

CITY OF ELSBERRY, MISSOURI

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023***

CITY OF ELSBERRY, MISSOURI

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INDEPENDENT AUDITORS' REPORT



The Honorable Mayor and Members of
the Board of Aldermen
CITY OF ELSBERRY, MISSOURI

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the City of Elsberry, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Elsberry, Missouri, as of December 31, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flow modified cash basis thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Elsberry, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinions are not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Elsberry, 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.

Auditors' 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 auditors' report that includes our opinion. 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 generally accepted 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 controls. 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 generally accepted auditing standards, we:

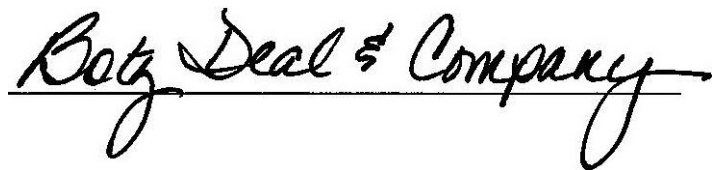
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Elsberry, 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 Elsberry, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability (asset) and related ratios, and schedule of employer contributions but does not include the basic financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Betz Deal & Company". The signature is written in a cursive style and is positioned above a horizontal line.

St. Charles, Missouri
October 17, 2024

**CITY OF ELSBERRY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

The discussion and analysis of the City of Elsberry's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2023. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows for the most recent fiscal year by \$5,900,883. Of this amount, \$4,012,406 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$277,719. The proprietary funds reported combined ending fund balance of \$4,888,719.
- At the end of the current fiscal year, unassigned fund balance for the general fund was a negative \$235,570 an increase from the prior year balance of a negative \$339,975.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Note the government-wide financial statements exclude fiduciary fund activities. For the most part, the effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish governmental activities, which normally are supported by taxes and general revenues, from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The City does not have any business-type activities.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, and liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year.

The City has elected to utilize a modified cash basis of accounting as explained in Note 1 of the notes to the financial statements.

Fund Financial Statements

Separate financial statements are provided for governmental funds with major individual governmental funds reported as separate columns in the fund financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements do not report long-term assets or liabilities. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Cemetery. The General Fund is considered to be a major fund, while the Cemetery Fund is considered a nonmajor fund.

The City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided for the General Fund and Cemetery Fund to demonstrate legal compliance with the respective adopted budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Supplementary Information

In addition to the financial statements and accompanying notes, certain supplementary information has been provided.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

A condensed version of the statement of net position follows:

Governmental Activities

	2023	2022	Increase (Decrease)
Current and other assets	\$ 627,442	\$ 552,085	\$ 75,357
Net pension asset	10,878	54,330	(43,452)
Capital assets, net	723,029	717,579	5,450
Total assets	<u>1,361,349</u>	<u>1,323,994</u>	<u>37,355</u>
 Total deferred outflows of resources	 <u>27,473</u>	 <u>20,309</u>	 <u>7,164</u>
 Current and other liabilities	 349,723	 363,234	 (13,511)
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>349,723</u>	<u>363,234</u>	<u>(13,511)</u>
 Total deferred inflows of resources	 <u>26,935</u>	 <u>43,423</u>	 <u>(16,488)</u>
 Net position:			
Net investment in capital assets	723,029	717,579	5,450
Restricted	513,289	528,826	(15,537)
Unrestricted	<u>(224,154)</u>	<u>(308,759)</u>	<u>84,605</u>
Total net position	<u>\$ 1,012,164</u>	<u>\$ 937,646</u>	<u>\$ 74,518</u>

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. As illustrated above, assets and deferred outflows exceeded liabilities and deferred inflows for the governmental activities by \$1,012,164 at December 31, 2023 an increase of \$74,518 from the prior year.

By far the largest portion of the City's net position \$723,029 reflects its investment in capital assets (e.g., land, building, and infrastructure) less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position \$513,289 represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a negative \$224,154 and is unrestricted.

Business-type Activities

	2023	2022	Increase (Decrease)
Current and other assets	\$ 4,349,383	\$ 3,933,356	\$ 416,027
Capital assets, net	4,945,301	5,157,297	(211,996)
Total assets	9,294,684	9,090,653	204,031
Current and other liabilities	112,823	106,753	6,070
Long-term liabilities	4,293,142	4,449,774	(156,632)
Total liabilities	4,405,965	4,556,527	(150,562)
Net position:			
Net investment in capital assets	652,159	707,523	(55,364)
Unrestricted	4,236,560	3,826,603	409,957
Total net position	\$ 4,888,719	\$ 4,534,126	\$ 354,593

Assets exceeded liabilities in the business-type activities by \$4,888,719 at December 31, 2023, an increase of \$354,593 from the prior year.

A portion of the City's net position (13%) reflects its investment in capital assets (e.g., land, building, and infrastructure) less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide water and sewer services to citizens; consequently, these assets are not available for future spending. The remaining portion of net position (87%) is unrestricted.

Governmental Activities

As illustrated below, governmental activities increased the City's net position by \$74,518.

