (Loss)	\$ (202,626)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	766,380
(Increase) decrease in:	
Accounts receivable	204,959
Prepaid items	(10,743)
Inventories	249,437
Lease receivable	5,139
Deferred outflows - pension related	(129,529)
Increase (decrease) in:	
Accounts payable	330,044
Accrued payroll and other liabilities	35,504
Deferred inflows - leases	(9,201)
Net pension liability (asset)	163,433
Deferred inflows - pension related	(31,497)
Net Cash Provided (Used) by Operating Activities	\$ 1,371,300
Noncash Capital and Related Financing and/or Investing Activities:	
Contributions of capital assets	\$ 185,171

See Notes to the Financial Statements

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

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, 2024

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 collectable 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.

Parks Fund - The Parks Fund is comprised of taxes collected to maintain parks within the city.

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, 2024

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>9/30/24</u>
Governmental Activities - General Fund	\$ 5,985
Business-type Activities - Water and Sewer Fund	23,609
	<u>\$ 29,594</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, 2024

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 relate 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, 2024

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, 2024

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 asset lives are not capitalized.

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

<u>Asset</u>	<u>Years</u>
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, 2024

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	Amounts Due in More Than One Year
Governmental Activities	\$ 398,573	\$ 337,384	\$ 61,189
Business-Type Activities	92,085	73,828	18,257
	\$ 490,658	\$ 411,212	\$ 79,446

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, 2024

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, 2024.

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, 2024

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:

Due to/due from - Legally authorized interfund borrowings for the purpose of assisting in cash flow on a temporary basis

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, 2024 consisted of the following:

Type	Maturities	Cost
Unrestricted Deposits:		
Petty cash	n/a	\$ 3,347
Demand deposits	n/a	18,762,348
Total Unrestricted Deposits		18,765,695
Restricted Deposits:		
Demand deposits	n/a	711,930
Total Restricted Deposits		711,930
Total Unrestricted and Restricted Deposits		\$ 19,477,625

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 2 - Cash and Investments (continued)

Type	Maturities	Cost
Unrestricted Investments:		
U.S. Treasury bill	10/10/2024	\$ 3,155,861
U.S. Treasury bill	10/31/2024	2,007,023
U.S. Treasury bill	11/7/2024	3,156,653
U.S. Treasury bill	11/29/2024	2,015,041
U.S. Treasury bill	12/5/2024	1,577,553
Certificate of deposit	12/27/2024	1,039,143
U.S. Treasury bill	12/31/2024	1,577,186
Certificate of deposit	5/7/2025	1,013,233
Certificate of deposit	5/28/2025	1,040,638
Certificate of deposit	6/5/2025	1,040,977
Certificate of deposit	7/9/2025	2,000,000
Certificate of deposit	8/6/2025	2,035,000
Total Unrestricted Investments		21,658,308
Restricted Investments:		
Money market funds	n/a	56,327
Total Restricted Investments		56,327
Total Unrestricted and Restricted Investments		\$ 21,714,635

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, 2024, 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.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 2 - Cash and Investments (continued)

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market funds	\$ 56,327	\$ 56,327	\$ -	\$ -

Investments measured at amortized cost:

Certificates of Deposit \$ 21,658,308

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	<u>Balance 9/30/23</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/24</u>
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 1,696,216	\$ 213,236	\$ -	\$ 1,909,452
Construction in process	621,848	1,780,521	(1,552,942)	849,427
Total Non-depreciable capital assets	2,318,064	1,993,757	(1,552,942)	2,758,879
Depreciable capital assets:				
Buildings and other improvements	8,355,799	300,975	(13,320)	8,643,454
Office equipment	716,855	-	(117,042)	599,813
Automotive equipment	4,546,043	509,519	(368,026)	4,687,536
Machinery and equipment	4,731,818	749,603	(668,668)	4,812,753
Infrastructure	19,938,100	559,124	(279,030)	20,218,194
Land improvements	4,320,412	1,445,533	(29,350)	5,736,595
Total Depreciable capital assets	42,609,027	3,564,754	(1,475,436)	44,698,345
Less: Accumulated depreciation				
Buildings and other improvements	4,525,603	254,707	(8,882)	4,771,428
Office equipment	546,541	70,374	(113,330)	503,585
Automotive equipment	2,726,019	274,103	(368,024)	2,632,098
Machinery and equipment	2,605,577	339,942	(661,122)	2,284,397
Infrastructure	12,912,558	1,030,612	(279,031)	13,664,139
Land improvements	1,784,004	228,936	(22,602)	1,990,338
Total Accumulated depreciation	25,100,302	2,198,674	(1,452,991)	25,845,985
Depreciable capital assets, net	<u>\$ 17,508,725</u>	<u>\$ 1,366,080</u>	<u>\$ (22,445)</u>	<u>\$ 18,852,360</u>

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 3 - Capital Assets (continued)

