

City of Mt. Vernon, Missouri

Basic Financial Statements
Year Ended December 31, 2023

KPM
CPAS & ADVISORS

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Honorable Mayor and Board of Aldermen
City of Mt. Vernon
Mt. Vernon, 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, and each major fund of the City of Mt. Vernon, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Mt. Vernon, Missouri as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 Mt. Vernon, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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, pension information and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2024, on our consideration of the City of Mt. Vernon, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City of Mt. Vernon, Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and slightly slanted to the right.

KPM CPAs, PC
Springfield, Missouri
April 2, 2024

Management's Discussion and Analysis

City of Mt. Vernon

Management's Discussion and Analysis

December 31, 2023

The Management's Discussion and Analysis of the City of Mt. Vernon's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$1,534,834 as a result of current year activities. The net position of the City's business-type activities increased by \$1,018,984 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2023, by \$39,108,216 (net position). Of this amount \$19,669,485 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$1,372,798 primarily due to principal payments on debt.

Using this Report

This 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, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period'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 them. 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 one indicator 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 sources 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 electric, water, and sewer services are provided here.

City of Mt. Vernon

Management's Discussion and Analysis

December 31, 2023

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. However, the Board of Aldermen establishes 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 period-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 a reconciliation following the fund financial statements.

Enterprise 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 enterprise funds. Enterprise 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 Mt. Vernon

Management's Discussion and Analysis

December 31, 2023

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2023 and 2022:

	Governmental Activities	Business-Type Activities	Total December 31, 2023	Total December 31, 2022
Assets				
Current and other assets	\$ 10,852,493	\$ 12,792,624	\$ 23,645,117	\$ 26,570,019
Net pension asset	683,289	255,745	939,034	1,124,781
Capital assets	15,205,760	11,988,789	27,194,549	23,749,776
	<u>26,741,542</u>	<u>25,037,158</u>	<u>51,778,700</u>	<u>51,444,576</u>
Deferred Outflow of Resources				
Deferred pension outflows	171,818	45,032	216,850	153,345
Liabilities				
Other liabilities	831,686	1,125,023	1,956,709	2,630,392
Long-term liabilities	7,617,489	3,139,416	10,756,905	12,129,703
	<u>8,449,175</u>	<u>4,264,439</u>	<u>12,713,614</u>	<u>14,760,095</u>
Deferred Inflow of Resources				
Deferred pension inflows	<u>108,975</u>	<u>64,745</u>	<u>173,720</u>	<u>283,428</u>
Net Position				
Net investment in capital assets	9,888,920	7,966,049	17,854,969	16,236,754
Restricted	1,000,814	582,949	1,583,763	1,621,665
Unrestricted	7,465,476	12,204,008	19,669,484	18,695,979
	<u>\$ 18,355,210</u>	<u>\$ 20,753,006</u>	<u>\$ 39,108,216</u>	<u>\$ 36,554,398</u>

Total net position of the City increased by \$2,553,818 for the year due to current year activity. Total liabilities for the City have decreased by \$2,046,481. Restricted net position of the City totaled \$1,583,763 as of December 31, 2023.

City of Mt. Vernon

Management's Discussion and Analysis

December 31, 2023

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2023	Total Year Ended December 31, 2022
Revenues and Transfers				
Program Revenues				
Charges for services	\$ 454,026	\$ 8,904,900	\$ 9,358,926	\$ 9,420,130
Operating grants and contributions	139,468	-	139,468	110,692
Capital grants and contributions	200,000	740,980	940,980	-
General Revenues				
Sales taxes	3,125,881	-	3,125,881	2,732,123
Motor vehicle and gas taxes	231,004	-	231,004	218,892
Other taxes	47,511	-	47,511	44,057
Franchise fees	166,251	-	166,251	157,254
Payment in lieu of tax	894,665	-	894,665	871,859
Interest	553,089	610,347	1,163,436	499,115
Other revenue	11,595	10,000	21,595	59,874
Transfers	(521,500)	521,500	-	-
Total Revenues and Transfers	5,301,990	10,787,727	16,089,717	14,113,996
Expenses				
Administrative	382,336	-	382,336	287,736
Police	791,567	-	791,567	738,555
Municipal court	54,931	-	54,931	53,588
Animal control	2,924	-	2,924	4,592
Parks	473,411	-	473,411	238,333
Community center	150,389	-	150,389	142,205
Street	1,126,573	-	1,126,573	1,231,409
Planning and zoning	81,800	-	81,800	79,619
Transportation	73,612	-	73,612	91,218
Airport	18,102	-	18,102	21,798
Golf	306,502	-	306,502	311,775
Economic development	19,804	-	19,804	29,501
Industrial development	6,749	-	6,749	7,342
Debt service	278,456	-	278,456	458,666
Electric	-	7,624,003	7,624,003	6,481,032
Water	-	1,041,550	1,041,550	984,335
Sewer	-	1,103,190	1,103,190	1,100,096
Total Expenses	3,767,156	9,768,743	13,535,899	12,261,800
Changes in Net Position	\$ 1,534,834	\$ 1,018,984	\$ 2,553,818	\$ 1,852,196

City of Mt. Vernon

Management's Discussion and Analysis

December 31, 2023

Governmental Activities

Governmental activities increased the net position of the City by \$1,534,834. Tax revenues for the City were \$4,465,312, which represents 77% of the funding of these activities. Program and other revenues for the functions totaled \$1,358,178, or 23% of the funding. 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 Mt. Vernon's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administrative	\$ 382,336	\$ 147,813
Police	791,567	735,841
Municipal court	54,931	54,931
Animal control	2,924	2,737
Parks	473,411	421,576
Community center	150,389	133,564
Street	1,126,573	926,573
Planning and zoning	81,800	66,264
Transportation	73,612	(28,536)
Airport	18,102	8,996
Golf	306,502	198,894
Economic development	19,804	19,804
Industrial development	6,749	6,749
Debt service	278,456	278,456
	<u>\$ 3,767,156</u>	<u>\$ 2,973,662</u>

Business-Type Activities

Business-type activities increased the City's net position by \$1,018,984. Last year the business-type activities increased net position by \$1,212,399.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2023, were \$10,571,649. The General Fund decreased by \$1,771,689. The Capital Improvement Sales Tax Fund increased by \$64,216. The Industrial Development Fund decreased by \$544,995. The ARPA Fund increased by \$34,453.

City of Mt. Vernon

Management's Discussion and Analysis

December 31, 2023

General Fund Budgetary Highlights

Differences between the original and the final amended budget can be summarized as follows:

- The original revenue budget of \$4,727,368 was increased to \$5,158,111 to reflect actual revenues.
- The original expenditures budget of \$10,430,756 was decreased to \$6,929,800 to reflect actual expenditures.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$15,205,760 (net of accumulated depreciation) as of December 31, 2023. This represents a \$3,229,173 increase from the prior year primarily due to the park, pool and street projects in process for \$3,484,152, land for \$590,000, buildings for \$49,819, infrastructure improvements for \$115,821 and equipment purchases of \$32,676. Capital assets for business-type activities were \$11,988,789 as of December 31, 2023. This represents an increase of \$215,600 due to additions of \$1,491,424 and depreciation on assets of \$871,590.

