

City of Lebanon, Missouri

Basic Financial Statements
Year Ended June 30, 2024



KPM
CPAS & ADVISORS

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Honorable Mayor and City Council
City of Lebanon
Lebanon, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lebanon, Missouri, as of and for the year ended June 30, 2024, 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 financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lebanon, Missouri, as of June 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.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the City changed its basis of accounting from modified cash basis to conforming with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the City'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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the City'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 the City'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, budgetary comparison schedules, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor funds and combining internal service funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 combining nonmajor funds and combining internal service funds financial statements are 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 December 18, 2024, on our consideration of the City of Lebanon, 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 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 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 Lebanon, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 18, 2024

Management's Discussion and Analysis

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

The Management's Discussion and Analysis of the City of Lebanon's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$3,871,818 for the year as a result of current year activities. The net position of the City's business activities increased by \$1,136,637 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of June 30, 2024, by \$127.8 million (net position). Of this amount \$22.4 million was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$168,221 during the year.

Total revenues increased \$806,923 or 1.5% compared to prior year revenues while total expenses increased \$501,615 or 1%.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. The City's net position – the difference between assets and deferred outflows, and liabilities and deferred inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in reconciliations following the fund financial statements.

Proprietary Funds

When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of June 30, 2024 and 2023:

	Governmental Activities	Business-Type Activities	Total June 30, 2024	Total June 30, 2023
Assets				
Current and other assets	\$ 21,919,728	\$ 22,642,062	\$ 44,561,790	\$ 34,507,763
Capital assets, net	53,056,725	51,659,815	104,716,540	104,332,975
Total Assets	74,976,453	74,301,877	149,278,330	138,840,738
Deferred Outflow of Resources	1,726,835	467,741	2,194,576	923,974
Liabilities				
Other liabilities	2,990,840	3,704,020	6,694,860	4,865,470
Long-term liabilities	5,930,290	6,951,850	12,882,140	13,050,361
Total Liabilities	8,921,130	10,655,870	19,577,000	17,915,831
Deferred Inflow of Resources	505,260	3,564,067	4,069,327	358,980
Net Position				
Net investment in capital assets	47,492,172	44,470,490	91,962,662	89,543,161
Restricted	13,258,030	192,293	13,450,323	10,228,016
Unrestricted	6,526,696	15,886,898	22,413,594	21,718,724
Total Net Position	\$ 67,276,898	\$ 60,549,681	\$127,826,579	\$121,489,901

Total net position of the City increased by \$6,336,678 for the year due to current year activity. \$1,322,615 of the total increase in net position was due to restating the financial statements to adhere to accounting principles generally accepted in the United States. Total liabilities for the City increased \$1,661,169. The balances reflected in the comparative column for June 30, 2023 do not reflect the changes of the restatement, as it was not practicable to do so.

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

Change in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended June 30, 2024	Total Year Ended June 30, 2023
Revenues				
Program Revenues				
Charges for services	\$ 1,350,083	\$ 32,988,815	\$ 34,338,898	\$ 33,951,491
Operating grants and contributions	91,298	151,246	242,544	1,047,349
Capital grants and contributions	1,015,254	-	1,015,254	962,490
General Revenues				
Property taxes	819,005	-	819,005	856,784
Sales taxes	14,077,510	-	14,077,510	14,303,993
Motor vehicle taxes	789,246	-	789,246	-
Other taxes	49,954	-	49,954	54,178
Payments in lieu of taxes	1,541,599	-	1,541,599	1,391,678
Franchise fees	700,157	-	700,157	748,661
Interest	443,301	805,168	1,248,469	386,997
Other revenue	161,769	102,993	264,762	576,854
Transfers	298,870	(298,870)	-	-
Total Revenues	21,338,046	33,749,352	55,087,398	54,280,475
Expenses				
Administrative	3,507,067	-	3,507,067	2,766,347
Public safety	6,604,444	-	6,604,444	6,409,376
Parks and recreation	2,894,531	-	2,894,531	2,580,932
Economic development	73,642	-	73,642	197,423
Tourism	299,798	-	299,798	289,385
Street	2,921,563	-	2,921,563	4,335,902
Airport	1,007,731	-	1,007,731	-
Stormwater	2,690	-	2,690	-
Community development	-	-	-	207,310
Debt service	154,762	-	154,762	171,238
Electric	-	25,890,781	25,890,781	26,711,907
Water	-	2,099,742	2,099,742	1,973,748
Sewer	-	3,532,700	3,532,700	2,944,610
Economic development	-	1,052,567	1,052,567	909,004
Fiber operations	-	36,925	36,925	80,146
Total Expenses	17,466,228	32,612,715	50,078,943	49,577,328
Special Items				
Gain on sale of capital assets	-	-	-	85,275
Total Special Items	-	-	-	85,275
<i>Increase in Net Position</i>	<i>\$ 3,871,818</i>	<i>\$ 1,136,637</i>	<i>\$ 5,008,455</i>	<i>\$ 4,788,422</i>

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

Governmental Activities

Governmental activities increased the net position of the City by \$3,871,818. Tax revenues for the City were \$17,977,471 which represents 84% of the financing of these activities. Program revenues for the functions totaled \$2,456,635. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Lebanon's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administrative	\$ 3,507,067	\$ 3,182,266
Public safety	6,604,444	6,338,362
Parks and recreation	2,894,531	2,708,136
Economic development	73,642	66,841
Tourism	299,798	239,542
Street	2,921,563	2,163,965
Airport	1,007,731	390,053
Stormwater	2,690	(234,334)
Debt service	154,762	154,762
	<u>\$ 17,466,228</u>	<u>\$ 15,009,593</u>

Business-Type Activities

Business-type activities increased the City's net position by \$1,136,637.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of June 30, 2024, were \$16,757,054. The General Fund decreased by \$204,402. The Street Fund increased by \$132,913. The Public Safety Fund increased by \$319,326. The ARPA Fund increased by \$7,594. Combined, all other governmental funds increased by \$1,148,299.

General Fund Budgetary Highlights

Revenues

The original revenue budget of \$7,595,236 was amended during the year to \$8,645,676. Actual revenues were \$8,509,581 which is a difference of \$136,095.

Expenditures

The original expenditure budget of \$8,993,987 was amended during the year to \$8,636,128. Actual expenditures were \$8,600,859, which is a difference of \$35,269.

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

Capital Asset and Debt Administration

Capital Assets

Net capital assets of the governmental activities were \$53,056,725 as of June 30, 2024, which is an increase of \$1,452,727 from the prior year. Net capital assets for business-type activities were \$51,659,815 as of June 30, 2024. This is a decrease of \$1,226,565.

Long-term Debt

Total long-term debt of the governmental activities as of June 30, 2024, was \$5,564,553, which is down from \$6,362,868, in the prior year, due to annual payments.

Total long-term debt of the business-type activities as of June 30, 2024, was \$7,189,325, which is down from \$8,217,226 in the prior year, due to principal payments on debt in the amount of \$1,027,901.

Economic Factors and Next Year's Budget

The City of Lebanon continues to grow both in terms of population and economic activity. The fiscal year of 2024 showed another year of growth in total revenues despite interest rates that remained elevated through the fiscal year. Private housing construction permits increased in comparison to fiscal year 2023, particularly with more multi-unit housing being developed.

While an economic downturn did not materialize in the prior year, there remain several risks to the City's economy. Supply-chain price shocks, as well as labor and housing availability could have negative impacts on the City's manufacturing base. An increase in interest rates or inflation may curtail local economic growth. Inflation has gradually been reduced over the last two years, but wage pressures, healthcare and benefit cost increases have pressured the City's payroll. Future increases in the overall price level could hamper the City's ability to invest in capital improvements. For these reasons, the City maintains reserve funds to manage risk as well as to plan for future capital improvements.

During fiscal year 2024, the City of Lebanon made strategic investments in capital improvements for governmental and enterprise activity. Capital improvements include real property, machinery, equipment, streets, sidewalks, utility infrastructure, and technology improvements. These investments enhance the City's ability to provide for the public safety as well as deliver services that improve the quality of life for its citizens. Investment in capital assets and other capital related outlay for the city totaled approximately \$12.8 million USD in fiscal year 2024. Highlighted areas of investment are included below:

The Public Safety fund made investments of approximately \$265,000 for new patrol cars in the Police Department. Approximately \$30,000 in enhanced safety equipment such as body armor, outer vests, body cameras, and first aid kits were purchased. The Fire Department invested approximately \$265,000 in a new vehicle, a Ford F-550 EMS response vehicle, as well as modernizing equipment with purchases of FLIR thermal imaging cameras to locate individuals through smoke and battery-powered firefighting tools.

The Street Fund invested approximately \$1 million dollars in a number of street improvements throughout the City intended to improve traffic flow, street quality with new asphalt overlays, pedestrian safety, and accessibility. One such example is the improvement made to traffic signals at Jefferson and Fremont streets of approximately \$100,000.

City of Lebanon

Management's Discussion and Analysis

June 30, 2024

The Parks Fund continues to make investments according to the goals adopted by the Park Board and City Council. Approximately \$478,000 in improvements were made to Wallace Park including Basketball and Pickleball courts, playground equipment, fall protection, a sheltered bbq grill and a firepit seating area. The Parks Fund also continues to invest in connectivity between facilities with improvements to the Harke Park sidewalks and lighting to connect with the Nelson Sports complex.

Further details of fund expenditures are contained in this audit report.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers:

Michael Schumacher, City Administrator

Sean Bennett, Director of Finance

City of Lebanon
401 South Jefferson
Lebanon, Missouri 65536
(417) 532-2156

City of Lebanon

Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Elm St. CID
Assets				
Current				
Cash and cash equivalents - unrestricted	\$ 5,408,238	\$ 7,111,905	\$ 12,520,143	\$ 8,362
Investments - unrestricted	-	7,661,735	7,661,735	-
Ad valorem taxes receivable	10,969	-	10,969	-
Sales tax receivable	2,541,453	-	2,541,453	-
Utilities receivable, net	-	2,749,825	2,749,825	-
Other accounts receivable	109,492	9,350	118,842	-
Lease receivable	402,070	3,764,155	4,166,225	-
Inventory	262,609	-	262,609	-
Noncurrent				
Restricted cash and cash equivalents	13,184,897	1,107,187	14,292,084	-
Customer service territory, net	-	237,905	237,905	-
Capital Assets				
Non-depreciable	6,298,419	6,418,264	12,716,683	-
Depreciable, net	46,619,419	45,241,551	91,860,970	-
Subscription asset, net	138,887	-	138,887	-
Total Assets	74,976,453	74,301,877	149,278,330	8,362
Deferred Outflow of Resources				
Deferred pension outflows	1,726,835	467,741	2,194,576	-
Liabilities				
Current				
Accounts payable	469,251	1,747,389	2,216,640	-
Accrued expenses	305,504	102,529	408,033	-
Deposits payable	4,215	914,894	919,109	-
Due to others	229,121	-	229,121	-
Unearned revenue	1,329,300	-	1,329,300	-
Accrued interest payable	53,930	-	53,930	-
Current maturities of long-term debt	599,519	939,208	1,538,727	-
	2,990,840	3,704,020	6,694,860	-
Noncurrent				
Certificates of participation payable	1,428,263	5,976,737	7,405,000	-
Financed purchases payable	3,427,259	273,380	3,700,639	-
Subscription obligation	109,512	-	109,512	-
Net pension liability	644,042	570,655	1,214,697	-
Compensated absences	321,214	131,078	452,292	-
	5,930,290	6,951,850	12,882,140	-
Total Liabilities	8,921,130	10,655,870	19,577,000	-
Deferred Inflow of Resources				
Deferred lease inflows	382,444	3,533,417	3,915,861	-
Deferred pension inflows	122,816	30,650	153,466	-
Total Deferred Inflow of Resources	505,260	3,564,067	4,069,327	-
Net Position				
Net investment in capital assets	47,492,172	44,470,490	91,962,662	-
Restricted	13,258,030	192,293	13,450,323	8,362
Unrestricted	6,526,696	15,886,898	22,413,594	-
Total Net Position	\$ 67,276,898	\$ 60,549,681	\$ 127,826,579	\$ 8,362