	Balance 9/30/23	Additions	Reductions	Balance 9/30/24
<u>Business-type Activities</u>				
Non-depreciable capital assets:				
Land	\$ 194,059	\$ -	\$ (78,735)	\$ 115,324
Construction in process	145,628	1,311,020	(1,055,519)	401,129
Total Non-depreciable capital assets	<u>339,687</u>	<u>1,311,020</u>	<u>(1,134,254)</u>	<u>516,453</u>
Depreciable capital assets:				
Systems and improvements	14,793,830	2,864,095	(6,664,182)	10,993,743
Buildings and other improvements	599,357	-	-	599,357
Automotive equipment	418,863	133,234	(65,762)	486,335
Machinery and equipment	4,547,333	326,536	(2,438,023)	2,435,846
Computer equipment	53,743	-	-	53,743
Total Depreciable capital assets	<u>20,413,126</u>	<u>3,323,865</u>	<u>(9,167,967)</u>	<u>14,569,024</u>
Less: Accumulated depreciation				
Systems and improvements	4,622,927	345,871	(1,635,008)	3,333,790
Buildings and other improvements	208,697	29,746	-	238,443
Automotive equipment	217,796	47,508	(64,752)	200,552
Machinery and equipment	2,162,221	255,413	(1,202,410)	1,215,224
Computer equipment	44,095	4,923	-	49,018
Total Accumulated depreciation	<u>7,255,736</u>	<u>683,461</u>	<u>(2,902,170)</u>	<u>5,037,027</u>
Depreciable capital assets, net	<u>\$ 13,157,390</u>	<u>\$ 2,640,404</u>	<u>\$ (6,265,797)</u>	<u>\$ 9,531,997</u>

Depreciation expense was charged to functions/programs of the primary government for the year ended September 30, 2024 as follows:

Governmental Activities:	Amount
Administration	\$ 51,643
Building department	14,385
Police	180,741
Dispatch	26,516
Fire	188,668
Street	1,351,540
Emergency Management	6,468
Non-Departmental	76,102
Health	14,005
Library	120,645
Parks	167,961
Total Depreciation Expense - Governmental Activities	<u>\$ 2,198,674</u>
Business-type Activities:	
Water and Sewer	\$ 683,461
Total Depreciation Expense - Business-type Activities	<u>\$ 683,461</u>

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

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, 2024 is as follows:

	Balance at 09/30/23	Additions	Reductions	Balance at 09/30/24
Subscription IT assets				
Camera/database software platform	\$ 243,989	\$ 389,616	\$ -	\$ 633,605
Less: accumulated amortization				
Camera/database software platform	(51,366)	(101,176)	-	(152,542)
Intangible subscription IT assets, net	<u>\$ 192,623</u>	<u>\$ 288,440</u>	<u>\$ -</u>	<u>\$ 481,063</u>

Amortization expense was charged to functions/programs of the primary government for the year ended September 30, 2024 as follows:

Governmental Activities:	Amount
Police	<u>\$ 101,176</u>
Total Amortization Expense - Governmental Activities	<u>\$ 101,176</u>

Note 5 - Long-Term Debt

Long-term liability activity for the year ended September 30, 2024 was as follows:

	Balance 9/30/23	Additions	Reductions	Balance 9/30/24	Amounts Due Within One Year
Governmental Activities:					
Equipment Purchase Agreement	\$ 1,392,765	\$ -	\$ (133,170)	\$ 1,259,595	\$ 138,000
Certificates of Participation	505,000	-	(95,000)	410,000	100,000
Total Governmental Activities:	<u>\$ 1,897,765</u>	<u>\$ -</u>	<u>\$ (228,170)</u>	<u>\$ 1,669,595</u>	<u>\$ 238,000</u>
Business-type Activities:					
Equipment Purchase Agreement	\$ 625,735	\$ -	\$ (59,830)	\$ 565,905	\$ 62,000
Total Business-type Activities:	<u>\$ 625,735</u>	<u>\$ -</u>	<u>\$ (59,830)</u>	<u>\$ 565,905</u>	<u>\$ 62,000</u>

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.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 5 - Long-Term Debt (continued)

Equipment Purchase Agreement (continued)

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
2025	\$ 138,000	\$ 47,222	\$ 185,222	\$ 62,000	\$ 21,216	\$ 83,216
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	160,080	64,558	224,638	71,920	11,392	83,312
2030-2032	516,465	39,201	555,666	232,035	17,612	249,647
	<u>\$ 1,259,595</u>	<u>\$ 260,847</u>	<u>\$ 1,520,442</u>	<u>\$ 565,905</u>	<u>\$ 99,580</u>	<u>\$ 665,485</u>

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
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>\$ 410,000</u>	<u>\$ 26,900</u>	<u>\$ 436,900</u>

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.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 6 - Employee Retirement Plans (continued)

General Information about the Defined Benefit Pension Plan (continued)

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.

	2024 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	71
Active employees	102
	261

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2024.

Actuarial Assumptions - The total pension liability in the February 29, 2024 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

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 6 - Employee Retirement Plans (continued)

General Information about the Defined Benefit Pension Plan (continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alpha	5.00%	2.37%
Equity	39.00%	5.37%
Fixed Income	23.00%	1.47%
Real Assets	33.00%	3.45%
Strategic Assets	7.00%	3.46%
Cash/Leverage	-7.00%	-0.26%

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 3.97% municipal bond rate based on an index of 20-year general obligation bonds with an average AA rate as of the measurement date.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 6 - Employee Retirement Plans (continued)

Changes in Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2023	\$ 27,257,880	\$ 26,900,765	\$ 357,115
Changes for the year:			
Service cost	603,213	-	603,213
Interest	1,873,898	-	1,873,898
Changes in benefit terms	-	-	-
Difference between expected and actual experience	1,014,585	-	1,014,585
Contributions - employer	-	968,798	(968,798)
Contributions - employee	-	-	-
Net investment income	-	1,426,866	(1,426,866)
Benefit payments, including refunds	(1,595,810)	(1,595,810)	-
Administrative expense	-	(30,768)	30,768
Other changes	-	86,343	(86,343)
Net changes	<u>1,895,886</u>	<u>855,429</u>	<u>1,040,457</u>
Balances at 6/30/2024	<u>\$ 29,153,766</u>	<u>\$ 27,756,194</u>	<u>\$ 1,397,572</u>

