



CITY OF LEBANON, MISSOURI

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2023

CITY OF LEBANON, MISSOURI

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
CITY OF LEBANON, MISSOURI

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lebanon, Missouri (the City), as of and for the year ended June 30, 2023 and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Lebanon, Missouri as of June 30, 2023 and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A-3. We have previously audited the City's modified cash basis financial statements, and our report dated December 22, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note A-3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A-3, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's modified cash basis financial statements for the year ended June 30, 2022, which are not presented with the accompanying financial statements. In our report dated December 22, 2022, we expressed unmodified opinions on the respective modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the modified cash basis financial statements that collectively comprise the City's basic financial statements as a whole. The 2022 comparative information included on certain supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information included on certain supplemental information is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Matters - Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and pension information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of the City's internal control over financial reporting and on 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's internal control over financial reporting.

Sikich LLP

Washington, Missouri
December 18, 2023



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**INDEPENDENT AUDITOR'S 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 Members of the City Council
CITY OF LEBANON, MISSOURI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Lebanon Missouri (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2023. That report noted the financial statements were prepared on the modified cash basis of accounting.

Report on Internal Control over Financial Reporting.

In planning and performing our audit of the financial statements, we considered the City'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'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 City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Sikich LLP

Washington, Missouri
December 18, 2023

Management Discussion and Analysis

This section of the City of Lebanon's annual financial report provides readers a narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements and notes to the financial statements that follow this section, to enhance their understanding of the activities and financial health of the City of Lebanon.

Financial Highlights

In the 2023 Fiscal Year the City continued to see an increase in economic development activity. New commercial and retail developments opened their doors and are anticipated to increase tax revenues in the coming year. In addition, the City's housing market continues to see a huge increase in activity to correct the short supply of inventory. The construction of custom homes and multi-family developments are still underway. Fiscal Year 2023 continued to see challenges from the COVID-19 pandemic that began in March 2020 with pressures on the national supply chain producing delays as well as increased pricing. The City continued to see an increase in sales tax revenues for Fiscal Year 2023. With these continued increases along with higher rates for financing, the City set aside additional funds dedicated to saving for future expenses as we anticipate a downturn in sales tax. Even through the fiscal challenges, due to sound financial policies and practices, the City continues to be able to work through this with minimal impact.

During the 2023 Fiscal Year the City of Lebanon worked to make strategic investments in capital improvements for its governmental and enterprise-activity. This investment in capital assets includes land, buildings, machinery, streets and sidewalks, vehicles, equipment, furniture and fixtures, and enterprise-wide hardware as well as general improvements and upgrades. The City's investment in capital assets for the 2023 Fiscal Year was approximately \$7.8 million. Major capital asset investments included the following:

The Park Fund (79) saw multiple projects this year. The Atchley Ballfield lights was completed for a cost of \$438,845. Investments at New Nelson Park and at Atchley Park \$9,787 and investment in sidewalks were \$2,144.

At the Cowan Civic Center, final improvements to the indoor track were made in the amount of \$3,318. Construction continued on the Public Safety Building for a total cost of \$352,953. Improvements to fire station 1 & 2 were made for \$71,542. Improvements on the Wallace Building \$53,950. Stormwater improvements on Hwy 64 for a cost of \$20,474. Kansas Street also received improvements for stormwater in the amount of \$305,249. Funding came from the Capital Improvement Fund (22).

The Electric Fund (80) saw improvements to substation 1, 2, 3, 5, 6, 7, and 8 this year for a cost of \$140,684. New electric services, \$194,411, were provided to S & H Service and Lake Regional.

Capital purchases made from the Wastewater fund (85) include improvements to the wastewater treatment plant which addresses flow capacity issues were made in the amount of \$574,684. Sewer line extensions totaling \$108,499 were installed for the new Lake Regional facility, and S & H. Improvements to the Goodwin Hollow Pump Station in the amount of \$242,167 were also made.

Capital purchases made from the Water Fund (87) include additional water lines installed in many areas thru the city for a cost of \$119,799. Well betterments made in the amount of \$92,026.

We saw investments into our infrastructure for the new subdivisions (50), Legacy Trails, \$352,822 and Flatwood, \$533,580.

The airport invested \$371,574 on T-Hangar classroom from the Airport Fund (73).

Capital investments were made in the Downtown Business District for the Downtown Lights and Arches are being installed \$185,576.

Fleet upgrades were made from various funds totaling \$244,937. This included \$51,623 for a new truck for the Fire Department using proceeds from the Public Safety Fund (03). Street (08) purchased one truck for a total cost of \$44,485. Water (87) purchased a Ford Escape at a cost of \$34,780. Wastewater (85) purchased a new truck at a cost of \$44,485. The Parks (79) purchased vehicles in the amount of \$69,564.

Investments in specialized equipment and machinery to help assist staff in the field and better serve patrons were made from various funds totaling \$446,797. Purchases include Battery Backup, Bunker Gear and Rescue ropes for the Fire Department, out of the Public Safety Fund (03), new Tasers for Police out of Public Safety Fund (03) , a zero turn mower for the Parks (79) , and new tractor, Facilities Management (60) purchase new trailers and a new mower, new snow plows were purchased for the Street (08), the Garage upgraded the air/hydraulic jacks, along upgrading computers, laptops and toughbooks throughout the City.

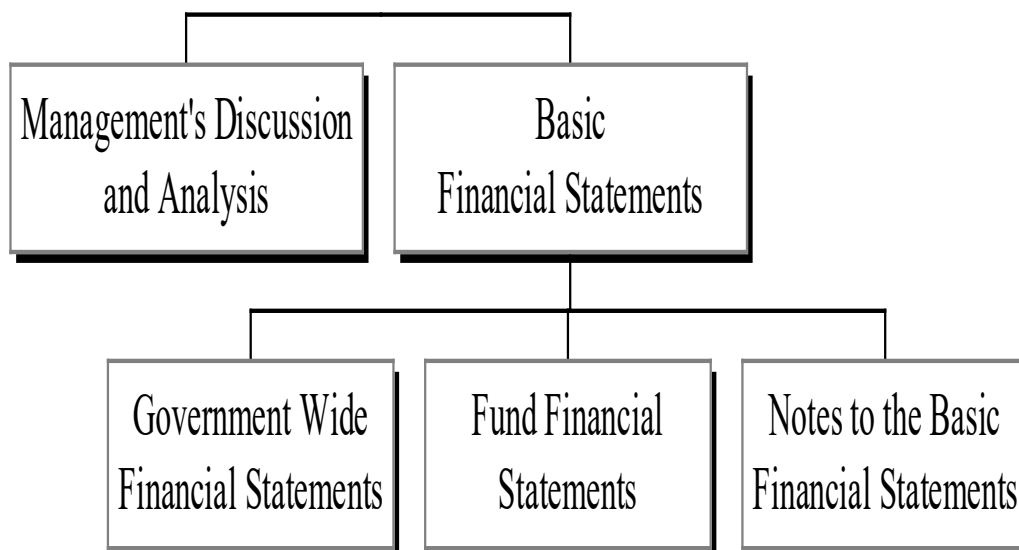
Major investments were made in the City's Street network for Fiscal Year 2023. These include the overlay of Hughes & 5th, Indian Creek, Kansas, Ivey Ln, and Crescent, plus many more for a total of \$1,340,256. In addition, improvements to New Buffalo, Beck Lane, and Ivey Lane sidewalks and ADA sidewalks were also made for a total of \$41,850. We also saw an investment of \$4,725 with the extension of Granite Land Extension.

Overview of Financial Statements

The financial reports consist of the management's discussion and analysis, the basic financial statements, and other supplemental information.

The basic financial statements include two kinds of statements that present different views of the City. The first statements are government-wide financials that provide both long-term and short-term information about the City's overall financial status. These statements are prepared on a modified cash basis of accounting (including limited capital assets and long-term debt) to present information in a more corporate-like presentation on individual parts of the government. The remaining statements are the fund financials that focus on individual parts of the City government and report more detail.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements in the basic financial statements are the government-wide financial statements (Statement of Net Position and the Statement of Activities). The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's overall financial status.

The next statements are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements; and 2) the proprietary funds statements.

The next section of the basic financial statements is the Notes to the Basic Financial Statements. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, Other Supplemental Information is provided to show details about the City's performance relative to the budget.

Government-Wide Financial Statements

The government-wide financial statements present the financial picture of the City from the economic resource's measurement focus using a modified cash basis of accounting. The statements present governmental activities and business-type activities separately. These statements do not include certain infrastructure but does state all known liabilities (including long-term debt). Additionally, certain elimination occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The statement of net position and statement of activities report the City's net position and the resulting changes. Net position is the difference between assets, deferred outflows, liabilities, and deferred inflows, which is one way to measure the City's financial health, or financial position. Over time increases and decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors to consider are changes in the City's sales tax base and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

The statement of activities distinguishes the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

Governmental activities - Most of the City's basic services are reported in this category, including General Fund, Street Fund, Public Safety Fund, ARPA Fund, and Other Governmental-Special Revenue Funds. Sales taxes, property tax, franchise fees, user fees, interest income, and grants finance these activities.

Business-type activities - The City charges a fee to customers to cover most of the cost of services it provides. The Economic Development, Water, Sewer, Fiber Operations, and Electric report this activity.

Fund Financial Statements

The City uses three types of funds to manage its resources: governmental funds, enterprise funds, and internal service funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified cash 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationships or differences of activities reported in the Governmental Fund Financial Statement versus that reported in the Government-Wide Financial Statements are explained in the reconciliation schedules following the Governmental Fund Financial Statements.

Enterprise Funds - When the City charges customers for the services it provides to cover the cost of operations, these activities are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the statement of net assets and the statement of revenues, expenses, and changes in fund net assets. In fact, the City's Enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information such as cash flows, for Enterprise funds.

Internal Services Funds - are used for the management of goods or services provided by one department or fund to another department or fund of the City on a cost reimbursement basis.

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

Other Supplemental Information - In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information concerning budgetary comparison schedules for the major governmental funds and pension information.

Government-Wide Financial Analysis

Net position, over time, may serve as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$121,489,901 which represents an increase of \$4,788,422 from fiscal year 2022's net position.

NET POSITION

The following table reflects the condensed Statement of Net Position as of June 30, 2023 and 2022.

City of Lebanon Statement of Net Position				
	Governmental Activities	Business-type Activities	June 30, 2023 Totals	June 30, 2022 Totals
<u>ASSETS</u>				
Current and other assets	\$17,713,910	\$15,801,162	\$33,515,072	\$30,397,020
Restricted assets	\$-	\$280,425	\$280,425	\$781,298
Capital assets	\$51,446,593	\$52,886,382	\$104,332,975	\$102,753,853
Internal balances	\$(303,823)	\$303,823	\$-	\$-
Net pension asset	\$464,082	\$-	\$464,082	\$2,032,478
Customer service territory net of amortization	\$-	\$248,184	\$248,184	\$258,463
Total Assets	\$69,320,762	\$69,519,976	\$138,840,738	\$136,223,112
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred amounts related to pensions	\$701,433	\$222,541	\$923,974	\$171,832
<u>LIABILITIES</u>				
Current liabilities	\$131,656	\$164,107	\$295,763	\$221,228
Short-term debt	\$681,528	\$1,027,902	\$1,709,430	\$1,837,794
Customer deposits	\$	\$902,720	\$902,720	\$886,748
Deferred Revenues	\$1,957,557	\$-	\$1,957,557	1,207,226
Long-term debt	\$5,523,935	\$7,189,324	\$12,713,259	\$14,422,690
Net pension liability	\$-	\$337,102	\$337,102	\$-
Total Liabilities	\$8,294,676	\$9,621,155	\$17,915,831	\$18,575,686
<u>DEFERRED INFLOW OF RESOURCES</u>				
Deferred amounts related to pensions	\$285,901	\$73,079	\$358,980	\$1,117,779
<u>NET POSITION</u>				
Net investment in capital assets	\$45,514,723	\$44,028,438	\$89,543,161	\$87,249,408
Restricted	\$10,228,016	\$-	\$10,228,016	\$10,776,529
Unrestricted	\$5,698,879	\$16,019,845	\$21,718,724	\$18,675,542
Total Net Position	\$61,441,618	\$60,048,283	\$121,489,901	\$116,701,479

Total net position for the City was \$121,489,901 with \$61,441,618 attributed to governmental activities and \$60,048,283 attributed to business-type activities. The City's governmental activities saw an increase of \$4,515,903 over FY 2022 and the business-type activities saw an increase of \$272,519 over FY 2022. The unrestricted net position for governmental activities was \$5,698,879 an increase of \$2,846,256 and for business-type activities was \$16,019,845 an increase of \$196,926 over FY 2022. The increase in change in net position compared to prior years was largely attributed to an increase in capital assets as well as cash.

The following table reflects the condensed revenue and expenses for the year ended June 30, 2023 and 2022. These two main components are subtracted to yield the change in net position. The revenues and expenditures include the Governmental Funds (General, Street, Capital Improvement, Public Safety, ARPA and Other Governmental, Special Revenue, and Internal Service Funds) and Enterprise Funds (Electric, Fiber Operations, Water, Sewer, and Economic Development Funds).

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales, operating and capital grants and contributions. General revenue includes taxes, PILOT (payment in lieu of taxes), and other unrestricted revenue sources.

