

CITY OF HOLLISTER, MISSOURI

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Hollister, Missouri

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hollister, Missouri's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 of Hollister, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hollister, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of pension plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the 2013 Continuing Disclosure as listed in the table of contents is presented for the purpose of additional analysis and is not required as part of the basis financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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


Decker & DeGood, PC

Springfield, Missouri
July 24, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hollister, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2022. We encourage readers to use this document in conjunction with the transmittal letter in the Introductory Section of this report and with the City's financial statements, which begin on page 12.

Financial Highlights and Significant Events

- On a government-wide basis, the assets, and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources for the most recent fiscal year by \$ 25,664,288. The City has unrestricted net position totaling \$ 4,488,733.
- As of March 31, 2023, governmental activities and business-type activities had net positions of \$ 12,880,856 and \$ 12,783,432, respectively.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 5,004,430, an increase of \$ 580,987. Approximately 32.07 percent, or \$ 1,604,933, is available for discretionary spending by the City. The remaining fund balance is either restricted by outside parties or not in spendable form.
- The unassigned fund balance for the General Fund is \$ 1,604,933.
- The City's long-term debt obligations decreased by \$ 800,754.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Hollister's finances, in a manner similar to private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the City. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

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

The Statement of Activities presents information showing how the government's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Hollister that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, judiciary, public safety, transportation, culture and recreation. The business-type activities include the Waterworks and Wastewater systems.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, while others are established to help control and manage money for a particular purpose. The City's two kinds of funds are as follows:

- 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 the accrual method of accounting, which measures cash when earned and expenditures incurred. 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City of Hollister adopts an annual budget for its governmental funds and a comparison of actual to budget has been provided to demonstrate compliance with the authorized budget. The Statement of Revenues, Expenditures and Changes in Fund Balance on a Budgetary Basis can be found on pages 46-47.

The basic governmental fund financial statements (Balance Sheet and Statement of Revenues, Expenditures and Change in Fund Balance) can be found on pages 14 and 17 of this report.

Fund financial statements – continued

- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise fund is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows. The basic proprietary fund financial statements (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows) can be found on pages 18-20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-45 of this report.

Required Supplemental Information

In addition to the basic financial statements the required supplementary information can be found on pages 46-49 of this report.

Supplemental Information

Supplementary information as requested by UMB Bank, NA can be found on pages 50-51 of this report.

Government-Wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$ 25,664,288 the close of the most recent fiscal year.

The City’s net investment in capital assets (land, construction in progress, buildings, equipment, improvements, and infrastructure) totals \$ 20,704,073. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

City of Hollister's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current Assets	\$ 5,298,810	\$ 4,990,372	\$ 1,324,993	\$ 1,274,993	\$ 6,623,803	\$ 6,265,365
Capital Assets	12,632,903	12,497,751	14,056,656	14,318,357	26,689,559	26,816,108
Total Assets	17,931,713	17,488,123	15,381,649	15,593,350	33,313,362	33,081,473
Deferred Outflows of Resources						
Deferred pension	149,387	187,594	129,416	150,277	278,803	337,871
Total	149,387	187,594	129,416	150,277	278,803	337,871
Current Liabilities	259,063	334,377	952,894	650,121	1,211,957	984,498
Long-term Debt	4,582,734	5,214,029	1,402,752	1,499,273	5,985,486	6,713,302
Total Liabilities	4,841,797	5,548,406	2,355,646	2,149,394	7,197,443	7,697,800
Deferred Inflows						
Deferred pension	358,447	478,961	371,987	404,424	730,434	883,385
Total	358,447	478,961	371,987	404,424	730,434	883,385
Net Position:						
Invested in capital assets-net	8,050,169	7,283,722	12,653,904	12,819,084	20,704,073	20,102,806
Restricted	471,482	534,676	-	-	471,482	534,676
Unrestricted	4,359,205	3,829,952	129,528	370,725	4,488,733	4,200,677
Total Net Position	\$ 12,880,856	\$ 11,648,350	\$ 12,783,432	\$ 13,189,809	\$ 25,664,288	\$ 24,838,159

An additional portion of the City's net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$ 4,488,733 is explained further below.

At the end of the current fiscal year, the City is able to report positive balances in all both categories of net position for the City as a whole. The reporting model includes the reporting of the City's infrastructure as a capital asset, including assets acquired retroactive to 1980.

Changes in Position. The City's total net position increased \$ 826,129. This was in large part to sales tax increase of \$ 358,149 and tourism tax \$ 250,079 along with increases in most all other revenues.

City of Hollister's Changes in Net Position

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues:				
Program Revenues:				
Charge for services	\$ 364,616	\$ 361,979	\$ 2,273,370	\$ 2,178,245
Operating grants and contributions	27,018	57,714	-	116,417
Capital grants and contributions	-	-	356,946	-
General Revenues:				
Taxes	5,841,521	5,067,399	42,244	80,360
Interest	3,244	1,154	985	62
Other	998	11,314	-	-
Total Revenue	<u>6,237,397</u>	<u>5,499,560</u>	<u>2,673,545</u>	<u>2,375,084</u>
Expenses:				
Administration	1,181,150	266,450	-	-
Public Safety	1,633,301	1,705,947	-	-
Building and planning	192,892	154,065	-	-
Parks and recreation	405,250	196,500	-	-
Refuse	221,362	196,339	-	-
Streets	820,635	685,653	-	-
Interest	158,765	250,461	-	-
Water	-	-	1,445,365	807,402
Sewer	-	-	2,045,313	1,733,715
Total Expense	<u>4,613,355</u>	<u>3,455,415</u>	<u>3,490,678</u>	<u>2,541,117</u>
Change in Net Position	1,624,042	2,044,145	(817,133)	(166,033)
Other Sources and (Uses)				
Transfers	(395,656)	(135,390)	395,656	135,390
Sale of assets	4,120	11,935	15,100	30,000
Net Position, beginning	<u>11,648,350</u>	<u>9,727,660</u>	<u>13,189,809</u>	<u>13,190,452</u>
Net Position, ending	<u>\$ 12,880,856</u>	<u>\$ 11,648,350</u>	<u>\$ 12,783,432</u>	<u>\$ 13,189,809</u>

Governmental activities. Governmental activities increased the City's net position by \$ 1,232,506. Compared to last year's growth for Governmental activities, this was an increase of \$ 422,609.

Business-type activities. Business-type activities decreased the City's net position by (\$406,377). Compared to the prior year an increase in decrease of (\$ 405,743).

In reviewing the current to the past year on the Water and Sewer Funds, we noted the following:

	2023	2022	Change	
			Amount	%
Waterworks Fund				
Revenue	\$ 621,774	\$ 570,641	\$ 51,133	8.96%
Expense net of Depreciation and interfund	1,291,162	659,604	631,558	95.75%
Operating (Loss)	(233,446)	(120,344)	(113,102)	93.98%
Wastewater Fund				
Revenue	1,651,596	1,607,604	43,992	2.74%
Expense net of Depreciation and interfund	1,564,913	1,029,055	535,858	52.07%
Operating (Loss)	(172,931)	(126,111)	(46,820)	37.13%

Financial Analysis of the City of Hollister's Funds

As noted earlier, the City uses fund accounting to demonstrate compliance with legal or finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental fund balance is reported in five separate categories: Nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include prepaid items and interfund loans not expected to be repaid within one year. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for specific purposes such as streets and parks.