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00% (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	\$ 33,372,330	\$ 29,153,766	\$ 25,679,808
Plan Fiduciary Net Position	(27,756,194)	(27,756,194)	(27,756,194)
Net Pension Liability	<u>\$ 5,616,136</u>	<u>\$ 1,397,572</u>	<u>\$ (2,076,386)</u>

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

For the year ended September 30, 2024, the City of Festus recognized pension expense of \$1,006,225. The City 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	\$ 1,330,603	\$ (52,071)
Differences in assumptions	2,671	(27,096)
Excess (deficit) investment returns	747,326	-
Contributions subsequent to the measurement date*	262,788	-
	<u>\$ 2,343,388</u>	<u>\$ (79,167)</u>

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 6 - Employee Retirement Plans (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended September 30, 2024.

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
2025	\$ 515,707
2026	1,023,941
2027	490,320
2028	170,935
2029	28,182
Thereafter	35,136
	<u>\$ 2,264,221</u>

Payable to the Pension Plan

At September 30, 2024, the City of Festus reported a payable of \$72,988 for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2024.

General Information about the Defined Contribution Pension Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City makes no contribution to the Plan. Nationwide Retirement Solutions administers the City's Deferred Compensation Plan. The City does not have significant administrative involvement in the Plan. With the adoption of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City's Deferred Compensation Plan is not included in the general purpose financial statements. The City's Plan does not meet the criteria for reporting the Deferred Compensation Plan in a fiduciary fund.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 7 - Interfund Transfers

Individual fund transfers for the year ended September 30, 2024 are as follows:

	Fund	Transfers In	Transfers Out	Net Transfers
Governmental Activities:	General Fund	\$ 280,826	\$ (739,725)	\$ (458,899)
	Parks Fund	1,158,583	-	1,158,583
	City Transportation Tax Fund	32,326	(17,464)	14,862
	Capital Improvement Fund	-	(700,586)	(700,586)
	Capital Reserve Fund	705,764	(798,101)	(92,337)
	Library Fund	86,556	-	86,556
	Storm Water Tax Fund	-	(631,783)	(631,783)
	Total Governmental Activities	2,264,055	(2,887,659)	(623,604)
Business-Type Activities:	Water and Sewer Fund	718,050	(94,446)	623,604
	Total Business-Type Activities	718,050	(94,446)	623,604
	Total Transfers	\$ 2,982,105	\$ (2,982,105)	\$ -

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 - Concentration

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

Note 9 - Risk Management

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. The policy is for replacement cost and expires June 30, 2025. 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 \$621,012 in insurance premiums to MIRMA during the year ended September 30, 2024. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 10 - Claims and Contingencies

Litigation

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

Federal and State Assisted Programs

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

Note 11 - Leases

The City's General Fund and Water and Sewer Fund derives a portion of its revenues from noncancelable leases from tenants that rent various City owned properties. 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, 2024, are as follows:

Years ending September 30,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	16,231	6,784	23,015	6,550	7,046	13,596
2030-2034	93,766	25,051	118,817	38,480	31,506	69,986
2035-2039	96,931	6,734	103,665	47,884	24,201	72,085
2040-2044	-	-	-	59,096	15,151	74,247
2045-2048	-	-	-	58,227	4,221	62,448
	<u>\$ 347,309</u>	<u>\$ 76,892</u>	<u>\$ 424,201</u>	<u>\$ 234,287</u>	<u>\$ 112,426</u>	<u>\$ 346,713</u>

Total lease revenue received by Governmental Activities was \$58,384, which includes \$12,395 of interest revenue for the year ended September 30, 2024. Total lease revenue received by Business-type Activities was \$17,262, which includes \$8,061 of interest revenue for the year ended September 30, 2024.

Note 12 - 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).

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 12 - Subscription Based Information Technology Arrangements (SBITA) (continued)

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 4.68%. The contract will expire in January of 2029. The subscription IT assets are intangible assets and are presented in a separate footnote (Note 4).

The City has entered into a subscription contract for the right to use public safety software for a term of 84 months with an incremental borrowing rate of 5.26%. The contract will expire in November of 2030. The subscription IT assets are intangible assets and are presented in a separate footnote (Note 4).

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

Year ended, September 30,	Principal	Interest	Total
2025	\$ 120,186	\$ 20,304	\$ 140,490
2026	128,209	15,263	143,472
2027	70,981	9,860	80,841
2028	77,848	6,344	84,192
2029	22,509	2,491	25,000
2030-2031	23,722	1,278	25,000
	\$ 443,455	\$ 55,540	\$ 498,995

Note 13 - 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.

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 including principal and imputed interest. The sale price will be split between the two cities and received in installments over a ten year period with interest receivable at 4.18%. The City of Festus received \$500,000 on the date of sale and expects to receive ten installment payments of \$256,000 annually until maturity of the note. Future minimum payments to be received under this agreement are as follows:

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 13 - Joint Ventures (continued)

Festus-Crystal City Sewage Treatment Commission (continued)

Year ended, September 30,	Principal	Interest	Total
2025	\$ 168,663	\$ 87,337	\$ 256,000
2026	175,850	80,150	256,000
2027	183,343	72,657	256,000
2028	191,155	64,845	256,000
2029	199,300	56,700	256,000
2030-2034	1,131,359	148,641	1,280,000
	<u>\$ 2,049,670</u>	<u>\$ 510,330</u>	<u>\$ 2,560,000</u>

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, 2024 were the Twin City levee and land. Currently no separate financial statements for the Commission are available.