**City of Lebanon
Statement of Changes in Net Position**

	Governmental Activities	Business-type Activities	June 30, 2023 Totals	June 30, 2022 Totals
<u>REVENUES</u>				
Program revenue:				
Charges for services	\$1,332,227	\$32,619,264	\$33,951,491	\$32,823,755
Operating grants & contributions	\$820,479	\$226,870	\$1,047,349	\$1,902,661
Capital grants & contributions	\$205,423	\$-	\$205,423	\$110,586
General revenue:			\$0	
Real estate taxes	\$856,784	\$-	\$856,784	\$1,395,682
Sales tax	\$14,303,993	\$-	\$14,303,993	\$11,915,805
Franchise tax	\$748,661	\$-	\$748,661	\$644,269
Other taxes	\$54,178	\$-	\$54,178	\$58,095
PILOT	\$1,391,678	\$-	\$1,391,678	\$1,254,294
Interest and investment earnings	\$133,055	\$253,942	\$386,997	\$161,121
American Recovery Plan Act Funds	\$757,067	\$-	\$757,067	\$300,173
Miscellaneous	\$291,847	\$285,007	\$576,854	\$417,611
Transfers in (out)	\$548,424	\$(548,424)	\$0	\$-
Gain on sale of capital assets	\$30,000	\$55,275	\$85,275	\$171,260
Total Revenues	\$21,473,816	\$32,891,934	\$54,365,750	\$51,155,312
<u>EXPENSES</u>				
General government	\$2,766,347	\$-	\$2,766,347	\$2,570,480
Public safety	\$6,409,376	\$-	\$6,409,376	\$5,352,666
Parks and recreation	\$2,580,932	\$-	\$2,580,932	\$2,249,133
Tourism	\$289,385	\$-	\$289,385	\$272,375
Transportation	\$4,335,902	\$-	\$4,335,902	\$3,703,319
Economic development	\$197,423	\$-	\$197,423	\$187,388
Community development	\$207,310	\$-	\$207,310	\$35,652
Interest on long-term debt	\$171,238	\$-	\$171,238	\$80,400
Electric	\$-	\$26,711,907	\$26,711,907	\$24,767,825
Fiber operations	\$-	\$80,146	\$80,146	\$89,137
Water	\$-	\$1,973,748	\$1,973,748	\$1,831,825
Sewer	\$-	\$2,944,610	\$2,944,610	\$2,959,942
Economic development	\$-	\$909,004	\$909,004	\$905,652
Total Expenses	\$16,957,913	\$32,619,415	\$49,577,328	\$45,005,794
INCREASE (DECREASE) IN NET POSITION	\$4,515,903	\$272,519	\$4,788,422	\$6,149,518
NET POSITION, beginning of year	\$56,925,715	\$59,775,764	\$116,701,479	\$110,551,961
NET POSITION, end of year	\$61,441,618	\$60,048,283	\$121,489,901	\$116,701,479

The following statement of activities shows the costs of each major activity of the City. The purpose of this statement is to measure gross expenses against charges for services and grants and other funding.

Net Costs of Lebanon's Governmental Activities

	<u>Total Costs of Services</u>	<u>Net Costs of Services</u>
General government	\$2,766,347	(\$2,728,471)
Public safety	\$6,409,376	(\$6,297,013)
Parks and recreation	\$2,580,932	(\$2,087,770)
Tourism	\$289,385	(\$229,789)
Transportation	\$4,335,902	(\$2,851,888)
Economic development	\$197,423	(\$190,974)
Community development	\$207,310	(\$42,641)
Interest on long-term debt	<u>\$171,238</u>	<u>(\$171,238)</u>
TOTAL	\$16,957,913	\$(14,599,784)

For comparison in FY ending June 30, 2022, Total Cost of Services was \$14,451,413 and Net Cost of Services was \$(12,304,863).

Financial Analysis of the City's Major Funds

As noted earlier, the City of Lebanon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

General Fund - This fund is the chief governmental operating fund of the City of Lebanon. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The General Fund includes departments of Administration, Finance, Court, Police, Fire, Cowan Civic Center, Community Building, and Recycling. All of these activities are provided to, and benefit all of the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group. At the end of the current fiscal year, the total fund balance of the General Fund was \$4,296,956, an increase of \$803,844 over the beginning balance of \$3,493,112. This fund balance is fifty-six percent (56%) of total fund expenditures. While higher than normal, this fund balance is a result of an increase in sales tax. The City has chosen to be conservative in growing into these funds to insulate the City against a downturn in the economy.

General Fund Budget Highlights

- Total amended budgeted revenue was \$8,569,053 and actual revenue was \$8,442,160 a difference of \$126,893
- Actual expenditures were under the amended budgeted amount by \$28,596.
- Actual revenue exceeded actual expenditures by \$785,389.

Street Fund - This fund is established pursuant to the Missouri Constitution Article IV, Section 30(a)(2) [State Gas Tax], Revised Missouri Statutes 94.745 (City ½ cent sales tax). It is used for transportation purposes within the City of Lebanon. This fund provides for the maintenance and expansion of transportation needs of our citizens. Included in this fund are repair and maintenance of existing public road system, upgrades to local transportation system. At the end of the fiscal year, total fund balance of the Street Fund was \$2,194,713, an increase of \$415,106 over the beginning balance of \$1,779,607. This fund balance represents sixty-eight percent (68%) of total revenue. The fund balance will be used for reserves and committed projects as our Street department continues to move forward Street projects.

Public Safety Fund - This fund is established as required under the Revised Missouri Statutes 94.990 (City ½ cent sales tax). It is used to fund public safety, Police and Fire, within the City of Lebanon. At the close of the current fiscal year, the City of Lebanon’s Public Safety Fund reported an ending fund balance of \$2,706,556, a decrease of \$759,613 over the beginning balance of \$3,466,169.

ARPA Fund - This fund is established as a separate fund to manage the ARPA grant entitlements. It is used to fund approved Capital projects within the City of Lebanon. At the end of the fiscal year, total fund balance for this fund was \$23,900, an increase over the beginning balance of \$0. This fund has no fund balance requirement. The funds are required to be obligated by December 31, 2024 and spent by December 31, 2026.

Other Governmental Funds - The Parks and Recreation, Capital Improvement Fund, Stormwater, Tourism (Lodging Tax), Airport, and Downtown Business District, are nonmajor funds for the City. These funds have a dedicated revenue source and are required to be separated from other governmental activity. The funds combined have a beginning fund balance of \$4,869,181 and an ending fund balance of \$5,187,957, an increase of \$318,776. An individual breakdown of the funds beginning and ending balances are listed below.

Fund	Fund Balance	Fund Balance
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Airport	\$-	\$-
Special Revenue Funds		
Stormwater	\$584,481	\$310,736
Capital Improvement	\$3,201,088	\$3,579,355
Downtown Business District	\$79,883	\$84,275
Parks and Recreation	\$1,246,906	\$846,069
Tourism (Lodging Tax)	\$75,599	\$48,746

Proprietary Funds

Electric Fund - This fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of these funds. At the end of the fiscal year, the total net position of the Electric Fund (80) was \$23,078,822, a decrease of \$697,995 over the beginning net position of \$23,776,817. The operating unrestricted cash is \$10,667,195, an increase of \$217,225 from fiscal year 2022 ending operating unrestricted cash of \$10,449,970. The Due from Other Funds is \$448,083 and Advanced to Other Funds is \$473,060 for a total accounts receivable of \$921,143. Other assets include Capital Assets of \$12,456,579. The operating income for Fiscal Year 2022 was a loss of \$40,631. For Fiscal Year 2023 the Electric Fund operating income showed a loss of \$1,122,234.

Fiber Operations Fund - The total net position of the Fiber Operations Fund (83) was \$131,901 a decrease of \$21,168 over a beginning net position of \$153,069.

Water Fund - The Water Fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the Water Fund. At the end of the fiscal year, the total net position of the Water Fund was \$7,164,251 an increase of \$259,004 over the beginning net position of \$6,905,247. The unrestricted cash balance in the operating fund at year-end was \$1,483,070, an increase from fiscal year 2022 cash balance of \$1,206,022. The other assets which make up the total assets are Customer service territory (PWSD #3) \$248,184; Restricted Investments \$38,920 and Capital Assets \$6,337,715.

Sewer Fund - The Sewer Fund is based on a User Fee system where the individuals and businesses utilizing the service pay a fee based upon a portion of the estimated cost of operation of the Sewer Fund. At the end of the current fiscal year, the total net position of the Sewer Fund was \$15,180,148, an increase of \$1,083,448 over the beginning balance of \$14,096,700. The total liabilities are \$7,600,523 and the total unrestricted cash balance is \$2,655,230. Other assets include Restricted Investments \$241,505 and Capital Assets \$19,845,373.

Economic Development Fund - The Economic Development Fund is based on rents received. At the end of the Fiscal Year 2023, the total assets of the Economic Development Fund were \$15,110,481 which consists of: 1) \$989,294 in cash and cash equivalents; and 2) \$14,121,187 in capitalized assets. The total net position ending balance is \$14,189,338, a decrease of \$330,695 over the beginning balance of \$14,520,033. The Due to other funds balance is \$448,083 and the Advance from other funds balance is \$473,060.

Internal Service Funds

Community Development and Internal Service Funds - These funds are made of the internal services to the City. These departments provide services not related to a fund, rather an activity. Community Development (Fund 50) is a general function of governmental activity and is mostly funded by the General Fund. The exception to this is any revenue generated for subdivision development as governed by the City Municipal Code. Additionally, charges for services will offset any expenditures and subsequent charges to other funds. The net position of this fund ending Fiscal Year 2023 is \$1,123,894 an increase of \$838,785 over Fiscal Year 2022's net position of \$285,109.

The Internal Service Fund (Fund 60) is made up of the following departments, Garage, Warehouse, Purchasing Information Technology, Facilities Management, and Janitorial. Charges for services are the offset to the expenses in this fund, and therefore do not maintain a cash fund balance; however, assets and pension liabilities are assigned to this fund which will impact the net position either positively or negatively. The ending net position is \$673,983. The operating expenditures in Fiscal Year 2023 were \$1,172,727 which represents an increase over last year's operating expenditures of \$1,054,523.

Employee Benefits Fund - The Fund is based on premiums collected through payroll deductions. This fund manages the City's health insurance program along with other benefits provided by the City. It does have a net position, as it collects revenue through premiums and pays claims and other liabilities. This is a balance that should be monitored when reviewing the rates for employee premiums. The fund had a beginning net position of \$1,186,187 and an ending net position of \$1,118,776 a decrease of \$67,411. The current net position is approximately twenty-eight (28%) percent of revenues.

Capital Asset and Debt Administration

Long-term Contracts

The City of Lebanon as a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC) has a long-term agreement to purchase its full energy requirements but does not have any ownership in MJMEUC resources. In the event the City would cancel its agreement the City would remain responsible for its allocated share of MJMEUC's Direct Cost associated with all resource's obligations entered into by MJMEUC for MoPEP prior to the notice of cancellation.

Capital Asset

The City of Lebanon's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounts to approximately \$7.8 million of the 11.9 million budgeted. Capacity and long lead times have contributed to delayed completion of projects. This covers a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, and electric, water and sewer facilities. The City's Fiscal Year 2024 capital budget calls for spending approximately \$12.5 million towards capital projects.

City of Lebanon Capital Assets Fiscal Year 2023

	Governmental			Business-type			Total		
	Activities			Activities			Activities		
	<u>Beginning</u>	<u>Ending</u>	<u>% Change</u>	<u>Beginning</u>	<u>Ending</u>	<u>% Change</u>	<u>Beginning</u>	<u>Ending</u>	<u>% Change</u>
Buildings	\$38,830,913	\$40,078,185	3.2%	\$50,189,053	\$56,734,460	13.0%	\$89,019,966	\$96,812,641	8.8%
Improvements other than buildings	\$5,107,688	\$5,107,688	0.0%	\$836,653	\$1,506,160	80.0%	\$5,944,341	\$6,613,848	11.3%
Land	\$462,281	\$599,875	29.8%	\$88,173	\$159,067	80.4%	\$550,454	\$758,942	37.9%
Machinery & equipment	\$2,940,694	\$3,442,540	17.1%	\$6,544,961	\$6,562,961	0.3%	\$9,485,655	\$10,005,501	5.5%
Furniture and Fixtures	\$64,500	\$64,500	0.0%	\$-	\$-	#DIV/0!	\$64,500	\$64,500	0.0%
Vehicles	\$5,635,627	\$6,169,266	9.5%	\$3,918,660	\$3,997,925	2.0%	\$9,554,287	\$10,167,191	6.4%
Infrastructure	\$22,140,076	\$23,377,308	5.6%	\$18,680,326	\$18,703,494	0.1%	\$40,820,402	\$42,080,801	3.1%
Construction in progress	<u>\$5,875,519</u>	<u>\$7,468,433</u>	27.1%	<u>\$12,058,875</u>	<u>\$6,282,071</u>	-47.9%	<u>\$17,934,394</u>	<u>\$13,750,504</u>	-23.3%
Less Accumulated Depreciation	<u>\$32,896,538</u>	<u>\$34,861,202</u>	6.0%	<u>\$38,695,728</u>	<u>\$41,059,756</u>	6.1%	<u>\$71,592,266</u>	<u>\$75,920,585</u>	6.0%
Total	<u>\$48,160,760</u>	<u>\$51,446,593</u>	6.8%	<u>\$53,620,973</u>	<u>\$52,886,382</u>	-1.4%	<u>\$101,781,733</u>	<u>\$104,333,343</u>	2.5%

Additional information on the City's capital assets can be found in Note C in the notes to the basic financial statements.