Committed fund balance includes amounts that have been set aside by the City Council for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside by the City Council for a specific purpose, but subsequent to the end of the fiscal year. Unassigned fund balance includes all remaining amounts.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 5,004,430 with an increase of \$ 580,987 compared to the prior fiscal year increase of \$ 809,897. Of the total balance, \$ 37,922 is in Nonspendable, \$ 2,632,577 is restricted, \$ 728,998 is assigned, and \$ 1,604,933 is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported a fund balance of \$ 2,957,815, of which \$ 37,922 is nonspendable, \$ 728,998 assigned, \$ 585,962 restricted and \$ 1,604,933 is unassigned.

Fund balance of the General Fund increased \$ 368,079, which was the combination of improved retail sales and more local outlets.

Fund balance of the Transportation Sales Tax Fund increased \$ 38,658, which was due to an increase in sales tax revenue of \$ 114,191 again due to increased overall sales and more new retail stores combined with less monies spent on capital projects.

Capital Improvement Fund increased \$ 174,250, due to spending less in capital outlay and debt service than it brought in through sales tax.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the City’s major proprietary funds totaled \$ 98,108 The finances of these funds were discussed earlier as part of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revisions were made to the General Fund’s original expenditure budget. The original General Fund expenditure budget was forecasted at \$ 3,378,428 and the revised expenditure budget to \$ 3,523,479.

CAPITAL ASSET AND DEBT ADMINISTRATION

Additional information on the City’s capital assets can be found in Note D of the notes to the financial statements of this report. (Net of Accumulated Depreciation).

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 665,643	\$ 665,643	\$ 111,174	\$ 173,503	\$ 776,817	\$ 839,146
Construction in Progress	-	-	51,334	-	51,334	-
Plant	-	-	11,125,599	11,492,599	11,125,599	11,492,599
Buildings	3,549,471	3,589,756	1,994,248	2,052,628	5,543,719	5,642,384
Infrastructure	7,313,441	7,414,406	-	-	7,313,441	7,414,406
Equipment	857,584	518,146	616,783	444,433	1,474,367	962,579
Vehicles	246,764	309,800	157,518	155,194	404,282	464,994
	<u>\$ 12,632,903</u>	<u>\$ 12,497,751</u>	<u>\$ 14,056,656</u>	<u>\$ 14,318,357</u>	<u>\$ 26,689,559</u>	<u>\$ 26,816,108</u>

Debt

At year-end, the City had \$ 5,912,548 in outstanding notes as compared to the prior year of \$ 6,713,302.

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Certificates of Part.	\$ 1,695,000	\$ 2,215,000	\$ -	\$ -	\$ 1,695,000	\$ 2,215,000
Note Payable	2,846,216	2,999,029	1,371,332	1,499,273	4,217,548	4,498,302
TOTALS	\$ 4,541,216	\$ 5,214,029	\$ 1,371,332	\$ 1,499,273	\$ 5,912,548	\$ 6,713,302

Additional information on the City's long-term debt can be found in Note E of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2023-2024 Annual Operating Budget for the City of Hollister, Missouri indicates \$9,707,657 in expenditures, offset by \$9,776,650 in revenue. Expenditures are comprised of \$7,084,628 for operations, \$2,263,022 for debt retirement and \$429,000 for capital improvement projects. Revenue for 2023 will cover 100% of operational expenses and debt retirement.

Hollister's Use Tax (Internet Sales Tax) is established at the same rate as our existing Sales Tax (2%). We anticipate this general revenue will continue to follow its 2-year growth projection and will achieve \$351,000 in the upcoming Budget Year. Moving forward, in an environment where an ever-greater percentage of retail sales occur online this continues to expand our ability to access sales from all retailers. We feel this is a significant advantage for the future of the City's revenue stream.

The City of Hollister continues to experience residential growth. However, we have seen some slowing of the rate of growth due to cost of construction and significant increases in mortgage interest rates. We have twenty-seven (27) new single-family homes currently built or under construction and thirteen (13) additionally permitted during this annual period. These new developments along with infill lots will provide a significant number of new single-family residential units.

Immediately south of the City is the Big Cedar/Buffalo Ridge/Bass Pro Shops complex which continues to grow at an estimated \$100 million per year and expected to develop at that pace for the next several years. Most recently they have embarked on an infrastructure building program which includes the widening to 4 lanes of State Highway 86 through their location and the connection of their properties to central sewer. This is in support of their purchase of the Missouri Thunder professional bull riding team and expectation of hosting their first event in August of this year. The Nightly Rental Tax on Angler's Lodge continues to perform, producing significant lodging tax revenue each month and is substantially booked for the next several months. This venue, along with Bass Pro's other nearby properties, has an extremely positive collateral impact on the City's economy through nightly lodging, food, fuel, construction materials and equipment rental purchases. On our west city limits is Table Rock Lake and on our north city limits is Lake Taneycomo. These two impoundments attract over 3 million visitors each year and once again the City's tax base benefits from the visitor spending. This year will mark the seventh full year of operation for the 290,000 sf Menards super store which is the City's largest sales tax generator. This is in addition to our existing Lowes Home Improvement Center. The sales tax generation for the past 12 months for these two

“big box” retailers continue to show growth as compared to the previous 12 months.

Another positive aspect of our economic outlook is the continued strong performance of our historic downtown district primarily centered around a thriving art and dining cultural hub. Several of the businesses continue to set new monthly and annual revenue records. This is in addition to the repurposing of the last four properties, bringing them into productivity.

Because the City of Hollister is located in the heart of a popular leisure travel destination in southwestern Missouri, we are benefiting by the resurgence of the leisure travel economy and our largest Sales Tax generators are nationally and regionally well-known businesses coupled with the fact that we have an internet Sales Tax, we actually have fared well during this 12-month period. As the rest of the nation continues to rebound more slowly from the restricted national economic environment, we are postured to continue on a positive trajectory through the foreseeable future, showing continued economic and financial growth.

Another positive action that we have accomplished is the retirement of the 2013 Series Certificate of Participation. This was paid off 3 years early thus pre-empting \$1.5 million in bond payments over the next 2 years and saving approximately \$150,000 in interest payments. The decision to do this was prompted by the uncertainty of the national economic outlook for the 36 months and the availability of \$1 million in revenue derived from the sale of 4 acres of property to the local community college. We believe this will place the City in a much stronger position to weather any softening economic cycle in the near term.

The only point of concern continues to be the hyperinflation that is gripping the nation’s economy. As family household incomes grow and tax revenues rise, so do operating expenses. We are very vigilant when it comes to these factors and monitor the gap between revenue and expenses to ensure we are not gaining a false sense of security due to inflation driven revenue growth and unearned revenue from government rescue programs. Our responsible accountability approach has served us well in the past and we are confident it will in the future.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Officer’s Office at 312 Esplanade Street, Hollister, Missouri.