Note 14 - 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, 2024, 6 retirees participated in the City's insurance plans and the City paid premiums totaling \$100,001. COBRA premiums paid (not by City) totaled \$0.

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 15 - 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, 2024, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$107,634. "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 \$10,582,137. 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 1.01% 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 16 - 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 \$7,849 in economic activity tax rebates for the year ended September 30, 2024. The terms of the economic agreement will expire in the fiscal year ending September 30, 2034.

Note 17 - Commitments

At September 30, 2024, the City had commitments for the following projects:

Street and transportation projects	\$ 1,895,080
Splash pad	428,000
Building renovations	425,509
Water and sewer system improvements	757,064
	<u>\$ 3,505,653</u>

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

General Fund	\$ 375
Parks Fund	841,699
City Transportation Tax Fund	1,557,225
County Transportation Tax Fund	349,290
Water and Sewer Fund	757,064
	<u>\$ 3,505,653</u>

City of Festus, Missouri
Notes to the Financial Statements
For the year ended September 30, 2024

Note 18 - Changes within the Financial Reporting Entity

During the fiscal year ended September 30, 2024, changes within the financial reporting entity resulted in adjustments to and restatements of beginning fund balances, as follows:

	<u>Parks Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balance, as previously stated September 30, 2023	\$ -	\$ 4,701,587
Change from nonmajor to major fund	<u>1,233,870</u>	<u>(1,233,870)</u>
Fund Balance, as restated September 30, 2023	<u>\$ 1,233,870</u>	<u>\$ 3,467,717</u>

Note 19 - Subsequent Events

The City has evaluated events subsequent to September 30, 2024 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through March 26, 2025, 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. 101, *Compensated Absences*; GASB Statement No. 102, *Certain Risk Disclosures*; GASB Statement No. 103, *Financial Reporting Model Improvements*; and GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 803,469	\$ 803,469	\$ 845,230	\$ 41,761
Taxes - other	7,843,574	7,843,574	9,736,907	1,893,333
Intergovernmental	374,087	374,087	371,013	(3,074)
Grant revenue	25,000	30,600	23,783	(6,817)
Licenses and permits	330,500	330,500	489,975	159,475
Fines and penalties	86,100	86,100	116,132	30,032
Investment income	278,302	278,302	758,437	480,135
Lease payments	60,609	49,528	46,313	(3,215)
Other	2,000	2,000	2,933	933
Service charges	1,043,902	1,043,902	1,078,862	34,960
Total Revenues	<u>10,847,543</u>	<u>10,842,062</u>	<u>13,469,585</u>	<u>2,627,523</u>
Expenditures				
Current:				
Administration	1,056,376	1,074,915	1,026,578	(48,337)
Building department	450,800	452,969	429,985	(22,984)
Police	4,259,404	4,311,786	4,037,098	(274,688)
Dispatch	683,378	696,924	661,664	(35,260)
Fire	1,489,749	1,483,925	1,251,623	(232,302)
Emergency management	12,000	12,000	6,009	(5,991)
Non-departmental	1,404,409	1,441,571	1,353,539	(88,032)
Capital outlay	2,659,290	2,208,609	2,406,786	198,177
Debt service:				
Principal	261,270	261,270	254,035	(7,235)
Interest and fiscal charges	44,113	44,113	50,469	6,356
Total Expenditures	<u>12,320,789</u>	<u>11,988,082</u>	<u>11,477,786</u>	<u>(510,296)</u>
Excess (Deficiency) of Revenues over Expenditures	(1,473,246)	(1,146,020)	1,991,799	3,137,819
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	80,700	80,700	-
Contributed capital	-	3,896	3,896	-
Insurance claims and refunds	-	-	68,486	68,486
Lease/subscription proceeds	-	-	342,731	342,731
Transfers in	107,888	283,606	280,826	(2,780)
Transfers out	(2,341,449)	(1,129,200)	(739,725)	389,475
Total Other Financing Sources (Uses)	<u>(2,233,561)</u>	<u>(760,998)</u>	<u>36,914</u>	<u>797,912</u>
Net Change in Fund Balance	<u>\$ (3,706,807)</u>	<u>\$ (1,907,018)</u>	\$ 2,028,713	<u>\$ 3,935,731</u>
Fund Balance, October 1			<u>14,758,425</u>	
Fund Balance, September 30			<u>\$ 16,787,138</u>	