Debt Administration

At the end of the current fiscal year, the City of Lebanon had \$14,422,689 in outstanding debt consisting of Certificates of Participation (COP) Series 2020/2021 and several installment contracts. All the debt was secured by specific revenue sources. The City of Lebanon has due within one year a total of \$1,709,430 of outstanding obligations.

City of Lebanon Outstanding Debt---June 30, 2023

Governmental Activities	
Certificate of participation	\$1,814,796
Capital Lease	\$4,390,667
Total Governmental Activities	\$6,205,463
Business-type Activities	
Certificates of Participation	\$7,680,203
Capital Lease	\$537,023
Total Business-type Activities	\$8,217,226
TOTAL INDEBTEDNESS	\$14,422,689

Additional information on the city's long-term debt can be found in Note E in the notes to the basic financial statements.

City of Lebanon Inter-fund Loans---June 30, 2023

Economic Development Activities

Project	Amount	Due	Payable Fund
DTMP Phase I	\$544,001	2024	Economic Development
DTMP Phase II	\$377,142	2028	Economic Development
Total Inter-fund loans outstanding for Economic Activities			\$921,143

Economic Factors and next Year's Budget and Rates

The City's priorities remain focused on 1) addressing traffic flow, 2) improving code enforcement services, and 3) maintenance of city streets and buildings. Lebanon's manufacturing base continues to be strong, and the City continues to put forth investment in economic development. The housing market is nonetheless strong despite nationwide challenges and has responded to Council's focus on increased housing options. The City is still working towards providing more housing to our community. The local economy is thriving despite the national uncertainty.

In the Fiscal Year 2024 budget, the City has continued to plan conservatively, given the leftover uncertainty with the global and local impact of the current economy. The City recognized an additional 5% increase over the normal 2% growth bringing the total to 13% of our actual revenue growth of 31% from FY2020 revenues. While pressures on the national supply chain continue to produce delays and increased costs, and our revenues remain strong, the City continues to project revenues conservatively, particularly sales tax revenue, and adjust expenses accordingly, as we continue to define what the future looks like. Management continues to monitor the situation to protect the City in the event a downward trend occurs. Management's plan is to invest the increase in sales tax in one-time expenditures if there is a return to normal. In the Fiscal Year 2024 budget, reserve accounts once again are being funded to set aside funds for future capital needs as a way to protect the City against fluctuations. The City remains in a healthy position as our goal has focused on monitoring fund balances of all funds and sound fiscal practices.

The City regularly monitors the net operating income of its major utilities to ensure fiscal responsibility in the management of these public assets.

The Fiscal Year 2024 budget reflects a decrease in its health insurance fund balance. The City has seen changes as rising health care costs continue to have an impact. The City is increasing its health insurance premiums to offset these changes. The City pursues maintaining adequate funding for health insurance to allow for maximum flexibility to offset any increases.

The City continues to invest its resources in long-term, large-scale projects; such as investments in system improvements for electric, wastewater and water utilities, street improvements and expansion of our public safety resources. These investments should allow the City to see savings in operations and improved services in future years. Fiscal Year 2024 will see new Council goals, formed through community engagement, and a continued focus of our financials on a long-term outlook, which will continue to improve our ability to deliver the services our customer's desire. Additionally, the completion of a new comprehensive plan, Lebanon 2040, will occur. This will help guide our Mayor and Council well into the future and impact future budget decisions as the City works towards the vision created through this process.

Request for Information

This financial report is designed to provide the reader a general overview to the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Kat Gill, Director of Finance, 401 South Jefferson, Lebanon, Mo 65536 or visit us on the web at www.lebanonmo.org

CITY OF LEBANON, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	2023 Total	2022 Total	Elm St. CID
ASSETS					
Cash and cash equivalents	\$ 17,584,510	7,918,321	25,502,831	24,778,227	15,308
Investments	-	7,882,841	7,882,841	5,478,194	-
Inventory	129,400	-	129,400	140,599	-
Restricted cash and cash equivalents	-	280,425	280,425	781,298	-
Deposits	-	-	-	972,120	-
Customer service territory, net of amortization	-	248,184	248,184	258,463	-
Internal balances	(303,823)	303,823	-	-	-
Net pension asset	464,082	-	464,082	2,032,478	-
Capital assets:					
Land and construction in progress	8,068,308	6,441,138	14,509,446	18,484,848	-
Other capital assets, net of accumulated depreciation	43,378,285	46,445,244	89,823,529	83,296,885	-
Total Assets	<u>69,320,762</u>	<u>69,519,976</u>	<u>138,840,738</u>	<u>136,223,112</u>	<u>15,308</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	<u>701,433</u>	<u>222,541</u>	<u>923,974</u>	<u>171,832</u>	<u>-</u>
LIABILITIES					
Due to others	131,656	164,107	295,763	221,228	-
Customer deposits payable	-	902,720	902,720	886,748	-
Unearned revenue	1,957,557	-	1,957,557	1,207,226	-
Noncurrent liabilities:					
Due within one year	681,528	1,027,902	1,709,430	1,837,794	-
Due in more than one year	5,523,935	7,189,324	12,713,259	14,422,690	-
Due in more than one year - net pension liability	-	337,102	337,102	-	-
Total Liabilities	<u>8,294,676</u>	<u>9,621,155</u>	<u>17,915,831</u>	<u>18,575,686</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	<u>285,901</u>	<u>73,079</u>	<u>358,980</u>	<u>1,117,779</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	45,514,723	44,028,438	89,543,161	87,249,408	-
Restricted for:					
Parks and recreation	1,246,906	-	1,246,906	846,069	-
Transportation	2,194,713	-	2,194,713	1,779,607	-
Economic development	79,883	-	79,883	84,275	-
Capital improvements	2,927,495	-	2,927,495	2,531,566	-
Public safety	2,706,556	-	2,706,556	3,191,798	-
Stormwater	584,481	-	584,481	310,736	-
ARPA	23,900	-	23,900	-	-
Net pension asset	464,082	-	464,082	2,032,478	-
CID	-	-	-	-	15,308
Unrestricted	<u>5,698,879</u>	<u>16,019,845</u>	<u>21,718,724</u>	<u>18,675,542</u>	<u>-</u>
Total Net Position	<u>\$ 61,441,618</u>	<u>60,048,283</u>	<u>121,489,901</u>	<u>116,701,479</u>	<u>15,308</u>

CITY OF LEBANON, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	Program Revenues				Net Revenues (Expenses) And Changes In Net Position				Component Unit
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government				
					Governmental Activities	Business-type Activities	2023 Total	2022 Total	
Primary Government									Elm St. CID
Governmental Activities									
General government	\$ 2,766,347	31,003	6,873	-	(2,728,471)	-	(2,728,471)	(2,506,809)	-
Public safety	6,409,376	93,460	18,903	-	(6,297,013)	-	(6,297,013)	(5,246,650)	-
Parks and recreation	2,580,932	493,162	-	-	(2,087,770)	-	(2,087,770)	(1,817,434)	-
Tourism	289,385	-	59,596	-	(229,789)	-	(229,789)	(212,288)	-
Transportation	4,335,902	543,484	735,107	205,423	(2,851,888)	-	(2,851,888)	(2,406,607)	-
Economic development	197,423	6,449	-	-	(190,974)	-	(190,974)	(182,648)	-
Community development	207,310	164,669	-	-	(42,641)	-	(42,641)	147,973	-
Interest and issuance costs on long-term debt	171,238	-	-	-	(171,238)	-	(171,238)	(80,400)	-
Total Governmental Activities	16,957,913	1,332,227	820,479	205,423	(14,599,784)	-	(14,599,784)	(12,304,863)	-
Business-type Activities									
Electric	26,711,907	25,587,751	226,870	-	-	(897,286)	(897,286)	1,068,836	-
Water	1,973,748	1,993,278	-	-	-	19,530	19,530	(50,872)	-
Sewer	2,944,610	3,974,995	-	-	-	1,030,385	1,030,385	1,015,990	-
Economic development	909,004	1,015,869	-	-	-	106,865	106,865	145,445	-
Fiber operations	80,146	47,371	-	-	-	(32,775)	(32,775)	(43,328)	-
Total Business-type Activities	32,619,415	32,619,264	226,870	-	-	226,719	226,719	2,136,071	-
Total Primary Government	\$ 49,577,328	33,951,491	1,047,349	205,423	(14,599,784)	226,719	(14,373,065)	(10,168,792)	-
Component Unit									
Community development distict	\$ 56,884	-	-	-	-	-	-	-	(56,884)
General Revenues									
Taxes:									
Sales tax					14,303,993	-	14,303,993	11,915,805	37,428
Property tax					856,784	-	856,784	1,395,682	-
Franchise fees					748,661	-	748,661	644,269	-
PILOTs					1,391,678	-	1,391,678	1,254,294	-
Other taxes					54,178	-	54,178	58,095	-
American Recovery Plan Act Funds					757,067	-	757,067	300,173	-
Investment income					133,055	253,942	386,997	161,121	185
Gain on sale of capital assets					30,000	55,275	85,275	171,260	-
Other					291,847	285,007	576,854	417,611	-
Transfers					548,424	(548,424)	-	-	-
Total General Revenues And Transfers					19,115,687	45,800	19,161,487	16,318,310	37,613
CHANGE IN NET POSITION					4,515,903	272,519	4,788,422	6,149,518	(19,271)
NET POSITION, JULY 1					56,925,715	59,775,764	116,701,479	110,551,961	34,579
NET POSITION, JUNE 30					\$ 61,441,618	60,048,283	121,489,901	116,701,479	15,308

See notes to financial statements

CITY OF LEBANON, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	General	Street	Public Safety	ARPA	Other Governmental Funds	Totals	
						2023	2022
ASSETS							
Cash and cash equivalents	\$ 4,373,332	2,194,726	2,706,556	1,981,457	5,189,708	16,445,779	13,836,502
Deposits	-	-	-	-	-	-	972,120
Due from other funds	34,968	-	-	-	-	34,968	59,973
Inventory	-	-	-	-	46,331	46,331	69,895
Total Assets	<u>\$ 4,408,300</u>	<u>2,194,726</u>	<u>2,706,556</u>	<u>1,981,457</u>	<u>5,236,039</u>	<u>16,527,078</u>	<u>14,938,490</u>
LIABILITIES							
Due to others	\$ 111,344	13	-	-	9,159	120,516	60,242
Customer deposit payable	-	-	-	-	3,955	3,955	2,980
Unearned revenue	-	-	-	1,957,557	-	1,957,557	1,207,226
Due to other funds	-	-	-	-	34,968	34,968	59,973
Total Liabilities	<u>111,344</u>	<u>13</u>	<u>-</u>	<u>1,957,557</u>	<u>48,082</u>	<u>2,116,996</u>	<u>1,330,421</u>
FUND BALANCES							
Nonspendable:							
Inventory	-	-	-	-	46,331	46,331	69,895
Restricted for:							
Parks and recreation	-	-	-	-	1,246,906	1,246,906	846,069
Public safety	-	-	2,706,556	-	-	2,706,556	3,466,169
Transportation	-	2,194,713	-	-	-	2,194,713	1,779,607
Economic development	-	-	-	-	79,883	79,883	84,275
Stormwater	-	-	-	-	584,481	584,481	310,736
Capital improvements	-	-	-	-	3,201,088	3,201,088	3,579,355
ARPA	-	-	-	23,900	-	23,900	-
Assigned for:							
Subsequent year's budget - appropriation of fund balance	1,398,751	-	-	-	-	1,398,751	993,689
Tourism	-	-	-	-	75,599	75,599	48,746
Unassigned	2,898,205	-	-	-	(46,331)	2,851,874	2,429,528
Total Fund Balances	<u>4,296,956</u>	<u>2,194,713</u>	<u>2,706,556</u>	<u>23,900</u>	<u>5,187,957</u>	<u>14,410,082</u>	<u>13,608,069</u>
Total Liabilities And Fund Balances	<u>\$ 4,408,300</u>	<u>2,194,726</u>	<u>2,706,556</u>	<u>1,981,457</u>	<u>5,236,039</u>	<u>16,527,078</u>	<u>14,938,490</u>

CITY OF LEBANON, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - MODIFIED
CASH BASIS OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

Total Fund Balances - Governmental Funds \$ 14,410,082

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$86,307,795 and the accumulated depreciation is \$34,861,202. 51,446,593

Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position - modified cash basis. 910,792

Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:

Net pension asset	464,082
Deferred outflows related to pensions	701,433
Deferred inflows related to pensions	(285,901)

Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:

Bonds payable	(1,814,796)
Lease purchase agreement	(4,390,667)