Governmental Activities

	2023	2022	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 340,626	\$ 274,705	\$ 65,921
Capital grants and contributions	-	211,574	(211,574)
General revenues:			
Sales taxes	368,837	348,525	20,312
Property taxes	135,672	110,988	24,684
Other taxes	226,145	224,962	1,183
Interest income	737	603	134
Miscellaneous	6,442	4,917	1,525
Total revenues	<u>1,078,459</u>	<u>1,176,274</u>	<u>(97,815)</u>
Expenses:			
Administrative	457,720	411,404	46,316
Public works	224,905	195,846	29,059
Police department	248,776	265,691	(16,915)
Court	30,517	32,813	(2,296)
Culture and recreation	12,864	3,856	9,008
Depreciation, unallocated	29,159	26,854	2,305
Total expenses	<u>1,003,941</u>	<u>936,464</u>	<u>67,477</u>
Increase (decrease) in net position	74,518	239,810	(165,292)
Net position, beginning of year, as restated	<u>937,646</u>	<u>697,836</u>	<u>239,810</u>
Net position, end of year	<u>\$ 1,012,164</u>	<u>\$ 937,646</u>	<u>\$ 74,518</u>

Total revenue decreased \$97,815 from last fiscal year. This is mainly due to the receipt of ARPA grants of approximately \$211,000 in the prior year. Sales taxes have increased approximately 6% and property tax increased approximately 22% compared to the prior year.

Total expenses increased \$67,477 from last fiscal year. Administrative function expenses increased due to an increase in professional fees, sanitations services and pension related expenses. Public works function expenses increased due to an increase in street repair costs.

Business-Type Activities

As illustrated below, business-type activities increased the City's net position by \$354,593.

	2023	2022	Increase (Decrease)
Revenues:			
Operating revenues:			
Charges for services	\$ 1,446,336	\$ 1,454,119	\$ (7,783)
Capital grants and contributions	20,125	-	20,125
Interest income	3,761	5,413	(1,652)
Total revenues	<u>1,470,222</u>	<u>1,459,532</u>	<u>10,690</u>
Expenses:			
Operating expenses:			
Personnel services	32,534	37,101	(4,567)
Contractual services	608,005	591,546	16,459
Depreciation	245,824	254,730	(8,906)
Repairs and maintenance	52,396	48,879	3,517
Insurance	29,905	36,412	(6,507)
Operating supplies	16,497	15,385	1,112
Other services and charges	4,668	43,814	(39,146)
Utilities	39,487	40,445	(958)
Nonoperating expenses:			-
Interest and fiscal charges	86,313	88,628	(2,315)
Total expenses	<u>1,115,629</u>	<u>1,156,940</u>	<u>(41,311)</u>
Increase (decrease) in net position	354,593	302,592	52,001
Net position, beginning of year, as restated	<u>4,534,126</u>	<u>4,231,534</u>	<u>302,592</u>
Net position, end of year	<u>\$ 4,888,719</u>	<u>\$ 4,534,126</u>	<u>\$ 354,593</u>

Revenue in the City's Business-type Fund increased \$10,690 compared to the prior year. Expenses decreased \$41,311 compared to the prior year. Expenses decreased due to a decrease in repair costs compared to the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The following table presents the amount of governmental funds revenue from various sources:

	2023	2022	Increase (Decrease)
Taxes	\$ 730,654	\$ 684,475	\$ 46,179
Charges for services	238,238	219,875	18,363
Licenses and permits	12,262	11,080	1,182
Fines and forfeitures	90,126	43,750	46,376
Investment income	737	603	134
Grants	-	211,574	(211,574)
Miscellaneous	10,391	4,917	5,474
Total Governmental Revenues	<u>\$ 1,082,408</u>	<u>\$ 1,176,274</u>	<u>\$ (93,866)</u>

The decrease in total revenues of \$93,866 represents an overall decrease in revenue of 8%. The decrease, as noted above, is due to a decrease in grants in 2023 compared to 2022, offset by increases in taxes and fines and forfeitures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023, the City has invested in a broad range of capital assets, including land, building, improvements, equipment, and infrastructure. The City's capital assets consisted of:

Governmental Activities

	2023	2022	Variance
Land	\$ 403,106	\$ 403,106	\$ -
Building and improvements	115,649	124,212	(8,563)
Equipment and vehicles	267,776	229,218	38,558
Infrastructure	382,708	382,708	-
Total	<u>\$ 1,169,239</u>	<u>\$ 1,139,244</u>	<u>\$ 29,995</u>

Business-type Activities

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Building	\$ 40,261	\$ 40,261	\$ -
Equipment and vehicles	289,373	289,373	-
Infrastructure	<u>7,656,467</u>	<u>7,622,639</u>	33,828
Total	<u>\$ 7,986,101</u>	<u>\$ 7,952,273</u>	<u>\$ 33,828</u>

More detailed information on the City's capital position is presented in Note 5 to the financial statements.

DEBT

Combined Waterworks and Sewerage System Revenue Bonds - Series 2012

In 2012, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds for the purpose of acquiring, constructing, improving and extending the City's combined waterworks and sewerage system. This project is being administered by the USDA Rural Development. The debt is recorded in the Proprietary Fund and is serviced by that fund. On December 31, 2023, the outstanding principal on the debt was \$1,537,928.