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenues						Net (Expenses), Revenues, and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Elm St. CID			
Primary Government											
Governmental activities											
Administrative	\$ (3,507,067)	\$ 324,801	\$ -	\$ -	\$ (3,182,266)	\$ -	\$ (3,182,266)	\$ -	\$ (3,182,266)	\$ -	
Public safety	(6,604,444)	222,022	31,042	13,018	(6,338,362)	-	(6,338,362)	-	(6,338,362)	-	
Parks and recreation	(2,894,531)	184,741	-	1,654	(2,708,136)	-	(2,708,136)	-	(2,708,136)	-	
Economic development	(73,642)	6,801	-	-	(66,841)	-	(66,841)	-	(66,841)	-	
Tourism	(299,798)	-	60,256	-	(239,542)	-	(239,542)	-	(239,542)	-	
Street	(2,921,563)	-	-	757,598	(2,163,965)	-	(2,163,965)	-	(2,163,965)	-	
Airport	(1,007,731)	611,718	-	5,960	(390,053)	-	(390,053)	-	(390,053)	-	
Stormwater	(2,690)	-	-	237,024	234,334	-	234,334	-	234,334	-	
Debt service	(154,762)	-	-	-	(154,762)	-	(154,762)	-	(154,762)	-	
Total Governmental Activities	(17,466,228)	1,350,083	91,298	1,015,254	(15,009,593)	-	(15,009,593)	-	(15,009,593)	-	
Business-Type Activities											
Electric	(25,890,781)	25,760,873	151,246	-	-	21,338	21,338	-	21,338	-	
Water	(2,099,742)	2,083,471	-	-	-	(16,271)	(16,271)	-	(16,271)	-	
Sewer	(3,532,700)	3,921,148	-	-	-	388,448	388,448	-	388,448	-	
Economic development	(1,052,567)	1,171,847	-	-	-	119,280	119,280	-	119,280	-	
Fiber operations	(36,925)	51,476	-	-	-	14,551	14,551	-	14,551	-	
Total Business Type Activities	(32,612,715)	32,988,815	151,246	-	-	527,346	527,346	-	527,346	-	
Total Government	\$ (50,078,943)	\$ 34,338,898	\$ 242,544	\$ 1,015,254	(15,009,593)	527,346	527,346	(14,482,247)	-	-	
Component Unit											
Community improvement district	\$ (44,500)	\$ -	\$ -	\$ -	-	-	-	-	(44,500)	-	
General Revenues											
Taxes:											
Ad Valorem taxes					819,005	-	819,005	-	819,005	-	
Sales taxes					14,077,510	-	14,077,510	-	14,077,510	37,487	
Motor vehicle taxes					789,246	-	789,246	-	789,246	-	
Other taxes					49,954	-	49,954	-	49,954	-	
Payments in lieu of taxes					1,541,599	-	1,541,599	-	1,541,599	-	
Franchise fees					700,157	-	700,157	-	700,157	-	
Interest					443,301	805,168	1,248,469	67	1,248,469	67	
Other revenue					161,769	102,993	264,762	-	264,762	-	
Transfers, net					298,870	(298,870)	-	-	-	-	
Total General Revenues and Transfers					18,881,411	609,291	19,490,702	37,554	37,554	37,554	
Changes in Net Position					3,871,818	1,136,637	5,008,455	(6,946)	5,008,455	(6,946)	
Net Position, Beginning of year, as previously reported					61,441,618	60,048,284	121,489,902	15,308	121,489,902	15,308	
Aggregate restatement for change in accounting framework					1,963,462	(635,240)	1,328,222	-	1,328,222	-	
Net Position, Beginning of year, as restated					63,405,080	59,413,044	122,818,124	15,308	122,818,124	15,308	
Net Position, End of year					\$ 67,276,898	\$ 60,549,681	\$ 127,826,579	\$ 8,362	\$ 127,826,579	\$ 8,362	

See accompanying Notes to the Financial Statements.

City of Lebanon

Balance Sheet – Governmental Funds

June 30, 2024

	Special Revenue Funds					Nonmajor Governmental Fund	Total Governmental Funds
	General Fund	Street Fund	Public Safety Fund	ARPA Fund			
Assets							
Cash and cash equivalents - unrestricted	\$ 4,171,492	\$ -	\$ -	\$ 29,994	\$ -	\$ 57,394	\$ 4,201,486
Inventory	-	-	-	-	-	685	57,394
Ad valorem taxes receivable	10,284	-	-	-	-	-	10,969
Sales taxes receivable	810,082	536,300	413,892	-	-	781,179	2,541,453
Other accounts receivable	83,171	-	-	-	-	26,321	109,492
Lease receivable	402,070	-	-	-	-	-	402,070
Restricted cash and cash equivalents	-	2,487,675	3,014,560	1,341,450	-	-	13,184,897
Total Assets	\$ 5,477,099	\$ 3,023,975	\$ 3,428,452	\$ 1,371,444	\$ 6,341,212	\$ 7,206,791	\$ 20,507,761
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 73,010	\$ 168,800	\$ 75	\$ 12,150	\$ 129,649	\$ 383,684	
Accrued expenses	146,379	35,006	29,364	-	36,585	247,334	
Customer deposits	-	-	-	-	4,215	4,215	
Unearned revenue	-	-	-	1,329,300	-	-	1,329,300
Total Liabilities	219,389	203,806	29,439	1,341,450	170,449	-	1,964,533
Deferred Inflows of Resources							
Deferred inflows - leases	382,444	-	-	-	-	-	382,444
Total Deferred Inflows of Resources	382,444	-	-	-	-	-	382,444
Fund Balances							
Nonspendable							
Inventory	-	-	-	-	-	57,394	57,394
Restricted for							
Parks and recreation	-	-	-	-	-	1,629,698	1,629,698
Public safety	-	-	3,399,013	-	-	-	3,399,013
Street	-	2,820,169	-	-	-	-	2,820,169
Economic development	-	-	-	-	-	60,783	60,783
Stormwater	-	-	-	-	-	1,035,744	1,035,744
Capital improvements	-	-	-	-	-	4,231,049	4,231,049
Tourism	-	-	-	-	-	81,574	81,574
Assigned to							
ARPA projects	-	-	-	29,994	-	-	29,994
Unassigned	4,875,266	-	-	-	(59,900)	-	4,815,366
Total Fund Balances	4,875,266	2,820,169	3,399,013	29,994	7,036,342	-	18,160,784
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,477,099	\$ 3,023,975	\$ 3,428,452	\$ 1,371,444	\$ 7,206,791	\$ 20,507,761	

See accompanying Notes to the Financial Statements.

City of Lebanon

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Fund balance - total governmental funds	\$ 18,160,784
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	90,548,267
Less accumulated depreciation and amortization	<u>(37,491,542)</u>
	53,056,725
Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.	1,039,109
The net pension liability is not due and payable in the current period and, therefore, not reported in the funds. The following is the detail of the net effect of these differences in the treatment of the net pension liability and related deferred items:	
Net pension liability	(644,042)
Deferred outflows due to pensions	1,726,835
Deferred inflows due to pensions	<u>(122,816)</u>
	959,977
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(53,930)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(5,885,767)
Net Position of Governmental Activities	<u>\$ 67,276,898</u>

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2024

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	Public Safety Fund	ARPA Fund			
Revenues							
Taxes	\$ 7,816,208	\$ 3,067,809	\$ 2,379,944	\$ -	\$ 4,713,510	\$ 17,977,471	
Licenses and permits	28,650	-	-	-	-	-	28,650
Intergovernmental revenues	175,522	129,341	13,018	628,257	304,894	1,251,032	
Charges for services	222,341	-	-	-	803,260	1,025,601	
Fines and forfeitures	77,542	-	-	-	-	77,542	
Interest income	156,475	30,514	78,575	7,535	137,638	410,737	
Miscellaneous	32,843	10,183	1,856	-	39,671	84,553	
Total Revenues	8,509,581	3,237,847	2,473,393	635,792	5,998,973	20,855,586	
Expenditures							
Current							
General government	3,313,118	-	-	-	-	-	3,313,118
Stormwater	-	-	-	-	-	2,690	2,690
Public safety	4,543,411	-	1,686,411	-	-	-	6,229,822
Parks and recreation	656,824	-	-	-	-	1,206,281	1,863,105
Economic development	-	-	-	-	-	43,911	43,911
Tourism	-	-	-	-	-	299,985	299,985
Street	-	2,069,700	-	-	-	-	2,069,700
Airport	-	-	-	-	-	818,433	818,433
Capital outlay	80,582	956,134	192,159	454,228	2,226,113	3,909,216	
Debt Service							
Principal, interest and fees	6,924	108,920	275,497	-	544,490	935,831	
Total Expenditures	8,600,859	3,134,754	2,154,067	454,228	5,141,903	19,485,811	
Excess (Deficit) of Revenues Over Expenditures	(91,278)	103,093	319,326	181,564	857,070	1,369,775	
Other Financing Sources (Uses)							
Insurance proceeds	21,501	-	-	-	-	-	21,501
Sale of capital assets	85,785	29,820	-	-	-	-	115,605
Transfers in	-	-	-	-	-	548,174	548,174
Transfers (out)	(220,410)	-	-	(173,970)	(256,945)	(651,325)	
Total Other Financing Sources (Uses)	(113,124)	29,820	-	(173,970)	291,229	33,955	
Net Change in Fund Balances	(204,402)	132,913	319,326	7,594	1,148,299	1,403,730	
Fund Balance, July 1, as previously reported	4,296,956	2,194,713	2,706,556	23,900	5,187,957	14,410,082	
Aggregate restatement for change in accounting framework	782,712	492,543	373,131	(1,500)	700,086	2,346,972	
Fund Balance, July 1, as restated	5,079,668	2,687,256	3,079,687	22,400	5,888,043	16,757,054	
Fund Balance, June 30	\$ 4,875,266	\$ 2,820,169	\$ 3,399,013	\$ 29,994	\$ 7,036,342	\$ 18,160,784	

See accompanying Notes to the Financial Statements.

City of Lebanon

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 1,403,730
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures and the entire proceeds from sale of assets, however, in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation and amortization and the gain/loss on the disposition of capital assets is reported.

Capital outlay	4,126,107
Depreciation and amortization	(2,935,208)
Disposal of capital assets, net	(64,256)
	1,126,643

Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The net revenues (expenses) of the activities of the Internal Service Funds are reported with governmental activities in the statement of activities.

512,761

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding debt whereas, in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences:

Repayment of principal on debt	798,315
Accrued interest payable	4,681
	802,996

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the Statement of Activities when incurred.

Change in pension related costs	59,944
Change in compensated absences	(34,256)
	25,688
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 3,871,818</u>

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Net Position – Proprietary Funds

June 30, 2024

	Business-Type Activities						Governmental Activities	
	Electric Fund	Water Fund	Sewer Fund	Economic Development Fund	Fiber Operations Fund	Total Enterprise Funds	Internal Services Funds	
Assets								
Current Assets								
Cash and cash equivalents	\$ 3,090,588	\$ 757,285	\$ 2,282,359	\$ 956,010	\$ 25,663	\$ 7,111,905	\$ 1,206,752	
Investments	6,841,903	327,932	491,900	-	-	7,661,735	-	
Utilities receivable, net	2,158,224	207,535	382,296	-	1,770	2,749,825	-	
Other receivables	-	-	-	9,350	-	9,350	-	
Lease receivable	-	161,911	-	3,602,244	-	3,764,155	-	
Due from other funds	473,059	-	-	-	-	473,059	-	
Inventory	-	-	-	-	-	-	205,215	
Total Current Assets	12,563,774	1,454,663	3,156,555	4,567,604	27,433	21,770,029	1,411,967	
Customer Service Territory, net	-	237,905	-	-	-	237,905	-	
Restricted Assets								
Cash and cash equivalents	723,920	229,808	153,459	-	-	1,107,187	-	
Property, Plant and Equipment								
Non-depreciable	2,553,744	709,241	2,859,428	246,212	49,639	6,418,264	1,292,736	
Depreciable	23,675,380	11,641,578	29,726,955	23,810,949	142,054	88,996,916	2,939,161	
	26,229,124	12,350,819	32,586,383	24,057,161	191,693	95,415,180	4,231,897	
Less accumulated depreciation	(14,018,484)	(5,921,876)	(13,364,503)	(10,377,828)	(72,674)	(43,755,365)	(2,133,616)	
Total Property, Plant, and Equipment	12,210,640	6,428,943	19,221,880	13,679,333	119,019	51,659,815	2,098,281	
Total Assets	25,498,334	8,351,319	22,531,894	18,246,937	146,452	74,774,936	3,510,248	
Deferred Outflows of Resources								
Deferred outflows - pension	266,272	84,099	117,370	-	-	467,741	174,191	

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Net Position – Proprietary Funds