Total Net Position Of Governmental Activities \$ 61,441,618

CITY OF LEBANON, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	General	Street	Public Safety	ARPA	Other Governmental Funds	Totals	
						2023	2022
REVENUES							
Sales tax	\$ 4,839,532	2,333,059	2,322,039	-	4,808,818	14,303,448	11,915,618
Property tax	808,747	-	-	-	48,037	856,784	1,395,682
Franchise fees	748,661	-	-	-	-	748,661	644,269
PILOTs	1,391,678	-	-	-	-	1,391,678	1,254,294
Other taxes	54,723	735,107	-	-	-	789,830	692,952
Intergovernmental	25,776	-	-	757,067	265,019	1,047,862	532,779
Licenses and permits	28,928	-	-	-	-	28,928	27,796
Fines and forfeitures	91,182	-	-	-	-	91,182	78,533
Charges for services	270,494	-	-	-	777,149	1,047,643	981,192
Investment income	48,885	6,541	20,335	23,900	33,394	133,055	18,720
Other	133,554	118,831	290	-	22,671	275,346	303,613
Total Revenues	8,442,160	3,193,538	2,342,664	780,967	5,955,088	20,714,417	17,845,448
EXPENDITURES							
Current:							
General government	2,532,300	-	-	166,432	6,538	2,705,270	2,487,224
Public safety	4,486,296	-	1,203,592	-	-	5,689,888	4,946,375
Parks and recreation	560,992	-	-	-	985,678	1,546,670	1,380,951
Tourism	-	-	-	-	284,753	284,753	271,571
Transportation	-	1,947,876	-	-	721,396	2,669,272	2,610,992
Economic development	48,531	-	-	-	69,201	117,732	94,039
Capital outlay	28,652	1,190,559	1,530,571	31,700	2,870,405	5,651,887	6,106,326
Debt service:							
Principal	-	128,851	345,736	-	317,408	791,995	683,352
Interest	-	11,450	22,378	-	137,410	171,238	61,719
Debt issuance costs	-	-	-	-	-	-	18,930
Total Expenditures	7,656,771	3,278,736	3,102,277	198,132	5,392,789	19,628,705	18,661,479
REVENUES OVER (UNDER) EXPENDITURES	785,389	(85,198)	(759,613)	582,835	562,299	1,085,712	(816,031)
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	-	-	-	-	3,570,993
Proceeds from sale of capital assets	30,000	-	-	-	-	30,000	18,525
Insurance recoveries	16,011	304	-	-	-	16,315	27,548
Transfers in	-	500,000	-	-	275,563	775,563	821,017
Transfers out	(27,556)	-	-	(558,935)	(519,086)	(1,105,577)	(575,057)
Total Other Financing Sources (Uses)	18,455	500,304	-	(558,935)	(243,523)	(283,699)	3,863,026
NET CHANGE IN FUND BALANCES	803,844	415,106	(759,613)	23,900	318,776	802,013	3,046,995
FUND BALANCES, JULY 1	3,493,112	1,779,607	3,466,169	-	4,869,181	13,608,069	10,561,074
FUND BALANCES, JUNE 30	\$ 4,296,956	2,194,713	2,706,556	23,900	5,187,957	14,410,082	13,608,069

See notes to financial statements

CITY OF LEBANON, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Net Change In Fund Balances - Governmental Funds \$ 802,013

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold (\$6,185,926) exceeded depreciation (\$2,900,093) in the current period. 3,285,833

Internal Service Funds are used by management to charge the costs of insurance and payroll expenses to individual funds. The net revenues (expense) of the certain activities of the Internal Service Funds are reported with governmental activities in the statement of activities - modified cash basis. (75,475)

The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of the differences in the treatment of long-term debt and related items is as follows:

Repayments:

Certificates of participation	197,408
Installment contracts	594,587

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension expense	<u>(288,463)</u>
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Change In Net Position Of Governmental Activities	<u><u>\$ 4,515,903</u></u>
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CITY OF LEBANON, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	Business-type Activities								
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds	Totals	
								2023	2022
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 3,582,036	1,179,704	2,160,914	989,294	6,373	7,918,321	1,138,731	9,057,052	10,941,725
Investments	7,085,159	303,366	494,316	-	-	7,882,841	-	7,882,841	5,478,194
Due from other funds	448,083	-	-	-	-	448,083	-	448,083	426,276
Inventory	-	-	-	-	-	-	83,069	83,069	70,704
Total Current Assets	11,115,278	1,483,070	2,655,230	989,294	6,373	16,249,245	1,221,800	17,471,045	16,916,899
Noncurrent Assets									
Capital assets:									
Land and construction in progress	2,521,992	478,346	3,302,866	88,295	49,639	6,441,138	966,091	7,407,229	12,221,695
Other capital assets, net of accumulated depreciation	9,934,587	5,859,369	16,542,507	14,032,892	75,889	46,445,244	806,107	47,251,351	42,333,926
Total Capital Assets	12,456,579	6,337,715	19,845,373	14,121,187	125,528	52,886,382	1,772,198	54,658,580	54,555,621
Net pension asset	-	-	-	-	-	-	-	-	218,776
Advance to other funds	473,060	-	-	-	-	473,060	-	473,060	921,143
Restricted cash and cash equivalents	-	38,920	241,505	-	-	280,425	-	280,425	781,298
Customer service territory, net of amortization	-	248,184	-	-	-	248,184	-	248,184	258,463
Total Noncurrent Assets	12,929,639	6,624,819	20,086,878	14,121,187	125,528	53,888,051	1,772,198	55,660,249	56,735,301
Total Assets	24,044,917	8,107,889	22,742,108	15,110,481	131,901	70,137,296	2,993,998	73,131,294	73,652,200
DEFERRED OUTFLOWS OF RESOURCES									
Deferred amounts related to pensions	124,497	40,625	57,419	-	-	222,541	83,209	305,750	13,790
LIABILITIES									
Current Liabilities									
Customer deposits payable	697,031	205,689	-	-	-	902,720	-	902,720	886,748
Due to others	164,091	16	-	-	-	164,107	7,185	171,292	158,006
Due to other funds	-	-	-	448,083	-	448,083	-	448,083	426,276
Debt payable - current	-	91,153	936,749	-	-	1,027,902	-	1,027,902	1,045,799
Total Current Liabilities	861,122	296,858	936,749	448,083	-	2,542,812	7,185	2,549,997	2,516,829
Noncurrent Liabilities									
Advance from other funds	-	-	-	473,060	-	473,060	-	473,060	921,143
Net pension liability	188,587	61,538	86,977	-	-	337,102	126,044	463,146	-
Debt payable	-	612,527	6,576,797	-	-	7,189,324	-	7,189,324	8,217,227
Total Noncurrent Liabilities	188,587	674,065	6,663,774	473,060	-	7,999,486	126,044	8,125,530	9,138,370
Total Liabilities	1,049,709	970,923	7,600,523	921,143	-	10,542,298	133,229	10,675,527	11,655,199
DEFERRED INFLOWS OF RESOURCES									
Deferred amounts related to pensions	40,883	13,340	18,856	-	-	73,079	27,325	100,404	343,363
NET POSITION									
Net investment in capital assets	12,456,579	5,672,955	12,573,332	13,200,044	125,528	44,028,438	1,772,198	45,800,636	44,726,474
Restricted for debt service	-	-	-	-	-	-	-	-	-
Unrestricted	10,622,243	1,491,296	2,606,816	989,294	6,373	15,716,022	1,144,455	16,860,477	16,940,954
Total Net Position	\$ 23,078,822	7,164,251	15,180,148	14,189,338	131,901	59,744,460	2,916,653	62,661,113	61,667,428
Adjustment to reflect the consolidation of the Internal Service Funds' activities related to Enterprise Funds	140,691	70,729	92,403	-	-	303,823			
Net Position Of Business-type Activities	\$ 23,219,513	7,234,980	15,272,551	14,189,338	131,901	60,048,283			

See notes to financial statements

CITY OF LEBANON, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities						Internal	Totals	
	Electric	Water	Sewer	Economic Development	Nonmajor - Fiber Operations	Total Enterprise Funds	Service Funds	2023	2022
OPERATING REVENUES									
Charges for services	\$ 25,587,751	1,993,278	3,974,995	1,015,869	47,371	32,619,264	5,598,636	38,217,900	36,763,251
Licenses and permits	-	-	-	-	-	-	71,137	71,137	85,450
Other	23,384	8,592	4,131	36,853	407	73,367	5,408	78,775	62,542
Total Operating Revenues	25,611,135	2,001,870	3,979,126	1,052,722	47,778	32,692,631	5,675,181	38,367,812	36,911,243
OPERATING EXPENSES									
PILOTs	1,201,403	94,171	-	-	2,369	1,297,943	-	1,297,943	1,254,294
Personnel costs	2,212,491	880,724	1,274,590	85,000	25,478	4,478,283	5,367,608	9,845,891	8,645,986
Operations and maintenance	22,544,645	640,833	759,387	-	45,790	23,990,655	404,041	24,394,696	22,943,513
Economic development	-	-	-	213,878	-	213,878	-	213,878	280,526
Depreciation	774,830	318,454	654,109	610,126	6,509	2,364,028	91,462	2,455,490	2,507,908
Total Operating Expenses	26,733,369	1,934,182	2,688,086	909,004	80,146	32,344,787	5,863,111	38,207,898	35,632,227
OPERATING INCOME (LOSS)	(1,122,234)	67,688	1,291,040	143,718	(32,368)	347,844	(187,930)	159,914	1,279,016
NONOPERATING REVENUES (EXPENSES)									
Investment income	183,190	15,305	43,674	11,773	-	253,942	10,583	264,525	142,501
Intergovernmental revenue	226,870	-	-	-	-	226,870	-	226,870	1,136,371
Insurance recoveries	33,200	211,640	-	-	-	244,840	-	244,840	25,168
Gain (loss) on disposal of capital assets	-	-	-	55,275	-	55,275	-	55,275	214,810
Interest income (expense) on interfund loan	57,690	-	-	(57,690)	-	-	-	-	(924)
Interest expense and fees	(858)	(35,629)	(251,266)	-	-	(287,753)	-	(287,753)	(259,480)
Total Nonoperating Revenues (Expenses)	500,092	191,316	(207,592)	9,358	-	493,174	10,583	503,757	1,258,446
INCOME (LOSS) BEFORE TRANSFERS	(622,142)	259,004	1,083,448	153,076	(32,368)	841,018	(177,347)	663,671	2,537,462
Transfers in	-	-	-	-	11,200	11,200	878,438	889,638	-
Transfers out	(75,853)	-	-	(483,771)	-	(559,624)	-	(559,624)	(245,960)
CHANGE IN NET POSITION	(697,995)	259,004	1,083,448	(330,695)	(21,168)	292,594	701,091	993,685	2,291,502
NET POSITION, JULY 1	23,776,817	6,905,247	14,096,700	14,520,033	153,069	59,451,866	2,215,562	61,667,428	59,375,926
NET POSITION, JUNE 30	\$ 23,078,822	7,164,251	15,180,148	14,189,338	131,901	59,744,460	2,916,653	62,661,113	61,667,428
Adjustment to reflect the consolidation of the Internal Service Funds' activities related to Enterprise Funds	(10,880)	(3,937)	(5,258)	-	-	(20,075)			
Change In Net Position Of Business-type Activities	\$ (708,875)	255,067	1,078,190	(330,695)	(21,168)	272,519			

CITY OF LEBANON, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities				Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds
	Electric	Water	Sewer	Economic Development			
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
Cash flows from operating activities:							
Receipts from customers and users	\$ 25,607,503	2,003,587	3,974,995	1,015,869	47,371	32,649,325	163,627
Receipts from interfund charges	-	-	-	-	-	-	5,506,146
Payments to suppliers	(22,544,645)	(640,833)	(759,387)	(213,878)	(45,790)	(24,204,533)	(416,450)
Payments to employees for salaries and benefits	(2,153,457)	(860,209)	(1,248,045)	(85,000)	(25,478)	(4,372,189)	(5,327,458)
Payments to other funds for services provided	(1,201,403)	(94,171)	-	-	(2,369)	(1,297,943)	-
Other receipts	23,384	8,592	4,131	36,853	407	73,367	5,408
Net Cash Provided By (Used In) Operating Activities	(268,618)	416,966	1,971,694	753,844	(25,859)	2,848,027	(68,727)
Cash flows from noncapital financing activities:							
Due to/from other funds	(21,807)	-	-	21,807	-	-	-
Advance to/from other funds	448,083	-	-	(448,083)	-	-	-
Interest received (paid) on advance from other funds	57,690	-	-	(57,690)	-	-	-
Intergovernmental grants received	226,870	-	-	-	-	226,870	-
Transfer from (to) other funds	(75,853)	-	-	(483,771)	11,200	(548,424)	878,438
Net Cash Provided By (Used In) Noncapital Financing Activities	634,983	-	-	(967,737)	11,200	(321,554)	878,438
Cash flows from capital and related financing activities:							
Insurance recoveries	33,200	211,640	-	-	-	244,840	-
Acquisition and construction of capital assets	(335,094)	(238,800)	(1,058,731)	(125)	-	(1,632,750)	(929,012)
Proceeds from sale of capital assets	-	-	-	55,275	3,313	58,588	-
Principal payments on long-term debt	(29,578)	(103,910)	(912,312)	-	-	(1,045,800)	-
Interest paid on long-term debt	(858)	(25,350)	(251,266)	-	-	(277,474)	-
Net Cash Used In Capital And Related Financing Activities	(332,330)	(156,420)	(2,222,309)	55,150	3,313	(2,652,596)	(929,012)
Cash flows from investing activities:							
Investment income	183,190	15,305	43,674	11,773	-	253,942	10,583
Proceeds from sale of investments	969,707	-	-	-	-	969,707	-
Purchase of investments	(2,576,672)	(303,366)	(494,316)	-	-	(3,374,354)	-
Net Cash Provided By (Used In) Investing Activities	(1,423,775)	(288,061)	(450,642)	11,773	-	(2,150,705)	10,583
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,389,740)	(27,515)	(701,257)	(146,970)	(11,346)	(2,276,828)	(108,718)
CASH AND CASH EQUIVALENTS, JULY 1	4,971,776	1,246,139	3,103,676	1,136,264	17,719	10,475,574	1,247,449
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 3,582,036</u>	<u>1,218,624</u>	<u>2,402,419</u>	<u>989,294</u>	<u>6,373</u>	<u>8,198,746</u>	<u>1,138,731</u>