Debt

Total debt of the governmental activities as of December 31, 2023, consists of the Series 2021 Certificates of Participation and Series 2022 Certificates of Participation in the amounts of \$494,534 and \$7,506,087 respectively.

Total debt of the business-type activities as of December 31, 2023, was \$4,029,740. This consists of \$2,387,963 in Series 2008 Revenue Bonds, \$1,334,345 in Series 2021 Certificates of Participation and \$307,432 in Series 2022 Certificates of Participation.

Economic Factors and Next Year's Budget

Economic factors that will influence the local economy and the City's 2024 budget include the continuing effects of inflation on industries and businesses, and the price of consumer products for families. Local business activity continues to be strong and has a positive effect on employment availability and sale tax revenue. Residential development has increased with several new single-family homes being constructed throughout the community and an ongoing development of a forty-two (42) town homes complex. The following governmental facilities are in various stages of development and will continue to have a positive influence on the economy. These facilities include, The Lawrence County Law Enforcement Center, The Lawrence County Health Department, the Spirit of '76 Park Expansion and the Hickory Street Sidewalk Project.

Contacting the City's Financial Management

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

City of Mt. Vernon
109 N. Hickory, P.O. Box 70
Mt. Vernon, MO 65712
(417) 466-2122

Jason Haymes, Mayor
Joe Kelley, City Administrator
April Hale, City Clerk
Shari Weldy, Treasurer

City of Mt. Vernon

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 6,883,213	\$ 9,654,980	\$ 16,538,193
Investments	220,970	804,313	1,025,283
Interest receivable	3,860	6,276	10,136
Taxes receivable	640,173	-	640,173
Utilities receivable, net	-	1,315,431	1,315,431
Intergovernmental receivable	47,448	-	47,448
Other receivable	7,844	-	7,844
Prepaid expenses	22,161	3,066	25,227
Inventory	-	314,197	314,197
Noncurrent			
Restricted cash and cash equivalents	3,026,824	694,361	3,721,185
Net pension asset	683,289	255,745	939,034
Capital Assets			
Non-depreciable	2,224,113	209,683	2,433,796
Depreciable, net	12,981,647	11,779,106	24,760,753
Total Assets	26,741,542	25,037,158	51,778,700
Deferred Outflow of Resources			
Deferred pension outflows	171,818	45,032	216,850

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current			
Accounts payable	65,024	-	65,024
Accrued expenses	38,385	31,078	69,463
Deposits payable	-	104,412	104,412
Unearned revenue	177,435	-	177,435
Accrued interest payable	56,898	73,477	130,375
Current portion of long-term debt	493,944	916,056	1,410,000
	<u>831,686</u>	<u>1,125,023</u>	<u>1,956,709</u>
Noncurrent			
Compensated absences payable	110,812	25,732	136,544
Revenue bonds payable, net	-	2,012,963	2,012,963
Certificates of participation payable, net	7,506,677	1,100,721	8,607,398
	<u>7,617,489</u>	<u>3,139,416</u>	<u>10,756,905</u>
Total Liabilities	<u>8,449,175</u>	<u>4,264,439</u>	<u>12,713,614</u>
Deferred Inflow of Resources			
Deferred pension inflows	<u>108,975</u>	<u>64,745</u>	<u>173,720</u>
Net Position			
Net investment in capital assets	9,888,920	7,966,049	17,854,969
Restricted	1,000,814	582,949	1,583,763
Unrestricted	7,465,476	12,204,008	19,669,484
Total Net Position	<u>\$ 18,355,210</u>	<u>\$ 20,753,006</u>	<u>\$ 39,108,216</u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (382,336)	\$ 234,523	\$ -	\$ -	\$ (147,813)	\$ -	\$ (147,813)
Police	(791,567)	19,434	36,292	-	(735,841)	-	(735,841)
Municipal court	(54,931)	-	-	-	(54,931)	-	(54,931)
Animal control	(2,924)	187	-	-	(2,737)	-	(2,737)
Parks	(473,411)	42,835	9,000	-	(421,576)	-	(421,576)
Community center	(150,389)	16,825	-	-	(133,564)	-	(133,564)
Street	(1,126,573)	-	-	200,000	(926,573)	-	(926,573)
Planning and zoning	(81,800)	15,536	-	-	(66,264)	-	(66,264)
Transportation	(73,612)	7,972	94,176	-	28,536	-	28,536
Airport	(18,102)	9,106	-	-	(8,996)	-	(8,996)
Golf	(306,502)	107,608	-	-	(198,894)	-	(198,894)
Economic development	(19,804)	-	-	-	(19,804)	-	(19,804)
Industrial development	(6,749)	-	-	-	(6,749)	-	(6,749)
Debt service	(278,456)	-	-	-	(278,456)	-	(278,456)
Total Governmental Activities	(3,767,156)	454,026	139,468	200,000	(2,973,662)	-	(2,973,662)
Business-type activities							
Electric	(7,624,003)	6,666,884	-	-	-	(957,119)	(957,119)
Water	(1,041,550)	1,094,033	-	-	-	52,483	52,483
Sewer	(1,103,190)	1,143,983	-	740,980	-	781,773	781,773
Total Business-Type Activities	(9,768,743)	8,904,900	-	740,980	-	(122,863)	(122,863)
Total Government	\$ (13,535,899)	\$ 9,358,926	\$ 139,468	\$ 940,980	(2,973,662)	(122,863)	(3,096,525)
General Revenues							
Sales taxes					3,125,881	-	3,125,881
Motor vehicle taxes					231,004	-	231,004
Other taxes					47,511	-	47,511
Franchise fees					166,251	-	166,251
Payment in lieu of tax					894,665	-	894,665
Interest					553,089	610,347	1,163,436
Other revenue					11,595	10,000	21,595
Transfers					(521,500)	521,500	-
Total General Revenues and Transfers					4,508,496	1,141,847	5,650,343
<i>Changes in Net Position</i>					<i>1,534,834</i>	<i>1,018,984</i>	<i>2,553,818</i>
Net Position, Beginning of year, as restated					16,820,376	19,734,022	36,554,398
Net Position, End of year					\$ 18,355,210	\$ 20,753,006	\$ 39,108,216

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Balance Sheet – Governmental Funds