June 30, 2024

	Business-Type Activities						Governmental Activities
	Electric Fund	Water Fund	Sewer Fund	Economic Development Fund	Fiber Operations Fund	Total Enterprise Funds	Internal Services Funds
Liabilities							
Current Liabilities							
Accounts payable	1,747,374	15	-	-	-	1,747,389	85,567
Deposits payable	723,920	190,974	-	-	-	914,894	-
Accrued expenses	55,997	17,558	28,974	-	-	102,529	58,170
Due to other funds	-	-	-	473,059	-	473,059	-
Due to others	-	-	-	-	-	-	229,121
Current maturities of long-term debt	-	80,548	858,660	-	-	939,208	-
Total Current Liabilities	2,527,291	289,095	887,634	473,059	-	4,177,079	372,858
Long-Term Liabilities							
Compensated absences payable	78,042	22,590	30,446	-	-	131,078	47,354
Net pension liability	323,627	102,947	144,081	-	-	570,655	212,517
Certificates of participation payable	-	531,979	5,444,758	-	-	5,976,737	-
Financed purchase payable	-	-	273,380	-	-	273,380	-
Total Long-Term Liabilities	401,669	657,516	5,892,665	-	-	6,951,850	259,871
Total Liabilities	2,928,960	946,611	6,780,299	473,059	-	11,128,929	632,729
Deferred Inflow of Resources							
Deferred inflows - leases	-	149,924	-	3,383,493	-	3,533,417	-
Deferred inflows - pension	16,351	5,817	8,482	-	-	30,650	11,415
Total Deferred Inflows of Resources	16,351	155,741	8,482	3,383,493	-	3,564,067	11,415
Net Position							
Net investment in capital assets	12,210,640	5,816,416	12,645,082	13,679,333	119,019	44,470,490	2,098,281
Restricted	-	38,834	153,459	-	-	192,293	-
Unrestricted	10,608,655	1,477,816	3,061,942	711,052	27,433	15,886,898	942,014
Total Net Position	\$ 22,819,295	\$ 7,333,066	\$ 15,860,483	\$ 14,390,385	\$ 146,452	\$ 60,549,681	\$ 3,040,295

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities						Governmental Activities	
	Electric Fund	Water Fund	Sewer Fund	Economic Development Fund	Fiber Operations Fund	Total Enterprise Funds	Internal Services Funds	
Operating Revenues								
Charges for services	\$ 25,708,933	\$ 2,068,869	\$ 3,917,381	\$ 1,101,655	\$ 51,393	\$ 32,848,231	\$ 6,140,283	
Miscellaneous	51,940	14,602	3,767	70,192	83	140,584	1,576	
Total Operating Revenues	25,760,873	2,083,471	3,921,148	1,171,847	51,476	32,988,815	6,141,859	
Operating Expenses								
Personnel services	2,404,414	900,694	1,126,363	15,000	20,449	4,466,920	5,597,493	
Contractual services	815,964	233,116	430,758	140,399	-	1,620,237	103,062	
Purchased services	61,893	221,375	255,736	98,580	-	637,584	95,339	
Repairs and maintenance	148,738	64,458	98,548	858	-	312,602	37,125	
Cost of power purchased	19,737,549	-	-	-	-	19,737,549	-	
Supplies	695,968	284,261	320,843	82,550	8,291	1,391,913	114,880	
Insurance	57,483	46,624	45,672	104,604	-	254,383	25,486	
Payments in lieu of taxes	1,192,415	-	-	-	1,676	1,194,091	-	
Depreciation	776,357	326,571	1,028,636	610,576	6,509	2,748,649	93,088	
Total Operating Expenses	25,890,781	2,077,099	3,306,556	1,052,567	36,925	32,363,928	6,066,473	
<i>Operating Income (Loss)</i>	<i>(129,908)</i>	<i>6,372</i>	<i>614,592</i>	<i>119,280</i>	<i>14,551</i>	<i>624,887</i>	<i>75,386</i>	
Nonoperating Revenues (Expenses)								
Intergovernmental	151,246	-	-	-	-	151,246	-	
Interest income	366,125	41,809	78,207	319,027	-	805,168	32,564	
Insurance recovery	68,576	-	-	-	-	68,576	-	
Gain on disposal of assets	6,945	-	27,472	-	-	34,417	2,790	
Interest expense	-	(22,643)	(226,144)	-	-	(248,787)	-	
Total Nonoperating Revenues (Expenses)	592,892	19,166	(120,465)	319,027	-	810,620	35,354	
<i>Income Before Operating Transfers</i>	<i>462,984</i>	<i>25,538</i>	<i>494,127</i>	<i>438,307</i>	<i>14,551</i>	<i>1,435,507</i>	<i>110,740</i>	
<i>Operating Transfers In (Out)</i>	<i>(16,225)</i>	<i>-</i>	<i>-</i>	<i>(282,645)</i>	<i>-</i>	<i>(298,870)</i>	<i>402,021</i>	
<i>Net Income (Loss)</i>	<i>446,759</i>	<i>25,538</i>	<i>494,127</i>	<i>155,662</i>	<i>14,551</i>	<i>1,136,637</i>	<i>512,761</i>	
Net Position, July 1, as previously reported	23,078,822	7,164,251	15,180,148	14,189,338	131,901	59,744,460	2,916,653	
Aggregate restatement for change in accounting framework	(706,286)	143,277	186,208	45,385	-	(331,416)	(389,119)	
Net Position, July 1, as restated	22,372,536	7,307,528	15,366,356	14,234,723	131,901	59,413,044	2,527,534	
Net Position, June 30	\$ 22,819,295	\$ 7,333,066	\$ 15,860,483	\$ 14,390,385	\$ 146,452	\$ 60,549,681	\$ 3,040,295	

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities						Governmental Activities	
	Electric Fund	Water Fund	Sewer Fund	Economic Development Fund	Fiber Operations Fund	Total Enterprise Funds		
							Internal Services Funds	
Cash Flows from Operating Activities								
Cash received from customers	\$ 25,843,214	\$ 2,061,493	\$ 3,897,214	\$ 1,001,632	\$ 49,706	\$ 32,853,259	\$ 173,331	
Cash received from interfund charges	-	-	-	-	-	-	-	5,968,528
Cash paid to suppliers	(22,775,710)	(851,210)	(1,246,102)	(439,491)	(9,967)	(25,322,480)	(506,783)	
Cash paid to employees	(2,428,048)	(912,760)	(1,135,723)	(15,000)	(20,449)	(4,511,980)	(5,585,260)	
Net Cash Provided by Operating Activities	639,456	297,523	1,515,389	547,141	19,290	3,018,799	49,816	
Cash Flows from Noncapital Financing Activities								
Payment of noncapital debt	(828,522)	-	-	-	-	-	(828,522)	
Intergovernmental proceeds	151,246	-	-	-	-	-	151,246	
Receipt (payment) of amounts between other funds	448,084	-	-	(448,084)	-	-	-	
Transfers in (out)	(16,225)	-	-	(282,645)	-	-	(298,870)	402,021
Net Cash Provided (Used) by Cash Flows from Noncapital Financing Activities	(245,417)	-	-	(730,729)	-	(976,146)	402,021	
Cash Flows from Capital and Related Financing Activities								
Purchase of capital assets	(530,418)	(417,800)	(423,561)	(168,723)	-	(1,540,502)	(419,171)	
Proceeds from insurance recovery	68,576	-	-	-	-	-	68,576	
Proceeds from sale of assets	6,945	-	45,890	-	-	-	52,835	2,791
Payment of debt principal	-	(91,153)	(936,748)	-	-	(1,027,901)	-	
Payment of interest expense	-	(22,643)	(226,144)	-	-	-	(248,787)	
Net Cash (Used) by Capital and Related Financing Activities	(454,897)	(531,596)	(1,540,563)	(168,723)	-	(2,695,779)	(416,380)	
Cash Flows from Investing Activities								
Interest received on investments	366,125	41,809	78,207	319,027	-	805,168	32,564	
Purchase of investments	(72,795)	(39,267)	(19,634)	-	-	(131,696)	-	
Net Cash Provided by Investing Activities	293,330	2,542	58,573	319,027	-	673,472	32,564	
Net Increase (Decrease) in Cash and Cash Equivalents	232,472	(231,531)	33,399	(33,284)	19,290	20,346	68,021	
Cash and Cash Equivalents, Beginning of year	3,582,036	1,218,624	2,402,419	989,294	6,373	8,198,746	1,138,731	
Cash and Cash Equivalents, End of year	3,814,508	987,093	2,435,818	956,010	25,663	8,219,092	1,206,752	
Less Restricted Cash and Cash Equivalents	723,920	229,808	153,459	-	-	1,107,187	-	
Unrestricted Cash and Cash Equivalents	\$ 3,090,588	\$ 757,285	\$ 2,282,359	\$ 956,010	\$ 25,663	\$ 7,111,905	\$ 1,206,752	

See accompanying Notes to the Financial Statements.

City of Lebanon

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities						Governmental Activities		
	Electric Fund	Water Fund	Sewer Fund	Economic Development Fund	Fiber Operations Fund	Total Enterprise Funds			
	Internal Services Funds								
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities									
Operating income (loss)	\$ (129,908)	\$ 6,372	\$ 614,592	\$ 119,280	\$ 14,551	\$ 624,887	\$ 75,386		
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:									
Depreciation	776,357	326,571	1,028,636	610,576	6,509	2,748,649	93,088		
(Increase) decrease in									
Utilities receivable	55,452	(836)	(23,934)	-	(1,770)	28,912	-		
Other receivable	-	-	-	(9,350)	-	(9,350)	-		
Lease receivable	-	2,436	-	732,372	-	734,808	-		
Inventory	-	-	-	-	-	-	-	(122,146)	
Deferred pension outflows	(141,775)	(43,474)	(59,951)	-	-	(245,200)	(90,982)		
Increase (decrease) in									
Accounts payable	(65,700)	(1,376)	(94,545)	(12,500)	-	(174,121)	(8,308)		
Accrued expenses	4,050	(228)	748	-	-	4,570	20,292		
Deposits payable	26,889	(14,715)	-	-	-	12,174	-		
Due to others	-	-	-	-	-	-	2,156		
Compensated absences	3,583	(2,250)	3,113	-	-	4,446	9,767		
Net pension liability	135,040	41,409	57,104	-	-	233,553	86,473		
Deferred inflows - leases	-	(8,863)	-	(893,237)	-	(902,100)	-		
Deferred pension inflows	(24,532)	(7,523)	(10,374)	-	-	(42,429)	(15,910)		
Net Cash Provided by Operating Activities	\$ 639,456	\$ 297,523	\$ 1,515,389	\$ 547,141	\$ 19,290	\$ 3,018,799	\$ 49,816		

See accompanying Notes to the Financial Statements.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

The City of Lebanon, Missouri, (the City) was incorporated in 1877 under the provisions of the State of Missouri. The City operates under a Mayor/City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, airport, public improvements, planning and community development, and general administrative services. Other services include electric, water, sewer and fiber operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected city council. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that the entity described in the following paragraph meets the above criteria and therefore, has been included as a component unit in the City's financial statements.

Component Unit

Community Improvement District – Elm St. CID

This CID was established in 2021 under the CID Act and is a separate legal entity. The CID is organized to develop certain public and infrastructure improvements. The majority of the directors of the District are appointed by the Mayor and the City and confirmed by the Council. The District is also included in the City's reporting entity because of the City's ability to impose its will on the District as the City provides administrative support to the District. The District is a component unit of the City and is discretely presented as such in the basic financial statements. The CID does not issue separate statements.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Street Fund: The Street Fund of the City is used to account for resources restricted, committed or assigned for street construction, operation and maintenance.

Public Safety Fund: The Public Safety Fund of the City is used to account for resources restricted, committed or assigned for public safety purposes.

ARPA Fund: The ARPA Fund of the City is used to account for resources restricted for American Rescue Plan Act grant funding and expenditures.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund accounts for the activities and capital improvements of the City's electric utility operations.

Water Fund: The Water Fund accounts for the activities and capital improvements of the City's water utility operations.

Sewer Fund: The Sewer Fund accounts for the activities and capital improvements of the City's sewer utility operations.

Economic Development Fund: The Economic Development Fund accounts for the promotion of economic development including the rental operations of those facilities.

Fiber Operations Fund: The Fiber Operations Fund accounts for the activities and capital improvements of the City's fiber operations.

Additionally, the City reports the following fund types:

Internal Service Funds: The Internal Service Funds account for the services provided to other departments or agencies of the City on a cost reimbursement basis.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and improvements	5-40 years
Vehicles	3-10 years
Infrastructure	5-40 years
Furniture and fixtures	5-40 years
Machinery and equipment	3-20 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription obligations, plus subscription payments made at or before the commencement of the subscription term, less any incentives received at or before the commencement of the obligation, plus initial direct costs that are ancillary to place the asset into service. Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of less than three months at the time of purchase to be cash equivalents.