Combined Waterworks and Sewerage System Revenue Bonds - Series 2018

During 2018, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds for the purpose of acquiring, constructing, improving and extending the City's combined waterworks and sewerage system. The debt is recorded in the Proprietary Fund and is serviced by that fund. On December 31, 2023, the outstanding principal on the debt was \$2,755,214.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

To meet the needs of the City, the General Fund budget for fiscal year 2023 projects an decrease of 3% for revenues and expenditures. Total budgeted expenditures in the Cemetery Fund remain constant.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

If you have questions about this report or need additional financial information, contact:

City Clerk
City of Elsberry
201 Broadway
Elsberry, Missouri 63343

CITY OF ELSBERRY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 224,464	\$ 1,446,302	\$ 1,670,766
Due from other funds	-	344,981	344,981
Restricted assets:			
Cash and investments	402,978	2,558,100	2,961,078
Net pension asset	10,878	-	10,878
Capital assets - net			
Nondepreciable	403,106	-	403,106
Depreciable	319,923	4,945,301	5,265,224
TOTAL ASSETS	<u>1,361,349</u>	<u>9,294,684</u>	<u>10,656,033</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>27,473</u>	<u>-</u>	<u>27,473</u>
LIABILITIES			
Bonds held	4,742	-	4,742
Due to other funds	344,981	-	344,981
Deposits payable	-	112,823	112,823
Noncurrent liabilities:			
Due in one year	-	123,308	123,308
Due in more than one year	-	4,169,834	4,169,834
TOTAL LIABILITIES	<u>349,723</u>	<u>4,405,965</u>	<u>4,755,688</u>
DEFERRED INTFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>26,935</u>	<u>-</u>	<u>26,935</u>
NET POSITION			
Net investment in capital assets	723,029	652,159	1,375,188
Restricted for:			
Cemetery	120,061	-	120,061
Capital Improvements	393,228	-	393,228
Unrestricted	(224,154)	4,236,560	4,012,406
TOTAL NET POSITION	<u>\$ 1,012,164</u>	<u>\$ 4,888,719</u>	<u>\$ 5,900,883</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Position		
		Charges for Service	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
Administrative	\$ 457,720	\$ 250,500	\$ -	\$ (207,220)	\$ -	\$ (207,220)
Public works	224,905	-	-	(224,905)	-	(224,905)
Police department	248,776	90,126	-	(158,650)	-	(158,650)
Court	30,517	-	-	(30,517)	-	(30,517)
Culture and recreation	12,864	-	-	(12,864)	-	(12,864)
Depreciation, unallocated	29,159	-	-	(29,159)	-	(29,159)
TOTAL GOVERNMENTAL ACTIVITIES	1,003,941	340,626	-	(663,315)	-	(663,315)
Business-type Activities						
Water and Sewer	1,115,629	1,446,336	20,125	-	350,832	350,832
TOTAL PRIMARY GOVERNMENT	\$ 2,119,570	\$ 1,786,962	\$ 20,125	(663,315)	350,832	(312,483)
Taxes:						
Sales				368,837	-	368,837
Property				135,672	-	135,672
Other				226,145	-	226,145
Interest income				737	3,761	4,498
Other miscellaneous revenue				6,442	-	6,442
TOTAL GENERAL REVENUES				737,833	3,761	741,594
CHANGE IN NET POSITION				74,518	354,593	429,111
NET POSITION - BEGINNING OF YEAR				937,646	4,534,126	5,471,772
NET POSITION - END OF YEAR				\$ 1,012,164	\$ 4,888,719	\$ 5,900,883

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
 BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
 DECEMBER 31, 2023

	General Fund	Nonmajor Cemetery Fund	Total
ASSETS AND OTHER DEBITS			
Cash and investments	\$ 104,403	\$ 120,061	\$ 224,464
Restricted cash	402,978	-	402,978
TOTAL ASSETS	\$ 507,381	\$ 120,061	\$ 627,442
 LIABILITIES			
Bonds held	\$ 4,742	\$ -	\$ 4,742
Due to/from other funds	344,981	-	344,981
TOTAL LIABILITIES	349,723	-	349,723
 FUND BALANCES			
Restricted for:			
Cemetery	-	120,061	120,061
American Rescue Plan funds	393,228	-	393,228
Unassigned	(235,570)	-	(235,570)
TOTAL FUND BALANCES	157,658	120,061	277,719
TOTAL LIABILITIES AND FUND BALANCES	\$ 507,381	\$ 120,061	\$ 627,442

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI

RECONCILIATION OF THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet	\$ 277,719
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	723,029
The net pension asset reported in the governmental activities does not provide current financial resources and, therefore, is not reported in the funds.	10,878
Current deferred outflows and inflows of resources represent a consumption or acquisition of net position in a future period and, therefore, are not reported in the funds:	
Deferred outflows of resources - related to pension	27,473
Deferred inflows of resources - related to pension	<u>(26,935)</u>
Net position of governmental activities	<u>\$ 1,012,164</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Nonmajor Cemetery Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 699,363	\$ 31,291	\$ 730,654
Charges for services	219,175	19,063	238,238
Licenses and permits	12,262	-	12,262
Fines and forfeitures	90,126	-	90,126
Investment income	577	160	737
Miscellaneous	10,391	-	10,391
TOTAL REVENUES	<u>1,031,894</u>	<u>50,514</u>	<u>1,082,408</u>
EXPENDITURES			
Current:			
Administrative	446,936	-	446,936
Public works	186,754	38,151	224,905
Police department	239,760	-	239,760
Municipal court	30,517	-	30,517
Culture and recreation	12,864	-	12,864
Capital outlays	38,558	-	38,558
TOTAL EXPENDITURES	<u>955,389</u>	<u>38,151</u>	<u>993,540</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	76,505	12,363	88,868
NET POSITION - BEGINNING OF YEAR	<u>81,153</u>	<u>107,698</u>	<u>188,851</u>
FUND BALANCES - END OF YEAR	<u>\$ 157,658</u>	<u>\$ 120,061</u>	<u>\$ 277,719</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL
 FUNDS - MODIFIED CASH BASIS - TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