December 31, 2023

	General Fund	Special Revenue Funds			Total Governmental Funds
		Capital Improvement Sales Tax Fund	Industrial Development Fund	ARPA Fund	
Assets					
Cash and cash equivalents - unrestricted	\$ 5,618,525	\$ 515,706	\$ 699,020	\$ 49,962	\$ 6,883,213
Investments - unrestricted	-	220,970	-	-	220,970
Taxes receivable	545,503	94,670	-	-	640,173
Intergovernmental receivable	47,448	-	-	-	47,448
Other receivable	7,844	-	-	-	7,844
Interest receivable	-	3,860	-	-	3,860
Prepaid expenses	22,161	-	-	-	22,161
Restricted cash and cash equivalents	2,849,389	-	-	177,435	3,026,824
Total Assets	<u>\$ 9,090,870</u>	<u>\$ 835,206</u>	<u>\$ 699,020</u>	<u>\$ 227,397</u>	<u>\$10,852,493</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 65,024	\$ -	\$ -	\$ -	\$ 65,024
Accrued expenses	38,385	-	-	-	38,385
Unearned revenue	-	-	-	177,435	177,435
Total Liabilities	<u>103,409</u>	<u>-</u>	<u>-</u>	<u>177,435</u>	<u>280,844</u>
Fund Balances					
Nonspendable					
Prepaid expenses	22,161	-	-	-	22,161
Restricted for					
Park construction projects	2,683,781	-	-	-	2,683,781
Playground equipment	5,644	-	-	-	5,644
Park sales tax	159,964	-	-	-	159,964
Capital improvements	-	835,206	-	-	835,206
Committed to					
Debt service	115,582	-	-	-	115,582
Assigned to					
Industrial development	-	-	699,020	-	699,020
Capital outlay	480,000	-	-	-	480,000
Economic development	305,684	-	-	-	305,684
ARPA	-	-	-	49,962	49,962
Unassigned	5,214,645	-	-	-	5,214,645
Total Fund Balances	<u>8,987,461</u>	<u>835,206</u>	<u>699,020</u>	<u>49,962</u>	<u>10,571,649</u>
Total Liabilities and Fund Balances	<u>\$ 9,090,870</u>	<u>\$ 835,206</u>	<u>\$ 699,020</u>	<u>\$ 227,397</u>	<u>\$10,852,493</u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2023

Fund balance - total governmental funds	\$ 10,571,649
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	50,348,260
Less accumulated depreciation	<u>(35,142,500)</u>
	15,205,760
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	683,289
Deferred outflows due to pension	171,818
Deferred inflows due to pension	<u>(108,975)</u>
	746,132
Compensated absences are not accrued in the governmental funds, but rather are recognized as an expenditure when paid	(110,812)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(56,898)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(8,000,621)</u>
Net Position of Governmental Activities	<u><u>\$ 18,355,210</u></u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

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

Year Ended December 31, 2023

		Special Revenue Funds				
	General Fund	Capital Improvement Sales Tax Fund	Industrial Development Fund	ARPA Fund	Total Governmental Funds	
Revenues						
Taxes	\$ 3,909,838	\$ 555,475	\$ -	\$ -	\$ 4,465,313	
Licenses and permits	22,177	-	-	-	22,177	
Intergovernmental revenues	330,469	-	-	-	330,469	
Charges for services	412,415	-	-	-	412,415	
Fines and forfeitures	18,355	-	-	-	18,355	
Miscellaneous	464,857	30,241	45,210	34,453	574,761	
Total Revenues	5,158,111	585,716	45,210	34,453	5,823,490	
Expenditures						
Current						
Administrative	354,297	-	-	-	354,297	
Police	804,233	-	-	-	804,233	
Municipal court	55,838	-	-	-	55,838	
Animal control	2,924	-	-	-	2,924	
Parks	3,519,389	-	-	-	3,519,389	
Community center	128,827	-	-	-	128,827	
Street	842,488	-	-	-	842,488	
Planning and zoning	84,468	-	-	-	84,468	
Transportation	67,539	-	-	-	67,539	
Airport	6,556	-	-	-	6,556	
Golf	276,897	-	-	-	276,897	
Economic development	20,480	-	-	-	20,480	
Industrial development	-	-	590,205	-	590,205	
Debt service						
Principal, interest and fees	765,864	-	-	-	765,864	
Total Expenditures	6,929,800	-	590,205	-	7,520,005	
Excess (Deficit) of Revenues Over Expenditures	(1,771,689)	585,716	(544,995)	34,453	(1,696,515)	
Other Financing Sources (Uses)						
Operating transfers in (out)	-	(521,500)	-	-	(521,500)	
Net Change in Fund Balances	(1,771,689)	64,216	(544,995)	34,453	(2,218,015)	
Fund Balance, January 1, as restated	10,759,150	770,990	1,244,015	15,509	12,789,664	
Fund Balance, December 31	\$ 8,987,461	\$ 835,206	\$ 699,020	\$ 49,962	\$ 10,571,649	

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

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

Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ (2,218,015)
--	----------------

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense.

Capital outlay	4,272,465
Depreciation	(1,043,292)
	<u>3,229,173</u>

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	59,041
Change in compensated absences	(22,773)
	<u>36,268</u>

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	484,342
Discount on debt issuance	(3,395)
Premium on debt issuance	3,974
Change in accrued interest payable	2,487
	<u>487,408</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,534,834</u></u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Statement of Net Position – Proprietary Funds

December 31, 2023

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,745,014	\$ 2,013,132	\$ 1,896,834	\$ 9,654,980
Investments	580,201	224,112	-	804,313
Interest receivable	2,361	3,915	-	6,276
Utilities receivable, net	954,028	166,644	194,759	1,315,431
Prepaid expenses	1,357	1,709	-	3,066
Inventory	255,606	58,591	-	314,197
Total Current Assets	7,538,567	2,468,103	2,091,593	12,098,263
Noncurrent Assets				
Restricted Cash and cash equivalents	104,412	-	589,949	694,361
Net pension asset	164,509	91,236	-	255,745
Capital Assets				
Non-depreciable	155,875	-	53,808	209,683
Depreciable, net	3,031,628	2,463,021	6,284,457	11,779,106
Total Capital Assets	3,187,503	2,463,021	6,338,265	11,988,789
Total Noncurrent Assets	3,456,424	2,554,257	6,928,214	12,938,895
Total Assets	10,994,991	5,022,360	9,019,807	25,037,158
Deferred Outflow of Resources				
Deferred pension outflows	27,698	17,334	-	45,032

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Statement of Net Position – Proprietary Funds

December 31, 2023

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
Liabilities				
Current Liabilities				
Accrued expenses	23,842	7,236	-	31,078
Utility deposits	104,412	-	-	104,412
Accrued interest payable	1,141	3,130	69,206	73,477
Current maturities of long-term debt	141,832	336,693	437,531	916,056
Total Current Liabilities	271,227	347,059	506,737	1,125,023
Long-Term Liabilities				
Compensated absences payable	9,183	16,549	-	25,732
Revenue bonds payable, net	-	-	2,012,963	2,012,963
Certificates of participation payable, net	304,525	656,486	139,710	1,100,721
Total Long-Term Liabilities	313,708	673,035	2,152,673	3,139,416
Total Liabilities	584,935	1,020,094	2,659,410	4,264,439
Deferred Inflow of Resources				
Deferred pension inflows	50,920	13,825	-	64,745
Net Position				
Net investment in capital assets	2,741,146	1,469,842	3,755,061	7,966,049
Restricted	-	-	582,949	582,949
Unrestricted	7,645,688	2,535,933	2,022,387	12,204,008
Total Net Position	\$ 10,386,834	\$ 4,005,775	\$ 6,360,397	\$ 20,753,006