CITY OF LEBANON, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities				Nonmajor - Fiber Operations	Total Enterprise Funds	Internal Service Funds
	Electric	Water	Sewer	Economic Development			
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income (loss)	\$ (1,122,234)	67,688	1,291,040	143,718	(32,368)	347,844	(187,930)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	774,830	318,454	654,109	610,126	6,509	2,364,028	91,462
(Increase) decrease in:							
Inventory	-	-	-	-	-	-	(12,365)
Net pension asset	279,297	27,126	43,183	-	-	349,606	57,757
Deferred outflows related to pensions	(118,780)	(38,915)	(54,696)	-	-	(212,391)	(79,569)
Increase (decrease) in:							
Due to others	14,089	-	-	-	-	14,089	(803)
Customer deposits payable	5,663	10,309	-	-	-	15,972	-
Net pension liability	-	61,538	86,977	-	-	148,515	126,044
Deferred inflows related to pensions	(101,483)	(29,234)	(48,919)	-	-	(179,636)	(63,323)
Total Adjustments	853,616	349,278	680,654	610,126	6,509	2,500,183	119,203
Net Cash Provided By (Used In) Operating Activities	<u>\$ (268,618)</u>	<u>416,966</u>	<u>1,971,694</u>	<u>753,844</u>	<u>(25,859)</u>	<u>2,848,027</u>	<u>(68,727)</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Amortization of customer service territory	<u>\$ -</u>	<u>10,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,279</u>	<u>-</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO SPECIFIC ASSETS ON THE STATEMENT OF NET POSITION							
Cash and cash equivalents	\$ 3,582,036	1,179,704	2,160,914	989,294	6,373	7,918,321	1,138,731
Restricted cash and cash equivalents	-	38,920	241,505	-	-	280,425	-
Total Cash And Cash Equivalents	<u>\$ 3,582,036</u>	<u>1,218,624</u>	<u>2,402,419</u>	<u>989,294</u>	<u>6,373</u>	<u>8,198,746</u>	<u>1,138,731</u>

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF LEBANON, MISSOURI** (the City) was incorporated in 1877 and established as a Mayor/City Council form of government. The City's major operations include general government administration, public safety, parks and recreation, planning and community development, airport, street maintenance, electric, water, and sewer.

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

1. Reporting Entity

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The component units discussed below are included in the City's reporting entity because of the significance of operational or financial relationships with the City.

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

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities - modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

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

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

If the City utilized the basis of accounting recognized as accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide statements would be presented on the accrual basis of accounting.

The City reports the following major governmental funds:

General Fund -- This fund is the primary operating fund of the City. It is used to account for all financial resources except those accounted for in another fund.

Street Fund -- This fund accounts for financial resources restricted for street construction and operations and maintenance.

Public Safety Fund -- This fund is used to account for resources restricted for public safety purposes.

ARPA Fund -- This fund was set up to be able to track the ARPA funding and expenditures.

The City reports the following major proprietary funds:

Electric Fund -- This fund accounts for the City's electric utility services. The costs (expenses) of providing the services to the general public is financed primarily through user charges.

Water Fund -- This fund accounts for the City's water utility services. The costs (expenses) of providing the services to the general public is financed primarily through user charges.

Sewer Fund -- This fund accounts for the City's sewer utility services. The costs (expenses) of providing the services to the general public is financed primarily through user charges.

Economic Development Fund -- This fund is used to report financial resources used for the promotion of economic development including capital acquisitions and the rental operations of those facilities.

Additionally, the City reports the following fund types:

Internal Service Funds -- These funds are used to account for services provided to other departments or agencies of the City on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contribution, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds and Internal Service Funds are charges for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash, Cash Equivalents, and Investments

The City maintains a cash money-market pool that is used by all funds except for certain restricted and special funds which have their own accounts. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are carried at cost, which approximates fair value.

5. Inventories

Inventories in the Internal Service Funds and governmental funds are valued at lower of cost or market (first-in, first-out) and the expense is recognized when inventory items are consumed in operations. Inventories consist of fuel and supplies.

6. Restricted Assets

Certain cash and investments are classified as restricted assets on the balance sheet because their use is limited for debt service.

7. Customer Deposits

The City collects a refundable deposit from customers prior to initiating metered utility service.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased and capitalized in the proprietary fund statements. All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. The City has chosen not to capitalize existing infrastructure before July 1, 2012 but will capitalize any future infrastructure that it acquires.

Capital assets are defined by the City as tangible assets with an initial individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset or that significantly increase the efficiency of capacity or an asset are capitalized. Other costs, such as capital outlays incurred for repairs and maintenance, are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Building and improvements	5 - 40
Vehicles	3 - 10
Infrastructure	5 - 40
Furniture and fixtures	5 - 40
Machinery and equipment	3 - 20

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows related to the pension on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to the pension reported on the statement of net position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discount are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The City's policy on vacation and sick leave permits limited accruals of each type that can be used in a future year. No provision has been made to record this liability in the year incurred, but rather, when paid.

12. Property Taxes

The City's property taxes are levied September 1 based on the assessed valuation as of the previous January 1. Taxes are due upon receipt of billing and become delinquent after December 31. Taxes paid after December 31 are subject to penalties. Laclede County bills and collects the City's property taxes.

The assessed value at January 1, 2022 upon which the 2022 levy was based for real estate, personal property, and railroads and utilities taxes was \$243,059,632.

The City's tax rate was levied at 0.2587 per \$100 of assessed valuation which is used 50% for General Fund operations and 50% for Parks and Recreation Fund operations.

13. Interfund Transactions

The City has the following types of transactions among funds:

Transfers -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Interfund Transactions (Continued)

Due To/From Other Funds -- Current portions of long-term interfund loans receivable/payable are considered “available spendable resources” and are reported as assets and liabilities of the appropriate funds.

Advance To/From Other Funds -- Long-term portions of interfund loans receivable/payable are reported as assets and liabilities of the appropriate funds.

Elimination of interfund activity has been made for governmental activities in the government-wide financial statements.

14. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the City Council. Intent can be expressed by the City Council in the form of a motion. Action by the City Council must occur prior to year-end.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restrictive amounts before the least restricted. The City will spend the unrestricted amounts in the following order: committed, assigned and unassigned.

15. Use of Estimates

Financial statements prepared on the modified cash basis of accounting requires the City to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Pensions

For purposes of measuring the net pension liability (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS' fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. LAGERS' investments are reported at fair value.

NOTE B - CASH AND INVESTMENTS

1. Deposits

The City's and component unit's bank deposits are secured by certain securities held by the City and component unit or its agent in the City's and component unit's name. The value of the securities exceeds the total of the City's and component unit's cash not insured by the Federal Deposit Insurance Corporation.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of June 30, 2023, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name or by a letter of credit.

2. Investments

As of June 30, 2023, the City had the following investments:

Investments	Fair Value	Maturities				Credit Risk
		No Maturity	Less Than One Year	1 - 5 Years	6 - 10 Years	
Primary Government						
Government securities:						
US Treasury Note	\$ 6,361,348	-	-	6,361,348	-	AAA
Federal National Mortgage Association	1,521,493	-	-	1,521,493	-	AAA
Total Investments	\$ 7,882,841	-	-	7,882,841	-	

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments (Continued)

Investment Policies

The City's formal investment policies are as follows:

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

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

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

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

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The inputs and methodologies used for valuing investment securities are not necessarily an indication of the risk associated with investing in those securities.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements

The City has the following recurring fair value level measurements:

June 30, 2023				
	Total	Level 1	Level 2	Level 3
Primary Government				
Investments by fair value level:				
Government securities:				
US Treasury Note	\$ 6,361,348	-	6,361,348	-
Federal National Mortgage Association	1,521,493	-	1,521,493	-
Total Investments By Fair Value Level	7,882,841	-	7,882,841	-
Investments not subject to fair value classification:				
Money market funds	909,736			
Total	\$ 8,792,577			

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS

Capital asset activity for governmental activities was as follows:

	For The Year Ended June 30, 2023			Balance June 30 2023
	Balance June 30 2022	Increases	Decreases	
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 462,281	159,272	21,678	599,875
Construction in progress	5,875,519	4,292,344	2,699,430	7,468,433
Total Capital Assets Not Being Depreciated	6,337,800	4,451,616	2,721,108	8,068,308
Capital assets being depreciated:				
Buildings	38,830,913	1,247,272	-	40,078,185
Improvements other than buildings	5,107,688	-	-	5,107,688
Vehicles	5,635,627	1,469,068	935,429	6,169,266
Infrastructure	22,140,076	1,237,232	-	23,377,308
Furniture and fixtures	64,500	-	-	64,500
Machinery and equipment	2,940,694	501,846	-	3,442,540
Total Capital Assets Being Depreciated	74,719,498	4,455,418	935,429	78,239,487
Less - Accumulated depreciation for:				
Buildings	17,705,077	1,080,340	-	18,785,417
Improvements other than buildings	2,452,449	311,596	-	2,764,045
Vehicles	4,351,637	418,494	935,429	3,834,702
Infrastructure	6,638,173	832,575	-	7,470,748
Furniture and fixtures	15,050	12,900	-	27,950
Machinery and equipment	1,734,152	244,188	-	1,978,340
Total Accumulated Depreciation	32,896,538	2,900,093	935,429	34,861,202
Total Capital Assets Being Depreciated, Net	41,822,960	1,555,325	-	43,378,285
Governmental Activities Capital Assets, Net	\$ 48,160,760	6,006,941	2,721,108	51,446,593

Depreciation expense was charged to functions/programs of the governmental activities as follows:

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30 2023
Governmental Activities	
General government	\$ 150,575
Public safety	386,686
Parks and recreation	944,411
Transportation	1,248,337
Community development	91,461
Economic development	78,623
	<u> </u>
Total	<u><u>\$ 2,900,093</u></u>

Capital asset activity for business-type activities was as follows:

	For The Year Ended June 30, 2023		
	Balance June 30 2022	Increases	Decreases
Business-type Activities			Balance June 30 2023
Capital assets not being depreciated:			
Land	\$ 88,173	70,894	-
Construction in progress	12,058,875	1,472,393	7,249,197
Total Capital Assets Not Being Depreciated	<u>12,147,048</u>	<u>1,543,287</u>	<u>7,249,197</u>
Capital assets being depreciated:			
Buildings	50,189,053	6,545,407	-
Improvements other than buildings	836,653	669,507	-
Vehicles	3,918,660	79,265	-
Infrastructure	18,680,326	26,481	3,313
Machinery and equipment	6,544,961	18,000	-
Total Capital Assets Being Depreciated	<u>80,169,653</u>	<u>7,338,660</u>	<u>3,313</u>
Less - Accumulated depreciation for:			
Buildings	24,165,214	1,187,696	-
Improvements other than buildings	523,959	54,555	-
Vehicles	2,801,522	243,018	-
Infrastructure	9,214,036	553,804	-
Machinery and equipment	1,990,997	324,955	-
Total Accumulated Depreciation	<u>38,695,728</u>	<u>2,364,028</u>	<u>-</u>
Total Capital Assets Being Depreciated, Net	<u>41,473,925</u>	<u>4,974,632</u>	<u>3,313</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 53,620,973</u></u>	<u><u>6,517,919</u></u>	<u><u>7,252,510</u></u>
			<u><u>52,886,382</u></u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

	For The Year Ended June 30 2023
Business-type Activities	
Electric	\$ 774,830
Fiber operations	6,509
Sewer	654,109
Water	318,454
Economic development	610,126
	<hr/>
Total	\$ 2,364,028
	<hr/>

NOTE D - CUSTOMER SERVICE TERRITORY

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

NOTE E - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

	For The Year Ended June 30, 2023			Amounts Due Within One Year
	Balance June 30 2022	Additions	Reductions	Balance June 30 2023
Governmental Activities				
Certificates of participation	\$ 2,012,204	-	197,408	1,814,796
Installment contracts	4,985,254	-	594,587	4,390,667
	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	\$ 6,997,458	-	791,995	6,205,463
	<hr/>	<hr/>	<hr/>	<hr/>
Business-type Activities				
Certificates of participation	\$ 8,552,796	-	872,593	7,680,203
Installment contracts	710,230	-	173,207	537,023
	<hr/>	<hr/>	<hr/>	<hr/>
Total Business-type Activities	\$ 9,263,026	-	1,045,800	8,217,226
	<hr/>	<hr/>	<hr/>	<hr/>

NOTE E - LONG-TERM DEBT (Continued)

2020 Certificates of Participation

In May 2020, the City issued \$10,000,000 in certificates of participation (Series 2020A and B) to fund certain improvements to the City's sewer treatment plant, waterworks system and Civic Center. The City used \$1,910,000 of the Series 2020A and B certificates of participation to refund the Series 2010 certificates of participation. These are draw down certificates, with two banks. The draw down period starts on the closing date and ends May 27, 2022. These are private placement issues with two banks. The certificates are due in varying amounts through May 1, 2040 with interest rates of 3.0875%. In the event of default, the banks may accelerate payment or tax possession of the property, only for the payments due during the current fiscal year.

In May 2020, the City authorized \$2,600,000 in certificates of participation (Series 2021) to fund certain improvements to the City's sewer treatment plant, waterworks system and Civic Center. These are draw down certificates, with two banks. The draw down period starts on the closing date and ends May 1, 2040. These are private placement issues with two banks. The certificates are due in varying amounts through May 1, 2040 with interest rates of 3.0875%. In the event of default, the banks may accelerate payment or tax possession of the property, only for the payments due during the current fiscal year.

Installment Contracts- Governmental Activities

In October 2020, the City entered into an installment contract agreement with to acquire equipment for \$167,074 with an interest rate of 1.83% due in annual installments through April 2027.