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

Change in fund balance-total governmental funds	\$	88,868
The cost of capital assets is allocated over their estimated useful lives and is reported as depreciation expense in the statement of activities.		(29,159)
The acquisition of capital assets requires the use of current financial resources but has no effect on net position.		38,558
The net effect of other miscellaneous transactions involving capital assets (i.e. sales or trade-ins) that decrease net position.		(3,949)
Expenses related to providing pension benefits are reported using a different measurement focus in the statement of activities compared to the governmental fund statements. Therefore, expenditures in the governmental fund were different from the expense reported in the statement of activities.		<u>(19,800)</u>
Change in net position of governmental activities	\$	<u><u>74,518</u></u>

The accompanying notes are integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUE			
Charges for services	\$ 716,648	\$ 729,688	\$ 1,446,336
OPERATING EXPENSES			
Personnel services	32,534	-	32,534
Contractual services	324,618	283,387	608,005
Depreciation	122,722	123,102	245,824
Repairs and maintenance	18,611	33,785	52,396
Insurance	29,905	-	29,905
Operating supplies	16,497	-	16,497
Other services and charges	1,442	3,226	4,668
Utilities	33,654	5,833	39,487
TOTAL OPERATING EXPENSES	<u>579,983</u>	<u>449,333</u>	<u>1,029,316</u>
OPERATING INCOME	<u>136,665</u>	<u>280,355</u>	<u>417,020</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	3,246	515	3,761
Grant revenue	20,125	-	20,125
Interest and fiscal charges	(33,905)	(52,408)	(86,313)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(10,534)</u>	<u>(51,893)</u>	<u>(62,427)</u>
NET INCOME	<u>126,131</u>	<u>228,462</u>	<u>354,593</u>
NET POSITION - BEGINNING OF YEAR	<u>2,821,646</u>	<u>1,712,480</u>	<u>4,534,126</u>
NET POSITION - END OF YEAR	<u>\$ 2,947,777</u>	<u>\$ 1,940,942</u>	<u>\$ 4,888,719</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 722,718	\$ 729,688	\$ 1,452,406
Cash paid to suppliers	(424,727)	(326,231)	(750,958)
Cash paid to employees	(32,534)	-	(32,534)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>265,457</u>	<u>403,457</u>	<u>668,914</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(33,828)	-	(33,828)
Principal repayments	(62,975)	(73,532)	(136,507)
Interest and fiscal charges	(33,905)	(52,408)	(86,313)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(130,708)</u>	<u>(125,940)</u>	<u>(256,648)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>3,246</u>	<u>515</u>	<u>3,761</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	137,995	278,032	416,027
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,008,424</u>	<u>1,579,951</u>	<u>3,588,375</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,146,419</u>	<u>\$ 1,857,983</u>	<u>\$ 4,004,402</u>
Reconciliation of cash and cash equivalents:			
Cash and investments	\$ 297,365	\$ 1,148,937	\$ 1,446,302
Restricted cash and investments	<u>1,849,054</u>	<u>709,046</u>	<u>2,558,100</u>
Total cash and cash equivalents	<u>\$ 2,146,419</u>	<u>\$ 1,857,983</u>	<u>\$ 4,004,402</u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	Water Fund	Sewer Fund	Total
OPERATING INCOME	\$ 136,665	\$ 280,355	\$ 417,020
 ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation	122,722	123,102	245,824
Increase (decrease) in liabilities:			
Customer deposits	6,070	-	6,070
TOTAL ADJUSTMENTS	128,792	123,102	251,894
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 265,457	 \$ 403,457	 \$ 668,914

The accompanying notes are an integral part of these financial statements.

CITY OF ELSBERRY, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Elsberry, Missouri, (the City) incorporated in 1879, is a fourth class city. The City operates under a Mayor and Board of Aldermen form of government and provides for the following services as authorized by its charter; public safety, public works, sanitation, parks and general administration.

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the component unit will provide a financial benefit or impose a financial burden on the City. Based on the criteria identified in GASB 61 there are no significant component units required to be included as part of the reporting entity.

The significant accounting policies applied by the City in the preparation of the accompanying combined financial statements are summarized below:

A. **GOVERNMENT-WIDE AND FINANCIAL STATEMENTS**

Government-wide Financial Statements - the government-wide financial statements consist of the statement of net position - modified cash basis and the statement of activities – modified cash basis and report information on all of the nonfiduciary activities of the Primary Government. The material effect of interfund activity has been eliminated from the government-wide financial statements.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, public improvements, cultural and recreation and planning and development. The business-type activities of the City include water and sewer services.

The government-wide and fund financial statements are presented on the modified-cash basis of accounting which reports revenue when received and expenditures when paid.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenue includes: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

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

The City reports the following major governmental fund:

The General Fund - The City’s primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.