Investments

Investments consist of funds invested in U.S. Treasury Notes and Federal National Mortgage Association Notes.

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1: Inputs using quoted prices in active markets for identical assets or liabilities

Level 2: Inputs using significant other observable inputs including quoted prices for similar assets or liabilities

Level 3: Inputs are significant unobservable inputs

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Internal Balances

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the year is referred to as either "due to or due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees earn vacation time based on the number of years' service to the City. Outstanding vacation is payable on termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenue and expenses are considered nonoperating.

Net Position

In the government-wide financial statements, net position is classified in three components as follows:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and amortization, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Fund Balance Classification

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

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: This consists of fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City Council.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to the retirement plan.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan and deferred lease inflows on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, 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.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Unearned Revenue

This is future revenue received for unspent grant proceeds and will be recognized as income when earned.

Leases

The City is a lessor for leases of building space and a lease of tower space. The City recognizes lease receivable and deferred inflows of resources in the government-wide and fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

New Pronouncement

The City implemented GASB Statement No. 100 – *Accounting Changes and Error Corrections*, during the year ended June 30, 2024. The objective of this pronouncement is to clarify the accounting and financial reporting requirements of accounting changes and error corrections.

Change in Basis of Accounting

The City converted from the modified cash basis to the basis of accounting that conforms to accounting principles generally accepted in the United States of America.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2024, all bank balances on deposit were insured or collateralized.

3. Investments

The City categorizes its investments within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring investments as of June 30, 2024:

Investment Type	Maturity	Level 1
U.S. Treasury Notes	7/1/2024 - 9/30/2027	\$ 6,199,600
Federal National Mortgage Association Notes	9/26/2024 - 9/24/2026	1,462,135
		<u>\$ 7,661,735</u>

Funds invested in U.S. Treasury Notes and Federal National Mortgage Association Notes are held by U.S. Bank and are rated Aaa by Moody's.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Investment Policies

The City's formal investment policies are as follows:

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by diversifying the portfolio to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio.

Custodial Credit Risk for investments, is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with its policy, the City addresses custodial risk by diversifying the investment portfolio.

4. Restricted Assets

Governmental Activities

The 2020A, 2020B, and 2021 Certificates of Participation established amounts required to be deposited in certain sinking and reserve funds. All required deposits have been made. These special cash reserves are reported in the accompanying Statement of Net Position as restricted cash and cash equivalents. Restricted cash and cash equivalents also include cash restricted for sales and property taxes, customer deposits and American Rescue Plan Act grant proceeds. These restrictions are as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Fund Balance/ Net Position</u>
Street Fund		
Transportation taxes	<u>\$ 2,487,675</u>	<u>\$ 2,820,169</u>
Public Safety Fund		
Sales taxes	<u>\$ 3,014,560</u>	<u>\$ 3,399,013</u>
ARPA Fund		
ARPA Funds	<u>\$ 1,341,450</u>	<u>\$ -</u>
Nonmajor Governmental Funds		
Parks and Recreation Fund		
Sales taxes	<u>\$ 1,385,361</u>	<u>\$ 1,629,698</u>

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

	<u>Restricted Cash and Investments</u>	<u>Restricted Fund Balance/ Net Position</u>
Capital Improvement Fund		
2020A Certificates of Participation		
Debt service reserve	\$ 537	\$ 537
2020B Certificates of Participation		
Debt service reserve	169	169
2021 Certificates of Participation		
Debt service reserve	256,260	256,260
Sales taxes	<u>3,635,436</u>	<u>3,974,083</u>
	<u>3,892,402</u>	<u>4,231,049</u>
Stormwater Fund		
Sales taxes	914,714	1,035,744
Tourism Fund		
Sales taxes	84,422	81,574
Airport Fund		
Customer deposits	4,215	-
Downtown Business District Fund		
Property taxes	60,098	60,783
Total Nonmajor Governmental Funds	<u>\$ 6,341,212</u>	<u>\$ 7,038,848</u>

Business-Type Activities

The 2020A, 2020B, and 2021 Certificates of Participation established amounts required to be deposited in certain sinking and reserve funds. All required deposits have been made. These special cash reserves are reported in the accompanying Statement of Net Position as restricted cash and cash equivalents. Restricted cash and cash equivalents also include cash restricted for customer deposits. These restrictions are as follows:

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
Electric Fund		
Customer deposits	<u>\$ 723,920</u>	<u>\$ -</u>
Water Fund		
2020A Certificates of Participation		
Debt service reserve	\$ 82	\$ 82
2020B Certificates of Participation		
Debt service reserve	25	25
2021 Certificates of Participation		
Debt service reserve	38,727	38,727
Customer deposits	<u>190,974</u>	<u>-</u>
	<u>\$ 229,808</u>	<u>\$ 38,834</u>

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

	Restricted Cash and Investments	Restricted Net Position
Sewer Fund		
2020A Certificates of Participation		
Debt service reserve	\$ 321	\$ 321
2020B Certificates of Participation		
Debt service reserve	101	101
2021 Certificates of Participation		
Debt service reserve	153,037	153,037
	<u>\$ 153,459</u>	<u>\$ 153,459</u>

5. Accounts Receivable

Accounts receivable is presented net of an allowance for doubtful accounts as follows:

	Gross Receivable	Allowance	Net Receivable
Utilities Receivable			
Electric Fund	\$ 2,894,816	\$ (736,592)	\$ 2,158,224
Water Fund	305,979	(98,444)	207,535
Sewer Fund	531,485	(149,189)	382,296
Fiber Operations Fund	1,770	-	1,770
	<u>\$ 3,734,050</u>	<u>\$ (984,225)</u>	<u>\$ 2,749,825</u>

6. Customer Service Territory

In 2008, the City was in a lawsuit over boundary issues of its service territory. In 2012, the lawsuit was settled and the City agreed to purchase the service territory plus future rights for specific undeveloped land for \$850,000. From January 1, 2010 through June 30, 2013, the City imposed a rate increase for customers to help pay legal costs incurred. The City decreased the customer service territory asset by the revenues received from the rate increase. The customer service territory asset is being amortized over 35 years, which is equal to the terms of the agreement. Current year amortization was \$10,279. Total accumulated amortization as of June 30, 2024 was \$174,342.

7. Long-Term Debt – Governmental Activities

Long-term debt for governmental activities of the City consists of the Series 2020A Certificates of Participation, Series 2020B Certificates of Participation, Series 2021 Certificates of Participation, financed purchase agreements payable, a subscription obligation, and compensated absences.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Series 2020A and Series 2020B Certificates of Participation

In May 2020, the City issued the Series 2020A and 2020B Certificates of Participation in the amounts of \$7,600,000 and \$2,400,000, respectively, for the purpose of funding certain improvements to the City's sewer treatment plant, waterworks system, and Civic Center. The City used \$1,910,000 of the proceeds to refund the Series 2010 Certificates of Participation. \$1,361,842 of the 2020A certificates were recorded as long-term debt within the governmental activities and \$6,238,158 were recorded as long-term debt within the business-type activities. \$430,640 of the 2020B certificates were recorded as long-term debt within the governmental activities and \$1,969,360 were recorded as long-term debt within the business-type activities. In the event of default, by written notice, the trustee may declare the payments immediately due and payable; or the trustee may take possession of the property and sell the trustee's interest in the property or sublease the property and continue to hold the City liable for the difference between (1) the amount payable by the City and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the trustee in exercising its remedies under this agreement, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the property and all brokerage, auctioneers and attorneys' fees and expenses). The trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the property and under this agreement. The Certificates bear interest at a rate of 3.0875% with principal payments due on May 1 and interest payments due on May 1 and November 1 each year.

The Series 2020A Certificates of Participation outstanding at June 30, 2024, are due as follows:

Year Ending	Principal	Interest	Total
June 30,			
2025	\$ 640,000	\$ 146,039	\$ 786,039
2026	440,000	126,279	566,279
2027	455,000	112,694	567,694
2028	465,000	98,646	563,646
2029	480,000	84,289	564,289
2030-2034	990,000	282,197	1,272,197
2035-2039	1,035,000	132,607	1,167,607
2040	225,000	6,947	231,947
	<u>\$ 4,730,000</u>	<u>\$ 989,698</u>	<u>\$ 5,719,698</u>
Governmental Activities	\$ 837,894		
Business-Type Activities			
Water Fund	346,350		
Sewer Fund	<u>3,545,756</u>		
	<u>\$ 4,730,000</u>		

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

The Series 2020B Certificates of Participation outstanding at June 30, 2024, are due as follows:

Year Ending		Principal	Interest	Total
June 30,				
2025		\$ 205,000	\$ 46,621	\$ 251,621
2026		140,000	40,292	180,292
2027		145,000	35,969	180,969
2028		150,000	31,493	181,493
2029		150,000	26,861	176,861
2030-2034		320,000	89,692	409,692
2035-2039		330,000	42,145	372,145
2040		70,000	2,161	72,161
		<u>\$ 1,510,000</u>	<u>\$ 315,234</u>	<u>\$ 1,825,234</u>
Governmental Activities		\$ 267,910		
Business-Type Activities				
Water Fund		230,378		
Sewer Fund		1,011,712		
		<u>\$ 1,510,000</u>		

Series 2021 Series Certificates of Participation

In January 2021, the City issued \$2,600,000 in certificates of participation (Series 2021) to fund certain improvements to the City's sewer treatment plant, waterworks system and Civic Center. \$592,518 of the 2021 certificates were recorded as long-term debt within the governmental activities and \$2,007,482 were recorded as long-term debt within the business-type activities. In the event of default, by written notice, the trustee may declare the payments immediately due and payable; or the trustee may take possession of the property and sell the trustee's interest in the property or sublease the property and continue to hold the City liable for the difference between (1) the amount payable by the City and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the trustee in exercising its remedies under this agreement, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the property and all brokerage, auctioneers and attorneys' fees and expenses). The trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the property and under this agreement. The Certificates bear interest at a rate of 3.0875% with principal payments due on May 1 and interest payments due on May 1 and November 1 each year.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

The Series 2021 Certificates of Participation outstanding at June 30, 2024, are due as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 145,000	\$ 66,536	\$ 211,536
2026	145,000	62,059	207,059
2027	150,000	57,582	207,582
2028	155,000	52,950	207,950
2029	160,000	48,165	208,165
2030-2034	615,000	175,061	790,061
2035-2039	645,000	82,591	727,591
2040	140,000	4,322	144,322
	<u>\$ 2,155,000</u>	<u>\$ 549,266</u>	<u>\$ 2,704,266</u>

Governmental Activities	\$ 506,268
Business-Type Activities	
Water Fund	35,799
Sewer Fund	<u>1,612,933</u>
	<u>\$ 2,155,000</u>

Financed Purchases

In October 2020, the City entered into a financed purchase agreement to acquire a dump truck for \$167,074 with an interest rate of 1.83% due in annual installments through April 2027.

In December 2020, the City entered into a financed purchase agreement to acquire a fire truck and chassis for \$329,817 with an interest rate of 1.56% due in annual installments through December 2025.

In February 2021, the City entered into a financed purchase agreement for constructing, furnishing and equipping of new public safety facilities not to exceed \$3,025,000 with an interest rate of 2.7% due in annual installments through January 2041.

In June 2021, the City entered into a financed purchase agreement to acquire a fire truck for \$990,000 with an interest rate of 1.57% due in annual installments through December 2030.

In June 2021, the City entered into a financed purchase agreement for asphalt overlay street improvements for \$550,000 with an interest rate of 1.75% due in annual installments through November 2027.