Suzy Whitney
Finance Officer

CITY OF HOLLISTER, MISSOURI

STATEMENT OF NET POSITION

MARCH 31, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 428,457	\$ 1,237,714	\$ 1,666,171
Receivables -			
Property taxes (net)	18,653	-	18,653
Sales, franchise, and motor fuel taxes	721,124	-	721,124
Utilities (net)	18,216	116,147	134,363
Restricted assets-cash and cash equivalents			
Debt reserves	1,412,999	-	1,412,999
Deposits and special allocations	1,439,479	-	1,439,479
Note receivable	1,078,000	-	1,078,000
Internal balances	50,000	(50,000)	-
Prepaid items	37,922	21,132	59,054
Net pension asset	93,960	-	93,960
Capital assets:			
Land	665,643	111,174	776,817
Construction in progress	-	51,334	51,334
Other capital assets, net of accumulated depreciation	11,967,260	13,894,148	25,861,408
Total Assets	17,931,713	15,381,649	33,313,362
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows-pension related	149,387	129,416	278,803
LIABILITIES			
Accounts payable	38,273	-	38,273
Accrued wages and benefits	102,241	82,322	184,563
Sales tax and primacy fee payable	-	17,228	17,228
Accrued payroll taxes	153	-	153
Accrued interest	69,307	-	69,307
Unearned revenue - ARPA	-	462,165	462,165
Escrow funds	49,089	-	49,089
Net pension liability	-	180,470	180,470
Meter deposits	-	210,709	210,709
Amounts due within one year	905,386	98,745	1,004,131
Amounts due in more than one year	3,677,348	1,304,007	4,981,355
Total Liabilities	4,841,797	2,355,646	7,197,443
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension related	358,447	371,987	730,434
NET POSITION			
Net investment in capital assets	8,050,169	12,653,904	20,704,073
Restricted - Debt reserve	471,482	-	471,482
Unrestricted	4,359,205	129,528	4,488,733
Total Net Position	\$ 12,880,856	\$ 12,783,432	\$ 25,664,288

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

CITY OF HOLLISTER, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
General government	\$ 1,181,150	\$ 27,018	\$ -	\$ (1,042,058)	\$ -	\$ (1,042,058)
Public safety:						
Police	1,353,197	-	-	(1,331,670)	-	(1,331,670)
Fire	280,104	-	-	(280,104)	-	(280,104)
Streets	820,635	-	-	(820,635)	-	(820,635)
Refuse	221,362	-	-	9,653	-	9,653
Building and planning	192,892	-	-	(192,892)	-	(192,892)
Parks and recreation	405,250	-	-	(405,250)	-	(405,250)
Interest on long-term debt	158,765	-	-	(158,765)	-	(158,765)
Total governmental activities	4,613,355	27,018	-	(4,221,721)	-	(4,221,721)
Business-type activities:						
Water	1,445,365	-	178,473	-	(645,118)	(645,118)
Sewer	2,272,862	-	178,473	-	(442,793)	(442,793)
Total business-type activities	3,718,227	-	356,946	-	(1,087,911)	(1,087,911)
Totals	\$ 8,331,582	\$ 27,018	\$ 356,946	(4,221,721)	(1,087,911)	(5,309,632)

General Revenues

Taxes:					
Property taxes			385,511	-	385,511
Franchise taxes			322,474	-	322,474
Sales taxes			4,262,037	-	4,262,037
Use tax			365,332	-	365,332
Tourism tax			283,825	-	283,825
Missouri motor fuel taxes			222,342	-	222,342
Future sewer assessments			-	42,244	42,244
Interest on investments			3,244	985	4,229
Reimbursements and miscellaneous			998	227,549	228,547
Transfers			(395,656)	395,656	-
Sale of assets			4,120	15,100	19,220
Total revenues, transfers, and sale of assets			5,454,227	681,534	6,135,761
Change in net position			1,232,506	(406,377)	826,129
Net position beginning			11,648,350	13,189,809	24,838,159
Net position ending			\$ 12,880,856	\$ 12,783,432	\$ 25,664,288

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

CITY OF HOLLISTER, MISSOURI

BALANCE SHEET
GOVERNMENTAL FUNDS

MARCH 31, 2023

	General Fund	Transportation Sales Tax Fund	Capital Improvement Sales Tax Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 230,080	\$ 90,931	\$ 107,446	\$ 428,457
Restricted assets-cash and cash equivalents				
Debt reserves	585,962	807,037	20,000	1,412,999
Deposits and special allocations	728,998	400,431	310,050	1,439,479
Receivables-				
Property taxes (net)	18,653	-	-	18,653
Sales, franchise, motor fuel taxes	451,423	133,399	136,302	721,124
Refuse fees (net)	18,216	-	-	18,216
Note receivable	1,078,000	-	-	1,078,000
Due from other funds	-	-	50,000	50,000
Prepaid items	37,922	-	-	37,922
TOTAL ASSETS	<u>\$ 3,149,254</u>	<u>\$ 1,431,798</u>	<u>\$ 623,798</u>	<u>\$ 5,204,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 38,273	\$ -	\$ -	\$ 38,273
Accrued wages	68,561	8,981	-	77,542
Accrued payroll taxes	24,852	-	-	24,852
Escrow funds	49,089	-	-	49,089
Total Liabilities	<u>180,775</u>	<u>8,981</u>	<u>-</u>	<u>189,756</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	10,664	-	-	10,664
FUND BALANCES				
Fund Balances				
Nonspendable	37,922	-	-	37,922
Restricted - Debt reserves	585,962	-	-	585,962
Restricted - Capital projects	-	-	623,798	623,798
Restricted-Streets	-	1,422,817	-	1,422,817
Assigned	728,998	-	-	728,998
Unassigned	1,604,933	-	-	1,604,933
Total Fund Balances	<u>2,957,815</u>	<u>1,422,817</u>	<u>623,798</u>	<u>5,004,430</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,149,254</u>	<u>\$ 1,431,798</u>	<u>\$ 623,798</u>	<u>\$ 5,204,850</u>

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

CITY OF HOLLISTER, MISSOURI
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
MARCH 31, 2023

Total Fund Balances - Governmental Funds \$ 5,004,430

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

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the respective governmental funds:

Cost of capital assets	17,863,963	
Accumulated depreciation	<u>(5,231,060)</u>	
		12,632,903

Other long-term liabilities include deferred revenue amounts which represent amounts receivable but not determined to be available and not recognized as current year revenues in the governmental funds; therefore, they added to the fund balance to arrive at net position.