The City reports the following major proprietary funds:

The Water Fund - The City uses this proprietary fund to account for the activities of providing water service to the citizens of the City.

The Sewer Fund - The City uses this proprietary fund to account for the activities of providing sewer services to the citizens of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Proprietary Fund are charges to customers for sales and services. Operating expenses for the Proprietary 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 non-operating revenues and expenses.

B. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

In the government-wide statement of net position - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the governmental funds utilize a “current financial resources” measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheet - modified cash basis. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balances are used as measures of available spendable financial resources at the end of the period in each fund.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

B. **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION - continued**

The modified cash basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision of depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than U.S. generally accepted account principles. As a result of the use of this modified cash basis of accounting, certain revenues (such as accounts receivable, lease receivables and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received by not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

C. **CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines 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 assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$25,000 or more are also capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended December 31, 2023.

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

<u>Major Group</u>	<u>Life</u>
Buildings and improvements	5 - 40 years
Equipment	7 - 10 years
Land improvements	20 years
Infrastructure	10 - 50 years

As a result of the implementation of GASB 34, the City is accounting for infrastructure assets on its financial statements. The government-wide financial statements do not reflect those infrastructure assets completed prior to July 1, 2000.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

D. **ESTIMATES**

The preparation of financial statements in conformity with modified cash basis of accounting requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

E. **RESTRICTED CASH AND INVESTMENTS**

Certain cash and investments are restricted for the repayment of debt, construction or purchase of assets or repair and replacement of assets with outstanding debt.

F. **INTERFUND TRANSACTIONS**

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

All other interfund transactions are reported as transfers. Transfers between governmental funds are eliminated in the conversion to the government-wide financial statements, while transfers between governmental and proprietary funds are reported "net".

G. **COMPENSATED ABSENCES**

The policy for vacation pay allows employees to take time off with pay. One year's worth of vacation may be carried over to the next year but an employee cannot accumulate more than two years worth of vacation. Employees are provided sick leave but are not paid for unused time upon termination of employees.

H. **LONG-TERM LIABILITIES**

In the government-wide financial statements and proprietary funds 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 statements of net assets. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs, including underwriters' discount, are expensed when incurred. Amortization of bond premiums or discounts, and deferred amounts on refunding are included in interest expense.

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 costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

H. **NET POSITION AND FUND BALANCE**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The five classifications of fund balance are as follows:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making (ordinance), and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Alderman or an official to which the Board of Alderman has delegated the authority to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

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

I. **CASH AND INVESTMENTS**

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be investments with an original maturity of three months or less.

The City is authorized to invest funds not immediately needed for the purposes to which the funds are applicable, in obligations of the United States Treasury, United States Government Agencies, Repurchase Agreements, Certificates of Deposit, Banker's Acceptance and Commercial Paper.

J. **PENSIONS**

For purposes of measuring the net pension liability (assets), 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

K. **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports Deferred Outflows/Inflows of Resources as follows:

Pension - Deferred outflows and inflows of resources related to pensions represents the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the difference between expected and actual plan experience.

2. **BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the required supplementary information in the financial statements:

- a. The Budget is presented to Board of Aldermen at the December meeting. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to January 1, the budget is adopted by the Board of Aldermen.
- c. Budgets are adopted on a modified cash basis except Proprietary Funds which include capital outlay as an expense.
- d. Budget amendments must be approved by the Board of Aldermen.
- e. All annual appropriations lapse at fiscal year-end.

3. **CASH AND INVESTMENTS**

Cash - The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is shown on the balance sheet as cash and investments.

The City's bank deposits are required by state law to be collateralized by the deposit of certain securities in an amount at least equal to the uninsured deposits with the financial institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporations. As of December 31, 2023, the City's bank deposits totaled \$4,661,032. The bank balances were covered by federal depository insurance in the amount of \$295,092 and the remainder was covered by collateral pledged in the name of the City and held by the pledging bank's trust department or agent.

Restricted Cash and Investments - Cash and investments are restricted for debt service reserves, grant projects and capital improvements as of December 31, 2023.

3. **CASH AND INVESTMENTS - continued**

Investments - Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certain commercial paper, and certificates of deposit if the depository selected has deposited securities under the provisions of Sections 110.010 and 110.020, RSMo.

Credit Risk - The City does not have a formal policy addressing credit risk. As a general rule the City follows the State of Missouri's authorized forms of investments. These types of investment inherently have very limited credit risk.

Custodial Credit Risk - For deposits and investments, the custodial credit risk is the risk that in the event of the failure of the counterparty, the City will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City's policy that all deposits and investments be insured, covered by collateral or be investments backed by the full faith and credit of the United States Government. All securities, which serve as collateral against the deposits of a depository institution must be safekept at a non-affiliated custodial facility. Investments of the City are generally insured, collateralized or invested in securities of the United States or its agencies.

Interest Rate Risk - Interest rate risk is the risk that investments fair value will be affected by changes in interest rates. The City does not have a formal investment policy addressing interest rate risk. The city did not have any investments subject to interest rate risk during the year ended December 31, 2023.