City of Festus, Missouri
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Parks Special Revenue Fund
For the year ended September 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 251,526	\$ 251,526	\$ 264,660	\$ 13,134
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	1,500	1,500	2,629	1,129
Investment income	25,137	25,137	72,379	47,242
Lease payments	-	-	-	-
Other	500	1,232	1,182	(50)
Service charges	68,000	68,000	93,953	25,953
Total Revenues	<u>346,663</u>	<u>347,395</u>	<u>434,803</u>	<u>87,408</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	811,567	818,488	743,421	(75,067)
Non-departmental	-	-	-	-
Capital outlay	2,294,500	1,478,747	1,083,661	(395,086)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,106,067</u>	<u>2,297,235</u>	<u>1,827,082</u>	<u>(470,153)</u>
Excess (Deficiency) of Revenues over Expenditures	(2,759,404)	(1,949,840)	(1,392,279)	557,561
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	30,958	30,957	(1)
Contributed capital	-	475,772	459,075	(16,697)
Insurance claims and refunds	-	-	-	-
Lease/subscription proceeds	-	-	-	-
Transfers in	2,543,980	1,320,780	1,158,583	(162,197)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,543,980</u>	<u>1,827,510</u>	<u>1,648,615</u>	<u>(178,895)</u>
Net Change in Fund Balance	<u>\$ (215,424)</u>	<u>\$ (122,330)</u>	\$ 256,336	<u>\$ 378,666</u>
Fund Balance, October 1			<u>1,233,870</u>	
Fund Balance, September 30			<u>\$ 1,490,206</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	1,669,248	1,669,248	1,943,173	273,925
Intergovernmental	-	-	-	-
Grant revenue	1,093,117	623,344	521,825	(101,519)
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	96,497	96,497	175,427	78,930
Lease payments	-	-	-	-
Other	1,250	1,250	2,792	1,542
Service charges	-	-	-	-
Total Revenues	<u>2,860,112</u>	<u>2,390,339</u>	<u>2,643,217</u>	<u>252,878</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	1,640,126	1,668,430	1,189,840	(478,590)
Non-departmental	-	-	-	-
Capital outlay	2,680,732	1,438,654	1,192,813	(245,841)
Debt service:				
Principal	13,510	13,510	13,510	-
Interest and fiscal charges	5,297	5,297	5,297	-
Total Expenditures	<u>4,339,665</u>	<u>3,125,891</u>	<u>2,401,460</u>	<u>(724,431)</u>
Excess (Deficiency) of Revenues over Expenditures	(1,479,553)	(735,552)	241,757	977,309
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	99,136	99,136	-
Contributed capital	-	-	-	-
Insurance claims and refunds	3,000	3,000	12,756	9,756
Lease/subscription proceeds	-	-	-	-
Transfers in	50,450	50,450	32,326	(18,124)
Transfers out	(17,464)	(17,464)	(17,464)	-
Total Other Financing Sources (Uses)	<u>35,986</u>	<u>135,122</u>	<u>126,754</u>	<u>(8,368)</u>
Net Change in Fund Balance	<u>\$ (1,443,567)</u>	<u>\$ (600,430)</u>	\$ 368,511	<u>\$ 968,941</u>
Fund Balance, October 1			<u>3,453,246</u>	
Fund Balance, September 30			<u>\$ 3,821,757</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	687,000	687,000	490,894	(196,106)
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	3,000	3,000	11,925	8,925
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>690,000</u>	<u>690,000</u>	<u>502,819</u>	<u>(187,181)</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	725,000	725,000	490,894	(234,106)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>725,000</u>	<u>725,000</u>	<u>490,894</u>	<u>(234,106)</u>
Excess (Deficiency) of Revenues over Expenditures	(35,000)	(35,000)	11,925	46,925
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Lease/subscription proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	\$ 11,925	<u>\$ 46,925</u>
Fund Balance, October 1			<u>252,834</u>	
Fund Balance, September 30			<u>\$ 264,759</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	836,892	836,892	971,974	135,082
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	85,761	85,761	161,957	76,196
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>922,653</u>	<u>922,653</u>	<u>1,133,931</u>	<u>211,278</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	922,653	922,653	1,133,931	211,278
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Lease/subscription proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(716,000)	(716,000)	(700,586)	15,414
Total Other Financing Sources (Uses)	<u>(716,000)</u>	<u>(716,000)</u>	<u>(700,586)</u>	<u>15,414</u>
Net Change in Fund Balance	<u>\$ 206,653</u>	<u>\$ 206,653</u>	\$ 433,345	<u>\$ 226,692</u>
Fund Balance, October 1			<u>2,910,046</u>	
Fund Balance, September 30			<u>\$ 3,343,391</u>	

City of Festus, Missouri
Notes to the Required Supplementary Information - Budgetary Schedules
For the year ended September 30, 2024

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>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 603,213	\$ 565,358	\$ 536,867	\$ 496,986	\$ 462,857	\$ 430,166	\$ 421,241	\$ 427,801	\$ 391,392	\$ 386,909
Interest on the Total Pension Liability	1,873,898	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	1,014,585	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	(1,595,810)	(1,028,464)	(1,077,936)	(1,051,701)	(945,151)	(875,860)	(753,143)	(710,517)	(623,604)	(705,192)
Refunds	-	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	<u>1,895,886</u>	<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>
Total Pension Liability beginning	<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>	<u>16,956,038</u>
Total Pension Liability ending	<u>29,153,766</u>	<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>
Plan Fiduciary Net Position										
Contributions-Employer	968,798	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	1,426,866	947,423	20,396	5,777,104	282,085	1,308,280	2,215,523	1,957,825	(33,114)	320,327
Benefit Payments	(1,595,810)	(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	(30,768)	(33,947)	(24,641)	(22,191)	(28,101)	(23,910)	(16,220)	(15,761)	(15,647)	(16,124)
Other	86,343	82,026	(85,663)	(294,486)	207,751	82,380	(350,864)	235,650	44,955	47,974
Net Change in Plan Fiduciary Net Position	<u>855,429</u>	<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>
Plan Fiduciary Net Position beginning	<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>	<u>15,975,425</u>
Plan Fiduciary Net Position ending	<u>\$ 27,756,194</u>	<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>
Employer Net Pension Liability	\$ 1,397,572	\$ 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
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	95.21%	98.69%	103.15%	111.54%	93.14%	93.94%	94.19%	89.37%	85.22%	93.37%
Covered Employee Payroll	\$ 5,263,891	\$ 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
Employer's Net Pension Liability as a percentage of covered employee payroll	26.55%	7.29%	-17.16%	-62.17%	38.06%	35.99%	34.37%	60.12%	77.05%	34.30%