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

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

Year Ended December 31, 2023

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Operating Revenues				
Charges for services	\$ 6,660,293	\$ 1,094,012	\$ 1,143,898	\$ 8,898,203
Miscellaneous	6,591	21	85	6,697
Total Operating Revenues	<u>6,666,884</u>	<u>1,094,033</u>	<u>1,143,983</u>	<u>8,904,900</u>
Operating Expenses				
Salaries and wages	315,444	183,796	3,420	502,660
Employee benefits	127,461	103,170	-	230,631
Gas and oil	13,918	10,801	1,928	26,647
Materials and supplies	213	59,259	19,213	78,685
Insurance	44,889	28,009	22,723	95,621
Power purchased	5,724,750	-	-	5,724,750
Payment in lieu of tax	656,553	115,723	122,389	894,665
Telephone and utilities	5,554	6,099	3,225	14,878
Repairs and maintenance	231,578	119,189	102,760	453,527
Professional fees	5,146	5,731	112,316	123,193
Other expenses	40,439	27,472	3,648	71,559
Depreciation	287,319	210,876	373,395	871,590
Administrative	162,000	153,500	181,500	497,000
Total Operating Expenses	<u>7,615,264</u>	<u>1,023,625</u>	<u>946,517</u>	<u>9,585,406</u>
<i>Operating Income (Loss)</i>	(948,380)	70,408	197,466	(680,506)
Nonoperating Revenues (Expenses)				
Interest income	328,645	89,365	192,337	610,347
Nonoperating revenue	-	10,000	-	10,000
Interest and fees expense	(8,739)	(17,925)	(156,673)	(183,337)
Total Nonoperating Revenues (Expenses)	<u>319,906</u>	<u>81,440</u>	<u>35,664</u>	<u>437,010</u>
<i>Income (Loss) Before Contributions and Transfers</i>	(628,474)	151,848	233,130	(243,496)
Capital Contributions - Federal Source	-	-	740,980	740,980
Operating Transfers In	-	183,156	338,344	521,500
<i>Changes in Net Position</i>	(628,474)	335,004	1,312,454	1,018,984
Net Position, January 1, as restated	11,015,308	3,670,771	5,047,943	19,734,022
Net Position, December 31	<u>\$ 10,386,834</u>	<u>\$ 4,005,775</u>	<u>\$ 6,360,397</u>	<u>\$ 20,753,006</u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2023

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities				
Cash received from customers	\$ 7,297,573	\$ 1,065,477	\$ 1,101,459	\$ 9,464,509
Cash paid to suppliers	(6,891,961)	(514,895)	(569,702)	(7,976,558)
Cash paid to employees	(409,846)	(247,110)	(3,420)	(660,376)
Net Cash Provided (Used) by Operating Activities	(4,234)	303,472	528,337	827,575
Cash Flows from Noncapital Financing Activities				
Operating transfers in	-	183,156	338,344	521,500
Nonoperating revenue	-	10,000	-	10,000
Net Cash Provided (Used) by Noncapital Financing Activities	-	193,156	338,344	531,500
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(235,872)	(59,382)	(791,936)	(1,087,190)
Grant proceeds	-	-	740,980	740,980
Payment of bond principal	-	-	(367,326)	(367,326)
Payment of certificates of participation principal	(139,494)	(331,100)	(61,420)	(532,014)
Payment of interest and fees expense	(8,905)	(18,595)	(167,852)	(195,352)
Net Cash Provided (Used) by Capital and Related Financing Activities	(384,271)	(409,077)	(647,554)	(1,440,902)
Cash Flows from Investing Activities				
Interest received	328,481	86,648	192,337	607,466
Purchase of investments	(25,353)	(2,161)	-	(27,514)
Net Cash Provided (Used) by Investing Activities	303,128	84,487	192,337	579,952
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(85,377)	172,038	411,464	498,125
Cash and Cash Equivalents, Beginning of year, as restated	5,934,803	1,841,094	2,075,319	9,851,216
Cash and Cash Equivalents, End of year	5,849,426	2,013,132	2,486,783	10,349,341
Less Restricted Cash and Cash Equivalents	104,412	-	589,949	694,361
Unrestricted Cash and Cash Equivalents	<u>\$ 5,745,014</u>	<u>\$ 2,013,132</u>	<u>\$ 1,896,834</u>	<u>\$ 9,654,980</u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2023

	Enterprise Funds			
	Electric Fund	Water Fund	Sewer Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (948,380)	\$ 70,408	\$ 197,466	\$ (680,506)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	287,319	210,876	373,395	871,590
(Increase) decrease in				
Utilities receivable	629,398	(28,556)	(42,524)	558,318
Prepaid expenses	(56)	(55)	-	(111)
Inventory	(6,865)	10,943	-	4,078
Net pension asset	49,832	45,999	-	95,831
Deferred pension outflow	3,379	3,119	-	6,498
Increase (decrease) in				
Accrued expenses	(3,216)	866	-	(2,350)
Meter deposits payable	1,291	-	-	1,291
Deferred pension inflow	(15,992)	(14,762)	-	(30,754)
Compensated absences payable	(944)	4,634	-	3,690
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (4,234)</u></u>	<u><u>\$ 303,472</u></u>	<u><u>\$ 528,337</u></u>	<u><u>\$ 827,575</u></u>

See accompanying Notes to the Financial Statements.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

The City operates under a Board of Aldermen/Mayor form of government. The City provides the following services as authorized by its charter: public safety, streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water, sewer and electric 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 City is organized under the laws of the State of Missouri and is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the 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 no other outside entity meets the criteria and therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

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.

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.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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.

Capital Improvement Sales Tax Fund: The Capital Improvement Sales Tax Fund is used to account for the proceeds of specific revenue sources restricted, committed, or assigned for expenditures for specified purposes.

Industrial Development Fund: The Industrial Development Fund is used to account for resources restricted, committed, or assigned for industrial development.

ARPA Fund: The ARPA Fund is used to account for resources restricted, committed, or assigned for the American Rescue Plan Act funding.

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 operations.

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

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

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.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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:

Land improvements	20 years
Electric plant	30 years
Water and sewer systems	30-50 years
Buildings and improvements	50 years
Major moveable equipment	7-15 years
Infrastructure	50 years

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

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, cash equivalents are deposits available on demand or with an original maturity of less than three months at the time of purchase.

Compensated Absences

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

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.

Inventories

Inventories are stated at cost using first in, first out method.

Investments

Investments consist of certificates of deposit with maturities in excess of three months.

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 revenues and expenses are considered nonoperating.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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.

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

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment.

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.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

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

Restricted: This consists of net position that is legally restricted by outside parties or by 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.

Unearned Revenue

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

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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 one item that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan 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 outflow of resources and deferred inflow 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.

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 December 31, 2023, all bank balances on deposit are entirely insured or collateralized.

3. Investments

Investments of the City as of December 31, 2023, consist of the following:

Investment Type	Maturity	Amount
Certificates of Deposit	3/31/2024 - 12/14/2024	\$ 1,025,283

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2023, all certificates of deposit are entirely insured or collateralized with securities.

Custodial Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's Certificates of Deposit are entirely insured or collateralized by a trust department of a bank that does not hold the collateralized deposits.

Interest Rate Risk

The City has no formal policy on interest rate risk.