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

4. **DUE TO/FROM OTHER FUNDS**

Due to/from other funds as of December 31, 2023 were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 334,981
Water Fund	344,981	-

5. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2023 is as follows:

	Balance, Beginning Of Year	Additions	Transfers And Deletions	Balance End Of Year
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 403,106	\$ -	\$ -	\$ 403,106
Capital assets, being depreciated				
Buildings	124,212	-	(8,563)	115,649
Equipment and vehicles	229,218	38,558	-	267,776
Infrastructure	382,708	-	-	382,708
Total capital assets, being depreciated	<u>736,138</u>	<u>38,558</u>	<u>(8,563)</u>	<u>766,133</u>
Less accumulated depreciation for:				
Buildings	(82,241)	(4,651)	4,614	(82,278)
Equipment and vehicles	(176,803)	(11,903)	-	(188,706)
Infrastructure	(162,621)	(12,605)	-	(175,226)
Total accumulated depreciation	<u>(421,665)</u>	<u>(29,159)</u>	<u>4,614</u>	<u>(446,210)</u>
Total capital assets, being depreciated, net	<u>314,473</u>	<u>9,399</u>	<u>(3,949)</u>	<u>319,923</u>
Subtotal governmental activities	<u>717,579</u>	<u>9,399</u>	<u>(3,949)</u>	<u>723,029</u>
Business-type activities:				
Capital assets, being depreciated				
Buildings	40,261	-	-	40,261
Equipment and vehicles	289,373	-	-	289,373
Infrastructure	7,622,639	33,828	-	7,656,467
Total capital assets, being depreciated	<u>7,952,273</u>	<u>33,828</u>	<u>-</u>	<u>7,986,101</u>
Less accumulated depreciation for:				
Buildings	(27,529)	(1,004)	-	(28,533)
Equipment and vehicles	(257,117)	(19,808)	-	(276,925)
Infrastructure	(2,510,330)	(225,012)	-	(2,735,342)
Total accumulated depreciation	<u>(2,794,976)</u>	<u>(245,824)</u>	<u>-</u>	<u>(3,040,800)</u>
Total capital assets, being depreciated, net	<u>5,157,297</u>	<u>(211,996)</u>	<u>-</u>	<u>4,945,301</u>
Subtotal business-type	<u>5,157,297</u>	<u>(211,996)</u>	<u>-</u>	<u>4,945,301</u>
Total, Net Capital Assets	<u>\$ 5,874,876</u>	<u>\$ (202,597)</u>	<u>\$ (3,949)</u>	<u>\$ 5,668,330</u>

5. **CAPITAL ASSETS - continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:	
Governmental activities	\$ <u>29,159</u>
Business-type activities:	
Water and sewer	\$ <u>245,824</u>

6. **LONG-TERM DEBT**

In 2012, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds for the purpose of acquiring, constructing, improving and extending the City's combined waterworks and sewerage system. The debt is recorded in the Water Funds and will be serviced by that fund. On December 31, 2023, the outstanding principal on the debt consisted of the following:

Combined Waterworks and Sewerage System Revenue Bonds	<u>\$1,537,928</u>
Interest rate - 2%	
Matures - 2048	
Annual payments of \$79,378	

During 2018, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds for the purpose of acquiring, constructing, improving and extending the City's combined waterworks and sewerage system. The debt is recorded in the Sewer Funds and will be serviced by that fund. On December 31, 2023, the outstanding principal on the debt consisted of the following:

Combined Waterworks and Sewerage System Revenue Bonds	<u>\$2,755,214</u>
Interest rate - 1.875%	
Matures - 2053	
Monthly payments of \$10,495	

6. **LONG-TERM DEBT** - continued

The annual principal and interest requirements of the Proprietary Funds debt are as follows for the years ended December 31:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 123,308	\$ 82,010	\$ 205,318
2025	125,693	79,625	205,318
2026	128,124	77,194	205,318
2027	130,602	74,716	205,318
2028	133,128	72,190	205,318
2029-2033	695,269	321,321	1,016,590
2034-2038	776,164	250,426	1,026,590
2039-2043	854,190	172,400	1,026,590
2044-2048	928,802	86,520	1,015,322
2049-2052	397,862	12,006	409,868
TOTALS	\$ 4,293,142	\$ 1,228,408	\$ 5,521,550

A summary of changes in long-term debt for the year ended December 31, 2023 is as follows:

	<u>Balance, Beginning Of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, End Of Year</u>	<u>Due Within One Year</u>
Business-type activities:					
Combined Waterworks and Sewerage System Revenue Bonds:					
Series 2002	\$ 35,000	\$ -	\$ (35,000)	\$ -	\$ -
Series 2012	1,586,028	-	(48,100)	1,537,928	48,387
Series 2018	2,828,746	-	(73,532)	2,755,214	74,921
Total	<u>\$ 4,449,774</u>	<u>\$ -</u>	<u>\$ (156,632)</u>	<u>\$ 4,293,142</u>	<u>\$ 123,308</u>

7. **PROPERTY TAX**

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. The assessed value at January 1, 2023, upon which the 2023 levy was based for real, personal and public utility property, was \$21,290,744. The City's tax rate was levied at \$0.4760 and \$0.1427 per \$100 of assessed valuation for the General Fund and the Cemetery Fund, respectively.

8. **PENSION PLAN**

Plan Description

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

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) 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 receive a reduced allowance.