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

	<u>2024</u>	<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>
Actuarially determined pension contribution	\$ 990,908	\$ 918,477	\$ 847,465	\$ 813,335	\$ 748,762	\$ 646,061	\$ 562,651	\$ 704,466	\$ 724,858	\$ 550,122
Contributions in relation to the actuarially determined contributions	<u>990,908</u>	<u>896,128</u>	<u>845,566</u>	<u>809,140</u>	<u>741,672</u>	<u>621,727</u>	<u>562,651</u>	<u>579,193</u>	<u>618,221</u>	<u>541,750</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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>
Covered Employee Payroll	\$ 5,495,141	\$ 5,017,262	\$ 4,918,129	\$ 4,504,715	\$ 4,264,834	\$ 3,764,429	\$ 3,585,484	\$ 3,708,915	\$ 3,717,345	\$ 3,403,902
Contributions as a percentage of covered employee payroll	18.03%	17.86%	17.19%	17.96%	17.39%	16.52%	15.69%	15.62%	16.63%	15.92%

Notes to Schedule:

Valuation date: February 29, 2024 - Actuarially determined contribution rates are calculated as of February 29, prior to the end of the fiscal year in which contributions are reported.

Notes: The roll-forward of total pension liability from February 29, 2024 to June 30, 2024 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 10 to 19 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 - Nonmajor Governmental Funds
September 30, 2024

	Special Revenue Funds						Totals
	Health	Library	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	
Assets							
Cash and cash equivalents	\$ 523,426	\$ 202,705	\$ 8,980	\$ 1,184,634	\$ 684,684	\$ -	\$ 2,604,429
Investments	-	-	-	585,000	-	-	585,000
Restricted cash and cash equivalents	-	9,761	-	-	-	205,141	214,902
Restricted investments	-	-	-	-	-	-	-
Receivables, net							
Taxes	6,280	8,647	-	207,688	124,555	-	347,170
Special assessments	-	-	-	-	-	-	-
Interest	-	-	-	15,006	-	-	15,006
Grants	-	-	-	-	-	-	-
Other	45,281	-	466	251	-	-	45,998
Prepaid items	6,311	23,319	-	2,927	2,051	-	34,608
Total Assets	581,298	244,432	9,446	1,995,506	811,290	205,141	3,847,113
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 581,298	\$ 244,432	\$ 9,446	\$ 1,995,506	\$ 811,290	\$ 205,141	\$ 3,847,113
Liabilities							
Accounts payable	\$ 10,022	\$ 4,501	\$ 42	\$ 128,470	\$ 19,043	\$ -	\$ 162,078
Accrued payroll	4,136	6,619	-	1,685	1,014	-	13,454
Unearned revenue	-	5,173	-	47,917	-	-	53,090
Other liabilities	-	-	-	27,591	-	-	27,591
Total Liabilities	14,158	16,293	42	205,663	20,057	-	256,213
Deferred Inflows of Resources							
Unavailable resources - property taxes	5,782	7,961	-	-	-	-	13,743
Unavailable resources - leases	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	5,782	7,961	-	-	-	-	13,743
Fund Balance							
Nonspendable:							
Prepaid items	6,311	23,319	-	2,927	2,051	-	34,608
Restricted:							
Special revenue funds	555,047	196,859	9,404	1,786,916	789,182	205,141	3,542,549
Unassigned:							
General fund	-	-	-	-	-	-	-
Total Fund Balance	561,358	220,178	9,404	1,789,843	791,233	205,141	3,577,157
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 581,298	\$ 244,432	\$ 9,446	\$ 1,995,506	\$ 811,290	\$ 205,141	\$ 3,847,113

City of Festus, Missouri
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the year ended September 30, 2024