Unavailable revenue - General Fund	10,664
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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	93,960
Deferred outflows - pension related	149,387
Deferred inflows - pension related	(358,447)

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:

Long-term liabilities	(4,541,216)
Compensated absences	(41,518)
Accrued interest payable	<u>(69,307)</u>

Total Net Position of Governmental Activities	<u><u>\$ 12,880,856</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF HOLLISTER, MISSOURI
 STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED MARCH 31, 2023

	General Fund	Capital		Total Governmental Funds
		Transportation Sales Tax Fund	Improvement Sales Tax Fund	
REVENUES				
Taxes:				
Property taxes	\$ 382,923	\$ -	\$ -	\$ 382,923
Franchise taxes	322,474	-	-	322,474
Sales taxes	2,209,009	1,076,440	976,588	4,262,037
Use tax	365,332	-	-	365,332
Tourism tax	283,825	-	-	283,825
Intergovernmental taxes:				
Missouri motor fuel taxes	222,342	-	-	222,342
Charges for services:				
Refuse fees	231,015	-	-	231,015
Licenses & permits	85,999	-	-	85,999
Fines & forfeitures	21,527	-	-	21,527
Interest	1,430	1,635	179	3,244
Donations	27,018	-	-	27,018
Other:				
Rent	26,075	-	-	26,075
Miscellaneous	998	-	-	998
Total Revenues	4,179,967	1,078,075	976,767	6,234,809
EXPENDITURES				
Current:				
General government	931,302	-	-	931,302
Public safety -				
Police	1,257,071	-	-	1,257,071
Fire	280,104	-	-	280,104
Streets	199,400	323,047	-	522,447
Refuse fees paid	221,362	-	-	221,362
Building and planning	191,112	-	-	191,112
Parks and recreation	387,706	-	-	387,706
Capital outlay	143,155	379,551	116,898	639,604
Debt service:				
Principal	8,296	285,000	379,517	672,813
Interest and fees	900	55,419	102,446	158,765
Total Expenditures	3,620,408	1,043,017	598,861	5,262,286
EXCESS OF REVENUES OVER EXPENDITURES	559,559	35,058	377,906	972,523
OTHER FINANCING SOURCES (USES)				
Sale of assets	520	3,600	-	4,120
Transfers (Out)	(192,000)	-	(203,656)	(395,656)
NET CHANGE IN FUND BALANCE	368,079	38,658	174,250	580,987
FUND BALANCES - BEGINNING	2,589,736	1,384,159	449,548	4,423,443
FUND BALANCES - ENDING	\$ 2,957,815	\$ 1,422,817	\$ 623,798	\$ 5,004,430

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

CITY OF HOLLISTER, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL ACTIVITIES TO
 THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

Net change in fund balances--total governmental funds	\$	580,987
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlays 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.</p>		
Capital outlay		639,604
Depreciation expense		(504,452)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		2,588
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the same statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal paid on debt		672,813
<p>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.</p>		
Pension expense		(159,494)
Compensated absences		(1,440)
Accrued interest		1,900
		1,900
Change in net position of governmental activities	\$	1,232,506

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

CITY OF HOLLISTER, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER)
MARCH 31, 2023

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,237,714
Receivables:	
Utilities (net)	116,147
Prepaid items	21,132
Total Current Assets	<u>1,374,993</u>
Noncurrent Assets:	
Capital assets:	
Land	111,174
Construction in progress	51,334
Other capital assets, net of accumulated depreciation	13,894,148
Total Noncurrent Assets	<u>14,056,656</u>
Total Assets	<u>15,431,649</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension related	<u>129,416</u>
 LIABILITIES	
Current Liabilities:	
Accrued wages and taxes	82,322
Compensated absences payable	31,420
Sales tax and primacy fee payable	17,228
Due to other funds	50,000
Note payable - current	95,603
Unearned revenue - ARPA	462,165
Net pension liability	180,470
Total Current Liabilities	<u>919,208</u>
Noncurrent Liabilities:	
Meter deposits	210,709
Note payable	1,275,729
Total Noncurrent Liabilities	<u>1,486,438</u>
Total Liabilities	<u>2,405,646</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension related	<u>371,987</u>
 NET POSITION	
Net investment in capital assets	12,685,324
Unrestricted	98,108
Total Net Position	<u>\$ 12,783,432</u>

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

CITY OF HOLLISTER, MISSOURI
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION-
PROPRIETARY FUND (WATER AND SEWER)
FOR THE YEAR ENDED MARCH 31, 2023

OPERATING REVENUES:	
Water sales	\$ 621,774
Sewer sales	1,651,596
Total Operating Revenues	2,273,370
OPERATING EXPENSES:	
Chemicals	32,752
Computer software, support	29,679
Depreciation	862,152
Dues and subscriptions	212,389
Gas & oil	30,881
Group insurance	155,727
Insurance	84,142
Lab test	8,662
Miscellaneous	3,630
Office supplies and postage	15,683
Payroll taxes	60,511
Repairs & maintenance	231,858
Salaries and retirement contributions	1,295,685
Supplies	1,461
Telephone	16,159
Uniforms	7,356
Utilities	373,441
Vehicle expense	16,455
Total Operating Expenses	3,438,623
OPERATING (LOSS)	(1,165,253)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	985
Interest expense	(52,055)
Gain on disposal of assets	15,100
Future sewer assessments	42,244
Total Non-Operating Revenues (Expenses)	6,274
(LOSS) BEFORE TRANSFERS AND GRANTS	(1,158,979)
ARPA grant	356,946
Transfer in	395,656
Total Transfers and Grants	752,602
CHANGE IN NET POSITION	(406,377)
TOTAL NET POSITION - BEGINNING	13,189,809
TOTAL NET POSITION - ENDING	\$ 12,783,432

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

CITY OF HOLLISTER, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (WATER AND SEWER)
FOR THE YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,500,919
Payments to suppliers	(992,185)
Payments to employees	<u>(1,511,923)</u>
Net Cash (Used for) Operating Activities	<u>(3,189)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers in	<u>395,656</u>
Net Cash Provided by Noncapital Financing Activities	<u>395,656</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(463,378)
ARPA grant	356,946
Future sewer assessments	42,244
Sale of capital assets	15,100
Principal paid	(127,941)
Interest expense	<u>(52,055)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(229,084)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	<u>985</u>
Net Cash Provided by Investing Activities	<u>985</u>
NET CASH INCREASE FOR THE YEAR	164,368
CASH AT BEGINNING OF YEAR	<u>1,073,346</u>
CASH AT END OF YEAR	<u><u>\$ 1,237,714</u></u>
SUMMARY OF CASH	
Cash and cash equivalents	<u><u>\$ 1,237,714</u></u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating (Loss)	\$ (1,165,253)
Adjustments to reconcile net operating (loss) to net cash provided by operating activities:	
Depreciation expense	862,152
(Increase) decrease in utility receivable	(19,809)
(Increase) decrease in prepaid items	(2,896)
(Increase) decrease in pension assets	20,861
Increase (decrease) in accrued wages and benefits	29,837
Increase (decrease) in other liabilities	8,473
Increase (decrease) in pension liabilities	148,033
Increase (decrease) in unearned revenue	110,818
Increase (decrease) in meter deposits	<u>4,595</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (3,189)</u></u>

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

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hollister, Missouri (the “City”) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (U.S. GAAP). The following summary of the more significant policies of the City is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

THE REPORTING ENTITY

Entity status for financial reporting purposes is governed by Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for the establishment of GAAP in governmental entities. The financial statements of the City present the financial activities of the City and any component units. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit’s Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund but distinguish between the City’s governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements. Separate financial statements are provided for governmental funds and proprietary funds. Separate columns are presented for each major governmental fund and for each major enterprise fund. Non-major funds are aggregated and presented in a single column.