The City's agreements provide for cancellation at the City's option on the renewal date each year per State statute, however, the City does not foresee exercising its options to cancel.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

The total annual minimum payments required at June 30, 2024, are as follows:

Year Ending June 30,	Direct Borrowing					Total
	Public Safety Building	Asphalt Overlay	2020 Fire Truck	2021 Fire Truck	Dump Truck	
2025	\$ 194,823	\$ 83,504	\$ 69,082	\$ 106,930	\$ 25,416	\$ 479,755
2026	196,448	83,504	69,082	106,930	25,416	481,380
2027	197,938	83,504	-	106,930	25,416	413,788
2028	194,293	82,617	-	106,930	-	383,840
2029	195,648	-	-	106,930	-	302,578
2030-2034	806,868	-	-	213,860	-	1,020,728
2035-2039	906,483	-	-	-	-	906,483
2040-2041	298,877	-	-	-	-	298,877
Total Minimum Payments	2,991,378	333,129	138,164	748,510	76,248	4,287,429
Less Amount Representing Interest	(405,359)	(14,313)	(3,167)	(44,880)	(2,707)	(470,426)
Principal Balance, June 30, 2024	\$ 2,586,019	\$ 318,816	\$ 134,997	\$ 703,630	\$ 73,541	\$ 3,817,003

Subscription Obligation

The City has entered into a subscription agreement for cloud services, the term of which expires in July 2028. The following is a schedule of payments under the subscription agreement as of June 30, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 25,966	\$ 6,924	\$ 32,890
2026	24,388	8,502	32,890
2027	26,282	6,608	32,890
2028	28,322	4,568	32,890
2029	30,520	2,370	32,890
	\$ 135,478	\$ 28,972	\$ 164,450

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

The following table is a summary of the changes in the Long-Term Debt – Governmental Activities:

	Balance June 30, 2023			Balance June 30, 2024	Amounts Due Within One Year
	Additions	Reductions	Additions	Reductions	
Certificates of Participation Payable					
Series 2020A	\$ 968,096	\$ -	\$ 130,202	\$ 837,894	\$ 113,373
Series 2020B	308,717	-	40,807	267,910	36,372
Series 2021	<u>537,984</u>	<u>-</u>	<u>31,716</u>	<u>506,268</u>	<u>34,064</u>
	<u>1,814,797</u>	<u>-</u>	<u>202,725</u>	<u>1,612,072</u>	<u>183,809</u>
Financed Purchases					
Public safety building	2,800,000	-	213,981	2,586,019	125,000
Asphalt overlay	396,168	-	77,352	318,816	77,816
2020 Fire truck	200,945	-	65,948	134,997	66,976
2021 Fire truck	798,030	-	94,400	703,630	95,882
Police vehicles	98,344	-	98,344	-	-
Dump truck	<u>97,179</u>	<u>-</u>	<u>23,638</u>	<u>73,541</u>	<u>24,070</u>
	<u>4,390,666</u>	<u>-</u>	<u>573,663</u>	<u>3,817,003</u>	<u>389,744</u>
Subscription Obligation	157,405	-	21,927	135,478	25,966
Compensated Absences	<u>277,191</u>	<u>44,023</u>	<u>-</u>	<u>321,214</u>	<u>-</u>
	<u><u>\$ 6,640,059</u></u>	<u><u>\$ 44,023</u></u>	<u><u>\$ 798,315</u></u>	<u><u>\$ 5,885,767</u></u>	<u><u>\$ 599,519</u></u>

8. Long-Term Debt – Business-type Activities

Long-term debt for business-type activities of the City consists of the Series 2020A Certificates of Participation, Series 2020B Certificates of Participation, Series 2021 Certificates of Participation, financed purchase agreements payable, and compensated absences.

Financed Purchases

In October 2020, the City entered into a financed purchase agreement to acquire an application truck, excavator, cleaning truck, and a dump truck for a total of \$923,281 with an interest rate of 1.83% due in annual installments through April 2027.

The City's agreement provides for cancellation at the City's option on the renewal date each year per State statute, however, the City does not foresee exercising its option to cancel.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

The total annual minimum payments required at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>Direct Borrowing</u>
	<u>Equipment</u>
2025	\$ 140,454
2026	140,454
2027	140,454
	<u>Total Minimum Payments</u>
	421,362
	<u>Less Amount Representing Interest</u>
	(14,965)
	<u>Principal Balance, June 30, 2024</u>
	<u>\$ 406,397</u>

The following table is a summary of the changes in the Long-Term Debt – Business-Type Activities for the year ended June 30, 2024:

	<u>Balance</u>			<u>Balance</u>		
	<u>June 30,</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u>	<u>Amounts</u>	
	<u>2023</u>			<u>2024</u>	<u>Due Within</u>	
Electric Fund						
Compensated absences	\$ 74,460	\$ 3,582	\$ -	\$ 78,042	\$ -	-
	<u>74,460</u>	<u>3,582</u>	<u>-</u>	<u>78,042</u>	<u>78,042</u>	<u>-</u>
Water Fund						
Certificates of Participation Payable						
Series 2020A	\$ 400,170	\$ -	\$ 53,820	\$ 346,350	\$ 46,863	
Series 2020B	265,469	-	35,091	230,378	31,276	
Series 2021	38,041	-	2,242	35,799	2,409	
Compensated absences	24,840	-	2,250	22,590	-	
	<u>728,520</u>	<u>-</u>	<u>93,403</u>	<u>635,117</u>	<u>80,548</u>	
Sewer Fund						
Certificates of Participation Payable						
Series 2020A	4,096,734	-	550,978	3,545,756	479,764	
Series 2020B	1,165,814	-	154,102	1,011,712	137,352	
Series 2021	1,713,975		101,042	1,612,933	108,527	
Financed Purchases Payable						
Equipment	537,023	-	130,626	406,397	133,017	
Compensated absences	27,333	3,113	-	30,446	-	
	<u>7,513,546</u>	<u>-</u>	<u>936,748</u>	<u>6,576,798</u>	<u>858,660</u>	
	<u><u>\$ 8,316,526</u></u>	<u><u>\$ 3,582</u></u>	<u><u>\$ 1,030,151</u></u>	<u><u>\$ 7,289,957</u></u>	<u><u>\$ 939,208</u></u>	

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

9. Capital Assets

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

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 599,875	\$ 475,381	\$ -	\$ 1,075,256
Construction in progress	<u>7,468,433</u>	<u>3,581,798</u>	<u>5,827,068</u>	<u>5,223,163</u>
Total Non-depreciable Capital Assets	8,068,308	<u>\$ 4,057,179</u>	<u>\$ 5,827,068</u>	<u>6,298,419</u>
Depreciable capital assets				
Building and improvements	45,206,005	\$ 4,414,343	\$ -	49,620,348
Vehicles	6,169,266	312,415	462,211	6,019,470
Infrastructure	23,357,176	967,961	-	24,325,137
Furniture and fixtures	64,500	-	-	64,500
Machinery and equipment	3,442,540	620,448	-	4,062,988
Total Depreciable Capital Assets	78,239,487	<u>\$ 6,315,167</u>	<u>\$ 462,211</u>	<u>84,092,443</u>
Less accumulated depreciation				
Building and improvements	21,549,462	\$ 1,459,962	\$ -	23,009,424
Vehicles	3,834,702	393,599	397,955	3,830,346
Infrastructure	7,470,748	861,417	-	8,332,165
Furniture and fixtures	27,950	12,900	-	40,850
Machinery and equipment	1,978,340	281,899	-	2,260,239
Total Accumulated Depreciation	34,861,202	<u>\$ 3,009,777</u>	<u>\$ 397,955</u>	<u>37,473,024</u>
Total Depreciable Capital Assets, net	43,378,285			46,619,419
Subscription assets	157,405	\$ -	\$ -	157,405
Less accumulated amortization	-	<u>\$ 18,518</u>	<u>\$ -</u>	<u>18,518</u>
Total Subscription Assets, net	157,405			138,887
Total Governmental Activities Capital Assets, net	<u>\$51,603,998</u>			<u>\$53,056,725</u>

Depreciation and amortization expense for governmental activities was charged to functions as follows:

General government	\$ 189,868
Public safety	387,247
Parks and recreation	1,000,715
Street	1,078,358
Airport	193,453
Community development	145,002
Economic development	33,652
	<u>\$ 3,028,295</u>

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Business-Type Activities	Balance			Balance June 30, 2024
	June 30, 2023	Increases	Decreases	
Electric Fund				
Non-depreciable Capital Assets				
Construction-in-progress	\$ 2,521,992	\$ 306,942	\$ 275,190	\$ 2,553,744
Depreciable Capital Assets				
Buildings and improvements	7,834,011	\$ -	\$ -	7,834,011
Infrastructure	12,098,783	275,190	-	12,373,973
Vehicles	1,933,837	49,379	20,645	1,962,571
Machinery and equipment	1,330,728	174,097	-	1,504,825
Total Depreciable Capital Assets	23,197,359	\$ 498,666	\$ 20,645	23,675,380
Less Accumulated Depreciation	13,262,772	\$ 776,357	\$ 20,645	14,018,484
Depreciable Capital Assets, net	9,934,587			9,656,896
Water Fund				
Non-depreciable Capital Assets				
Construction in progress	\$ 478,345	\$ 257,567	\$ 26,671	\$ 709,241
Depreciable Capital Assets				
Buildings and improvements	5,295,002	\$ -	\$ -	5,295,002
Infrastructure	2,622,168	26,671	-	2,648,839
Vehicles	625,108	99,442	12,260	712,290
Machinery and equipment	2,924,656	60,791	-	2,985,447
Total Depreciable Capital Assets	11,466,934	\$ 186,904	\$ 12,260	11,641,578
Less Accumulated Depreciation	5,607,565	\$ 326,571	\$ 12,260	5,921,876
Depreciable Capital Assets, net	5,859,369			5,719,702
Sewer Fund				
Non-depreciable Capital Assets				
Land	\$ 70,894	\$ -	\$ -	\$ 70,894
Construction in progress	3,231,972	353,558	796,996	2,788,534
Total Non-depreciable Capital Assets	3,302,866	\$ 353,558	\$ 796,996	2,859,428
Depreciable Capital Assets				
Buildings and improvements	21,311,459	\$ -	\$ -	21,311,459
Infrastructure	3,852,370	796,996	-	4,649,366
Vehicles	1,438,979	44,577	-	1,483,556
Machinery and equipment	2,295,696	25,427	38,549	2,282,574
Total Depreciable Capital Assets	28,898,504	\$ 867,000	\$ 38,549	29,726,955
Less Accumulated Depreciation	12,355,998	\$ 1,028,636	\$ 20,131	13,364,503
Depreciable Capital Assets, net	16,542,506			16,362,452

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

	Balance			Balance
	June 30, 2023	Increases	Decreases	
Economic Development Fund				
Non-depreciable Capital Assets				
Land	\$ 88,173	\$ -	\$ -	\$ 88,173
Construction in progress	122	157,917	-	158,039
Total Non-depreciable Capital Assets	88,295	\$ 157,917	\$ -	246,212
Depreciable Capital Assets				
Buildings and improvements	23,800,143	\$ 10,806	\$ -	23,810,949
Less Accumulated Depreciation	9,767,251	\$ 610,577	\$ -	10,377,828
Depreciable Capital Assets, net	14,032,892			13,433,121
Fiber Operations Fund				
Non-depreciable Capital Assets				
Construction in progress	\$ 49,639	\$ -	\$ -	\$ 49,639
Depreciable Capital Assets				
Infrastructure	130,173	\$ -	\$ -	130,173
Machinery and equipment	11,881	-	-	11,881
Total Depreciable Capital Assets	142,054	\$ -	\$ -	142,054
Less Accumulated Depreciation	66,165	\$ 6,509	\$ -	72,674
Depreciable Capital Assets, net	75,889			69,380
Total Capital Assets Business-Type Activities, net	\$ 52,886,380			\$ 51,659,815

10. Employee Pension Plan

General Information about the 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.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

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.