	Special Revenue Funds							Totals
	Health	Library	Parks (formerly nonmajor)	Law Enforcement Training	Storm Water Tax	Tourism Tax	Federal Forfeiture	
Revenues								
Property taxes	\$ 192,227	\$ 264,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456,887
Taxes - other	-	-	-	-	971,974	325,950	-	1,297,924
Intergovernmental	-	-	-	2,022	-	-	-	2,022
Grant revenue	-	20,052	-	1,006	-	-	-	21,058
Licenses and permits	1,413	-	-	-	-	-	-	1,413
Fines and penalties	2,598	36,458	-	-	-	10,400	-	49,456
Investment income	29,556	15,044	-	459	90,561	35,124	10,402	181,146
Lease payments	-	-	-	-	-	-	-	-
Other	80	5,001	-	-	-	2,320	-	7,401
Service charges	18,465	38,876	-	-	-	-	-	57,341
Total Revenues	244,339	380,091	-	3,487	1,062,535	373,794	10,402	2,074,648
Expenditures								
Current:								
Police	-	-	-	3,000	-	-	-	3,000
Health	193,854	-	-	-	-	-	-	193,854
Library	-	393,423	-	-	-	-	-	393,423
Parks	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	136,061	45,251	-	181,312
Capital outlay	34,934	16,699	-	-	275,846	281,345	-	608,824
Debt service:								
Principal	-	44,390	-	-	-	-	-	44,390
Interest and fiscal charges	-	17,405	-	-	-	-	-	17,405
Total Expenditures	228,788	471,917	-	3,000	411,907	326,596	-	1,442,208
Excess (Deficiency) of Revenues over Expenditures	15,551	(91,826)	-	487	650,628	47,198	10,402	632,440
Other Financing Sources (Uses)								
Proceeds from sale of capital assets	11,500	5,270	-	-	-	-	-	16,770
Contributed capital	4,757	-	-	-	-	-	-	4,757
Insurance claims and refunds	700	-	-	-	-	-	-	700
Transfers in	-	86,556	-	-	-	-	-	86,556
Transfers out	-	-	-	-	(631,783)	-	-	(631,783)
Total Other Financing Sources (Uses)	16,957	91,826	-	-	(631,783)	-	-	(523,000)
Net Change in Fund Balance	\$ 32,508	\$ -	\$ -	\$ 487	\$ 18,845	\$ 47,198	\$ 10,402	\$ 109,440
Fund Balance (Deficit), October 1, as previously stated	528,850	220,178	1,233,870	8,917	1,770,998	744,035	194,739	4,701,587
Change within financial reporting entity (nonmajor to major fund)	-	-	(1,233,870)	-	-	-	-	(1,233,870)
Fund Balance (Deficit), September 30	\$ 561,358	\$ 220,178	\$ -	\$ 9,404	\$ 1,789,843	\$ 791,233	\$ 205,141	\$ 3,577,157

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 182,650	\$ 182,650	\$ 192,227	\$ 9,577
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	1,391	1,391	1,413	22
Fines and penalties	2,050	2,050	2,598	548
Investment income	16,344	16,344	29,556	13,212
Lease payments	-	-	-	-
Other	-	-	80	80
Service charges	23,700	23,700	18,465	(5,235)
Total Revenues	<u>226,135</u>	<u>226,135</u>	<u>244,339</u>	<u>18,204</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	207,420	211,920	193,854	(18,066)
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	35,000	34,932	34,934	2
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>242,420</u>	<u>246,852</u>	<u>228,788</u>	<u>(18,064)</u>
Excess (Deficiency) of Revenues over Expenditures	(16,285)	(20,717)	15,551	36,268
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	11,500	11,500	-
Contributed capital	-	4,757	4,757	-
Insurance claims and refunds	-	-	700	700
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>16,257</u>	<u>16,957</u>	<u>700</u>
Net Change in Fund Balance	<u>\$ (16,285)</u>	<u>\$ (4,460)</u>	\$ 32,508	<u>\$ 36,968</u>
Fund Balance, October 1			<u>528,850</u>	
Fund Balance, September 30			<u>\$ 561,358</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ 251,975	\$ 251,975	\$ 264,660	\$ 12,685
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Grant revenue	19,771	19,771	20,052	281
Licenses and permits	-	-	-	-
Fines and penalties	28,400	28,400	36,458	8,058
Investment income	5,445	5,445	15,044	9,599
Lease payments	-	-	-	-
Other	3,100	3,100	5,001	1,901
Service charges	36,000	36,000	38,876	2,876
Total Revenues	<u>344,691</u>	<u>344,691</u>	<u>380,091</u>	<u>35,400</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	406,802	408,002	393,423	(14,579)
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	167,035	25,680	16,699	(8,981)
Debt service:				
Principal	44,390	44,390	44,390	-
Interest and fiscal charges	17,405	17,405	17,405	-
Total Expenditures	<u>635,632</u>	<u>495,477</u>	<u>471,917</u>	<u>(23,560)</u>
Excess (Deficiency) of Revenues over Expenditures	(290,941)	(150,786)	(91,826)	58,960
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	5,270	5,270
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	211,795	211,795	86,556	(125,239)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>211,795</u>	<u>211,795</u>	<u>91,826</u>	<u>(119,969)</u>
Net Change in Fund Balance	<u>\$ (79,146)</u>	<u>\$ 61,009</u>	\$ -	<u>\$ (61,009)</u>
Fund Balance, October 1			<u>220,178</u>	
Fund Balance, September 30			<u>\$ 220,178</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	2,100	2,100	2,022	(78)
Grant revenue	-	-	1,006	1,006
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	210	210	459	249
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>2,310</u>	<u>2,310</u>	<u>3,487</u>	<u>1,177</u>
Expenditures				
Current:				
Police	3,000	3,000	3,000	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	(690)	(690)	487	1,177
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (690)</u>	<u>\$ (690)</u>	\$ 487	<u>\$ 1,177</u>
Fund Balance, October 1			<u>8,917</u>	
Fund Balance, September 30			<u>\$ 9,404</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	836,892	836,892	971,974	135,082
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	49,248	49,248	90,561	41,313
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>886,140</u>	<u>886,140</u>	<u>1,062,535</u>	<u>176,395</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	143,339	175,746	136,061	(39,685)
Capital outlay	295,000	295,000	275,846	(19,154)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>438,339</u>	<u>470,746</u>	<u>411,907</u>	<u>(58,839)</u>
Excess (Deficiency) of Revenues over Expenditures	447,801	415,394	650,628	235,234
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(543,980)	(543,980)	(631,783)	(87,803)
Total Other Financing Sources (Uses)	<u>(543,980)</u>	<u>(543,980)</u>	<u>(631,783)</u>	<u>(87,803)</u>
Net Change in Fund Balance	<u>\$ (96,179)</u>	<u>\$ (128,586)</u>	\$ 18,845	<u>\$ 147,431</u>
Fund Balance, October 1			<u>1,770,998</u>	
Fund Balance, September 30			<u>\$ 1,789,843</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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	240,000	240,000	325,950	85,950
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	600	600	10,400	9,800
Investment income	20,290	20,290	35,124	14,834
Lease payments	-	-	-	-
Other	3,000	3,000	2,320	(680)
Service charges	-	-	-	-
Total Revenues	<u>263,890</u>	<u>263,890</u>	<u>373,794</u>	<u>109,904</u>
Expenditures				
Current:				
Police	-	-	-	-
Health	-	-	-	-
Library	-	-	-	-
Parks	-	-	-	-
Non-departmental	57,000	57,000	45,251	(11,749)
Capital outlay	223,089	310,068	281,345	(28,723)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>280,089</u>	<u>367,068</u>	<u>326,596</u>	<u>(40,472)</u>
Excess (Deficiency) of Revenues over Expenditures	(16,199)	(103,178)	47,198	150,376
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (16,199)</u>	<u>\$ (103,178)</u>	\$ 47,198	<u>\$ 150,376</u>
Fund Balance, October 1			<u>744,035</u>	
Fund Balance, September 30			<u>\$ 791,233</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	5,904	5,904	10,402	4,498
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>5,904</u>	<u>5,904</u>	<u>10,402</u>	<u>4,498</u>
Expenditures				
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>
Excess (Deficiency) of Revenues over Expenditures	<u>5,904</u>	<u>5,904</u>	<u>10,402</u>	<u>4,498</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 5,904</u>	<u>\$ 5,904</u>	<u>\$ 10,402</u>	<u>\$ 4,498</u>
Fund Balance, October 1			<u>194,739</u>	
Fund Balance, September 30			<u>\$ 205,141</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Over (Under)
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Intergovernmental	-	-	-	-
Grant revenue	-	-	-	-
Licenses and permits	-	-	-	-
Fines and penalties	-	-	-	-
Investment income	41,248	41,248	185,906	144,658
Lease payments	-	-	-	-
Other	-	-	-	-
Service charges	-	-	-	-
Total Revenues	<u>41,248</u>	<u>41,248</u>	<u>185,906</u>	<u>144,658</u>
Expenditures				
Current:				
Administration	-	-	-	-
Building department	-	-	-	-
Police	-	-	-	-
Dispatch	-	-	-	-
Fire	-	-	-	-
Emergency management	-	-	-	-
Street	-	-	-	-
Non-departmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	41,248	41,248	185,906	144,658
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Contributed capital	-	-	-	-
Insurance claims and refunds	-	-	-	-
Transfers in	686,666	720,000	705,764	(14,236)
Transfers out	<u>(600,000)</u>	<u>(798,101)</u>	<u>(798,101)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>86,666</u>	<u>(78,101)</u>	<u>(92,337)</u>	<u>(14,236)</u>
Net Change in Fund Balance	<u>\$ 127,914</u>	<u>\$ (36,853)</u>	\$ 93,569	<u>\$ 130,422</u>
Fund Balance, October 1			<u>3,601,380</u>	
Fund Balance, September 30			<u>\$ 3,694,949</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, 2024, 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 26, 2025.