Governmental Fund Types: Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City’s expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The following are the City’s major governmental funds:

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund type.

Transportation Sales Tax

Transportation Sales Tax fund is a special revenue fund established to account for the proceeds of transportation sales tax to be used for the construction, improvements, and maintenance of City streets.

Capital Improvement Sales Tax

The Capital Improvement Sales Tax Fund is a special revenue fund established to account for the proceeds of the ½ cent capital improvement sales tax to be used for any proper City capital improvement.

Proprietary Fund Types: Proprietary funds are used to account for the City's ongoing activities that are similar to those often found in the private sector. The following are the City's major proprietary funds:

Water and Sewer Fund

The Water and Sewer Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues collected, expenditures paid, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recognized at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fixed period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessment. 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 operation, the principal operating revenues of the enterprise fund are charges for services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Statement of Cash Flows

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Missouri 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 stated at fair value.

Due to/from other funds

Transactions between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements as “internal balances.” In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts Receivable and Unbilled Usage

All receivables were stated at gross because the amounts were collected within the following 30 days except for water and sewer utilities receivable which had allowances of \$ 1,041 for water and \$ 1,291 for sewer. Unbilled usage for service consumed between periodic scheduled billing dates is recognized as revenue in the period in which service is provided. All are net of an allowance for uncollectibles.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items represent nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of fund balances. The cost of governmental fund-type prepaids is recorded as an expenditure when consumed rather than when purchased.

Restricted assets

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The bond account is used only for the payment of principal and interest on revenue bonds. The depreciation and replacement account is to be expended only for repairs or replacements to the water and sewer funds. The bond reserve account is to be used only to pay bonds at maturity or interest as it becomes due and to the extent other funds are not available for this purpose.

Certain General Fund monies are classified as restricted assets on the Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance because their use is limited by covenants of the capital lease agreement. The reserve account is to be used solely for the purpose of making lease payments on the applicable due dates when and to the extent other funds are not available for this purpose. The lease payment account is used only for the payment of the principal and interest on the lease obligation.

Capital Assets and Depreciation

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 and proprietary fund financial statements.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation - continued

The City in compliance with GASB 34 option elected not to go back 20 years to capitalize infrastructure but began starting 2004 and forward capitalizing those costs.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalized threshold for capital assets is \$ 1,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the fiscal year end 2023, the City's Water and Sewer Fund had no capital assets under construction and, therefore, capitalized no current year interest costs.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable capital assets are as follows:

Site improvements	7-55 years
Buildings	7-40 years
Infrastructure	20-40 years
Furniture and equipment	5-20 years
Vehicles	5-10 years

Deferred Outflows 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, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the City has one item that meets the definition of deferred outflows of resources. That is the amount related to pension outflows as per GASB 68.

Deferred Inflows of Resources/Unavailable Revenue

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, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. In the Governmental Funds the item reported as a deferred inflow of resources arises only under a modified accrual basis of accounting.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

At this time, the City has one item that meets the definition of deferred inflows of resources. That amount is related to pension inflows as per GASB 68.

Pensions

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

Long-term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

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

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances-Governmental Funds

As of March 31, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable-This classification includes amounts that cannot be spent because they are in a nonspendable form or are required to be maintained intact.

Restricted-This classification includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed-This classification includes amounts that can be used only for specific purposes determined by a formal action by the City Council. Such formal action may be in the form of an ordinance and may only be modified or rescinded by a subsequent formal action.

Assigned-This classification includes amounts that are intended by the City to be used for a specific purpose but are neither restricted nor committed. Assignments may be made only by the government body or official.

Unassigned-This classification represents the residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories and include all deficit amounts in all other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assigned actions.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances -Governmental Funds - continued

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net positions are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restrictions of Net Position/Restricted Cash

The City records restrictions to indicate that a portion of the net position is legally segregated for a specific future use. The following details the description and amount of all restrictions required, and the cash account set aside for the reserves by the City as of March 31, 2023:

Governmental Activities

	Required Reserve	Restricted Cash
General Fund		
Reserve for debt	\$ -	\$ 585,962
Escrow for projects		728,998
Total Restricted Cash for General Fund		1,314,960
Capital Improvement Sales Tax Fund		
Reserve for debt		20,000
Escrow for projects		310,050
Total Restricted Cash for Capital Improvement Sales Tax Fund	-	330,050
Street Fund		
Reserve for debt	471,482	807,037
Escrow for projects	-	400,431
Total Restricted Cash for Street Fund	471,482	1,207,468
 Total Reserve Governmental Activities/Restricted Cash	 \$ 471,482	 \$ 2,852,478

Vacation, sick leave, and other compensated absences

City employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences either vest or accumulate as they are earned.

Sales Taxes

The City as reported in the governmental activities has three sales tax issues; one is a City one cent sales tax (\$ 2,209,009) to be used for any proper municipal purposes and a second 1/2 cent transportation sales tax (\$ 1,076,440) for operation and maintenance of City streets. The sales tax issue reported in the Capital Improvement Sales Tax Fund consists of 1/2 cent capital improvement tax (\$ 976,588) for any capital improvements and debt payment for water and sewer bonds. Then a final sales tax issue shared with Taney County a 1/8 of 1/2 cent sales tax (\$ 0). Projects for the County 1/8 of 1/2 cent sales tax have to be approved by Taney County before release of the said sales tax.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2022 was \$ 64,159,813 with the levy set at .5989 for the General Fund.

Unavailable Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. For the year ended unearned revenue was property taxes in excess of 60 days of collection.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The City is required by Missouri State Law RSMo 105.485 to prepare a budget each year based on estimates of revenues and expected expenditures which include at a minimum a budget message, budget summary, schedule with prior year comparison of estimated revenue and expenditures, schedule of bonded debt obligations and budget approval letter. The accompanying statement of revenues, expenditures and changes in fund balance—budget and actual includes the budgeted expenditures for the year, along with management's estimate of revenues for the year for both the original budget and the final budget which is reflective of any amendments throughout the fiscal year. The legal level of budgetary control is at the total fund level.

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) for all governmental funds.

Bond Reserve Compliance

The City was in compliance with required bonded debt reserves for the year.

Excess of expenditures over appropriations

For the year ended March 31, 2023, expenditures were within the budget appropriations for all major funds.

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of \$ 6,415,981. The City did not have any general obligation bonds outstanding as of March 31, 2023.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

Deposits. 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 March 31, 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.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does have a written investment policy covering credit risk.