	2024 Valuation
Benefit Multiplier	1.50% for life
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, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	General	Police	Fire
Inactive employees or beneficiaries currently receiving benefits	89	29	15
Inactive employees entitled to but not yet receiving benefits	41	21	17
Active employees	114	20	21
	244	70	53

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 14.5% for General, 15.2% for Police, and 5.4% for 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% to 6.75% including wage inflation for general
	2.75% to 6.55% including wage inflation for police
	2.75% to 7.15% including wage inflation for fire

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

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 actuarial assumptions used in the February 29, 2024, valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-term Expected Real Rate of Return
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 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.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a) - (b)
General Division			
Balances at beginning of year	\$ 19,266,919	\$ 18,350,041	\$ 916,878
Changes for the year			
Service cost	467,817	-	467,817
Interest	1,338,175	-	1,338,175
Difference between expected and actual experiences	1,055,053	-	1,055,053
Contributions - employer	-	815,984	(815,984)
Net investment income	-	1,000,219	(1,000,219)
Benefits paid, including refunds	(773,260)	(773,260)	-
Administrative expenses	-	(31,303)	31,303
Other (net transfer)	-	53,999	(53,999)
<i>Net Changes</i>	2,087,785	1,065,639	1,022,146
Balance at end of year	21,354,704	19,415,680	1,939,024
Police Division			
Balances at beginning of year	5,967,046	6,033,154	(66,108)
Changes for the year			
Service Cost	123,336	-	123,336
Interest	410,690	-	410,690
Difference between expected and actual experiences	78,342	-	78,342
Contributions - employer	-	194,484	(194,484)
Net investment income	-	343,624	(343,624)
Benefits paid, including refunds	(326,876)	(326,876)	-
Administrative expenses	-	(8,963)	8,963
Other (net transfer)	-	112,459	(112,459)
<i>Net Changes</i>	285,492	314,728	(29,236)
Balance at end of year	6,252,538	6,347,882	(95,344)

City of Lebanon

Notes to the Financial Statements
Year Ended June 30, 2024

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Fire Division			
Balances at beginning of year	3,347,133	4,324,883	(977,750)
Changes for the year			
Service Cost	126,817	-	126,817
Interest	235,144	-	235,144
Difference between expected and actual experiences	188,216	-	188,216
Contributions - employer	-	38,700	(38,700)
Net investment income	-	221,217	(221,217)
Benefits paid, including refunds	(102,275)	(102,275)	-
Administrative expenses	-	(5,752)	5,752
Other (net transfer)	-	(52,755)	52,755
<i>Net Changes</i>	<i>447,902</i>	<i>99,135</i>	<i>348,767</i>
Balance at end of year	3,795,035	4,424,018	(628,983)
Total Plan Balances at End of Year	\$ 31,402,277	\$ 30,187,580	\$ 1,214,697

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

	Current Single Discount Rate		
	1% Decrease 6.00%	Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 24,519,610	\$ 21,354,704	\$ 18,752,547
Fiduciary Net Position	19,415,680	19,415,680	19,415,680
Net Pension (Asset) Liability	5,103,930	1,939,024	(663,133)
Police Division			
Total Pension Liability	7,134,001	6,252,538	5,529,906
Fiduciary Net Position	6,347,882	6,347,882	6,347,882
Net Pension (Asset) Liability	786,119	(95,344)	(817,976)

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

	Current Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	6.00%	7.00%	8.00%
Fire Division			
Total Pension Liability	4,357,601	3,795,035	3,332,968
Fiduciary Net Position	<u>4,424,018</u>	<u>4,424,018</u>	<u>4,424,018</u>
<i>Net Pension (Asset) Liability</i>	<u>(66,417)</u>	<u>(628,983)</u>	<u>(1,091,050)</u>
Total Net Pension (Asset) Liability	<u>\$ 5,823,632</u>	<u>\$ 1,214,697</u>	<u>\$ (2,572,159)</u>

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

For the year ended June 30, 2024, the employer recognized pension expense of \$759,462 in the general division, \$28,249 in the police division, and \$127,018 in the fire division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
	\$ 1,048,941	\$ (55,714)	\$ 993,227
General Division			
Differences between expected and actual experience	\$ 1,048,941	\$ (55,714)	\$ 993,227
Changes in assumptions	-	(48,433)	(48,433)
Net difference between projected and actual earnings on pension plan investments	540,393	-	540,393
Total General Division	1,589,334	(104,147)	1,485,187
Police Division			
Differences between expected and actual experience	92,322	(28,131)	64,191
Changes in assumptions	-	(15,791)	(15,791)
Net difference between projected and actual earnings on pension plan investments	160,382	-	160,382
Total Police Division	252,704	(43,922)	208,782
Fire Division			
Differences between expected and actual experience	228,080	(2,227)	225,853
Changes in assumptions	-	(3,170)	(3,170)
Net difference between projected and actual earnings on pension plan investments	124,458	-	124,458
Total Fire Division	352,538	(5,397)	347,141
Total	\$ 2,194,576	\$ (153,466)	\$ 2,041,110

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

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

Year Ending June 30,	Net Deferred Outflows (Inflows)				Total
	General	Police	Fire	Total	
2025	\$ 91,689	\$ (44,478)	\$ 24,439	\$ 71,650	
2026	726,713	159,734	165,750	1,052,197	
2027	452,189	77,987	96,192	626,368	
2028	214,596	15,539	51,194	281,329	
2029	-	-	9,566	9,566	
	<u>\$ 1,485,187</u>	<u>\$ 208,782</u>	<u>\$ 347,141</u>	<u>\$ 2,041,110</u>	

Payable to the Pension Plan

At June 30, 2024, the City had \$85,567 outstanding contributions reported as payable to the pension plan.

11. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

Assessed Valuation	2023	
	Downtown Business	
	General Fund	District Fund
Real estate	\$ 170,211,696	\$ 4,139,450
Personal property	75,441,484	-
	<u>\$ 245,653,180</u>	<u>\$ 4,139,450</u>
Tax Rates Per \$100 of Assessed Valuation - General Revenue	<u>\$.2591</u>	<u>\$.6888</u>

The legal debt margin at June 30, 2024, was computed as follows:

Legal Debt Margin	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
	\$ 24,565,318	\$ 24,565,318	\$ 49,130,636
Constitutional debt limit	-	-	-
General Obligation Bonds payable	<u>\$ 24,565,318</u>	<u>\$ 24,565,318</u>	<u>\$ 49,130,636</u>

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

12. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a commercial insurance company. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

13. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of June 30, 2024, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

14. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the eligibility requirements have been met. At June 30, 2024, these unearned revenues include unspent American Rescue Plan proceeds in the ARPA Fund in the amount of \$1,329,300.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

15. Interfund Transfers

Transfers between funds of the City for the year ended June 30, 2024, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 220,410
ARPA Fund	-	173,970
Nonmajor Governmental Funds		
Capital Improvement Fund	-	256,945
Tourism Fund	99,616	-
Airport Fund	433,558	-
Downtown Business District Fund	15,000	-
Electric Fund	-	16,225
Economic Development Fund	-	282,645
Community Development Fund	396,977	-
Service Fund	5,044	-
	<hr/> <u>\$ 950,195</u>	<hr/> <u>\$ 950,195</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Proprietary Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

16. Internal Balances

Internal balances as of June 30, 2024, consisted of the following:

	Economic Development Fund	Electric Fund
Internal balances	\$ (473,059)	\$ 473,059

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund receivable or payable have been recorded within the fund financial statements. Internal balances have an established repayment plan through June 2028.

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

17. Tax Abatements

As of June 30, 2024, the City provided tax abatements through the following program:

Enhanced Enterprise Zone

Under Chapter 135 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available through an Enhanced Enterprise Zone program. The purpose is to encourage business development and job creation. Zone boundaries are established in conjunction with the Missouri Department of Economic Development and are based on areas of low income and high unemployment, the potential to create sustainable jobs in a targeted industry and the impact on local industry cluster development. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The business receives a 50% abatement level for 10 years for meeting the minimum qualifications of two new full-time employees and \$100,000 minimum in capital investment in the community. The amount of the abatement is deducted from the recipient's property tax bill.

Chapter 353

Under Chapter 353 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available within "blighted areas". Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible, an Urban Redevelopment Corporation must be formed and must take title to the property to be redeveloped. During the terms of the program, a certain percentage of the property tax amount for the assessed value of the eligible property is abated. The taxes can be abated up to 100% but the City abates 50% to 80% of the taxes for a period of 10 to 15 years.

Chapter 100

The Chapter 100 Industrial Development Act allow cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company, an amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.

Information relevant to disclosure of these programs for the year ended June 30, 2024, is as follows:

Tax Abatement Program	Type of Taxes Abated	Amount of Taxes Abated
Urban Redevelopment (Chapter 353)	Real-estate taxes	\$ 5,613
Enhanced Enterprise Zone	Real-estate taxes	599
Chapter 100	Real-estate taxes	4,514
		<u>\$ 10,726</u>

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

18. Leases Receivable

The City, as a lessor has entered into lease agreements with Ozarks Regional YMCA, Detroit Tool Metal Products Co., Mercy Health Springfield Communities, Emerson Climate Technologies, Inc., and New Cingular Wireless PCS, LLC. for the use of building space and water tower space. The total of all lease agreements entered into as a lessor as of June 30, 2024 was \$4,166,225. The balance of the agreements are receivable through 2041. Lease and interest revenue recognized under the lease agreements during the year ended June 30, 2024, was \$971,634 and \$342,641, respectively.

19. Fund Deficit

The City has a deficit unassigned fund balance of \$59,900 in the nonmajor governmental funds.

20. Restatement

The City's government-wide and fund financial statements for the fiscal year ended June 30, 2023 were presented using the modified cash basis of accounting. During the fiscal year ended June 30, 2024, the City changed the presentation of the City's financial statements from the modified cash basis for the government-wide financial statements to the full accrual basis of accounting. In addition, the City changed the presentation of the governmental fund financial statements from the modified cash basis to the modified accrual basis of accounting, and the City's proprietary fund financial statements from the modified cash basis to the accrual basis of accounting. This restatement has been identified as a change in accounting framework as the City is changing to the basis of accounting that is generally accepted by the United States of America.

The restatements of beginning net position and fund balances due to the change in accounting framework are shown in the table below:

	General Fund	Street Fund	Public Safety Fund	ARPA Fund	Nonmajor Governmental Funds
Beginning Fund Balances, as previously reported	\$ 4,296,956	\$ 2,194,713	\$ 2,706,556	\$ 23,900	\$ 5,187,957
Cash and cash equivalents	(14,700)	-	-	-	-
Ad valorem taxes receivable	8,844	-	-	-	-
Sales taxes receivable	825,152	530,253	398,745	-	796,677
Other accounts receivable	107,414	-	-	-	17,876
Lease receivable, net	7,036	-	-	-	-
Accounts payable	(4,171)	(3,459)	-	(1,500)	(79,780)
Accrued expenses	(146,863)	(34,251)	(25,614)	-	(34,687)
Beginning Fund Balances, as restated	\$ 5,079,668	\$ 2,687,256	\$ 3,079,687	\$ 22,400	\$ 5,888,043

City of Lebanon

Notes to the Financial Statements

Year Ended June 30, 2024

	Electric Fund	Water Fund	Sewer Fund	Economic Development Fund	Internal Services Funds
Beginning Net Position, as previously reported	\$ 23,078,822	\$ 7,164,251	\$ 15,180,148	\$ 14,189,338	\$ 2,916,653
Cash and cash equivalents	(316,051)	(14,700)	(22,050)	-	-
Utility receivables, net	2,213,677	196,418	358,362	-	-
Lease receivable, net	-	5,560	-	57,885	-
Accounts payable	(1,648,983)	(1,375)	(94,545)	(12,500)	(93,874)
Accrued expenses	(51,947)	(17,786)	(28,226)	-	(37,878)
Due to others	-	-	-	-	(219,780)
Note payable	(828,522)	-	-	-	-
Compensated absences	(74,460)	(24,840)	(27,333)	-	(37,587)
Beginning Net Position, as restated	\$ 22,372,536	\$ 7,307,528	\$ 15,366,356	\$ 14,234,723	\$ 2,527,534
				Governmental Activities	Business-Type Activities
Beginning Net Position, as previously reported				\$ 61,441,618	\$ 60,048,283
Cash and cash equivalents				(14,700)	(352,801)
Ad valorem taxes receivable				8,844	-
Sales taxes receivable				2,550,827	-
Utility receivables, net				-	2,768,457
Other accounts receivable				125,290	-
Lease receivable, net				7,036	63,445
Internal balances				303,823	(303,823)
Accounts payable				(182,784)	(1,757,403)
Accrued expenses				(337,903)	(97,959)
Due to others				(219,780)	-
Note payable				-	(828,522)
Compensated absences				(277,191)	(126,633)
Beginning Net Position, as restated	\$ 63,405,080			\$ 59,413,044	