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

In February 2021, the City entered into an installment contract agreement for constructing, furnishing and equipping of new public safety facilities not to exceed \$3,025,000 with an interest rate of 2.7% due in annual installments through January 2024.

In March 2021, the City entered into an installment contract agreement acquire police vehicles and related equipment for \$293,317 with an interest rate of 1.16% due in annual installments through October 2023.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

In May 28, 2021, the City entered into an installment contract agreement to acquire a fire truck for \$990,000 with an interest rate of 1.57% due in annual installments through December 2030.

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

Certificates of participation annual principal and interest for the governmental activities are as follows:

For The Years Ending June 30	Principal	Interest
2024	\$ 202,724	56,032
2025	183,809	49,773
2026	136,848	44,098
2027	141,566	39,872
2028	145,400	12,440
2029 - 2033	454,541	132,335
2034 - 2038	381,635	69,185
2039 - 2041	<u>168,273</u>	<u>12,585</u>
Total	<u>\$ 1,814,796</u>	<u>416,319</u>

Installment contracts annual principal and interest for the governmental activities are as follows:

For The For The Years Ending June 30	Principal	Interest
2024	\$ 478,804	101,212
2025	389,745	92,547
2026	399,132	84,785
2027	339,494	76,831
2028	317,518	69,735
2029 - 2033	1,045,974	261,995
2034 - 2038	850,000	147,150
2039 - 2041	<u>570,000</u>	<u>31,050</u>
Total	<u>\$ 4,390,667</u>	<u>865,305</u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - LONG-TERM DEBT (Continued)

Installment Contracts - Business-Type Activities

In March 2018, the City entered into an installment contract agreement to finance a mini excavator, mini digger with a trailer, and a compact track loader for the Electric and Water Funds. The lease is for 5 years requiring annual installments of \$46,231 through July 2022, interest rate 2.9%.

In October 2020, the City entered into an installment contract agreement with to acquire equipment for \$923,281 with an interest rate of 1.83% due in annual installments through April 2027.

Certificates of participation annual principal and interest for business-type activities are as follows:

<u>For The Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 897,276	237,126
2025	806,191	209,423
2026	588,153	184,532
2027	608,434	166,373
2028	535,551	166,060
2029 - 2033	2,157,811	493,492
2034 - 2038	1,234,196	240,242
2039 - 2041	<u>852,590</u>	<u>33,790</u>
Total	<u>\$ 7,690,203</u>	<u>1,731,037</u>

Installment contracts annual principal and interest for the business-type activities are as follows:

<u>For The Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 130,626	9,828
2025	133,017	7,437
2026	135,450	5,003
2027	<u>137,930</u>	<u>2,524</u>
Total	<u>\$ 537,023</u>	<u>24,792</u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - 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, state-wide 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 supplemental 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 fire) and receive a reduced allowance.

Plan Description (continued)

	<u>2023 Valuation</u>
Benefit multiplier	1.5% for life
Final average salary	5 years
Member contributions	Noncontributory for employees

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

Employees Covered By Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	80
Active employees	<u>151</u>
Total	<u>355</u>

NOTE F - PENSION PLAN (Continued)

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 12.9% (General), 14.9% (Police), and 3.4% (Fire) of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023. The pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing procedures incorporating the actuarial assumptions.

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% (police). 2.75% to 7.15% (fire)
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.

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

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

Actuarial Assumptions

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Real Rate Of Return</u>
Alpha	15.00 %	3.67 %
Equity	35.00	4.78
Fixed income	31.00	1.41
Real assets	36.00	3.29
Strategic assets	8.00	5.25
Cash/leverage	(25.00)	(0.29)

Discount Rate

The discount 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 rate for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a)-(b)</u>
Balances at June 30, 2022	<u>\$ 26,749,382</u>	<u>28,781,860</u>	<u>(2,032,478)</u>
Changes for the year:			
Service cost	627,425	-	627,425
Interest	1,855,150	-	1,855,150
Difference between expected and actual experience	479,582	-	479,582
Contributions - employer	-	958,813	(958,813)
Net investment income	-	997,066	(997,066)
Assumption changes	-	-	-
Benefit payments, including refunds	(1,130,441)	(1,130,441)	-
Administrative expense	-	(49,779)	49,779
Other	-	(849,441)	849,441
Net Changes	<u>1,831,716</u>	<u>(73,782)</u>	<u>1,905,498</u>
Balances at June 30, 2023	<u><u>\$ 28,581,098</u></u>	<u><u>28,708,078</u></u>	<u><u>(126,980)</u></u>

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	<u>1% Decrease</u>	<u>Current Single Discount Rate Assumption</u>	<u>1% Increase</u>
Net pension liability (asset)	\$ 4,074,439	(126,980)	(3,579,146)

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

For the year ended June 30, 2023, the City recognized a negative pension expense of \$1,353,370. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	<u>Outflows</u>	<u>Inflows</u>	<u>Net</u>
Difference in experience	\$ 499,145	(211,156)	287,989
Changes of assumptions	-	(147,824)	(147,824)
Net difference between projected and actual earnings on pension plan investments	424,829	-	424,829
Total	\$ 923,974	(358,980)	564,994

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

<u>For The Plan Years Ending June 30</u>	
2024	\$ (81,188)
2025	(296,595)
2026	683,952
2027	258,825
2028	-
Total	\$ 564,994

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE G - INTERFUND TRANSACTIONS

Interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>For The Year Ended June 30 2023</u>
Tourism Fund	Economic Development Fund	\$ 94,887
Downtown Business District Fund	Economic Development Fund	30,000
Airport Fund	Economic Development Fund	117,884
Community Development Fund	Economic Development Fund	241,000
Street Fund	Capital Improvements Fund	500,000
Airport Fund	Capital Improvements Fund	19,086
Community Development Fund	Electric Fund	75,853
Community Development Fund	ARPA Fund	558,935
Community Development Fund	General Fund	2,650
Airport Fund	General Fund	13,706
Fiber	General Fund	11,200
Total		<u>\$ 1,665,201</u>

Interfund transfers were used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

NOTE H - INTERFUND ASSETS/LIABILITIES

Individual interfund assets and liabilities balances are as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2023</u>
Electric Fund	Economic Development Fund	\$ 426,276
General Fund	Airport Fund	59,973
Total		<u>\$ 486,249</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2023.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE H - INTERFUND ASSETS/LIABILITIES (Continued)

Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2023</u>
Electric Fund	Economic Development Fund	<u>\$ 476,059</u>

To improve cash flow and minimize financing fees, the City has loaned money between funds for capital projects. The City charges a 5% interest rate on each loan and loans are to be paid in monthly installments. The amount due within one year is included in the due to/from balances and the long-term portion is included in the advances from/to other funds. At June 30, 2023, the interfund loans were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2023</u>	<u>Project</u>	<u>Maturity</u>
Electric Fund	Economic Development Fund	\$ 544,001	Detroit Tool Building	11/15/24
Electric Fund	Economic Development Fund	<u>377,142</u>	Detroit Tool Building	06/01/28
Total		<u>\$ 921,143</u>		

The annual payment requirements are as follows:

<u>For The Years Ending June 30</u>	<u>Interfund Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 448,083	35,883	483,966
2025	235,590	15,882	251,472
2026	75,241	10,165	85,406
2027	79,091	6,315	85,406
2028	<u>83,138</u>	<u>2,268</u>	<u>85,406</u>
Total	<u>\$ 921,143</u>	<u>70,513</u>	<u>991,656</u>

NOTE I - OPERATING LEASES

The City owns various properties that are leased to businesses. The City currently has two such leases in the Economic Development Fund. The leases expired on December 31, 2025 and January 31, 2026. The properties have a capitalized cost of \$11,811,144 and accumulated depreciation of \$4,360,444 at June 30, 2023. The rent income for these leases for the year ended June 30, 2023, amounted to \$993,669.

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE J - LONG-TERM CONTRACTS

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC manages a power pool known as Missouri Public Energy Pool #1 (MoPEP). The City is a member of MoPEP. All MoPEP members (including the City) have an agreement (the MoPEP Agreement) with MJMEUC for the purchase of electric capacity and energy from MJMEUC. The MoPEP Agreement requires MJMEUC to supply the full energy requirements of the City and includes a procedure for the City to dedicate its capacity to MoPEP.

MoPEP operations are governed by a committee (Pool Committee) consisting of one representative from each MoPEP member and was comprised of 35 members as of December 31, 2012. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all MJMEUC's costs (the Direct Costs) incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP members.

Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease or loan agreement, or other financial contract in order to procure, deliver, or finance resources intended to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP member. Direct Costs also includes amounts required to fund MoPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

The rates are established so as to charge each MoPEP member (including the City) its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement. Charges based on such rates are assessed and billed monthly. Rates are required to be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months.

To meet the power and energy requirements of the City and the other MoPEP members, MJMEUC presently obtains power and energy from the following resources: 1) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts, 2) MJMEUC owned generation, 3) member capacity, and 4) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MoPEP Agreement but does not have any ownership interest in MJMEUC's resources.

In the event a MoPEP member would cancel the MoPEP Agreement, the member would remain responsible for its allocated share of MJMEUC's Direct Costs associated with all resource obligations entered into by MJMEUC for MoPEP prior to the notice of cancellation. MJMEUC would utilize or sell the member's allocated share of output in exchange for providing the member a credit or offset equal to the fair market value of the output up to the amount of the member's obligation. As a result, the member would have a financial obligation after cancellation in the event that the fair market value of the output is less than the member's allocated share of MJMEUC's Direct Costs with respect to the resource obligations at the time of cancellation. Since the amount of the cancelling member's obligation would depend on MJMEUC's Direct Costs after cancellation and the fair market value of the output at such times in the future, the amount of the obligation is not reasonably determinable. Currently, the City has no plans or intentions to begin cancellation proceedings.

NOTE K - RISK MANAGEMENT

The City's risk management activities are recorded in the Employee Benefits Fund. The purpose of the fund is to administer employee health insurance programs on a cost-reimbursement basis. This fund accounts for the risk financing of the City but does not constitute a transfer of risk from the City. Commercial health insurance is carried for this fund for claims exceeding \$3,174,186 aggregate and \$85,000 individually. The City retains risk of loss up to these deductibles. No claims liabilities are recorded since the City reports its financial statements using a modified cash basis method. At June 30, 2023, \$0 is available in cash to cover claims.

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

NOTE L - COMMITMENTS AND CONTINGENCIES

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, the City believes the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE M - TAX ABATEMENT AGREEMENTS

The City utilizes two types of tax abatement programs to attract jobs and industrial investments in the City. They are Enhanced Enterprise Zone and Chapter 353.

Enhanced Enterprise Zone -- Under Chapter 135 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available through an Enhanced Enterprise Zone program. The purpose is to encourage business development and job creation. Zone boundaries are established in conjunction with the Missouri Department of Economic Development and are based on areas of low income and high unemployment, the potential to create sustainable jobs in a targeted industry and the impact on local industry cluster development.

The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The business receives a 50% abatement level for 10 years for meeting the minimum qualifications of two new full-time employees and \$100,000 minimum in capital investment in the community. The amount of the abatement is deducted from the recipient's property tax bill. This gave the City the ability to maintain and expand business located in the City and create new jobs by abating to reduce assessed valuation of the property. The amount of tax abated for June 30, 2023 for this program was \$599.

CITY OF LEBANON, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE M - TAX ABATEMENT AGREEMENTS (Continued)

Chapter 353 -- Under Chapter 353 of the Revised Statutes of Missouri (RSMo), real property tax abatement is available within “blighted areas”. Under this program, an eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years, thus encouraging the redevelopment of the blighted area. To be eligible an Urban Redevelopment Corporation must be formed and must take title to the property to be redeveloped. During the terms of the program, a certain percentage of the property tax amount for the assessed value of the eligible property is abated. At June 30, 2023, the City had two active Chapter 353 projects. The taxes can be abated up to 100% but the City abates 50% to 80% of the taxes for a period of 10 to 15 years. For the fiscal year ended June 30, 2023, \$7,301 of City real estate property taxes was abated through the Chapter 353 Program.

NOTE N - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The Statements which might impact the City are as follows:

- GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to: a) the determination of the public-private and public-public partnership (PPP) term and b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to non-monetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The effective date for the requirements related to leases, PPPs, and SBITAs is the fiscal year ending June 30, 2023. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is the fiscal year ending June 30, 2024.

CITY OF LEBANON, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE N - FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

- GASB Statement No. 100, *Accounting Changes and Error Corrections*--an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirement for accounting changes and error corrections. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement requires that: a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This Statement is effective for the fiscal year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for: 1) leave that has not been used and 2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: a) the leave is attributable to services already rendered, b) the leave accumulates, and c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences--including parental leave, military leave, and jury duty leave--not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as it is identified as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement is effective for the fiscal year ending June 30, 2025.

The effects on the City's financial statements as a result of the adoption of these new pronouncements are unknown.

NOTE O - SUBSEQUENT EVENT

Management has evaluated subsequent events through December 18, 2023, the date which the financial statement were available for issue.