	<u>2022</u>
Benefit Program	1.25% for life
Final Average Salary	5 years
Member Contribution Rate	0%

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

Employees Covered By Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>5</u>
TOTAL	<u><u>24</u></u>

8. **PENSION PLAN** - continued

Contributions - The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. Contribution rates were 32.2% (General) and 4.4% (Police) of annual covered payroll for the year ended December 31, 2023.

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

Actuarial assumptions - The total pension liability in the February 28, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage; 2.25% price
Salary Increase	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, 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 tables for males and females of General groups and 75% of the PubS-2010 Employee Mortality 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 actuarial assumptions used in the February 28, 2023 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

8. **PENSION PLAN** - continued

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

Discount rate - The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of June 30, 2022	\$ 728,717	\$ 783,047	\$ (54,330)
Changes for the year:			
Service cost	15,322	-	15,322
Interest on pension liability	49,956	-	49,956
Difference between expected and actual experience	(20,374)	-	(20,374)
Changes of assumptions	-	-	-
Contributions - employer	-	27,850	(27,850)
Net investment income	-	29,141	(29,141)
Benefit payments, including refunds	(45,956)	(45,956)	-
Administrative expenses	-	(2,435)	2,435
Other (net transfers)	-	(53,104)	53,104
Net changes	(1,052)	(44,504)	43,452
Balances as of June 30, 2023	\$ 727,665	\$ 738,543	\$ (10,878)

8. **PENSION PLAN** - continued

Sensitivity of the net pension liability (asset) to changes in the discount rate - The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is 1 percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability (asset)	\$ 84,215	\$ (10,878)	\$ (88,820)

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

For the year ended December 31, 2023 the City recognized pension expense of \$47,651.

The employer reported deferred outflows and inflows of resources related to the pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 7,209	\$ (14,492)
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	6,474	(12,443)
Employer contributions subsequent to the measurement date	13,790	-
Totals	\$ <u>27,473</u>	\$ <u>(26,935)</u>

The amount reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date of \$13,790 will be recognized as a reduction in the Net Position Liability (Asset) in the next fiscal year. The other deferred outflows and deferred inflows of resources related to the pension will be recognized in pension expense in the fiscal years as follows:

Year	
2024	\$ (16,708)
2025	(16,986)
2026	15,816
2027	4,626

9. COMMITMENTS AND CONTINGENCIES

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

The City received notification in August 2024 that the Missouri State Auditor will be carrying out a performance audit. The estimated cost will be between \$55,000 and \$80,000.

The City leases space for the police operations on a month-to-month basis for \$500 per month.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Claims have not exceeded coverage in the last three years.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit report which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 669,502	\$ 680,502	\$ 699,363	\$ 18,861
Charges for services	211,050	211,050	219,175	8,125
Licenses and permits	12,800	12,800	12,262	(538)
Fines and forfeitures	90,020	90,020	90,126	106
Investment income	1,300	1,300	577	(723)
Miscellaneous	12,340	12,340	10,391	(1,949)
TOTAL OPERATING REVENUE	<u>997,012</u>	<u>1,008,012</u>	<u>1,031,894</u>	<u>23,882</u>
EXPENDITURES				
Current:				
Administrative	445,400	456,400	446,936	9,464
Public works	213,410	213,410	186,754	26,656
Police department	270,135	270,135	239,760	30,375
Municipal court	26,150	26,150	30,517	(4,367)
Culture and recreation	4,525	4,525	12,864	(8,339)
Capital outlays	-	-	38,558	(38,558)
TOTAL EXPENDITURES	<u>959,620</u>	<u>970,620</u>	<u>955,389</u>	<u>15,231</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	37,392	37,392	76,505	<u>\$ 39,113</u>
FUND BALANCE - BEGINNING OF YEAR	<u>81,153</u>	<u>81,153</u>	<u>81,153</u>	
FUND BALANCE - END OF YEAR	<u>\$ 118,545</u>	<u>\$ 118,545</u>	<u>\$ 157,658</u>	

CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUDGET		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
OPERATING REVENUE				
Taxes	\$ 40,000	\$ 40,000	\$ 31,291	\$ (8,709)
Charges for services	18,700	18,700	19,063	363
Investment income	250	250	160	(90)
Lot sales	8,000	8,000	-	(8,000)
TOTAL OPERATING REVENUE	<u>66,950</u>	<u>66,950</u>	<u>50,514</u>	<u>(16,436)</u>
EXPENDITURES				
Current:				
Public works	37,843	37,843	38,151	(308)
Capital Outlay	24,000	24,000	-	24,000
TOTAL EXPENDITURES	<u>61,843</u>	<u>61,843</u>	<u>38,151</u>	<u>23,692</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,107	5,107	12,363	<u>\$ 7,256</u>
FUND BALANCE - BEGINNING OF YEAR	<u>107,698</u>	<u>107,698</u>	<u>107,698</u>	
FUND BALANCE - END OF YEAR	<u>\$ 112,805</u>	<u>\$ 112,805</u>	<u>\$ 120,061</u>	

CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

1. BUDGETARY INFORMATION

The City prepares its budget on modified cash basis of accounting. The budgetary process is detailed in Note 2 of the notes to financial statements.