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 policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before 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 policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

Custodial Credit Risk is the risk that in the event of a broker/agent failure, securities that are uninsured and not registered in the name of the City and are held by either the counterparty to the transaction or the counterparty's trust department or agent but not in the government's name will not be returned to the City. The City does have a written investment policy on custodial credit risk in which all investments are either insured or registered in the City's name and held by the City's agent.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE C – CAPITAL ASSETS AND DEPRECIATION

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

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 665,643	\$ -	\$ -	\$ 665,643
Capital assets being depreciated:				
Buildings	\$ 3,667,512	\$ 54,924	\$ -	\$ 3,722,436
Infrastructure	10,675,003	148,123	-	10,823,126
Equipment	1,220,925	425,791	-	1,646,716
Vehicles	995,276	10,765	-	1,006,041
Total capital assets being depreciated	<u>16,558,716</u>	<u>639,603</u>	<u>-</u>	<u>17,198,319</u>
Less: Accumulated depreciation for:				
Buildings	77,755	95,210	-	172,965
Infrastructure	3,260,597	249,088	-	3,509,685
Equipment	702,779	86,353	-	789,132
Vehicles	685,476	73,801	-	759,277
Total accumulated depreciation	<u>4,726,607</u>	<u>504,452</u>	<u>-</u>	<u>5,231,059</u>
Total capital assets being depreciated, net	<u>11,832,109</u>	<u>135,151</u>	<u>-</u>	<u>11,967,260</u>
Governmental activities capital assets, net	<u>\$ 12,497,752</u>	<u>\$ 135,151</u>	<u>\$ -</u>	<u>\$ 12,632,903</u>

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

Governmental activities:

General government	\$ 42,149
Police and courts	144,791
Streets	298,188
Building and planning	1,780
Parks	17,544
	<u>\$ 504,452</u>

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE C – CAPITAL ASSETS AND DEPRECIATION (Continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 173,503	\$ -	\$ 62,329	\$ 111,174
Construction in progress	-	51,334	-	51,334
Capital assets being depreciated:				
Buildings	\$ 2,518,875	\$ -	\$ -	\$ 2,518,875
Plant	27,944,775	295,061	-	28,239,836
Equipment	1,216,004	224,173	-	1,440,177
Vehicles	698,259	29,613	-	727,872
Total capital assets being depreciated	32,377,913	548,847	-	32,926,760
Less Accumulated depreciation for:				
Buildings	465,977	58,650	-	524,627
Plant	16,389,577	724,660	-	17,114,237
Equipment	771,571	51,823	-	823,394
Vehicles	543,335	27,019	-	570,354
Total accumulated depreciation	18,170,460	862,152	-	19,032,612
Total capital assets being depreciated, net	14,207,453			13,894,148
Business-type activities capital assets, net	\$ 14,380,956			\$ 14,056,656

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

Business-type activities:

Water Fund	\$ 154,201
Sewer Fund	707,951
	<u>\$ 862,152</u>

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE D – LONG-TERM DEBT

Business-type activities:

The following is a summary of debt transactions of the City for the year ended March 31, 2023, as it relates to the business type activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Note payable Hollister Pointe	\$ 1,499,273	\$ -	\$ 127,941	\$ 1,371,332	\$ 95,603
Compensated Absences	27,843	48,710	45,133	31,420	3,142
Totals	\$ 1,527,116	\$ 48,710	\$ 173,074	\$ 1,402,752	\$ 98,745

Amount due in one year	\$ 98,745
Amounts due in more than one year	
Note payable	1,275,729
Compensated absences	28,278
	\$ 1,304,007

Note Payable Hollister Pointe

On August 17, 2022, the City secured a loan for the Hollister Pointe building that is used by the Police Department, Street Department and the Water and Sewer Fund. Payments are semi-annual totaling \$ 200,813.87 at 2.730 interest rate with the final payment due May 15, 2035. The payment is allocated so that the Governmental Activities pays 66.667% and the Water and Sewer Funds pays the remaining 33.333% of the semi-annual loan payment. \$ 1,371,332

The Business-type long-term debt as of March 31, 2023, follows:

March 31,	Note Payable	
	Principal	Interest
2024	\$ 95,603	\$ 38,260
2025	98,167	35,696
2026	101,004	32,859
2027	103,819	30,044
2028	106,712	27,151
2029-2033	579,752	89,561
2034-2035	286,275	13,454
Totals	\$ 1,371,332	\$ 267,025

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE D – LONG-TERM DEBT (Continued)

Governmental activities

The following is a summary of debt transactions of the City for the year ended March 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Certificate of participation	\$ 2,215,000	\$ -	\$ 520,000	\$ 1,695,000	\$ 710,000
Note Payable Hollister Pointe	2,999,029		152,813	2,846,216	191,234
	<u>5,214,029</u>	<u>-</u>	<u>672,813</u>	<u>4,541,216</u>	<u>901,234</u>
Compensated Absences	40,078	50,403	48,963	41,518	4,152
Amounts due within one year				<u>\$ 905,386</u>	
Amounts due in more than one year:					
Compensated absences				37,366	
Certificate of participation				985,000	
Lease payable				2,654,982	
Total amounts due in more than one year				<u>\$ 3,677,348</u>	

For governmental activities, liability for compensated absences is generally liquidated by the General Fund.

The Governmental long-term debt as of March 31, 2023, follows:

Certificates of Participation

On March 1, 2013, the City entered into a cancelable lease for the refunding of existing lease obligations on City Hall and money for construction of Hwy 65 project. \$ 5,875,000 paid from this issue.

\$ 1,695,000

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE D – LONG-TERM DEBT (Continued)

Note Payable Hollister Pointe

On August 17, 2022, the City secured a loan for the Hollister Pointe building that is used by the Police Department, Street Department and the Water and Sewer Fund. Payments are semi-annual totaling \$ 200,813.87 at 2.730 interest rate with the final payment due May 15, 2035. The payment is allocated so that the Governmental Activities pays 66.667% and the Water and Sewer Funds pays the remaining 33.333% of the semi-annual loan payment. \$ 2,846,216

The annual requirements to amortize bonded debt as of March 31, 2023, follows:

<u>March 31,</u>	<u>Note Payable</u>		<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 191,234	\$ 76,531	\$ 710,000	\$ 54,688
2025	196,362	71,403	840,000	23,688
2026	202,036	65,729	15,000	6,532
2027	207,667	60,098	15,000	5,819
2028	213,455	54,310	15,000	5,106
2029-2033	1,159,676	179,149	100,000	11,875
2034-2037	675,786	26,859	-	-
Totals	<u>\$ 2,846,216</u>	<u>\$ 534,079</u>	<u>\$ 1,695,000</u>	<u>\$ 107,708</u>

NOTE E – CONDUIT DEBT OBLIGATION

Not included in the accompanying financial statements is a conduit debt obligation issued under the name of the City and the Hollister Parkway Tax Increment Financing Redevelopment Plan. The Bonds are not secured by or payable from revenues or assets of the City or Hollister. A portion of the sales tax generated by Menard Inc. will be used to fund the debt service. On March 31, 2023, the aggregate principal amount of Conduit Debt Obligation outstanding totaled \$ 4,900,000.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE F – DEFINED BENEFIT PENSION PLAN

The City of Hollister participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the State of Missouri. The retirement system covers all full-time City employees.

Plan description

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

Benefits provided.

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

	2022 Valuation
Benefit Multiplier:	2.00%
Final Average Salary:	3 years
Member Contributions:	4.00%

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.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms.

On June 30, 2022, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	36
Active employees	39
Total	102

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. Employer's contribution rates are 16.6 % General and 11.5% Police of annual payroll.