4. Restricted Assets

Cash and cash equivalents, fund balance and net position have been restricted in the following funds and activities as follows:

	Restricted Cash and Cash Equivalents	Restricted Net Position
General Fund		
Handicap playground equipment	\$ 5,644	\$ 5,644
Park sales tax	159,964	159,964
2022 Certificates of Participation		
Park project funds	2,683,781	-
	<u>\$ 2,849,389</u>	<u>\$ 165,608</u>
Capital Improvement Sales Tax Fund		
Capital improvement sales tax	<u>\$ -</u>	<u>\$ 835,206</u>
ARPA Fund		
American Rescue Plan Act	<u>\$ 177,435</u>	<u>\$ -</u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

	Restricted Cash and Cash Equivalents	Restricted Net Position
Electric Fund		
Customer deposits	\$ 104,412	\$ -
Sewer Fund		
2008 Waterworks and Sewerage System Bonds		
Principal and Interest Funds	\$ 404,140	\$ 404,140
Debt Service Reserve Fund	178,809	178,809
2022 Certificates of Participation		
Project funds	7,000	-
	<u>\$ 589,949</u>	<u>\$ 582,949</u>

5. Accounts Receivable

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

	Accounts Receivable	Allowance	Net Accounts Receivable
Utilities Receivable			
<i>Enterprise Funds</i>			
Electric Fund	\$ 984,028	\$ (30,000)	\$ 954,028
Water Fund	171,644	(5,000)	166,644
Sewer Fund	199,759	(5,000)	194,759
	<u>\$ 1,355,431</u>	<u>\$ (40,000)</u>	<u>\$ 1,315,431</u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

6. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at December 31, 2023, consists of the Series 2021 and 2022 Certificates of Participation and compensated absences.

Series 2021 Certificates of Participation

On September 14, 2021, the City issued \$3,010,000 in Series 2021 Certificates of Participation to refund the Series 2014 and Series 2016 Certificates of Participation for water, sewer, electric and street improvements. \$814,672 of the certificates was recorded as long-term debt within the governmental activities and \$2,195,328 was recorded as long-term debt within the business-type activities. In the event of default, the Trustee may declare all rents payable to be due or may take possession of the property. The Certificates of Participation bear interest ranging from .50% to .80% with interest payments due March 1 and September 1 each year and principal payments due March 1, each year. The annual debt service requirements to amortize the principal on the certificates outstanding at December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 725,000	\$ 10,565	\$ 735,565
2025	730,000	5,835	735,835
2026	410,000	1,640	411,640
	<u>\$ 1,865,000</u>	<u>\$ 18,040</u>	<u>\$ 1,883,040</u>
Governmental Activities	\$ 504,720		
Business-Type Activities			
Electric Fund	354,725		
Water Fund	849,972		
Sewer Fund	155,583		
	<u>\$ 1,865,000</u>		

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

Series 2022 Certificates of Participation

On April 1, 2022, the City issued \$8,040,000 in Series 2022 Certificates of Participation to finance the costs of (1) improving the municipal park, but not limited to improving the City's existing swimming pool and related facilities, adding sports fields, constructing a combination concession/restroom building, improving access and parking, and related site improvements and (2) extending and improving certain City streets. \$7,720,652 of the certificates was recorded as long-term debt within the governmental activities and \$319,348 was recorded as long-term debt within the business-type activities. In the event of default, the Trustee may declare all rents payable to be due or may take possession of the property. The Certificates of Participation bear interest ranging from 3.0 % to 5.0% with interest payments due April 15 and October 15 each year and principal payments due April 15, each year. The annual debt service requirements to amortize the principal on the certificates outstanding at December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 310,000	\$ 270,913	\$ 580,913
2025	315,000	255,288	570,288
2026	325,000	239,288	564,288
2027	335,000	222,788	557,788
2028	345,000	209,238	554,238
2029-2033	1,895,000	880,208	2,775,208
2034-2038	2,200,000	553,790	2,753,790
2039-2042	2,015,000	148,778	2,163,778
	<u>\$ 7,740,000</u>	<u>\$ 2,780,291</u>	<u>\$ 10,520,291</u>
Governmental Activities	\$ 7,432,568		
Business-Type Activities			
Electric Fund	98,266		
Water Fund	159,367		
Sewer Fund	49,799		
	<u>\$ 7,740,000</u>		

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
Certificates of Participation					
Series 2021	\$ 700,978	\$ -	\$ 196,258	\$ 504,720	\$ 196,257
Series 2022	7,720,652	-	288,084	7,432,568	297,687
	8,421,630	-	484,342	7,937,288	493,944
Unamortized Debt Discount	(13,581)	-	3,395	(10,186)	-
Unamortized Premium	77,493	-	(3,974)	73,519	-
	63,912	-	(579)	63,333	-
	8,485,542	-	483,763	8,000,621	493,944
Compensated Absences	88,039	22,773	-	110,812	-
	<u>\$ 8,573,581</u>	<u>\$ 22,773</u>	<u>\$ 483,763</u>	<u>\$ 8,111,433</u>	<u>\$ 493,944</u>

7. Long-Term Debt – Business-Type Activities

The business-type activities long-term debt at December 31, 2023, consists of the 2008 Combined Waterworks and Sewerage System revenue bonds, the Series 2021 and 2022 Certificates of Participation and compensated absences.

Sewer Fund

Series 2008 Combined Waterworks and Sewerage System Revenue Bonds

During 2008, the City issued \$5,715,000 in Combined Waterworks and Sewerage System Revenue Bonds. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents, which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The bonds bear interest at 4.00% to 5.75%. Interest payments are due semi-annually on July 1 and January 1 of each year with principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at .714% of the outstanding principal amount of the revolving fund loan balances. The bonds outstanding at December 31, 2023, are due as follows:

Year Ending December 31,	Direct Placement			Total
	Principal	Interest	Administrative Fee	
2024	\$ 375,000	\$ 126,456	\$ 17,136	\$ 518,592
2025	385,000	105,128	14,459	504,587
2026	395,000	82,944	11,710	489,654
2027	405,000	59,944	8,889	473,833
2028	415,000	36,369	5,998	457,367
2029	425,000	12,219	3,035	440,254
	<u>\$ 2,400,000</u>	<u>\$ 423,060</u>	<u>\$ 61,227</u>	<u>\$ 2,884,287</u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
Electric Fund					
Compensated Absences	\$ 10,127	\$ -	\$ 944	\$ 9,183	\$ -
Certificates of Participation					
Series 2021	492,620	-	137,895	354,725	137,895
Series 2022	102,076	-	3,810	98,266	3,937
	594,696	-	141,705	452,991	141,832
Unamortized Debt Discount	(8,845)	-	(2,211)	(6,634)	-
	585,851	-	139,494	446,357	141,832
Total Electric Fund	595,978	-	140,438	455,540	141,832
Water Fund					
Compensated Absences	11,915	4,634	-	16,549	-
Certificates of Participation					
Series 2021	1,180,282	-	330,310	849,972	330,310
Series 2022	165,544	-	6,177	159,367	6,383
	1,345,826	-	336,487	1,009,339	336,693
Unamortized Debt Discount	(21,547)	-	(5,387)	(16,160)	-
	1,324,279	-	331,100	993,179	336,693
Total Water Fund	1,336,194	4,634	331,100	1,009,728	336,693
Sewer Fund					
Certificates of Participation					
Series 2021	216,120	-	60,537	155,583	60,538
Series 2022	51,728	-	1,929	49,799	1,993
	267,848	-	62,466	205,382	62,531
Unamortized Debt Discount	(4,187)	-	(1,046)	(3,141)	-
	263,661	-	61,420	202,241	62,531
Direct Placement					
Revenue Bonds					
Series 2008	2,770,000	-	370,000	2,400,000	375,000
Unamortized Debt Discount	(14,711)	-	(2,674)	(12,037)	-
	2,755,289	-	367,326	2,387,963	375,000
Total Sewer Fund	3,018,950	-	428,746	2,590,204	437,531
	<u>\$ 4,951,122</u>	<u>\$ 4,634</u>	<u>\$ 900,284</u>	<u>\$ 4,055,472</u>	<u>\$ 916,056</u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

8. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 307,136	\$ 590,000	\$ -	\$ 897,136
Construction in progress	1,900,851	1,227,787	1,801,661	1,326,977
Total Non-depreciable Capital Assets	2,207,987	\$ 1,817,787	\$ 1,801,661	2,224,113
Depreciable Capital Assets				
Land improvements	367,556	\$ -	\$ -	367,556
Building and improvements	2,907,944	49,816	-	2,957,760
Major moveable equipment	1,661,149	52,620	49,326	1,664,443
Infrastructure	38,980,485	4,153,903	-	43,134,388
Total Depreciable Capital Assets	43,917,134	\$ 4,256,339	\$ 49,326	48,124,147
Less Accumulated Depreciation				
Land improvements	260,603	\$ 10,480	\$ -	271,083
Building and improvements	746,686	55,903	-	802,589
Major moveable equipment	1,416,682	77,425	49,326	1,444,781
Infrastructure	31,724,563	899,484	-	32,624,047
Total Accumulated Depreciation	34,148,534	\$ 1,043,292	\$ 49,326	35,142,500
Total Depreciable Capital Assets, net	9,768,600			12,981,647
Total Governmental Activities Capital Assets, net	\$ 11,976,587			\$ 15,205,760

Depreciation expense was charged to functions as follows:

Administrative	\$ 34,509
Police	14,849
Parks	70,022
Street	841,189
Industrial development	6,544
Transportation	6,073
Airport	11,546
Golf	28,516
Community center	30,044
	\$ 1,043,292

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Business-Type Activities				
<i>Electric Fund</i>				
Non-Depreciable Capital Assets				
Land	\$ 155,875	\$ -	\$ -	\$ 155,875
Depreciable Capital Assets				
Electric plant	8,033,271	\$ 235,872	\$ -	8,269,143
Less Accumulated Depreciation				
Electric plant	4,950,196	\$ 287,319	\$ -	5,237,515
Total Depreciable Capital Assets, net	3,083,075			3,031,628
<i>Water Fund</i>				
Non-Depreciable Capital Assets				
Construction in Progress	157,389	\$ -	\$ 157,389	-
Depreciable Capital Assets				
Water plant	6,513,549	\$ 216,771	\$ -	6,730,320
Less Accumulated Depreciation				
Water plant	4,056,423	\$ 210,876	\$ -	4,267,299
Total Depreciable Capital Assets, net	2,457,126			2,463,021
<i>Sewer Fund</i>				
Non-Depreciable Capital Assets				
Land	53,808	\$ -	\$ -	53,808
Construction in Progress	44,728	-	44,728	-
Total Non-Depreciable Capital Assets	98,536	\$ -	\$ 44,728	53,808
Depreciable Capital Assets				
Sewer plant	15,998,382	\$ 836,664	\$ -	16,835,046
Less Accumulated Depreciation				
Sewer plant	10,177,194	\$ 373,395	\$ -	10,550,589
Total Depreciable Capital Assets, net	5,821,188			6,284,457
Total Capital Assets - Business - Type Activities, net	<u>\$ 11,773,189</u>			<u>\$ 11,988,789</u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

9. 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.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police) and receive a reduced allowance.

	2023 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, 2023, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	General	Police
Inactive employees or beneficiaries currently receiving benefits	19	5
Inactive employees entitled to but not yet receiving benefits	12	17
Active employees	18	8
	<u>49</u>	<u>30</u>

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 9.5% (General) and 7.8% (Police) of annual covered payroll.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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

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

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police)
Investment rate of return	7.00% net of investment expenses

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

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2023, 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	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

Discount Rate. The discount 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 Mt. Vernon

Notes to the Financial Statements

December 31, 2023

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
General Division			
Balance at beginning of year	\$ 4,182,178	\$ 4,955,893	\$ (773,715)
Changes for the year			
Service Cost	81,151	-	81,151
Interest on total pension liability	287,366	-	287,366
Difference between expected and actual experiences	(162,445)	-	(162,445)
Benefits paid, including refunds	(237,702)	(237,702)	-
Contributions - employer	-	98,945	(98,945)
Net investment income	-	168,453	(168,453)
Administrative expenses	-	(6,698)	6,698
Other changes	-	(142,147)	142,147
<i>Net changes</i>	<u>(31,630)</u>	<u>(119,149)</u>	<u>87,519</u>
Balances at end of year	4,150,548	4,836,744	(686,196)
Police Division			
Balance at beginning of year	1,859,049	2,210,115	(351,066)
Changes for the year			
Service Cost	35,629	-	35,629
Interest on total pension liability	129,234	-	129,234
Difference between expected and actual experiences	52,844	-	52,844
Contributions - employer	-	36,774	(36,774)
Benefits paid, including refunds	(61,769)	(61,769)	-
Net investment income	-	77,273	(77,273)
Administrative expenses	-	(3,350)	3,350
Other changes	-	8,782	(8,782)
<i>Net changes</i>	<u>155,938</u>	<u>57,710</u>	<u>98,228</u>
Balances at end of year	2,014,987	2,267,825	(252,838)
Total Plan Balances at End of Year	<u>\$ 6,165,535</u>	<u>\$ 7,104,569</u>	<u>\$ (939,034)</u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

The net pension (asset) has been allocated as follows:

Governmental Activities	\$ (683,289)
Business-Type Activities	
Electric Fund	(164,509)
Water Fund	(91,236)
	<u>(255,745)</u>
	<u><u>\$ (939,034)</u></u>

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following present the net pension asset of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net pension asset 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.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 4,698,114	\$ 4,150,548	\$ 3,696,469
Fiduciary Net Position	4,836,744	4,836,744	4,836,744
Net Pension Liability (Asset)	<u>(138,630)</u>	<u>(686,196)</u>	<u>(1,140,275)</u>
Police Division			
Total Pension Liability	2,325,762	2,014,987	1,763,652
Fiduciary Net Position	2,267,825	2,267,825	2,267,825
Net Pension Liability (Asset)	<u>57,937</u>	<u>(252,838)</u>	<u>(504,173)</u>
Total Net Pension Liability (Asset)	<u><u>\$ (80,693)</u></u>	<u><u>\$ (939,034)</u></u>	<u><u>\$ (1,644,448)</u></u>

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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