SUPPLEMENTAL INFORMATION SECTION

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 3,825,000	4,839,530	4,839,532	2
Property tax	655,000	808,745	808,747	2
Franchise fees	552,356	748,651	748,661	10
PILOTs	1,260,350	1,391,670	1,391,678	8
Other taxes	55,187	54,722	54,723	1
Intergovernmental	54,000	25,770	25,776	6
Licenses and permits	25,000	28,925	28,928	3
Fines and forfeitures	76,000	91,175	91,182	7
Charges for services	268,450	393,820	270,494	(123,326)
Investment income	12,000	48,875	48,885	10
Other	90,450	137,170	133,554	(3,616)
Total Revenues	6,873,793	8,569,053	8,442,160	(126,893)
EXPENDITURES				
Current:				
General government	2,562,456	2,545,778	2,532,300	(13,478)
Public safety	4,669,763	4,495,663	4,486,296	(9,367)
Parks and recreation	572,827	564,437	560,992	(3,445)
Economic development	60,472	49,947	48,531	(1,416)
Capital outlay	1,964	29,542	28,652	(890)
Total Expenditures	7,867,482	7,685,367	7,656,771	(28,596)
REVENUES OVER (UNDER) EXPEN- DITURES	(993,689)	883,686	785,389	(98,297)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	30,000	30,000	-
Insurance recoveries	-	16,005	16,011	6
Transfers out	-	(11,200)	(27,556)	(16,356)
Total Other Financing Sources (Uses)	-	34,805	18,455	(16,350)
NET CHANGE IN FUND BALANCE	\$ (993,689)	918,491	803,844	(114,647)
FUND BALANCE, JULY 1			3,493,112	
FUND BALANCE, JUNE 30			\$ 4,296,956	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - STREET FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,836,000	2,333,055	2,333,059	4
Other taxes	560,000	735,105	735,107	2
Investment income	-	6,540	6,541	1
Other	117,250	118,830	118,831	1
Total Revenues	<u>2,513,250</u>	<u>3,193,530</u>	<u>3,193,538</u>	<u>8</u>
EXPENDITURES				
Current:				
Transportation	2,071,337	2,056,880	1,947,876	(109,004)
Capital outlay	1,726,000	1,190,570	1,190,559	(11)
Debt service:				
Principal	128,851	128,851	128,851	-
Interest	11,450	11,450	11,450	-
Total Expenditures	<u>3,937,638</u>	<u>3,387,751</u>	<u>3,278,736</u>	<u>(109,015)</u>
REVENUES UNDER EXPENDITURES	<u>(1,424,388)</u>	<u>(194,221)</u>	<u>(85,198)</u>	<u>109,023</u>
OTHER FINANCING SOURCES				
Insurance recoveries	-	300	304	4
Transfers in	500,000	499,998	500,000	2
Total Other Financing Sources	<u>500,000</u>	<u>500,298</u>	<u>500,304</u>	<u>6</u>
NET CHANGE IN FUND BALANCE	<u>\$ (924,388)</u>	<u>306,077</u>	415,106	<u>109,029</u>
FUND BALANCE, JULY 1			<u>1,779,607</u>	
FUND BALANCE, JUNE 30			<u>\$ 2,194,713</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,836,000	2,322,035	2,322,039	4
Investment income	-	20,330	20,335	5
Other	-	290	290	-
Total Revenues	<u>1,836,000</u>	<u>2,342,655</u>	<u>2,342,664</u>	<u>9</u>
EXPENDITURES				
Current:				
Public safety	1,459,451	1,205,884	1,203,592	(2,292)
Capital outlay	631,598	558,468	1,530,571	972,103
Debt service:				
Principal	358,824	345,736	345,736	-
Interest	22,378	22,378	22,378	-
Total Expenditures	<u>2,472,251</u>	<u>2,132,466</u>	<u>3,102,277</u>	<u>969,811</u>
NET CHANGE IN FUND BALANCE	<u>\$ (636,251)</u>	<u>210,189</u>	(759,613)	<u>(969,802)</u>
FUND BALANCE, JULY 1			<u>3,466,169</u>	
FUND BALANCE, JUNE 30			<u>\$ 2,706,556</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - ARPA FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 1,493,011	1,507,396	757,067	(750,329)
Investment income	1,500	23,895	23,900	5
Total Revenues	1,494,511	1,531,291	780,967	(750,324)
EXPENDITURES				
Current:				
General government	80,000	166,435	166,432	(3)
Capital outlay	445,000	31,700	31,700	-
Total Expenditures	525,000	198,135	198,132	(3)
REVENUES OVER EXPENDITURES	969,511	1,333,156	582,835	(750,321)
OTHER FINANCING USES				
Transfers out	(797,301)	(561,586)	(558,935)	2,651
NET CHANGE IN FUND BALANCE	<u>\$ 172,210</u>	<u>771,570</u>	23,900	<u>(747,670)</u>
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			<u>\$ 23,900</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING BALANCE SHEET -
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	Parks And Recreation	Capital Improvement	Stormwater	Tourism	Airport	Downtown Business District	Totals	
							2023	2022
ASSETS								
Cash and cash equivalents	\$ 1,248,657	3,201,088	584,481	75,599	-	79,883	5,189,708	4,869,257
Inventory	-	-	-	-	46,331	-	46,331	69,895
Total Assets	<u>\$ 1,248,657</u>	<u>3,201,088</u>	<u>584,481</u>	<u>75,599</u>	<u>46,331</u>	<u>79,883</u>	<u>5,236,039</u>	<u>4,939,152</u>
LIABILITIES								
Due to others	\$ 1,751	-	-	-	7,408	-	9,159	7,018
Customer deposits payable	-	-	-	-	3,955	-	3,955	2,980
Due to other funds	-	-	-	-	34,968	-	34,968	59,973
Total Liabilities	<u>1,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,331</u>	<u>-</u>	<u>48,082</u>	<u>69,971</u>
FUND BALANCES								
Nonspendable:								
Inventory	-	-	-	-	46,331	-	46,331	69,895
Restricted for:								
Parks and recreation	1,246,906	-	-	-	-	-	1,246,906	846,069
Capital improvements	-	3,201,088	-	-	-	-	3,201,088	3,579,355
Economic development	-	-	-	-	-	79,883	79,883	84,275
Stormwater	-	-	584,481	-	-	-	584,481	310,736
Assigned for:								
Tourism	-	-	-	75,599	-	-	75,599	48,746
Unassigned	-	-	-	-	(46,331)	-	(46,331)	(69,895)
Total Fund Balances	<u>1,246,906</u>	<u>3,201,088</u>	<u>584,481</u>	<u>75,599</u>	<u>-</u>	<u>79,883</u>	<u>5,187,957</u>	<u>4,869,181</u>
Total Liabilities And Fund Balances	<u>\$ 1,248,657</u>	<u>3,201,088</u>	<u>584,481</u>	<u>75,599</u>	<u>46,331</u>	<u>79,883</u>	<u>5,236,039</u>	<u>4,939,152</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Parks And Recreation	Capital Improvement	Stormwater	Tourism	Airport	Downtown Business District	Totals	
							2023	2022
REVENUES								
Sales tax	\$ 1,739,785	2,331,093	579,928	158,012	-	-	4,808,818	2,989,053
Property tax	20,033	-	-	-	-	28,004	48,037	719,489
Intergovernmental	-	-	-	59,596	205,423	-	265,019	154,643
Charges for services	226,999	-	-	-	543,484	6,666	777,149	752,561
Investment income	7,849	25,545	-	-	-	-	33,394	116
Other	21,610	429	-	113	380	139	22,671	62,486
Total Revenues	<u>2,016,276</u>	<u>2,357,067</u>	<u>579,928</u>	<u>217,721</u>	<u>749,287</u>	<u>34,809</u>	<u>5,955,088</u>	<u>4,678,348</u>
EXPENDITURES								
Current:								
General government	-	-	6,538	-	-	-	6,538	-
Parks and recreation	985,678	-	-	-	-	-	985,678	846,870
Tourism	-	-	-	284,753	-	-	284,753	271,571
Transportation	-	-	-	-	721,396	-	721,396	706,155
Economic development	-	-	-	-	-	69,201	69,201	47,306
Capital outlay	629,761	1,761,430	299,645	1,002	178,567	-	2,870,405	3,358,101
Debt service:								
Principal	-	317,408	-	-	-	-	317,408	217,098
Interest	-	137,410	-	-	-	-	137,410	52,542
Total Expenditures	<u>1,615,439</u>	<u>2,216,248</u>	<u>306,183</u>	<u>285,755</u>	<u>899,963</u>	<u>69,201</u>	<u>5,392,789</u>	<u>5,499,643</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>400,837</u>	<u>140,819</u>	<u>273,745</u>	<u>(68,034)</u>	<u>(150,676)</u>	<u>(34,392)</u>	<u>562,299</u>	<u>(821,295)</u>
OTHER FINANCING SOURCES (USES)								
Issuance of long-term debt	-	-	-	-	-	-	-	3,570,993
Proceeds from sale of capital assets	-	-	-	-	-	-	-	680
Insurance recoveries	-	-	-	-	-	-	-	1,939
Transfers in	-	-	-	94,887	150,676	30,000	275,563	521,017
Transfers out	-	(519,086)	-	-	-	-	(519,086)	(404,061)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(519,086)</u>	<u>-</u>	<u>94,887</u>	<u>150,676</u>	<u>30,000</u>	<u>(243,523)</u>	<u>3,690,568</u>
NET CHANGE IN FUND BALANCES	<u>400,837</u>	<u>(378,267)</u>	<u>273,745</u>	<u>26,853</u>	<u>-</u>	<u>(4,392)</u>	<u>318,776</u>	<u>2,869,273</u>
FUND BALANCES, JULY 1	<u>846,069</u>	<u>3,579,355</u>	<u>310,736</u>	<u>48,746</u>	<u>-</u>	<u>84,275</u>	<u>4,869,181</u>	<u>1,999,908</u>
FUND BALANCES, JUNE 30	<u>\$ 1,246,906</u>	<u>3,201,088</u>	<u>584,481</u>	<u>75,599</u>	<u>-</u>	<u>79,883</u>	<u>5,187,957</u>	<u>4,869,181</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PARKS AND RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,377,000	1,739,780	1,739,785	5
Property tax	-	20,030	20,033	3
Charges for services	143,000	227,040	226,999	(41)
Investment earnings	-	7,845	7,849	4
Other	15,725	21,600	21,610	10
Total Revenues	<u>1,535,725</u>	<u>2,016,295</u>	<u>2,016,276</u>	<u>(19)</u>
EXPENDITURES				
Current:				
Parks and recreation	939,318	994,358	985,678	(8,680)
Capital outlay	<u>659,966</u>	<u>629,936</u>	<u>629,761</u>	<u>(175)</u>
Total Expenditures	<u>1,599,284</u>	<u>1,624,294</u>	<u>1,615,439</u>	<u>(8,855)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (63,559)</u>	<u>392,001</u>	400,837	<u>8,836</u>
FUND BALANCE, JULY 1			<u>846,069</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,246,906</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 1,836,000	2,331,090	2,331,093	3
Investment income	-	25,545	25,545	-
Other	-	425	429	4
Total Revenues	<u>1,836,000</u>	<u>2,357,060</u>	<u>2,357,067</u>	<u>7</u>
EXPENDITURES				
Capital outlay	2,089,543	1,761,453	1,761,430	(23)
Debt service				
Principal	364,784	317,409	317,408	(1)
Interest	137,410	137,410	137,410	-
Total Expenditures	<u>2,591,737</u>	<u>2,216,272</u>	<u>2,216,248</u>	<u>(24)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(755,737)</u>	<u>140,788</u>	<u>140,819</u>	<u>31</u>
OTHER FINANCING USES				
Transfers out	<u>(820,560)</u>	<u>(519,090)</u>	<u>(519,086)</u>	<u>4</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,576,297)</u>	<u>(378,302)</u>	<u>(378,267)</u>	<u>35</u>
FUND BALANCE, JULY 1			<u>3,579,355</u>	
FUND BALANCE, JUNE 30			<u>\$ 3,201,088</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - STORMWATER FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 459,000	579,925	579,928	3
EXPENDITURES				
Current:				
General government	12,750	8,320	6,538	(1,782)
Capital outlay	627,000	299,645	299,645	-
Total Expenditures	639,750	307,965	306,183	(1,782)
NET CHANGE IN FUND BALANCE	<u>\$ (180,750)</u>	<u>271,960</u>	273,745	<u>1,785</u>
FUND BALANCE, JULY 1			<u>310,736</u>	
FUND BALANCE, JUNE 30			<u>\$ 584,481</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - TOURISM FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Sales tax	\$ 130,000	158,010	158,012	2
Intergovernmental	25,000	59,595	59,596	1
Other	100	110	113	3
Total Revenues	<u>155,100</u>	<u>217,715</u>	<u>217,721</u>	<u>6</u>
EXPENDITURES				
Current:				
Tourism	247,963	286,463	284,753	(1,710)
Capital outlay	427	1,432	1,002	(430)
Total Expenditures	<u>248,390</u>	<u>287,895</u>	<u>285,755</u>	<u>(2,140)</u>
REVENUES UNDER EXPENDITURES	(93,290)	(70,180)	(68,034)	2,146
OTHER FINANCING SOURCES				
Transfers in	<u>91,115</u>	<u>94,885</u>	<u>94,887</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,175)</u>	<u>24,705</u>	26,853	<u>2,148</u>
FUND BALANCE, JULY 1			<u>48,746</u>	
FUND BALANCE, JUNE 30			<u>\$ 75,599</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 698,850	205,420	205,423	3
Charges for services	311,585	557,175	543,484	(13,691)
Other	320	375	380	5
Total Revenues	<u>1,010,755</u>	<u>762,970</u>	<u>749,287</u>	<u>(13,683)</u>
EXPENDITURES				
Current:				
Transportation	501,610	725,824	721,396	(4,428)
Capital outlay	<u>1,019,410</u>	<u>178,685</u>	<u>178,567</u>	<u>(118)</u>
Total Expenditures	<u>1,521,020</u>	<u>904,509</u>	<u>899,963</u>	<u>(4,546)</u>
REVENUES UNDER EXPENDITURES	(510,265)	(141,539)	(150,676)	(9,137)
OTHER FINANCING SOURCES				
Transfers in	<u>435,925</u>	<u>136,970</u>	<u>150,676</u>	<u>13,706</u>
NET CHANGE IN FUND BALANCE	<u>\$ (74,340)</u>	<u>(4,569)</u>	-	<u>4,569</u>
FUND BALANCE , JULY 1			-	
FUND BALANCE, JUNE 30			<u>\$ -</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDI-
TURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - DOWNTOWN BUSINESS DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
REVENUES				
Property tax	\$ 26,285	28,000	28,004	4
Charges for services	6,200	6,665	6,666	1
Other	-	135	139	4
Total Revenues	32,485	34,800	34,809	9
EXPENDITURES				
Current:				
Economic development	102,860	69,880	69,201	(679)
REVENUES UNDER EXPENDITURES	(70,375)	(35,080)	(34,392)	688
OTHER FINANCING SOURCES				
Transfer in	37,500	30,000	30,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (32,875)</u>	<u>(5,080)</u>	(4,392)	<u>688</u>
FUND BALANCE, JULY 1			84,275	
FUND BALANCE, JUNE 30			<u>\$ 79,883</u>	