Required Supplementary Information

City of Lebanon

Schedule of Changes in the Net Pension Asset and Related Ratios

Year Ended June 30, 2024

	Missouri Local Government Employees Retirement System (LAGERS)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 717,970	\$ 627,425	\$ 605,655	\$ 598,122	\$ 552,058	\$ 527,876	\$ 501,368	\$ 478,534	\$ 476,033	\$ 487,493
Interest on the total pension liability	1,984,009	1,855,150	1,763,218	1,763,253	1,660,856	1,609,614	1,530,581	1,470,428	1,372,505	1,334,980
Difference between expected and actual experience	1,321,611	479,582	1,681	(108,220)	153,093	(504,839)	(82,807)	(209,391)	(389,970)	(514,580)
Changes of assumptions	-	-	-	(389,114)	-	-	-	(18,844)	816,527	-
Benefit payments	<u>(1,202,411)</u>	<u>(1,130,441)</u>	<u>(1,007,547)</u>	<u>(991,793)</u>	<u>(961,260)</u>	<u>(915,035)</u>	<u>(830,560)</u>	<u>(1,007,820)</u>	<u>(809,971)</u>	<u>(760,255)</u>
<i>Net Change in Total Pension Liability</i>	2,821,179	1,831,716	1,363,007	872,248	1,404,747	717,616	1,118,582	712,907	1,465,124	547,638
Total Pension Liability, Beginning	<u>28,581,098</u>	<u>26,749,382</u>	<u>25,386,375</u>	<u>24,514,127</u>	<u>23,109,380</u>	<u>22,391,764</u>	<u>21,273,182</u>	<u>20,560,275</u>	<u>19,095,151</u>	<u>18,547,513</u>
Total Pension Liability, Ending	<u>31,402,277</u>	<u>28,581,098</u>	<u>26,749,382</u>	<u>25,386,375</u>	<u>24,514,127</u>	<u>23,109,380</u>	<u>22,391,764</u>	<u>21,273,182</u>	<u>20,560,275</u>	<u>19,095,151</u>
Plan Fiduciary Net Position										
Contributions - employer	1,049,168	958,813	892,152	840,173	817,110	748,080	740,380	690,403	697,196	700,379
Pension plan net investment income	1,565,060	997,066	22,005	6,240,581	297,053	1,417,646	2,408,797	2,139,702	(21,201)	345,385
Benefit payments	(1,202,411)	(1,130,441)	(1,007,547)	(991,793)	(961,260)	(915,035)	(830,560)	(1,007,820)	(809,971)	(760,255)
Pension plan administrative expense	(46,018)	(49,779)	(35,359)	(33,492)	(42,356)	(36,708)	(25,952)	(25,370)	(24,227)	(26,283)
Other (net transfer)	113,703	(849,441)	(71,587)	(115,292)	(168,540)	(147,493)	(125,678)	(14,178)	100,036	(34,231)
<i>Net Change in Plan Fiduciary Net Position</i>	1,479,502	(73,782)	(200,336)	5,940,177	(57,993)	1,066,490	2,166,987	1,782,737	(58,167)	224,995
Plan Fiduciary Net Position, Beginning	<u>28,708,078</u>	<u>28,781,860</u>	<u>28,982,196</u>	<u>23,042,019</u>	<u>23,100,012</u>	<u>22,033,522</u>	<u>19,866,535</u>	<u>18,083,798</u>	<u>18,141,965</u>	<u>17,916,970</u>
Plan Fiduciary Net Position, Ending	<u>30,187,580</u>	<u>28,708,078</u>	<u>28,781,860</u>	<u>28,982,196</u>	<u>23,042,019</u>	<u>23,100,012</u>	<u>22,033,522</u>	<u>19,866,535</u>	<u>18,083,798</u>	<u>18,141,965</u>
Net Pension Liability (Asset)	<u>\$ 1,214,697</u>	<u>\$ (126,980)</u>	<u>\$ (2,032,478)</u>	<u>\$ (3,595,821)</u>	<u>\$ 1,472,108</u>	<u>\$ 9,368</u>	<u>\$ 358,242</u>	<u>\$ 1,406,647</u>	<u>\$ 2,476,477</u>	<u>\$ 953,186</u>
Plan fiduciary net position as a percentage of the total pension liability	96.13%	100.44%	107.60%	114.16%	93.99%	99.96%	98.40%	93.39%	87.96%	95.01%
Covered payroll	\$ 8,461,902	\$ 7,565,035	\$ 6,581,360	\$ 6,784,927	\$ 6,508,811	\$ 5,926,095	\$ 5,864,105	\$ 5,517,956	\$ 5,281,969	\$ 5,405,930
Net pension asset as a percentage of covered payroll	14.35%	-1.68%	-30.88%	-53.00%	22.62%	0.16%	6.11%	25.49%	46.89%	17.63%

City of Lebanon

Schedule of Contributions

Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,048,964	\$ 966,317	\$ 883,329	\$ 841,807	\$ 823,162	\$ 749,507	\$ 754,226	\$ 689,745	\$ 696,948	\$ 704,038
Contributions in relation to the actuarially determined contribution	<u>1,048,964</u>	<u>958,479</u>	<u>882,137</u>	<u>841,807</u>	<u>823,162</u>	<u>749,507</u>	<u>741,832</u>	<u>689,745</u>	<u>696,948</u>	<u>700,735</u>
Contribution excess	<u><u>\$ -</u></u>	<u><u>\$ 7,838</u></u>	<u><u>\$ 1,192</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,394</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,303</u></u>
Covered payroll	\$ 8,767,438	\$ 7,940,817	\$ 7,295,118	\$ 7,030,570	\$ 6,701,262	\$ 6,119,227	\$ 5,957,085	\$ 5,822,109	\$ 5,413,739	\$ 5,386,916
Contributions as a percentage of covered payroll	11.96%	12.07%	12.09%	11.97%	12.28%	12.25%	12.45%	11.85%	12.87%	13.01%

See accompanying Notes to the Schedule of Contributions.

City of Lebanon

Notes to the Schedule of Contributions

Year Ended June 30, 2024

Valuation Date: February 29, 2024

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: 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 5 to 15 years for the General, Police, and Fire divisions

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 for general, 2.75% to 6.55% including wage inflation for police, and 2.75% to 7.15% including wage inflation for fire

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 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

City of Lebanon

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
City sales tax	\$ 4,100,000	\$ 4,720,560	\$ 4,705,493	\$ (15,067)
Property tax	800,000	817,565	819,005	1,440
Franchise tax	505,000	724,230	700,157	(24,073)
Other taxes	55,200	49,950	49,954	4
Payments in lieu of taxes	1,564,500	1,541,590	1,541,599	9
Total Taxes	<u>7,024,700</u>	<u>7,853,895</u>	<u>7,816,208</u>	<u>(37,687)</u>
Licenses and Permits	25,000	28,650	28,650	-
Intergovernmental Revenues				
School resource officer contract	95,000	144,475	144,480	5
Grants	25,666	31,036	31,042	6
	<u>120,666</u>	<u>175,511</u>	<u>175,522</u>	<u>11</u>
Charges for Services	320,870	365,055	222,341	(142,714)
Fines and Forfeitures	70,600	77,535	77,542	7
Interest Income	12,000	119,530	156,475	36,945
Miscellaneous	21,400	25,500	32,843	7,343
Total Revenues	<u>7,595,236</u>	<u>8,645,676</u>	<u>8,509,581</u>	<u>(136,095)</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Lebanon

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
General government	3,229,571	3,280,160	3,313,118	(32,958)
Public safety	4,807,182	4,544,573	4,543,411	1,162
Parks and recreation	662,485	705,876	656,824	49,052
Capital outlay	287,825	98,595	80,582	18,013
Debt service				
Principal, interest and fees	6,924	6,924	6,924	-
Total Expenditures	8,993,987	8,636,128	8,600,859	35,269
<i>Excess (Deficit) of Revenues Over Expenditures</i>				
	(1,398,751)	9,548	(91,278)	(100,826)
Other Financing Sources (Uses)				
Insurance proceeds	-	21,495	21,501	6
Sale of capital assets	-	85,785	85,785	-
Operating transfers (out)	-	-	(220,410)	(220,410)
Total Other Financing Sources (Uses)	-	107,280	(113,124)	(220,404)
<i>Net Change in Fund Balance</i>				
	(1,398,751)	116,828	(204,402)	(321,230)
Fund Balance, July 1, as previously reported	4,296,956	4,296,956	4,296,956	-
Aggregate restatement for change in accounting framework	-	-	782,712	782,712
Fund Balance, July 1, as restated	4,296,956	4,296,956	5,079,668	782,712
Fund Balance, June 30	\$ 2,898,205	\$ 4,413,784	\$ 4,875,266	\$ 461,482

See accompanying Notes to the Budgetary Comparison Schedules.

City of Lebanon

Budgetary Comparison Schedule – Street Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales taxes	\$ 2,000,000	\$ 2,287,150	\$ 2,278,563	\$ (8,587)
Other taxes	635,000	779,035	789,246	10,211
Miscellaneous	865	10,175	10,183	8
Intergovernmental revenues	-	129,340	129,341	1
Interest income	-	30,510	30,514	4
Total Revenues	2,635,865	3,236,210	3,237,847	1,637
Expenditures				
Current				
Street	2,269,008	2,097,364	2,069,700	27,664
Capital outlay	1,001,448	929,858	956,134	(26,276)
Debt service				
Principal, interest and fees	108,920	108,920	108,920	-
Total Expenditures	3,379,376	3,136,142	3,134,754	1,388
<i>Excess (Deficit) of Revenues Over Expenditures</i>	<i>(743,511)</i>	<i>100,068</i>	<i>103,093</i>	<i>3,025</i>
Other Financing Sources (Uses)				
Sale of capital assets	-	29,820	29,820	-
Transfers in (out)	(47,700)	-	-	-
Total Other Financing Sources (Uses)	(47,700)	29,820	29,820	-
<i>Net Change in Fund Balance</i>	<i>(791,211)</i>	<i>129,888</i>	<i>132,913</i>	<i>3,025</i>
Fund Balance, July 1, as previously reported	2,194,713	2,194,713	2,194,713	-
Aggregate restatement for change in accounting framework	-	-	492,543	492,543
Fund Balance, July 1, as restated	2,194,713	2,194,713	2,687,256	492,543
Fund Balance, June 30	\$ 1,403,502	\$ 2,324,601	\$ 2,820,169	\$ 495,568

See accompanying Notes to the Budgetary Comparison Schedules.

City of Lebanon

Budgetary Comparison Schedule – Public Safety Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Sales taxes	\$ 2,000,000	\$ 2,364,925	\$ 2,379,944	\$ 15,019
Intergovernmental revenues	35,583	13,018	13,018	-
Interest income	9	78,574	78,575	1
Miscellaneous	-	1,855	1,856	1
Total Revenues	2,035,592	2,458,372	2,473,393	15,021
Expenditures				
Current				
Public safety	1,841,540	1,555,983	1,686,411	(130,428)
Capital outlay	868,765	325,389	192,159	133,230
Debt service				
Principal, interest and fees	275,497	275,497	275,497	-
Total Expenditures	2,985,802	2,156,869	2,154,067	2,802
<i>Excess (Deficit) of Revenues Over Expenditures</i>	<i>(950,210)</i>	<i>301,503</i>	<i>319,326</i>	<i>17,823</i>
Fund Balance, July 1, as previously reported	2,706,556	2,706,556	2,706,556	-
Aggregate restatement for change in accounting framework	-	-	373,131	373,131
Fund Balance, July 1, as restated	2,706,556	2,706,556	3,079,687	373,131
Fund Balance, June 30	\$ 1,756,346	\$ 3,008,059	\$ 3,399,013	\$ 390,954

See accompanying Notes to the Budgetary Comparison Schedules.

City of Lebanon

Budgetary Comparison Schedule – ARPA Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ -	\$ 628,257	\$ 628,257	\$ -
Interest income	- -	7,530	7,535	5
Total Revenues	- -	635,787	635,792	5
Expenditures				
Capital outlay	- -	454,235	454,228	7
Total Expenditures	- -	454,235	454,228	7
<i>Excess (Deficit) of Revenues Over Expenditures</i>	- -	181,552	181,564	12
Other financing (Uses)				
Transfer (out)	- -	(173,971)	(173,970)	1
<i>Net Change in Fund Balance</i>	- -	7,581	7,594	13
Fund Balance, July 1, as previously reported	23,900	23,900	23,900	- -
Aggregate restatement for change in accounting framework	- -	- -	(1,500)	(1,500)
Fund Balance, July 1, as restated	23,900	23,900	22,400	(1,500)
Fund Balance, June 30	\$ 23,900	\$ 31,481	\$ 29,994	\$ (1,487)

See accompanying Notes to the Budgetary Comparison Schedules.

City of Lebanon

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2024

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July, the City Administrator submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by City Council in late May or early June to obtain taxpayers' comments on the proposed budget.
3. Prior to July 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.