For the year ended December 31, 2023, the employer recognized pension expense of \$138,183 in the general division and \$4,024 in the police 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
General Division			
Differences between expected and actual experience	\$ 18,630	\$ (145,796)	\$ (127,166)
Assumption changes	-	(27,924)	(27,924)
Net difference between projected and actual earnings on pension plan investments	54,970	-	54,970
Contributions subsequent to the measurement date*	47,225	-	47,225
	<u>120,825</u>	<u>(173,720)</u>	<u>(52,895)</u>
Police Division			
Differences between expected and actual experience	43,326	-	43,326
Net difference between projected and actual earnings on pension plan investments	35,232	-	35,232
Contributions subsequent to the measurement date*	17,467	-	17,467
	<u>96,025</u>	<u>-</u>	<u>96,025</u>
	<u>\$ 216,850</u>	<u>\$ (173,720)</u>	<u>\$ 43,130</u>

Deferred outflows and (inflows) have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
Governmental Activities	\$ 171,818	\$ (108,975)	\$ 62,843
Business-Type Activities			
Electric Fund	27,698	(50,920)	(23,222)
Water Fund	17,334	(13,825)	3,509
	<u>45,032</u>	<u>(64,745)</u>	<u>(19,713)</u>
	<u>\$ 216,850</u>	<u>\$ (173,720)</u>	<u>\$ 43,130</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending December 31, 2024.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

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

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources		
	General	Police	Total
2024	\$ (75,779)	\$ 26,308	\$ (49,471)
2025	(122,310)	(9,271)	(131,581)
2026	64,257	46,167	110,424
2027	33,712	15,354	49,066
	<u>\$ (100,120)</u>	<u>\$ 78,558</u>	<u>\$ (21,562)</u>

Payable to the Pension Plan

At December 31, 2023, the City had no outstanding amounts of contributions to the pension plan required, therefore no payable was reported.

10. 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 public self-insured insurance pool. 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.

11. 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 December 31, 2023, 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.

12. Pledged Revenues

Sewer Fund

The City has pledged future sewer customer revenues to repay the 2008 Combined Waterworks and Sewerage Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2029. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$2,823,060. Principal and interest paid for the current year and total customer net revenues were \$517,131 and \$570,861, respectively. In addition, interest subsidies paid \$97,299 of the total interest expense.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

13. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Improvement Sales Tax Fund	\$ -	\$ 521,500
Water Fund	183,156	-
Sewer Fund	338,344	-
	<u>\$ 521,500</u>	<u>\$ 521,500</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 Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

14. Commitments

At December 31, 2023, the City had the following commitments:

- Branco Enterprises, Inc. for construction services related to the park improvement project in the amount of \$2,602,021.
- OWN, Inc. for engineering services related to the TAP sidewalk improvement project in the amount of \$50,653.
- Frantz Water Solutions, LLC to operate the wastewater treatment plant through November 2024. The agreement requires monthly payments of \$8,500. The City will pay \$93,500 in 2024.

15. Unearned Revenue

Unearned revenue consists of revenue received but not considered earned until the appropriate expenses have been incurred. At December 31, 2023, these unearned revenues include unspent grant proceeds in the ARPA Fund in the amount of \$177,435.

City of Mt. Vernon

Notes to the Financial Statements

December 31, 2023

16. Restatement

Fund balances and net position have been restated as of January 1, 2023. The City changed the allocation of the 2022 Certificates of Participation cash proceeds and debt between the park and sewer departments as follows:

	General Fund		
Fund Balance, as previously stated, December 31, 2022	\$	10,644,341	
Cash and cash equivalents		114,809	
Fund Balance, as restated, January 1, 2023	\$	10,759,150	
	Governmental Activities	Business-Type Activities	Sewer Fund
Net Position, as previously stated, December 31, 2022	\$ 16,820,376	\$ 19,734,022	\$ 5,047,943
Cash and cash equivalents	114,809	(114,809)	(114,809)
Certificates of participation payable	(114,809)	114,809	114,809
Net Position, as restated, January 1, 2023	\$ 16,820,376	\$ 19,734,022	\$ 5,047,943

Required Supplementary Information

City of Mt. Vernon

Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total Pension Liability									
Service Cost	\$ 116,780	\$ 127,291	\$ 129,863	\$ 113,011	\$ 109,584	\$ 112,616	\$ 109,749	\$ 105,333	\$ 102,995
Interest on the total pension liability	416,600	401,249	405,141	376,215	364,011	344,436	332,715	308,700	290,431
Difference between expected and actual	(109,601)	-	(10,671)	152,976	(56,236)	63,503	(80,692)	(76,174)	39,249
Change of assumptions	-	(19,161)	(100,938)	-	-	-	-	173,310	-
Benefit payments	(299,471)	(270,847)	(285,143)	(219,009)	(281,309)	(217,929)	(185,656)	(178,681)	(184,874)
<i>Net Change in Total Pension Liability</i>	124,308	238,532	138,252	423,193	136,050	302,626	176,116	332,488	247,801
Total Pension Liability, Beginning	6,041,227	5,802,695	5,664,443	5,241,250	5,105,200	4,802,574	4,626,458	4,293,970	4,046,169
Total Pension Liability, Ending	6,165,535	6,041,227	5,802,695	5,664,443	5,241,250	5,105,200	4,802,574	4,626,458	4,293,970
Plan Fiduciary Net Position									
Contributions - employer	135,719	136,205	133,888	114,472	104,832	111,335	108,435	105,811	117,296
Pension plan net investment income	245,726	4,498	1,607,664	73,157	360,875	650,872	549,387	(10,438)	95,127
Benefit payments	(299,471)	(270,847)	(285,143)	(219,009)	(281,309)	(217,929)	(185,656)	(178,681)	(184,874)
Pension plan administrative expense	(10,048)	(7,625)	(6,678)	(9,010)	(7,729)	(5,208)	(5,142)	(5,047)	(5,593)
Other	(133,365)	19,149	16,221	(7,531)	(67,777)	33,829	13,761	36,267	22,996
<i>Net Change in Plan Fiduciary Net Position</i>	(61,439)	(118,620)	1,465,952	(47,921)	108,892	572,899	480,785	(52,088)	44,952
Plan Fiduciary Net Position, Beginning	7,166,008	7,284,628	5,818,676	5,866,597	5,757,705	5,184,806	4,704,021	4,756,109	4,711,157
Plan Fiduciary Net Position, Ending	7,104,569	7,166,008	7,284,628	5,818,676	5,866,597	5,757,705	5,184,806	4,704,021	4,756,109
Employer Net Pension (Asset)	<u>\$ (939,034)</u>	<u>\$ (1,124,781)</u>	<u>\$ (1,481,933)</u>	<u>\$ (154,233)</u>	<u>\$ (625,347)</u>	<u>\$ (652,505)</u>	<u>\$ (382,232)</u>	<u>\$ (77,563)</u>	<u>\$ (462,139)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.23%	118.62%	125.54%	102.72%	111.93%	112.78%	107.96%	101.68%	110.76%
Covered payroll	\$ 1,236,312	\$ 1,244,389	\$ 1,403,602	\$ 1,362,812	\$ 1,122,128	\$ 1,204,918	\$ 1,211,152	\$ 1,157,245	\$ 1,136,396
Employer's net pension asset as a percentage of covered payroll	(75.95)%	(90.39)%	(105.58)%	(11.32)%	(55.73)%	(54.15)%	(31.56)%	(6.70)%	(40.67)%

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

City of Mt. Vernon

Schedule of Contributions

Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)

Year Ending December 31,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2014	\$ 124,258	\$ 124,258	\$ -	\$ 1,149,142	10.81%
2015	109,190	109,190	-	1,166,326	9.36%
2016	106,407	101,918	(4,489)	1,146,220	8.89%
2017	114,505	114,505	-	1,258,267	9.10%
2018	105,846	105,847	1	1,221,688	8.66%
2019	107,789	107,789	-	1,266,152	8.51%
2020	125,291	125,291	-	1,450,485	8.64%
2021	146,611	139,544	(7,067)	1,448,813	9.63%
2022	137,972	137,972	-	1,394,326	9.90%
2023	128,072	128,072	-	1,424,360	8.99%

See accompanying Notes to the Schedule of Contributions.