CITY OF ELSBERRY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
 YEARS ENDING DECEMBER 31,

	<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>
Total Pension Liability									
Service cost	\$ 15,322	\$ 15,136	\$ 9,706	\$ 11,238	\$ 13,880	\$ 15,285	\$ 15,489	\$ 12,599	\$ 13,439
Interest on the total pension liability	49,956	48,819	49,139	53,296	52,355	50,973	48,928	42,995	44,605
Change of benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(20,374)	1,176	29,499	(77,205)	(12,139)	(7,824)	1,766	54,497	(26,740)
Changes of assumptions	-	-	(22,066)	-	-	-	-	23,071	-
Benefit payments, including refunds	(45,956)	(51,880)	(46,838)	(41,074)	(38,631)	(38,709)	(37,061)	(67,921)	(38,776)
Net change in total pension liability	<u>(1,052)</u>	<u>13,251</u>	<u>19,440</u>	<u>(53,745)</u>	<u>15,465</u>	<u>19,725</u>	<u>29,122</u>	<u>65,241</u>	<u>(7,472)</u>
Total pension liability - beginning	<u>728,717</u>	<u>715,466</u>	<u>696,026</u>	<u>749,771</u>	<u>734,306</u>	<u>714,581</u>	<u>685,459</u>	<u>620,218</u>	<u>627,690</u>
Total pension liability - ending	<u>\$ 727,665</u>	<u>\$ 728,717</u>	<u>\$ 715,466</u>	<u>\$ 696,026</u>	<u>\$ 749,771</u>	<u>\$ 734,306</u>	<u>\$ 714,581</u>	<u>\$ 685,459</u>	<u>\$ 620,218</u>
Plan Fiduciary Net Position									
Contributions-employer	27,850	25,158	26,627	24,603	30,854	29,048	27,936	31,302	31,679
Contributions-employee	-	-	-	-	-	-	-	-	-
Net investment income	29,141	686	209,917	8,413	39,321	68,270	60,459	(1,034)	10,043
Benefit payments, including refunds	(45,956)	(51,880)	(46,838)	(41,074)	(38,631)	(38,709)	(37,061)	(67,921)	(38,776)
Pension plan administrative expense	(2,435)	(1,878)	(1,746)	(1,747)	(1,689)	(1,365)	(1,180)	(1,178)	(1,398)
Other (net transfer)	(53,104)	(23,691)	5,217	9,322	3,649	7,140	8,135	(9,366)	6,946
Net change in plan fiduciary net position	<u>(44,504)</u>	<u>(51,605)</u>	<u>193,177</u>	<u>(483)</u>	<u>33,504</u>	<u>64,384</u>	<u>58,289</u>	<u>(48,197)</u>	<u>8,494</u>
Plan fiduciary net position - beginning	<u>783,047</u>	<u>834,652</u>	<u>641,475</u>	<u>641,958</u>	<u>608,454</u>	<u>544,070</u>	<u>485,781</u>	<u>533,978</u>	<u>525,484</u>
Plan fiduciary net position - ending	<u>\$ 738,543</u>	<u>\$ 783,047</u>	<u>\$ 834,652</u>	<u>\$ 641,475</u>	<u>\$ 641,958</u>	<u>\$ 608,454</u>	<u>\$ 544,070</u>	<u>\$ 485,781</u>	<u>\$ 533,978</u>
Employer net pension liability (asset)	<u>\$ (10,878)</u>	<u>\$ (54,330)</u>	<u>\$(119,186)</u>	<u>\$ 54,551</u>	<u>\$ 107,813</u>	<u>\$ 125,852</u>	<u>\$ 170,511</u>	<u>\$ 199,678</u>	<u>\$ 86,240</u>
Plan fiduciary net position as a percentage of the									
Total pension liability	101.49 %	107.46 %	116.66 %	92.16 %	85.62 %	82.86 %	76.14 %	70.87 %	86.10 %
Covered employee payroll	\$ 205,631	\$ 182,293	\$ 187,818	\$ 83,177	\$ 167,235	\$ 174,361	\$ 190,628	\$ 189,864	\$ 158,854
Employer's net pension liability (asset) as a percentage of covered employee payroll	(5.29) %	(29.80) %	(63.46) %	65.58 %	64.47 %	72.18 %	89.45 %	105.17 %	54.29 %

Notes to schedule:

Information for years prior to implementation of GASB 68 is not available; amounts presented for the year end were determined as of December 31, the measurement date.

CITY OF ELSBERRY, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN FISCAL YEARS

<u>Year ended December 31,</u>	<u>Actuarial Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 37,234	\$ 33,479	\$ 3,755	\$ 174,186	19.22 %
2015	32,088	32,088	-	177,933	18.03
2016	28,166	28,166	-	170,344	16.53
2017	34,273	29,776	4,497	187,296	15.90
2018	32,358	29,305	3,053	174,768	16.77
2019	37,442	26,985	10,457	117,204	23.02
2020	27,594	25,898	1,696	113,916	22.73
2021	27,053	26,337	716	209,589	12.57
2022	54,726	25,878	28,848	203,629	12.71
2023	54,139	27,773	26,366	202,968	13.68

Notes to Schedule of Contributions

Valuation date: 02/28/23

Notes: The roll-forward of total pension liability from February 28, 2023 to June 30, 2023 reflects expected service cost and interest reduced by actual benefit payments.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining amortization period	Multiple bases from 6 to 15 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, 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 mortality table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 employees mortality table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of the Police, Fire and Public Safety groups. Mortality rates for a particular calendar years are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information:	None