Supplementary Information

City of Lebanon

Combining Balance Sheet – Nonmajor Governmental Funds

Year Ended June 30, 2024

	Special Revenue Funds						
	Parks and Recreation Fund	Capital Improvement Fund	Stormwater Fund	Tourism Fund	Airport Fund	Downtown Business District Fund	
Assets							
Ad valorem taxes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685	\$ 685
Sales taxes receivable	293,111	390,364	97,704	-	-	-	781,179
Other receivables	50	-	23,326	4	2,941	-	26,321
Inventory	-	-	-	-	57,394	-	57,394
Restricted cash and cash equivalents	1,385,361	3,892,402	914,714	84,422	4,215	60,098	6,341,212
Total Assets	\$ 1,678,522	\$ 4,282,766	\$ 1,035,744	\$ 84,426	\$ 64,550	\$ 60,783	\$ 7,206,791
Liabilities							
Accounts payable	\$ 19,494	\$ 51,717	\$ -	\$ -	\$ 58,438	\$ -	\$ 129,649
Accrued expenses	29,330	-	-	2,852	4,403	-	36,585
Customer deposits	-	-	-	-	4,215	-	4,215
Total Liabilities	48,824	51,717	-	2,852	67,056	-	170,449
Fund Balances							
Nonspendable							
Inventory	-	-	-	-	-	57,394	-
Restricted for							
Parks and recreation	1,629,698	-	-	-	-	-	1,629,698
Capital improvements	-	4,231,049	-	-	-	-	4,231,049
Economic development	-	-	-	-	-	60,783	60,783
Stormwater	-	-	1,035,744	-	-	-	1,035,744
Tourism	-	-	-	81,574	-	-	81,574
Unassigned	-	-	-	-	(59,900)	-	(59,900)
Total Fund Balances	1,629,698	4,231,049	1,035,744	81,574	(2,506)	60,783	7,036,342
Total Liabilities and Fund Balances	\$ 1,678,522	\$ 4,282,766	\$ 1,035,744	\$ 84,426	\$ 64,550	\$ 60,783	\$ 7,206,791

City of Lebanon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Fund

June 30, 2024

	Special Revenue Funds						
	Parks and Recreation Fund	Capital Improvement Fund	Stormwater Fund	Tourism Fund	Airport Fund	Downtown Business District Fund	
Revenues							
Taxes	\$ 1,695,791	\$ 2,276,914	\$ 563,484	\$ 148,805	\$ -	\$ 28,516	\$ 4,713,510
Intergovernmental revenues	1,654	-	237,024	60,256	5,960	-	304,894
Charges for services	184,741	-	-	-	611,718	6,801	803,260
Interest income	36,891	88,907	11,840	-	-	-	137,638
Miscellaneous	35,467	-	-	65	495	3,644	39,671
Total Revenues	1,954,544	2,365,821	812,348	209,126	618,173	38,961	5,998,973
Expenditures							
Current							
Stormwater	-	-	2,690	-	-	-	2,690
Parks and recreation	1,206,281	-	-	-	-	-	1,206,281
Tourism	-	-	-	299,985	-	-	299,985
Airport	-	-	-	-	818,433	-	818,433
Economic development	-	-	-	-	-	43,911	43,911
Capital outlay	572,962	924,965	450,290	-	248,746	29,150	2,226,113
Debt service							
Principal, interest and fees	-	544,490	-	-	-	-	544,490
Total Expenditures	1,779,243	1,469,455	452,980	299,985	1,067,179	73,061	5,141,903
Excess (Deficit) of Revenues Over Expenditures	175,301	896,366	359,368	(90,859)	(449,006)	(34,100)	857,070
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	99,616	433,558	15,000	548,174
Operating transfers (out)	-	(256,945)	-	-	-	-	(256,945)
Total Other Financing Sources (Uses)	-	(256,945)	-	99,616	433,558	15,000	291,229
Net Changes in Fund Balances	175,301	639,421	359,368	8,757	(15,448)	(19,100)	1,148,299
Fund Balance, July 1, as previously reported	1,246,906	3,201,088	584,481	75,599	-	79,883	5,187,957
Aggregate restatement for change in accounting framework	207,491	390,540	91,895	(2,782)	12,942	-	700,086
Fund Balance, July 1, as restated	1,454,397	3,591,628	676,376	72,817	12,942	79,883	5,888,043
Fund Balance, June 30	\$ 1,629,698	\$ 4,231,049	\$ 1,035,744	\$ 81,574	\$ (2,506)	\$ 60,783	\$ 7,036,342

City of Lebanon

Combining Statement of Net Position – Internal Service Funds

Year Ended June 30, 2024

	Community Development Fund	Employee Benefits Fund	Service Fund	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ -	\$ 1,206,752	\$ -	\$ 1,206,752
Inventory	201,465	-	3,750	205,215
Total Current Assets	201,465	1,206,752	3,750	1,411,967
Noncurrent Assets				
Capital assets				
Nondepreciable	1,292,736	-	-	1,292,736
Depreciable, net	153,499	-	652,046	805,545
Total Noncurrent Assets	1,446,235	-	652,046	2,098,281
Total Assets	1,647,700	1,206,752	655,796	3,510,248
Deferred Outflows of Resources				
Deferred pension outflow	69,719	-	104,472	174,191
Liabilities				
Current Liabilities				
Accounts payable	-	85,567	-	85,567
Accrued expenses	13,656	13,405	31,109	58,170
Due to others	-	229,121	-	229,121
Total Current Liabilities	13,656	328,093	31,109	372,858
Noncurrent Liabilities				
Compensated absences payable	11,855	-	35,499	47,354
Net pension liability	83,947	-	128,570	212,517
Total Noncurrent Liabilities	95,802	-	164,069	259,871
Total Liabilities	109,458	328,093	195,178	632,729
Deferred Inflows of Resources				
Deferred pension inflow	3,578	-	7,837	11,415
Net Position Restricted for				
Net investment in capital assets	1,446,235	-	652,046	2,098,281
Unrestricted	158,148	878,659	(94,793)	942,014
Total Net Position	\$ 1,604,383	\$ 878,659	\$ 557,253	\$ 3,040,295

City of Lebanon

Combining Statement of Revenues, Expenditures, and Changes in Net Position – Internal Service Funds
Year Ended June 30, 2024

	Community Development Fund	Employee Benefits Fund	Service Fund	Total
Operating Revenues				
Charges for services	\$ 884,181	\$ 4,042,783	\$ 1,213,319	\$ 6,140,283
Miscellaneous	353	-	1,223	1,576
Total Operating Revenues	<u>884,534</u>	<u>4,042,783</u>	<u>1,214,542</u>	<u>6,141,859</u>
Operating Expenses				
Personnel services	623,552	4,010,554	963,387	5,597,493
Contractual services	59,260	-	43,802	103,062
Purchased services	28,918	-	66,421	95,339
Repairs and maintenance	7,719	-	29,406	37,125
Supplies	33,469	-	81,411	114,880
Insurance	2,897	-	22,589	25,486
Depreciation	12,366	-	80,722	93,088
Total Operating Expenses	<u>768,181</u>	<u>4,010,554</u>	<u>1,287,738</u>	<u>6,066,473</u>
<i>Operating Income (Loss)</i>	<i>116,353</i>	<i>32,229</i>	<i>(73,196)</i>	<i>75,386</i>
Nonoperating Revenues (Expenses)				
Interest income	-	32,564	-	32,564
Gain on sale of assets	-	-	2,790	2,790
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>32,564</u>	<u>2,790</u>	<u>35,354</u>
<i>Income (Loss) Before Transfers</i>	<i>116,353</i>	<i>64,793</i>	<i>(70,406)</i>	<i>110,740</i>
Transfers In (Out)	396,977	-	5,044	402,021
<i>Change in Net Position</i>	<i>513,330</i>	<i>64,793</i>	<i>(65,362)</i>	<i>512,761</i>
Fund Balance, July 1, as previously reported	1,123,894	1,118,776	673,983	2,916,653
Aggregate restatement for change in accounting framework	(32,841)	(304,910)	(51,368)	(389,119)
Fund Balance, July 1, as restated	1,091,053	813,866	622,615	2,527,534
Fund Balance, June 30	<u>\$ 1,604,383</u>	<u>\$ 878,659</u>	<u>\$ 557,253</u>	<u>\$ 3,040,295</u>

City of Lebanon

Combining Statement of Cash Flows – Internal Service Funds

Year Ended June 30, 2024

	Community Development Fund	Employee Benefits Fund	Service Fund	Total
Cash Flows from Operating Activities				
Cash received from customers	\$ 173,331	\$ -	\$ -	\$ 173,331
Cash received from interfund charges	711,203	4,042,783	1,214,542	5,968,528
Cash paid to suppliers	(262,383)	-	(244,400)	(506,783)
Cash paid to employees	(630,751)	(3,994,556)	(959,953)	(5,585,260)
Net Cash Provided (Used) by Operating Activities	(8,600)	48,227	10,189	49,816
Cash Flows from Noncapital Financing Activities				
Transfers in	396,977	-	5,044	402,021
Net Cash Provided by Cash Flows from Noncapital Financing Activities	396,977	-	5,044	402,021
Cash Flows from Capital and Related Financing Activities				
Purchase of fixed assets	(388,697)	-	(30,474)	(419,171)
Proceeds from sale of assets	-	-	2,791	2,791
Net Cash (Used) by Capital and Related Financing Activities	(388,697)	-	(27,683)	(416,380)
Cash Flows from Investing Activities				
Interest received on investments	-	32,564	-	32,564
Net Cash Provided by Investing Activities	-	32,564	-	32,564
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(320)</i>	<i>80,791</i>	<i>(12,450)</i>	<i>68,021</i>
Cash and Cash Equivalents, Beginning of year	320	1,125,961	12,450	1,138,731
Cash and Cash Equivalents, End of year	-	1,206,752	-	1,206,752
Less Restricted Cash and Cash Equivalents	-	-	-	-
Unrestricted Cash and Cash Equivalents	\$ -	\$ 1,206,752	\$ -	\$ 1,206,752
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 116,353	\$ 32,229	\$ (73,196)	\$ 75,386
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	12,366	-	80,722	93,088
(Increase) decrease in				
Inventory	(121,375)	-	(771)	(122,146)
Deferred pension outflows	(38,385)	-	(52,597)	(90,982)
Increase (decrease) in				
Accounts payable	(8,745)	437	-	(8,308)
Accrued expenses	(2,288)	13,405	9,175	20,292
Due to others	-	2,156	-	2,156
Compensated absences	3,703	-	6,064	9,767
Net pension liability	36,483	-	49,990	86,473
Deferred pension inflows	(6,712)	-	(9,198)	(15,910)
Net Cash Provided (Used) by Operating Activities	\$ (8,600)	\$ 48,227	\$ 10,189	\$ 49,816

Other Reporting Requirements



**Independent Auditors' 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***

Honorable Mayor and City Council
City of Lebanon
Lebanon, 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lebanon, Missouri, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lebanon, Missouri's basic financial statements, and have issued our report thereon, dated December 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lebanon, 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 the City of Lebanon, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lebanon, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lebanon, 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 Lebanon, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 18, 2024



Honorable Mayor and City Council
City of Lebanon
Lebanon, Missouri

In planning and performing our audit of the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lebanon, Missouri, for the year ended June 30, 2024, we considered the City's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition to the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The City continue to evaluate its cybersecurity risks and take any further steps necessary to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

2. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may affect the City in future years.

GASB Statement No. 101 – *Compensated Absences* – updates the definition of what compensated absences consist of and amends certain previously required disclosures. The City will need to review this new standard to determine which types of leave and earnings meet the definition of a compensated absence and implement necessary software or calculation sheets for accurate reporting. The City should review and amend, if necessary, its policy for the calculation of compensated absences. This statement is effective for the fiscal year ending June 30, 2025.

GASB Statement No 102 – *Certain Risk Disclosures* – provides definitions of *concentration* and *constraint* in order to provide more clarity about required disclosures. This new statement requires cities to asses and disclose information about certain risks they face due to known concentrations and constraints which makes the City vulnerable to the risk of a substantial impact or an event, or events, that could cause substantial impact to the inflow of resources or outflow of resources and those which may limit the City's ability to acquire resources or control spending. This statement is effective for fiscal years ending June 30, 2025.

GASB Statement No. 103 – *Financial Reporting Model Improvements* – changes and improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Improvements and notable changes that affect cities are made for unusual or infrequent items, presentation of major component units, and budgetary comparison information. This statement is effective for fiscal years ending June 30, 2026, and all reporting periods thereafter. Earlier application is encouraged.

We Recommend:

Management review the above accounting standards prior to their effective date to determine best practices needed for successful implementation.

3. Internal Controls

As the City evolves and policies and procedures change, the City should periodically conduct a review of its internal control procedures to determine if any changes are necessary in order to protect the City's assets.

We Recommend:

Management conduct a review of the City's internal control procedures to determine opportunities for strengthening safeguards over the City's assets. The City may want to consider conducting reviews of cash management, computer information systems, mail distribution procedures, purchasing procedures, new vendor procedures and other areas the City considers necessary.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the City's administrative personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as the City of Lebanon, Missouri's independent auditor and the courtesies and assistance extended to us by the City's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 18, 2024



Honorable Mayor and City Council
City of Lebanon
Lebanon, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lebanon, Missouri, for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lebanon, Missouri, are described in Note 1 to the financial statements. The City adopted the provisions of GASB Statement 100 – *Accounting Changes and Error Corrections*, during the year ended June 30, 2024. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the business-type activities' financial statements was management's estimate of the allowance for doubtful accounts is based on historical utility revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following areas identified for adjustment as a result of audit procedures were corrected by management.

- Customer deposit allocation
- Net pension liability and activity
- Capital asset allocation

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the pension schedules, the budgetary comparison schedules and the Management's Discussion and Analysis, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Lebanon, Missouri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 18, 2024