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 Statement No. 75), to be recorded in the governmental activities, business-type activities, and the proprietary fund financial statements.

Report on 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.

Report on Compliance and Other Matters

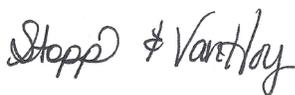
As part of obtaining reasonable assurance about whether City of Festus, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 2024-001 and 2024-002.

City of Festus, Missouri's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the 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 other 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 City of Festus, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Festus, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



St. Louis, Missouri
March 26, 2025

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

Financial Statement Findings

2024-001 **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.

2024-002 **Condition:** Section 67.010, RSMo., requires political subdivisions to develop an annual budget listing all estimated revenues to be received from all sources for the budget year and proposed expenditures for each department, office, commission, and other classifications for the budget year. Section 67.080, RSMo., prohibits expenditures unless authorized in the annual budget adopted under Section 67.010.

Criteria: The City's actual expenditures exceeded budgeted appropriations in the Storm Water Tax Fund. We reviewed Section 67.010, RSMo. and 67.080, RSMo., and inquired of the Finance Director regarding compliance with the statute. They indicated without exception that all appropriations presented were adopted by the City. By not preparing an amended budget in compliance with Section 67.040, RSMo., the City is in violation of the budget provisions set forth by the statute.

Cause: Management oversight.

Effect: Expenditures incurred in excess of budgeted appropriations for the year ended September 30, 2024 could be considered invalid or void claims.

Recommendation: The Council and management of the City should ensure that all funds of the City are budgeted annually and that legally adopted appropriations are in place and available prior to authorizing commitments of those resources.

Management's Response: Due to increased sales tax receipts, the City transferred additional tax revenue to the Park Fund but did not amend the budget for the additional transfers. This was an oversight which will be monitored more closely in future budget cycles; amendments will be prepared and adopted, as necessary. 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, 2024

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, 2023.

Prior Year 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.

Status: Management has not implemented a corrective action plan, therefore, this finding is repeated in the current year at 2024-001.

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.

Status: Finding is no longer applicable. The City disposed of the sewage treatment facility during the fiscal year.