Net Pension Liability

The employer's net pension liability was measured as June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2022.

Actuarial assumptions

The total pension liability in the February 28, 2022, 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
Investment rate of return	7.00% net of investment expenses

Mortality rates were based on the healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2023. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale.

The actuarial assumptions were based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	39.00%	4.16%
Fixed Income	28.00%	0.89%
Real Assets	33.00%	2.09%

Discount rate

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

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)+(b)
Balances at 7/1/2021	\$ 6,206,980	\$ (6,679,814)	\$ (472,834)
Changes for the year:			
Service Cost	216,100	-	216,100
Interest	434,730	-	434,730
Changes in assumptions	-	-	-
Difference between expected and actual experience	(573,712)	-	(573,712)
Contribution - employer	-	(251,521)	(251,521)
Contribution - employee	-	(66,181)	(66,181)
Net investment income	-	(4,721)	(4,721)
Benefit payments, including refunds	(209,100)	209,100	-
Administrative expense	-	8,177	8,177
Other changes	-	796,472	796,472
Net changes	(131,982)	691,326	559,344
Balances at 6/30/2022	\$ 6,074,998	\$ (5,988,488)	\$ 86,510

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00 % than the current rate.

1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
\$ 1,028,674	\$ 86,510	\$ (676,771)

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended March 31, 2023, the employer recognized pension expense of \$465,461. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an increase in the Deferred Outflow for the year ending March 31, 2024.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 96,019	\$ (486,359)
Differences in assumptions	643	(55,047)
Excess(deficit) in investment returns		
Contributions subsequent to the measurement date*	182,141	(189,028)
Total	\$ 278,803	\$ (730,434)

Year ended:		
2024	\$	(194,374)
2025		(203,257)
2026		(247,871)
2027		11,730
2028		-
Thereafter		-
Total	\$	(633,772)

Payable to the Pension Plan

On March 31, 2023, the City of Hollister reported a payable of \$ 46,980.15 for the outstanding amount of contributions to the pension plan required for the year ended March 31, 2023.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE G – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. The City carries commercial insurance and has not incurred any claims which have exceeded its coverage in any of the past three years.

On March 31, 2023, the City maintained commercial insurance coverage for building and contents and employee theft. In the past three years, the City had no losses that exceeded commercial insurance coverage.

NOTE H – GRANTS

Intergovernmental awards received by the City are subject to audit and adjustment by the grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agencies. No disallowed costs have resulted from this audit and management believes that further examination will not result in any disallowed costs.

NOTE I – TRANSFERS BETWEEN FUNDS

Transfers between funds were for allocation of shared costs, for payment of bond principal and interest payment. \$395,656 was transferred to the Proprietary fund, with \$192,000 of that amount being from the general fund and \$203,656 being from the capital improvement sales tax fund.

NOTE J – COMMITMENTS

Fire Protection Agreement

The City, on October 8, 2003, entered into an "Inter-Governmental Agreement" with the Western Taney County Fire Protection District. The provision of the agreement provides that the City will share with the Fire District a portion of its property tax revenue each year as per Missouri Revised Statute 321.221 and pay that portion in quarterly payments. For 2023, that amount was \$ 280,104 and was reflected within the statements under Current Fire expenditures of \$ 280,104.

NOTE K – LEASE REVENUE

The City leases various City-owned properties to corporations for cellular towers. The minimum lease payments the City will receive will be \$ 22,895 with a 15% increase over the five-year period. The contract was renewed September 28, 2015.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE L – FUTURE ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments.

The City adopted the following statements during the year ended March 31, 2023:

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning after June 15, 2022. This Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Section 457 Deferred Compensation Plans-and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2022. Effective date is June 15, 2022, with earlier application permitted.

GASB Statement No. 98, This Statement establishes the term *annual comprehensive financial report* and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. Effective date of this requirement is for fiscal years ending after December 15, 2022, but earlier application is encouraged.

The City did not have any changes to report for the year ending March 31, 2023, upon adopting GASB 87,97, and 98.

CITY OF HOLLISTER, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE M – SALE OF BUILDINGS AND NOTE RECEIVABLE

The City sold land and buildings used for the Police and Public Works Departments for \$ 1,500,000 to OTC. Terms are the note is interest free and with payments of \$ 7,033.33 for sixty months with a balance of \$ 1,078,000 at the end of the sixty months.

CITY OF HOLLISTER, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

REVENUES	General Fund			Variance With Final Budget
	Budget		Actual	
	Original	Final		
Taxes:				
Property taxes	\$ 360,000	\$ 382,923	\$ 382,923	\$ -
Franchise taxes	-	322,474	322,474	-
Sales taxes	1,680,100	2,209,009	2,209,009	-
Use tax	227,900	365,332	365,332	-
Tourism tax	270,000	283,825	283,825	-
Intergovernmental:				
Missouri motor fuel taxes	-	222,342	222,342	-
Charge for services:				
Refuse fees	10,000	231,015	231,015	-
Licenses & permits	156,450	85,999	85,999	-
Fines & forfeitures	4,000	21,527	21,527	-
Interest	-	1,430	1,430	-
Donations	19,200	27,018	27,018	-
Other:				
Rent	87,400	26,075	26,075	-
Miscellaneous	51,500	998	998	-
Total Revenues	<u>2,866,550</u>	<u>4,179,967</u>	<u>4,179,967</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	804,090	931,302	931,302	-
Police	1,434,860	1,257,071	1,257,071	-
Fire	280,104	280,104	280,104	-
Streets	186,030	199,400	199,400	-
Refuse fees paid	-	221,362	221,362	-
Building and planning	235,640	191,112	191,112	-
Parks and recreation	274,030	387,706	387,706	-
Capital outlay	137,100	143,155	143,155	-
Debt service:				
Principal	8,296	8,296	8,296	-
Interest	2,428	900	900	-
Total Expenditures	<u>3,362,578</u>	<u>3,620,408</u>	<u>3,620,408</u>	<u>-</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(496,028)	559,559	559,559	-
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	520	520	-
Transfers (net)	-	(192,000)	(192,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (496,028)</u>	<u>\$ 368,079</u>	368,079	<u>\$ -</u>
FUND BALANCES - BEGINNING			2,589,736	
FUND BALANCES - ENDING			<u>\$ 2,957,815</u>	

CITY OF HOLLISTER, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2023

	Transportation Sales Tax Fund			
	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Sales tax	\$ 818,320	\$ 1,076,440	\$ 1,076,440	\$ -
Interest	100	1,635	1,635	-
Total Revenues	<u>818,420</u>	<u>1,078,075</u>	<u>1,078,075</u>	<u>-</u>
EXPENDITURES				
Current:				
Streets	317,620	323,047	323,047	-
Capital outlay	150,000	379,551	379,551	-
Debt service:				
Principal	285,000	285,000	285,000	-
Interest	55,932	55,419	55,419	-
Total Expenditures	<u>808,552</u>	<u>1,043,017</u>	<u>1,043,017</u>	<u>-</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	9,868	35,058	35,058	-
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	3,600	3,600	-
NET CHANGE IN FUND BALANCE	<u>\$ 9,868</u>	<u>\$ 38,658</u>	38,658	<u>\$ -</u>
FUND BALANCES - BEGINNING			<u>1,384,159</u>	
FUND BALANCES - ENDING			<u>\$ 1,422,817</u>	

CITY OF HOLLISTER, MISSOURI
 REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED
 SCHEDULE OF CHANGES IN NET PENSION
 LIABILITY AND RELATED RATIOS
 FOR THE YEARS ENDED MARCH 31.

	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service costs	\$ 216,100	\$ 210,078	\$ 210,488	\$ 191,537	\$ 187,338	\$ 180,456
Interest on Total Pension Liability	434,730	419,156	393,527	358,864	338,182	305,746
Changes in Benefit Terms	-	-	-	-	-	(1,251)
Difference between expected and actual experience	(573,712)	121,354	(29,338)	93,052	(97,320)	93,309
Changes in assumptions	-	(93,234)	-	-	(3,071)	-
Benefit payments, including refunds	(209,100)	(252,872)	(190,171)	(159,651)	(135,897)	(137,673)
Net change in total pension liability	(131,982)	404,482	384,506	483,802	289,232	440,587
Total Pension Liability-beginning	6,206,980	5,802,498	5,417,992	4,934,190	4,644,958	4,204,371
Total Pension Liability-ending	<u>\$ 6,074,998</u>	<u>\$ 6,206,980</u>	<u>\$ 5,802,498</u>	<u>\$ 5,417,992</u>	<u>\$ 4,934,190</u>	<u>\$ 4,644,958</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 251,521	\$ 249,358	\$ (229,187)	\$ (227,628)	\$ (218,256)	\$ (220,778)
Contributions - employee	66,181	68,725	(64,895)	(62,253)	(57,468)	(62,519)
Net investment income	4,721	1,476,260	(65,520)	(312,226)	(494,623)	(425,516)
Benefits payments, including refunds	(209,100)	(252,872)	190,171	159,651	135,897	137,673
Pension Plan Administrative Expense	(8,177)	(8,117)	11,026	9,177	6,147	5,731
Other (Net Transfer)	(796,472)	125,544	161,372	(28,127)	(6,344)	(14,488)
Net change in plan fiduciary net position	(691,326)	1,658,898	2,967	(461,406)	(634,647)	(579,897)
Plan Fiduciary Net Position-beginning	6,679,814	5,020,916	(5,023,883)	(4,562,477)	(3,927,830)	(3,347,933)
Plan Fiduciary Net Position-ending	<u>\$ 5,988,488</u>	<u>\$ 6,679,814</u>	<u>\$ (5,020,916)</u>	<u>\$ (5,023,883)</u>	<u>\$ (4,562,477)</u>	<u>\$ (3,927,830)</u>
Net Pension Liability(Asset)	<u>\$ 86,510</u>	<u>\$ (472,834)</u>	<u>\$ 781,582</u>	<u>\$ 394,109</u>	<u>\$ 371,713</u>	<u>\$ 717,128</u>
Plan fiduciary net position as a percentage of the total pension liability	-98.58%	-107.62%	86.53%	92.73%	92.47%	84.56%
Covered payroll	\$ 1,590,302	\$ 1,703,744	\$ 1,569,862	\$ 1,615,049	\$ 1,356,510	\$ 1,437,064
Net Pension liability as a percentage of covered payroll	5.44%	-27.75%	49.79%	24.40%	27.40%	49.90%

Notes to schedule:

*Information not available as this represents the first actuarial valuation performed pursuant to GASB Statement No. 67.

This schedule is intended to cover ten years. The City implemented GASB Statement No. 67 in fiscal year 2014. Information for years prior to fiscal year 2014 is therefore unavailable.

CITY OF HOLLISTER, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION-UNAUDITED
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
LAST TEN FISCAL YEARS
FOR THE YEARS ENDED MARCH 31.

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation	Contribution Deficiency	Covered Employee Payroll	Contribution as Percentage
2013	\$ 189,219	\$ 183,517	\$ 5,702	\$ 1,222,209	15.02%
2014	192,615	198,069	(5,454)	1,274,639	15.54%
2015	181,076	196,505	(15,429)	1,287,367	15.26%
2016	187,575	187,503	72	1,347,132	13.92%
2017	207,057	207,056	1	1,477,155	14.02%
2018	220,840	214,335	6,505	1,477,155	14.51%
2019	225,445	225,445	-	1,503,075	15.00%
2020	226,065	226,065	-	1,609,255	14.05%
2021	245,157	243,269	1,888	1,707,004	14.25%
2022	260,059	251,092	8,967	1,650,133	15.22%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: February 28, 2022

Notes: The roll-forward of total pension liability from February 29, 2022 to June 30, 2022 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with the benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period of (ii) 15 years.
Remaining Amortization Period	Multiple bases from 8 to 19 years
Asset Valuation Method	5-Year smoothed market: 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other information:	None

CITY OF HOLLISTER, MISSOURI
SUPPLEMENTARY INFORMATION
PER 2013 CERTIFICATES-EXHIBIT A
CONTINUING DISCLOSURE
FOR THE YEAR ENDED MARCH 31, 2023

HISTORY OF PROPERTY VALUATION

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

<u>Calendar Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2022	\$ 64,159,813	7.52%
2021	59,675,215	9.71%
2020	54,391,208	-1.43%
2019	55,180,689	6.42%
2018	51,847,476	-12.30%
2017	59,159,327	24.30%
2016	47,596,779	-0.50%
2015	47,857,415	-0.21%
2014	48,892,985	2.60%
2013	47,670,879	1.40%

HISTORY OF TAX LEVIES

The following table shows the City's tax levies (per \$100 of assessed valuation) for each of the last eight fiscal years:

<u>Fiscal Year Ended</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Levy</u>
2023	0.5989	-	0.5989
2022	0.5989	-	0.5989
2021	0.6205	-	0.6205
2020	0.6082	-	0.6082
2019	0.6210	-	0.6210
2018	0.6099	-	0.6099
2017	0.6185	-	0.6185
2016	0.6056	-	0.6056
2015	0.5917	-	0.5917
2014	0.5912	0.3289	0.9201

CITY OF HOLLISTER, MISSOURI
SUPPLEMENTARY INFORMATION
PER 2013 CERTIFICATES-EXHIBIT A
CONTINUING DISCLOSURE
FOR THE YEAR ENDED MARCH 31, 2023

TAX COLLECTION RECORD

The following table sets forth tax collection information for the City for the last nine fiscal years:

<u>Fiscal Year Ended</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>%</u>
2023	0.5989	\$ 384,253	\$ 382,923	99.7%
2022	0.5989	357,395	371,320	103.9%
2021	0.6205	337,497	357,156	105.8%
2020	0.6082	319,770	352,879	110.4%
2019	0.6210	321,973	326,088	101.2
2018	0.6099	360,813	353,405	97.9
2017	0.6056	295,394	303,187	102.6
2016	0.6185	289,825	302,267	104.3
2015	0.5917	289,300	306,798	106.0
2014	0.9201	438,620	441,088	100.6

Unaudited