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF NET POSITION -
MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	Community Development	Employee Benefits	Service Fund	Totals	
				2023	2022
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 320	1,125,961	12,450	1,138,731	1,247,449
Inventory	80,090	-	2,979	83,069	70,704
Total Current Assets	80,410	1,125,961	15,429	1,221,800	1,318,153
Noncurrent Assets					
Capital assets:					
Land and construction in progress	966,091	-	-	966,091	74,647
Other capital assets, net of accumulated depreciation	103,813	-	702,294	806,107	860,001
Total Capital Assets	1,069,904	-	702,294	1,772,198	934,648
Net pension asset	-	-	-	-	57,757
Total Assets	1,150,314	1,125,961	717,723	2,993,998	2,310,558
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	31,334	-	51,875	83,209	3,640
LIABILITIES					
Current Liabilities					
Due to others	-	7,185	-	7,185	7,988
Noncurrent Liabilities					
Net pension liability	47,464	-	78,580	126,044	-
Total Liabilities	47,464	7,185	78,580	133,229	7,988
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	10,290	-	17,035	27,325	90,648
NET POSITION					
Net investment in capital assets	1,069,904	-	702,294	1,772,198	934,648
Unrestricted	53,990	1,118,776	(28,311)	1,144,455	1,280,914
Total Net Position	\$ 1,123,894	1,118,776	673,983	2,916,653	2,215,562

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Community Development	Employee Benefits	Service Fund	Totals	
				2023	2022
OPERATING REVENUES					
Licenses and permits	\$ 71,137	-	-	71,137	85,450
Charges for services:					
Internal	506,824	3,900,919	1,098,403	5,506,146	5,111,767
Service charges and fees	57,652	-	-	57,652	43,905
Subdivision revenue	34,838	-	-	34,838	53,498
Other	1,367	-	4,041	5,408	3,315
Total Operating Revenues	<u>671,818</u>	<u>3,900,919</u>	<u>1,102,444</u>	<u>5,675,181</u>	<u>5,297,935</u>
OPERATING EXPENSES					
Personnel costs	511,639	3,978,913	877,056	5,367,608	5,025,451
Operations and maintenance	184,538	-	219,503	404,041	226,350
Depreciation	15,294	-	76,168	91,462	105,725
Total Operating Expenses	<u>711,471</u>	<u>3,978,913</u>	<u>1,172,727</u>	<u>5,863,111</u>	<u>5,357,526</u>
OPERATING INCOME (LOSS)	<u>(39,653)</u>	<u>(77,994)</u>	<u>(70,283)</u>	<u>(187,930)</u>	<u>(59,591)</u>
NONOPERATING REVENUES					
Investment income	-	10,583	-	10,583	31
Gain on sale of capital assets	-	-	-	-	26,370
Total Nonoperating Revenues	<u>-</u>	<u>10,583</u>	<u>-</u>	<u>10,583</u>	<u>26,401</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(39,653)</u>	<u>(67,411)</u>	<u>(70,283)</u>	<u>(177,347)</u>	<u>(33,190)</u>
Transfers in	<u>878,438</u>	<u>-</u>	<u>-</u>	<u>878,438</u>	<u>-</u>
CHANGE IN NET POSITION	<u>838,785</u>	<u>(67,411)</u>	<u>(70,283)</u>	<u>701,091</u>	<u>(33,190)</u>
NET POSITION, JULY 1	<u>285,109</u>	<u>1,186,187</u>	<u>744,266</u>	<u>2,215,562</u>	<u>2,248,752</u>
NET POSITION, JUNE 30	<u>\$ 1,123,894</u>	<u>1,118,776</u>	<u>673,983</u>	<u>2,916,653</u>	<u>2,215,562</u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - COMBINING STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Community Development</u>	<u>Employee Benefits</u>	<u>Service Fund</u>	<u>Total</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash flows from operating activities:				
Receipts from customers and users	\$ 163,627	-	-	163,627
Receipts from interfund charges	506,824	3,900,919	1,098,403	5,506,146
Payments to suppliers	(199,255)	-	(217,195)	(416,450)
Payments to employees for salaries and benefits	(496,664)	(3,979,672)	(851,122)	(5,327,458)
Other receipts	1,367	-	4,041	5,408
Net Cash Provided By (Used In) Operating Activities	<u>(24,101)</u>	<u>(78,753)</u>	<u>34,127</u>	<u>(68,727)</u>
Cash flows provided by noncapital financing activities:				
Transfers from other funds	<u>878,438</u>	<u>-</u>	<u>-</u>	<u>878,438</u>
Cash flows used in capital and related financing activities:				
Acquisition and construction of capital assets	<u>(891,444)</u>	<u>-</u>	<u>(37,568)</u>	<u>(929,012)</u>
Cash flows provided by investing activities:				
Investment income	<u>-</u>	<u>10,583</u>	<u>-</u>	<u>10,583</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,107)	(68,170)	(3,441)	(108,718)
CASH AND CASH EQUIVALENTS, JULY 1	<u>37,427</u>	<u>1,194,131</u>	<u>15,891</u>	<u>1,247,449</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 320</u></u>	<u><u>1,125,961</u></u>	<u><u>12,450</u></u>	<u><u>1,138,731</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (39,653)	(77,994)	(70,283)	(187,930)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	15,294	-	76,168	91,462
(Increase) decrease in:				
Inventory	(14,673)	-	2,308	(12,365)
Net pension asset	22,598	-	35,159	57,757
Deferred outflows related to pensions	(29,910)	-	(49,659)	(79,569)
Increase (decrease) in:				
Due to others	(44)	(759)	-	(803)
Net pension liability	47,464	-	78,580	126,044
Deferred inflows related to pensions	(25,177)	-	(38,146)	(63,323)
Total Adjustments	<u>15,552</u>	<u>(759)</u>	<u>104,410</u>	<u>119,203</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (24,101)</u></u>	<u><u>(78,753)</u></u>	<u><u>34,127</u></u>	<u><u>(68,727)</u></u>

CITY OF LEBANON, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULES OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Data

Annual budgets are adopted on a modified cash basis of accounting where revenues are reported as collected and expenditures when paid. All annual appropriations lapse at year-end.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level.

All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made several times throughout the year.

For the year ended June 30, 2023, expenditures exceeded the budget by \$969,811 in the Public Safety Fund.

PENSION INFORMATION SECTION

CITY OF LEBANON, MISSOURI
PENSION INFORMATION - SCHEDULE OF CHANGES
IN THE EMPLOYER'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 627,425	605,655	598,122	552,058	527,876	501,368	478,534	476,033	487,493
Interest on the total pension liability	1,855,150	1,763,218	1,763,253	1,660,856	1,609,614	1,530,581	1,470,428	1,372,505	1,334,980
Difference between expected and actual experience	479,582	1,681	(108,220)	153,093	(504,839)	(82,807)	(209,391)	(389,970)	(514,580)
Changes of assumptions	-	-	(389,114)	-	-	-	(18,844)	816,527	-
Benefit payments, including refunds	(1,130,441)	(1,007,547)	(991,793)	(961,260)	(915,035)	(830,560)	(1,007,820)	(809,971)	(760,255)
Net Change In Total Pension Liability	1,831,716	1,363,007	872,248	1,404,747	717,616	1,118,582	712,907	1,465,124	547,638
Total Pension Liability Beginning	26,749,382	25,386,375	24,514,127	23,109,380	22,391,764	21,273,182	20,560,275	19,095,151	18,547,513
Total Pension Liability Ending (a)	<u>\$ 28,581,098</u>	<u>26,749,382</u>	<u>25,386,375</u>	<u>24,514,127</u>	<u>23,109,380</u>	<u>22,391,764</u>	<u>21,273,182</u>	<u>20,560,275</u>	<u>19,095,151</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 958,813	892,152	840,173	817,110	748,080	740,380	690,403	697,196	700,379
Net investment income	997,066	22,005	6,240,581	297,053	1,417,646	2,408,797	2,139,702	(21,201)	345,385
Benefit payments, including refunds	(1,130,441)	(1,007,547)	(991,793)	(961,260)	(915,035)	(830,560)	(1,007,820)	(809,971)	(760,255)
Administrative expense	(49,779)	(35,359)	(33,492)	(42,356)	(36,708)	(25,952)	(25,370)	(24,227)	(26,283)
Other	(849,441)	(71,588)	(115,291)	(168,540)	(147,493)	(125,678)	(14,178)	100,036	(34,231)
Net Change In Plan Fiduciary Net Position	(73,782)	(200,337)	5,940,178	(57,993)	1,066,490	2,166,987	1,782,737	(58,167)	224,995
Plan Fiduciary Net Position Beginning	28,781,860	28,982,197	23,042,019	23,100,012	22,033,522	19,866,535	18,083,798	18,141,965	17,916,970
Plan Fiduciary Net Position Ending (b)	<u>\$ 28,708,078</u>	<u>28,781,860</u>	<u>28,982,197</u>	<u>23,042,019</u>	<u>23,100,012</u>	<u>22,033,522</u>	<u>19,866,535</u>	<u>18,083,798</u>	<u>18,141,965</u>
Net Pension Liability (Asset) Ending (a)-(b)	<u>\$ (126,980)</u>	<u>(2,032,478)</u>	<u>(3,595,822)</u>	<u>1,472,108</u>	<u>9,368</u>	<u>358,242</u>	<u>1,406,647</u>	<u>2,476,477</u>	<u>953,186</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.44 %	107.60	114.16	93.99	99.96	98.40	93.39	87.96	95.01
Covered Payroll (for February 28/29 Valuation)	\$ 7,565,035	6,581,360	6,784,927	6,508,811	5,926,095	5,864,105	5,517,956	5,281,969	4,405,930
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(1.68) %	(30.88)	(53.00)	22.62	0.16	6.11	25.49	46.89	21.63

Note: Information is not available for fiscal years prior to 2015.

Changes of assumptions:

During the year ended June 30, 2021, assumption changes include a decrease in the discount rate from 7.25% to 7.0%; a reduction in wage inflation of 3.25% and price inflation of 2.5% to 2.75% and 2.25% respectively; salary increases from 3.25 - 6.55, to 2.75 - 6.75% (general), 3.25% -6.55% to 2.75 - 6.55% (police), 3.25% - 7.15% to 2.75% - 7.15% (fire) ; and investment rate of return from 7.25% to 7.0%, respectively.

During the year ended June 30, 2016, new assumptions were adopted based on the 5-year experience study including change of wage inflation and price inflation to 3.25% and 2.5% from 3.5% and 3.0% respectively; and change in salary increases to 3.25% - 6.55% from 3.5% - 6.8% (general and police), 3.25% - 7.15% from 3.5% - 6.8% (fire), respectively.

CITY OF LEBANON, MISSOURI
PENSION INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	For The Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined pension contribution	\$ 966,317	883,025	831,339	815,582	746,987	754,226	689,745	697,227	704,038	741,081
Contributions in relation to the actuarially determined contribution	958,479	881,833	831,339	815,582	746,987	741,832	689,745	697,227	700,735	734,473
Contribution Deficiency	\$ 7,838	1,192	-	-	-	12,394	-	-	3,303	6,608
Covered Payroll	\$ 7,940,817	7,290,847	6,950,419	6,643,285	6,100,280	5,957,085	5,822,109	5,415,542	5,386,916	5,511,006
Contributions as a Percentage of Covered Payroll	12.07 %	12.10	11.96	12.28	12.25	12.45	11.85	12.87	13.01	13.33

Notes to schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of February 28/29 prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal and modified terminal funding
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.
Multiple bases from 7 to 15 years (general), 14 to 15 years (police and fire)
5 years smoothed market; 20% corridor
2.75% wage inflation; 2.25% price inflation
2.75% to 6.75% including wage inflation (general), 2.75% to 6.55% (police), 2.75% to 7.15% (fire)
7.00%, net of investment expenses

Remaining amortization period
Asset valuation method
Inflation
Salary increases
Investment rate of return
Retirement age
Mortality

Experience-based table of rates that are specific to the type of eligibility condition
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:

The discount rate decreased from 7.25% to 7.00% during the year ended June 30, 2021.
There are no other benefit changes during the year.