City of Mt. Vernon

Notes to the Schedule of Contributions

Year Ended December 31, 2023

Valuation Date: February 28, 2023

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of, (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 7 to 15 years for general and police 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 (General); 2.75% to 6.55% including wage inflation (Police)

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 Mt. Vernon

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
City sales tax	\$ 1,015,000	\$ 1,112,075	\$ 1,112,075	\$ -
Transportation sales tax	515,000	555,476	555,476	-
Park sales tax	440,000	554,278	554,278	-
Use tax	210,000	348,578	348,578	-
Motor vehicle tax	204,000	231,004	231,004	-
Utility franchise tax	126,000	166,251	166,251	-
Payment in lieu of tax	1,011,349	894,665	894,665	-
Other taxes	43,000	47,511	47,511	-
	<u>3,564,349</u>	<u>3,909,838</u>	<u>3,909,838</u>	<u>-</u>
Licenses and Permits				
Occupational licenses	6,200	6,641	6,641	-
Building permits	13,000	15,536	15,536	-
	<u>19,200</u>	<u>22,177</u>	<u>22,177</u>	<u>-</u>
Intergovernmental Revenues				
Grants	504,719	330,469	330,469	-
Charges for Services				
Taxi	8,500	7,972	7,972	-
Animal control	400	187	187	-
Pool	13,000	38,425	38,425	-
Park	5,000	4,410	4,410	-
Golf fees	100,000	107,608	107,608	-
Airport hanger rent	8,000	9,106	9,106	-
Community center	16,000	16,825	16,825	-
Cemetery	1,000	1,125	1,125	-
Trash	215,000	226,757	226,757	-
	<u>366,900</u>	<u>412,415</u>	<u>412,415</u>	<u>-</u>
Fines and Forfeitures				
City court fines	26,000	18,355	18,355	-
Miscellaneous				
Interest	36,000	443,184	443,184	-
Donations	8,000	9,000	9,000	-
Other	202,200	12,673	12,673	-
	<u>246,200</u>	<u>464,857</u>	<u>464,857</u>	<u>-</u>
Total Revenues	<u>4,727,368</u>	<u>5,158,111</u>	<u>5,158,111</u>	<u>-</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Mt. Vernon

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures				
Current				
Administrative	424,936	354,297	354,297	-
Police	1,089,227	804,233	804,233	-
Municipal court	78,854	55,838	55,838	-
Animal control	19,021	2,924	2,924	-
Parks	5,399,936	3,519,389	3,519,389	-
Community center	174,751	128,827	128,827	-
Street	1,855,997	842,488	842,488	-
Planning and zoning	107,996	84,468	84,468	-
Transportation	118,572	67,539	67,539	-
Airport	12,310	6,556	6,556	-
Golf	359,371	276,897	276,897	-
Economic development	28,186	20,480	20,480	-
Debt service	-			
Principal, interest and fees	761,599	765,864	765,864	-
Total Expenditures	<u>10,430,756</u>	<u>6,929,800</u>	<u>6,929,800</u>	<u>-</u>
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 (5,703,388)	 (1,771,689)	 (1,771,689)	 -
 Fund Balance, January 1, as restated	 <u>10,759,150</u>	 <u>10,759,150</u>	 <u>10,759,150</u>	 -
Fund Balance, December 31	<u><u>\$ 5,055,762</u></u>	<u><u>\$ 8,987,461</u></u>	<u><u>\$ 8,987,461</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Mt. Vernon

Budgetary Comparison Schedule – Capital Improvement Sales Tax Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
City sales tax	\$ 515,000	\$ 555,475	\$ 555,475	\$ -
Miscellaneous				
Interest	6,500	30,241	30,241	-
Total Revenues	<u>521,500</u>	<u>585,716</u>	<u>585,716</u>	<u>-</u>
Expenditures				
Capital improvements	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	521,500	585,716	585,716	-
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>(521,500)</u>	<u>(521,500)</u>	<u>(521,500)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	64,216	64,216	-
Fund Balance, January 1	770,990	770,990	770,990	-
Fund Balance, December 31	<u><u>\$ 770,990</u></u>	<u><u>\$ 835,206</u></u>	<u><u>\$ 835,206</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Mt. Vernon

Budgetary Comparison Schedule – Industrial Development Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Miscellaneous				
Interest	\$ 12,000	\$ 45,210	\$ 45,210	\$ -
Total Revenues	12,000	45,210	45,210	-
Expenditures				
Current				
Industrial development	-	590,205	590,205	-
Total Expenditures	-	590,205	590,205	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	12,000	(544,995)	(544,995)	-
Fund Balance, January 1	1,244,015	1,244,015	1,244,015	-
Fund Balance, December 31	<u>\$ 1,256,015</u>	<u>\$ 699,020</u>	<u>\$ 699,020</u>	<u>\$ -</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Mt. Vernon

Budgetary Comparison Schedule – ARPA Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Intergovernmental revenues				
Grants	\$ -	\$ -	\$ -	\$ -
Miscellaneous				
Interest	3,932	34,453	34,453	-
Total Revenues	<u>3,932</u>	<u>34,453</u>	<u>34,453</u>	<u>-</u>
Expenditures				
Capital outlay	245,000	-	-	-
Total Expenditures	<u>245,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(241,068)	34,453	34,453	-
Fund Balance, January 1	241,068	15,509	15,509	-
Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ 49,962</u></u>	<u><u>\$ 49,962</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Mt. Vernon

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2023

Budgets and Budgetary Accounting

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

1. Prior to January, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 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 the Board of Aldermen in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Board of Aldermen which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. 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 the Board of Aldermen on approved budget adjustment forms.

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 Board of Aldermen
City of Mt. Vernon, Missouri
Mt. Vernon, 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, and each major fund of the City of Mt. Vernon, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Mt. Vernon, Missouri's basic financial statements, and have issued our report thereon, dated April 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mt. Vernon, 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 Mt. Vernon, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, as item 2023-001 that we consider to be a material weakness.

Report on Compliance and other Matters

As part of obtaining reasonable assurance about whether the City of Mt. Vernon, 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*.

City of Mt. Vernon, Missouri's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Mt. Vernon, 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 Mt. Vernon, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
April 2, 2024

City of Mt. Vernon

Schedule of Findings and Responses

Year Ended December 31, 2023

Material Weakness

2023-001 Segregation of Duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties.