



CITY OF LICKING, MISSOURI

AUDIT REPORT

MARCH 31, 2024

**K DELUCA AUDIT SERVICES LLC
CERTIFIED PUBLIC ACCOUNTANT
POST OFFICE BOX 132
ST. JAMES, MISSOURI 65559**



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Governmental and Non-Profit Audit & Consulting Services

INDEPENDENT AUDITOR’S REPORT

To the Board of Aldermen
City of Licking, 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 Licking, Missouri (the “City”), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of March 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, 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.

Management has omitted the management’s discussion and analysis and budgetary comparisons that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

K DeLuca Audit Services LLC

K DeLuca Audit Services LLC
St. James, Missouri
December 28, 2025

BASIC FINANCIAL STATEMENTS

CITY OF LICKING, MISSOURI
STATEMENT OF NET POSITION
MARCH 31, 2024

Statement 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,446,330	\$ 1,244,736	\$ 2,691,066
Certificates of deposit	155,196	100,000	255,196
Receivables	137,586	280,776	418,362
Internal balances	1,532,830	(1,532,830)	-
Prepaid assets	11,974	3,577	15,551
Total current assets	<u>3,283,916</u>	<u>96,259</u>	<u>3,380,175</u>
Noncurrent assets			
Restricted cash	448,638	66,940	515,578
Net capital assets	3,942,595	3,561,446	7,504,041
Total noncurrent assets	<u>4,391,233</u>	<u>3,628,386</u>	<u>8,019,619</u>
Total assets	<u>7,675,149</u>	<u>3,724,645</u>	<u>11,399,794</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related resources	110,599	101,114	211,713
Refunding of certificates of participation	13,044	-	13,044
Total deferred outflows of resources	<u>123,643</u>	<u>101,114</u>	<u>224,757</u>
LIABILITIES			
Current liabilities			
Accounts payable	5,016	200,221	205,237
Accrued liabilities	11,078	66,940	78,018
Accrued interest	7,942	-	7,942
Unearned revenue	321,550	-	321,550
Current portion of long term debt	85,284	-	85,284
Total current liabilities	<u>430,870</u>	<u>267,161</u>	<u>698,031</u>
Noncurrent liabilities			
Compensated absences	5,746	3,695	9,441
Net pension liability	(273,325)	(46,630)	(319,955)
Long term debt, net	1,135,000	-	1,135,000
Total noncurrent liabilities	<u>867,421</u>	<u>(42,935)</u>	<u>824,486</u>
Total liabilities	<u>1,298,291</u>	<u>224,226</u>	<u>1,522,517</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related resources	109,494	(38,723)	70,771
Total deferred inflows of resources	<u>109,494</u>	<u>(38,723)</u>	<u>70,771</u>
NET POSITION			
Invested in capital assets, net of related debt	2,722,311	3,561,446	6,283,757
Restricted	1,619,386	-	1,619,386
Unrestricted	2,049,310	78,810	2,128,120
Total net position	<u>\$ 6,391,007</u>	<u>\$ 3,640,256</u>	<u>\$ 10,031,263</u>

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

**CITY OF LICKING, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
Administrative services	\$ 71,258	17,675	\$ -	\$ 622,113
Parks and recreation	109,670	-	-	-
Law and public safety	542,648	28,248	16,033	-
Fire services	29,712	-	-	-
Street services	248,823	-	-	-
Aquatic center	152,065	49,359	-	-
Nursing home	40,913	-	-	-
Other	24,097	-	-	-
Interest expense	16,252	-	-	-
Total governmental activities	<u>1,235,438</u>	<u>95,282</u>	<u>16,033</u>	<u>622,113</u>
Business-type activities:				
Water and Sewer	<u>912,023</u>	<u>1,033,556</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>912,023</u>	<u>1,033,556</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 2,147,461</u>	<u>\$ 1,128,838</u>	<u>\$ 16,033</u>	<u>\$ 622,113</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Interest and investment earnings

Miscellaneous general revenues

Total general revenues

Change in net position

Net position --- beginning

Net position --- ending

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

Statement 2

Net (Expenses) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 568,530	\$ -	\$ 568,530
(109,670)	-	(109,670)
(498,367)	-	(498,367)
(29,712)	-	(29,712)
(248,823)	-	(248,823)
(102,706)	-	(102,706)
(40,913)	-	(40,913)
(24,097)	-	(24,097)
(16,252)	-	(16,252)
<u>(502,010)</u>	<u>-</u>	<u>(502,010)</u>
-	121,533	121,533
<u>-</u>	<u>121,533</u>	<u>121,533</u>
<u>(502,010)</u>	<u>121,533</u>	<u>(380,477)</u>
67,835	-	67,835
861,207	-	861,207
336,701	-	336,701
60,636	196,040	256,676
159,788	-	159,788
<u>1,486,167</u>	<u>196,040</u>	<u>1,682,207</u>
984,157	317,573	1,301,730
5,406,850	3,322,683	8,729,533
<u>\$ 6,391,007</u>	<u>\$ 3,640,256</u>	<u>\$ 10,031,263</u>

**CITY OF LICKING, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2024**

	General Fund	Capital Improvement Sales Tax Fund	Park Sales Tax Fund	Law Enforcement Sales Tax Fund
Assets:				
Cash and cash equivalents	\$ 268,617	\$ 549,901	\$ 504,616	\$ 123,196
Certificates of deposit	155,196	-	-	-
Sales tax receivable	51,662	20,332	20,332	20,329
Other receivables	24,926	-	-	-
Prepaid expenses	11,974	-	-	-
Restricted cash and cash equivalents	323,761	-	124,877	-
Due from other funds	1,532,830	-	-	-
Total assets	2,368,966	570,233	649,825	143,525
Liabilities:				
Accounts payable	5,016	-	-	-
Accrued liabilities	8,867	-	-	-
Court bonds payable	2,211	-	-	-
Unearned revenue	321,550	-	-	-
Total liabilities	337,644	-	-	-
Fund balances:				
Nonspendable	11,974	-	-	-
Restricted	255,803	570,233	649,825	143,525
Unassigned	1,763,545	-	-	-
Total fund balances	\$ 2,031,322	\$ 570,233	\$ 649,825	\$ 143,525

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

CITY OF LICKING, MISSOURI

Statement 3

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
MARCH 31, 2024

Total Governmental Funds	Total Governmental Fund Balances	\$ 3,394,905
	<i>Amounts reported for governmental activities in the statement of net position are different because.</i>	
\$ 1,446,330		
155,196		
112,655	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,942,595
24,926		
11,974		
448,638		
1,532,830	Net pension asset and deferred outflows/inflows of pension related resources are not recognized in the fund statements because they are not financial resources.	274,435
3,732,549		
5,016	Deferred amounts on refunding are not recognized in the fund statements because they are not financial resources.	13,044
8,867		
2,211		
321,550	Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
337,644		
	Compensated absences	(5,746)
	Accrued interest	(7,942)
11,974	Financed purchases	(10,284)
1,619,386	Certificates of participation	(1,210,000)
1,763,545		
<u>\$ 3,394,905</u>	Net Position of Governmental Activities	<u>\$ 6,391,007</u>

**CITY OF LICKING, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2024**

	General Fund	Capital Improvement Sales Tax Fund	Park Sales Tax Fund	Law Enforcement Sales Tax Fund
Revenues:				
Taxes	\$ 751,013	\$ 173,239	\$ 173,239	\$ 168,251
Intergovernmental	638,146	-	-	-
Charges for services	63,174	-	-	-
Fines, licenses, permits	32,108	-	-	-
Interest income	38,483	11,675	10,478	-
Miscellaneous	159,101	683	4	-
Total revenues	<u>1,682,025</u>	<u>185,597</u>	<u>183,721</u>	<u>168,251</u>
Expenditures:				
Current operations:				
Administrative services	53,167	15,438	-	-
Parks and recreation	48,235	-	18,315	-
Law and public safety	485,651	-	-	28,327
Fire	13,565	5,229	-	-
Street	193,840	-	-	-
Aquatic center	152,065	-	-	-
Nursing home	22,208	-	-	-
Other	24,097	-	-	-
Capital expenditures	744,010	17,439	27,313	45,856
Debt service:				
Principal	20,212	-	70,000	-
Interest	906	-	13,774	-
Total expenditures	<u>1,757,956</u>	<u>38,106</u>	<u>129,402</u>	<u>74,183</u>
Excess revenues over (under) expenditures	<u>(75,931)</u>	<u>147,491</u>	<u>54,319</u>	<u>94,068</u>
Other financing sources (uses):				
Operating transfers in	10,537	-	-	-
Operating transfers out	-	-	-	(10,537)
Total other sources (uses)	<u>10,537</u>	<u>-</u>	<u>-</u>	<u>(10,537)</u>
Excess revenues and other sources over expenditures and other uses	<u>(65,394)</u>	<u>147,491</u>	<u>54,319</u>	<u>83,531</u>
Fund balances at beginning of year	<u>2,096,716</u>	<u>422,742</u>	<u>595,506</u>	<u>59,994</u>
Fund balances at end of year	<u>\$ 2,031,322</u>	<u>\$ 570,233</u>	<u>\$ 649,825</u>	<u>\$ 143,525</u>

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

CITY OF LICKING, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2024

Statement 4

	Net Change in Fund Balances---Total Governmental Funds	\$ 219,947																								
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>																									
<table border="0" style="width: 100%;"> <tr><td style="width: 10%;">\$ 1,265,742</td><td></td></tr> <tr><td>638,146</td><td></td></tr> <tr><td>63,174</td><td></td></tr> <tr><td>32,108</td><td></td></tr> <tr><td>60,636</td><td></td></tr> <tr><td>159,788</td><td></td></tr> <tr><td><u>2,219,594</u></td><td></td></tr> </table>	\$ 1,265,742		638,146		63,174		32,108		60,636		159,788		<u>2,219,594</u>		<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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	646,288										
\$ 1,265,742																										
638,146																										
63,174																										
32,108																										
60,636																										
159,788																										
<u>2,219,594</u>																										
<table border="0" style="width: 100%;"> <tr><td style="width: 10%;">68,605</td><td></td></tr> <tr><td>66,550</td><td></td></tr> <tr><td>153,978</td><td></td></tr> <tr><td>18,794</td><td></td></tr> <tr><td>193,840</td><td></td></tr> <tr><td>152,065</td><td></td></tr> <tr><td>22,208</td><td></td></tr> <tr><td>24,097</td><td></td></tr> <tr><td>834,618</td><td></td></tr> <tr><td>90,212</td><td></td></tr> <tr><td>14,680</td><td></td></tr> <tr><td><u>1,999,647</u></td><td></td></tr> </table>	68,605		66,550		153,978		18,794		193,840		152,065		22,208		24,097		834,618		90,212		14,680		<u>1,999,647</u>		<p>The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. The following is the detail of the net effect of these differences:</p> <p style="padding-left: 40px;">Repayment of principal</p>	90,212
68,605																										
66,550																										
153,978																										
18,794																										
193,840																										
152,065																										
22,208																										
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<u>1,999,647</u>																										
<table border="0" style="width: 100%;"> <tr><td style="width: 10%;">90,212</td><td></td></tr> <tr><td>14,680</td><td></td></tr> <tr><td><u>1,999,647</u></td><td></td></tr> </table>	90,212		14,680		<u>1,999,647</u>		<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 governmental funds:</p> <p style="padding-left: 40px;">Deferred gain/loss on refunding</p> <p style="padding-left: 40px;">Pension costs</p>	<table border="0" style="width: 100%;"> <tr><td style="width: 10%;"></td><td style="text-align: right;">(1,571)</td></tr> <tr><td></td><td style="text-align: right;"><u>29,281</u></td></tr> </table>		(1,571)		<u>29,281</u>														
90,212																										
14,680																										
<u>1,999,647</u>																										
	(1,571)																									
	<u>29,281</u>																									
<table border="0" style="width: 100%;"> <tr><td style="width: 10%;"></td><td style="text-align: right;"><u><u>\$ 984,157</u></u></td></tr> </table>		<u><u>\$ 984,157</u></u>	Change in Net Position of Governmental Activities																							
	<u><u>\$ 984,157</u></u>																									
<table border="0" style="width: 100%;"> <tr><td style="width: 10%;"></td><td style="text-align: right;">219,947</td></tr> <tr><td>10,537</td><td></td></tr> <tr><td><u>(10,537)</u></td><td></td></tr> <tr><td>-</td><td></td></tr> <tr><td>219,947</td><td></td></tr> <tr><td>3,174,958</td><td></td></tr> <tr><td><u><u>\$ 3,394,905</u></u></td><td></td></tr> </table>		219,947	10,537		<u>(10,537)</u>		-		219,947		3,174,958		<u><u>\$ 3,394,905</u></u>													
	219,947																									
10,537																										
<u>(10,537)</u>																										
-																										
219,947																										
3,174,958																										
<u><u>\$ 3,394,905</u></u>																										

CITY OF LICKING, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUND
MARCH 31, 2024

Statement 5

	Business-type Activities Water and Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 1,244,736
Certificates of deposit	100,000
Receivables - services	80,235
Receivables - grants	196,040
Other receivables	4,501
Prepaid insurance	3,577
Total current assets	1,629,089
Noncurrent assets	
Restricted cash and cash equivalents	66,940
Net capital assets	3,561,446
Total noncurrent assets	3,628,386
Total assets	5,257,475
Deferred outflows of resources	
Pension related resources	101,114
Total deferred outflows of resources	101,114
Liabilities	
Current liabilities	
Accounts payable	200,221
Utility deposits	66,940
Due to other funds	1,532,830
Total current liabilities	1,799,991
Noncurrent liabilities	
Compensated absences	3,695
Net pension liability	(46,630)
Total noncurrent liabilities	(42,935)
Total liabilities	1,757,056
Deferred inflows of resources	
Pension related resources	(38,723)
Total deferred inflows of resources	(38,723)
Net position	
Invested in capital assets, net of related debt	3,561,446
Unrestricted	78,810
Total net position	\$ 3,640,256

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

CITY OF LICKING, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2024

Statement 6

	Business-type Activities
	Water and Sewer
Operating revenues:	
Charges for services	\$ 1,019,750
Other income	13,806
Total operating revenues	1,033,556
Operating expenses:	
Salaries and wages	305,478
Employee benefits	36,478
Supplies and materials	23,131
Professional services	4,706
Telephone and utilities	89,400
Repairs and maintenance	28,274
General and administrative	129,468
Insurance	32,294
Miscellaneous	44,084
Depreciation	218,710
Total operating expenses	912,023
Operating income	121,533
Non-operating revenues (expenses):	
Intergovernmental	196,040
Net non-operating revenues (expenses)	196,040
Change in net position	317,573
Total net position at beginning of year	3,322,683
Total net position at end of year	\$ 3,640,256

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

**CITY OF LICKING, MISSOURI
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2024**

Statement 7

	Business-type Activities
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 831,012
Cash paid to suppliers	(153,277)
Cash paid to employees	(377,744)
Net cash provided by operating activities	299,991
Cash flows from noncapital financing activities:	
Loans from other funds	129,468
Net cash provided by noncapital financing activities	129,468
Cash flows from capital and related financing activities:	
Purchase of capital assets	(234,365)
Intergovernmental receipts	196,040
Net cash used for capital and related financing activities	(38,325)
Net increase in cash and cash equivalents	391,134
Cash and cash equivalents at beginning of year	920,542
Cash and cash equivalents at end of year	\$ 1,311,676
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ 121,533
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	218,710
Changes in assets and liabilities:	
Accounts receivable	(204,712)
Deferred outflows	(66,581)
Accounts payable	198,080
Utility deposits	2,168
Net pension liability	82,864
Deferred inflows	(52,071)
Net cash provided by operating activities	\$ 299,991

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

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Licking, Missouri (the “City”) was incorporated on December 4, 1934, under the provisions of the State of Missouri. The City operates under a Board of Aldermen/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning, and general administrative services. Other services include water and sewer operations.

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

Financial Reporting Entity

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The city has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit of the City’s basic financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unity of that entity.

Government-Wide Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Fund Financial Statements

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

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

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvement Sales Tax Fund: The Capital Improvement Sales Tax Fund of the City is used to account for resources restricted for capital improvements of the City.

Park Sales Tax Fund: The Park Sales Tax Fund of the City is used to account for resources restricted for City parks and recreation.

Law Enforcement Sales Tax Fund: The Law Enforcement Sales Tax Fund of the City is used to account for resources restricted for City law enforcement operations.

The City reports the following major proprietary fund:

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

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Water and sewer treatment plan and lines	40 years
Buildings	40-80 years
Building improvements	20 years
Machinery and equipment	17-20 years
Furniture and fixtures	10-50 years
Major moveable equipment	7-45 years
Infrastructure	50 years
Land improvements	25-60 years
Motor vehicles	6-50 years

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

Pooled Cash and Cash Equivalents

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

Due to and Due from Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of March 31, 2024, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

Revenue Recognition – Property Taxes

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

Compensated Absences

Employees earn vacation time based on the number of years of service to the City. Outstanding vacation leave is payable upon termination of employment. Current portion is unknown, therefore compensated absences are recorded as a long-term liability in the Statement of Net Position.

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Use of Estimates

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

Net Position

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

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

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

Unrestricted: A component of net position that does not meet the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

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

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

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

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed.

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension 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.

Program Revenues

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

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

Operating revenues and expenses

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

NOTE 2 – CASH AND CASH EQUIVALENTS

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2024, all bank balances on deposit are entirely insured or collateralized.

Cash and cash equivalents also include \$124,877 of deposits within the corporate trust department of Security Bank of Kansas City, which are held in money market funds, and are not required to be collateralized.

NOTE 3 – CERTIFICATES OF DEPOSIT

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2024, all certificates of deposit were entirely insured or collateralized with securities.

The City has no policy on interest rate risk.

NOTE 4 – RESTRICTED ASSETS

General Fund

Cash has been restricted in the amount of \$323,761; \$2,211 for court bonds payable and \$321,550 for CDBG funds received in advance. Fund balance/net position has been restricted in the amount of \$255,803 for ARPA funds received under the Coronavirus State and Local Fiscal Recovery Funds program.

Capital Improvement Sales Tax Fund

Fund balance/net position has been restricted in the amount of \$570,233 for sales tax revenue restricted for capital improvements.

Park Sales Tax Fund

Cash and cash equivalents have been restricted and fund balance/net position restricted in the amount of \$124,877 for the 2021 Certificates of Participation reserve account. Fund balance is also restricted in the amount of \$524,948 for unspent park sales tax revenue.

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Law Enforcement Sales Tax Fund

Fund balance/net position has been restricted in the amount of \$143,525 for sales tax revenue restricted for law enforcement operations.

Water and Sewer Fund

Cash and cash equivalents have been restricted for customer meter deposits in the amount of \$66,940.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consist of property taxes, sales tax and customer accounts owed from private individuals or organizations for goods and services. Management evaluates the collectibility of each receivable at year end and records an allowance for amounts deemed uncollectible. An allowance related to property tax receivables of \$1,014 was recorded as of March 31, 2024. No additional allowances were recorded as all amounts were expected to be collected.

NOTE 6 – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2024, consists of the Series 2021 Certificates of Participation, financed purchases for equipment, and compensated absences payable.

Certificates of Participation

On August 1, 2021, the City issued \$1,350,000 in Series 2021 Refunding Certificates of Participation with interest rates ranging from 0.50% to 2.00%. The City issued and used the net proceeds to prepay the \$1,265,000 of outstanding Series 2016 Certificates of Participation. Principal payments are due annually on May 1, with interest payments due semi-annually on May 1 and November 1 of each year. The new issue will reduce debt service payments for the City by approximately \$157,500.

The annual debt service requirements on the Series 2021 Certificates of Participation outstanding as of March 31, 2024, are listed on the following table:

Year Ending March 31,	Principal	Interest	Rate
2025	\$ 75,000	\$ 18,553	0.70%
2026	75,000	18,028	0.70%
2027	75,000	17,352	1.10%
2028	80,000	16,500	1.10%
2029	85,000	15,465	1.40%
2030-2034	420,000	57,400	1.4-1.8%
2025-2039	400,000	14,420	1.9-2.0%
	\$ 1,210,000	\$ 157,718	

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Financed Purchases

In November 2019, the City entered into a lease agreement with Town & Country Bank to finance the purchase of two vehicles in the amount of \$39,175. The lease agreement requires annual payments of \$10,550, which includes interest of 3.00%. This lease was paid off during the current year.

During the year ended March 31, 2021, the City entered into a lease agreement with Town & Country Bank to finance the purchase of a new police vehicle in the amount of \$39,309. The lease agreement requires annual payments of \$10,607, which includes interest of 3.08%.

Although the above agreements provide for cancellation of the leases at the City's option at the renewal dates, the City does not foresee exercising its option to cancel. Therefore, the leases are accounted for as financed purchases in accordance with GASB Section L20 – *Leases*.

The following is a schedule of future minimum lease payments under the lease agreements (assuming non-cancellation):

Year Ending March 31, <u>2025</u>	<u>Payments</u>
Total minimum lease payments	\$ 10,607
Less amount representing interest	10,607
Principal balance at March 31, 2024	<u>323</u>
	<u>\$ 10,284</u>

Changes in Long-Term Debt – Governmental Activities

The following table is a summary of the changes in long-term debt – governmental activities:

	Balance March 31, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance March 31, <u>2024</u>	Due Within One Year
Governmental Funds					
Certificates of Participation	\$ 1,280,000	\$ -	\$ (70,000)	\$ 1,210,000	\$ 75,000
Lease purchase obligations	30,496	-	(20,212)	10,284	10,284
Compensated absences	5,746	-	-	5,746	-
	<u>\$ 1,316,242</u>	<u>\$ -</u>	<u>\$ (90,212)</u>	<u>\$ 1,226,030</u>	<u>\$ 85,284</u>

NOTE 7 – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Water and Sewer Fund

Water and Sewer Fund long-term debt consists only of compensated absences payable.

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2024, was as follows:

	Balance 3/31/2023	Additions/ Adjustments	Disposals/ Adjustments	Balance 3/31/2024
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 146,000	\$ -	\$ -	\$ 146,000
Construction in progress	-	603,513	-	603,513
Subtotal	<u>146,000</u>	<u>603,513</u>	<u>-</u>	<u>749,513</u>
Capital assets being depreciated:				
Vehicles	597,952	91,712	-	689,664
Buildings	1,758,629	8,994	-	1,767,623
Equipment	577,998	130,399	-	708,397
Furniture & fixtures	75,091	-	-	75,091
Infrastructure	2,825,969	-	-	2,825,969
Land improvements	731,015	-	-	731,015
Subtotal	<u>6,566,654</u>	<u>231,105</u>	<u>-</u>	<u>6,797,759</u>
Accumulated depreciation:				
Vehicles	315,594	55,842	-	371,436
Buildings	1,127,022	17,916	-	1,144,938
Equipment	412,323	41,077	-	453,400
Furniture & fixtures	68,108	393	-	68,501
Infrastructure	965,180	57,086	-	1,022,266
Land improvements	528,120	16,016	-	544,136
Subtotal	<u>3,416,347</u>	<u>188,330</u>	<u>-</u>	<u>3,604,677</u>
Net capital assets being depreciated	<u>3,150,307</u>	<u>42,775</u>	<u>-</u>	<u>3,193,082</u>
Net capital assets	<u>\$ 3,296,307</u>	<u>\$ 646,288</u>	<u>\$ -</u>	<u>\$ 3,942,595</u>

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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	Balance 3/31/2023	Additions/ Adjustments	Disposals/ Adjustments	Balance 3/31/2024
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 26,136	\$ -	\$ -	\$ 26,136
Construction in progress	-	198,000	-	198,000
Subtotal	<u>26,136</u>	<u>198,000</u>	<u>-</u>	<u>224,136</u>
Capital assets being depreciated:				
Equipment	\$ 575,802	\$ 12,749	\$ -	\$ 588,551
Improvements/other	19,791	-	-	19,791
Water plant & lines	2,872,526	-	-	2,872,526
Sewer plant & lines	5,570,157	23,615	-	5,593,772
Subtotal	<u>9,038,276</u>	<u>36,364</u>	<u>-</u>	<u>9,074,640</u>
Accumulated depreciation:				
Equipment	317,652	42,317	-	359,969
Improvements/other	13,297	495	-	13,792
Water plant & lines	1,533,896	68,415	-	1,602,311
Sewer plant & lines	3,653,775	107,483	-	3,761,258
Subtotal	<u>5,518,620</u>	<u>218,710</u>	<u>-</u>	<u>5,737,330</u>
Net capital assets being depreciated	<u>7,224,822</u>	<u>(182,346)</u>	<u>-</u>	<u>3,337,310</u>
Net capital assets	<u>\$ 3,545,792</u>	<u>\$ 15,654</u>	<u>\$ -</u>	<u>\$ 3,561,446</u>

Depreciation expense for governmental activities was charged to the following functions:

Governmental activities:	
Administration	\$ 11,529
Fire	10,918
Nursing home	18,705
Parks and recreation	45,197
Law and public safety	39,257
Street	62,724
Total governmental activities	<u>\$ 188,330</u>

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 9 – ASSESSED VALUATION, TAX LEVY, & LEGAL DEBT MARGIN

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

	2023
Assessed valuation	
Real estate	\$ 12,208,473
Personal property	4,022,288
Total	\$ 16,230,761
 Tax rate per \$100 of assessed valuation	
General Fund	\$ 0.4318

The legal debt margin at March 31, 2024, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 1,623,076	\$ 1,623,076	\$ 3,246,152
Legal debt margin	\$ 1,623,076	\$ 1,623,076	\$ 3,246,152

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

NOTE 10 – PENSION PLAN

General Information about the Pension Plan

Plan description. The City’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal

CITY OF LICKING, MISSOURI
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Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

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

	2023 Valuation
Benefit Multiplier	1.75%
Final Average Salary	3 years
Member Contributions	0.00%

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.

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

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	12
Active employees	13
	37

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 14.6% for General and 6.2% for Police of annual covered payroll.

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

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
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Actuarial assumptions. The total pension liability in the February 28, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2023 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

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

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

Discount rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined 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

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

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.

Change in the Net Pension Asset.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2022	\$ 2,669,979	\$ 3,140,595	\$ (470,616)
Changes for the year:			
Service cost	69,443	-	69,443
Interest	185,344	-	185,344
Difference between expected and actual experience	142,565	-	142,565
Contributions - employer	-	82,839	(82,839)
Net investment income	-	124,023	(124,023)
Benefit payments, including refunds	(114,629)	(114,629)	-
Administrative expense	-	(4,263)	4,263
Other changes	-	44,092	(44,092)
Net changes	282,723	132,062	150,661
Balances at 6/30/2023	\$ 2,952,702	\$ 3,272,657	\$ (319,955)

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

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
125,438	(319,955)	(681,951)

CITY OF LICKING, MISSOURI
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the employer recognized pension expense of \$18,256. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in experience	\$ 109,197	\$ (53,294)
Change in assumptions	-	(17,477)
Excess (deficit) investment returns	38,918	-
Contributions subsequent to the measurement date*	63,598	-
Total	\$ 211,713	\$ (70,771)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition in the Net Pension Asset 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:

Year Ending June 30	Net Deferred Inflows of Resources
2024	\$ 9,836
2025	(23,898)
2026	61,265
2027	30,592
2028	(633)
Thereafter	-
Total	\$ 77,162

Payable to the Pension Plan

At March 31, 2024, the City reported \$7,714 as payable to the pension plan.

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 11 – RISK MANAGEMENT

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

NOTE 12 – INTERNAL BALANCES

Internal balances as of March 31, 2024, consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,532,830	\$ -
Water & Sewer Fund	-	1,532,830
TOTAL	\$ 1,532,830	\$ 1,532,830

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of March 31, 2024, balance of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE 13 – OPERATING TRANSFERS

Transfers between funds for the year ended March 31, 2024, were as follows:

	Transfer From Other Funds	Transfer To Other Funds
General Fund	\$ 10,537	\$ -
Law Enforcement Sales Tax Fund	-	10,537
TOTAL	\$ 10,537	\$ 10,537

NOTE 14 – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of March 31, 2024, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

CITY OF LICKING, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 15 – COLLATERAL

On February 1, 2021, the City entered into a lease agreement for a new vehicle. The City assigned and granted the lender a security interest in that vehicle until February 1, 2025, when the final payment of the lease is made. On March 31, 2024, the outstanding principal balance of the collateralized lease was \$10,284.

NOTE 16 – COMMITMENT

During 2024, the City began a construction project for a healthcare facility. The City entered into a construction contract totaling \$1,414,200, of which \$295,000 had been expended as of March 31, 2024. The remaining \$1,119,200 represents outstanding commitments that will be funded through a Community Development Block Grant through the State of Missouri.

NOTE 17 – SUBSEQUENT EVENT

In January 2025, the City issued Combined Waterworks and Sewerage System Revenue Bonds, Series 2024, for an amount not to exceed \$1,272,000 maturing in July 2044. The purpose of the bonds is to finance the costs of extending and improving the System.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LICKING, MISSOURI
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

Fiscal year ending June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 69,443	\$ 65,793	\$ 54,313	\$ 49,196	\$ 51,793	\$ 49,086	\$ 48,018	\$ 49,374	\$ 47,986
Interest on Total Pension Liability	185,344	175,704	177,333	170,789	171,549	160,101	152,019	132,585	129,939
Difference between expected and actual experien	142,565	(3,296)	(56,059)	(46,579)	(150,959)	21,205	(20,065)	89,365	(50,293)
Changes in assumptions	-	-	(28,845)	-	-	-	-	63,605	-
Benefit payments, including refunds	(114,629)	(90,349)	(86,305)	(85,049)	(78,246)	(69,538)	(68,522)	(63,963)	(118,717)
Net change in total pension liability	282,723	147,852	60,437	88,357	(5,863)	160,854	111,450	270,966	8,915
Total pension liability - beginning	2,669,979	2,522,127	2,461,690	2,373,333	2,379,196	2,218,342	2,106,892	1,835,926	1,827,011
Total pension liability - ending	<u>\$ 2,952,702</u>	<u>\$ 2,669,979</u>	<u>\$ 2,522,127</u>	<u>\$ 2,461,690</u>	<u>\$ 2,373,333</u>	<u>\$ 2,379,196</u>	<u>\$ 2,218,342</u>	<u>\$ 2,106,892</u>	<u>\$ 1,835,926</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 82,839	\$ 93,104	\$ 95,585	\$ 78,881	\$ 74,684	\$ 76,601	\$ 64,694	\$ 67,571	\$ 77,704
Net investment income	124,023	2,460	672,330	30,990	152,785	244,899	213,274	(1,190)	45,381
Benefit payments, including refunds	(114,629)	(90,349)	(86,305)	(85,049)	(78,246)	(69,538)	(68,522)	(63,963)	(118,717)
Pension Plan Administrative Expense	(4,263)	(3,094)	(2,979)	(3,495)	(2,535)	(1,707)	(1,686)	(1,598)	(1,678)
Other (Net Transfer)	44,092	(8,195)	14,053	(729)	(3,891)	391	(947)	(122,903)	132,945
Net change in plan fiduciary net position	132,062	(6,074)	692,684	20,598	142,797	250,646	206,813	(122,083)	135,635
Plan fiduciary net position - beginning	3,140,595	3,146,669	2,453,985	2,433,387	2,290,590	2,039,944	1,833,131	1,955,214	1,819,579
Plan fiduciary net position - ending	<u>\$ 3,272,657</u>	<u>\$ 3,140,595</u>	<u>\$ 3,146,669</u>	<u>\$ 2,453,985</u>	<u>\$ 2,433,387</u>	<u>\$ 2,290,590</u>	<u>\$ 2,039,944</u>	<u>\$ 1,833,131</u>	<u>\$ 1,955,214</u>
Net pension liability(asset) - ending	<u>\$ (319,955)</u>	<u>\$ (470,616)</u>	<u>\$ (624,542)</u>	<u>\$ 7,705</u>	<u>\$ (60,054)</u>	<u>\$ 88,606</u>	<u>\$ 178,398</u>	<u>\$ 273,761</u>	<u>\$ (119,288)</u>
Plan fiduciary net position as a percentage of the total pension liability	110.84%	117.63%	124.76%	99.69%	102.53%	96.28%	91.96%	87.01%	106.50%
Covered-employee payroll	\$ 638,683	\$ 607,613	\$ 603,804	\$ 483,363	\$ 493,518	\$ 516,449	\$ 458,289	\$ 473,454	\$ 517,780
Net pension liability as a percentage of covered employee payroll	-50.10%	-77.45%	-103.43%	1.59%	-12.17%	17.16%	38.93%	57.82%	-23.04%

Notes:

Required supplemental information is not available for fiscal years prior to 2015.
The amounts noted above are as of the measurement date which is June 30th.

**CITY OF LICKING, MISSOURI
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	For the Years Ended February 28									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined pension contribution	83,144	97,841	92,342	77,444	79,728	83,362	63,456	68,307	79,540	80,334
Contribution in relation to the actuarially determined contribution	83,144	97,841	92,342	76,810	74,561	74,870	63,456	68,307	79,013	73,026
Contribution deficiency (excess)	-	-	-	634	5,167	8,492	-	-	527	7,308
Covered employee payroll	643,313	668,401	596,330	496,246	508,557	534,852	476,532	480,625	492,733	450,958
Covered employee payroll contributions as a percentage of covered employee payroll	12.92%	14.64%	15.49%	15.48%	14.66%	14.00%	13.32%	14.21%	16.04%	16.19%

Notes to schedule:

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	Multiple bases from 15 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled 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 scales to the above described tables.

Other information

None