

City of Harrisonville, Missouri

Basic Financial Statements Year Ended December 31, 2023



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Introductory Section



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July 15, 2024

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Annual Comprehensive Financial Report of the City of Harrisonville, Missouri (the City), for the fiscal year ended December 31, 2023. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness and fairness of the data presented, including all disclosures, rests with the City. Management believes the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a government-wide and fund basis.

The City's Finance Department prepares the year end trial balances and supporting schedules and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of KPM CPAs, PC...and that audit resulted in an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2023, are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the beginning of the Financial section of the Comprehensive Annual Financial Report.

Following the Independent Auditors' Report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provides an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of the City of Harrisonville and, along with the introductory section, provide context to the report.

Profile of the City of Harrisonville

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the State of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Co. H.W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center with Interstate 49 and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville, Missouri, is a fourth-class city organized under Missouri statutes and is governed by a Mayor and eight-member Board of Aldermen (the Board), two from each of the four wards. The Mayor and Board appoint a

City Administrator to serve as the chief administrative officer of the City, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water, and sanitary services, all of which are accounted for in the financial statements as business-type activities.

Factors Affecting Financial Conditions

Local economy-overall retail sales have recovered to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains tied to the stable population, economic development continues to focus on the creation and expansion of employment opportunities. Outside investors have continued to show interest in Harrisonville's location and workforce when considering potential business sites. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

Long-term financial planning-the City prepares a ten-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Aldermen's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

Cash management and risk management-the primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains stable compared to previous years. The security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department. The City's independent audit firm of KPM CPAs was instrumental in the preparation of this report and highly professional in their dealings with our staff. I would also like to thank the Mayor, the Board of Aldermen, City Administrator Brad Ratliff, and Director Jeremy Smith for their continued interest and support of the maintenance of the financial health of our city.

Respectfully submitted,

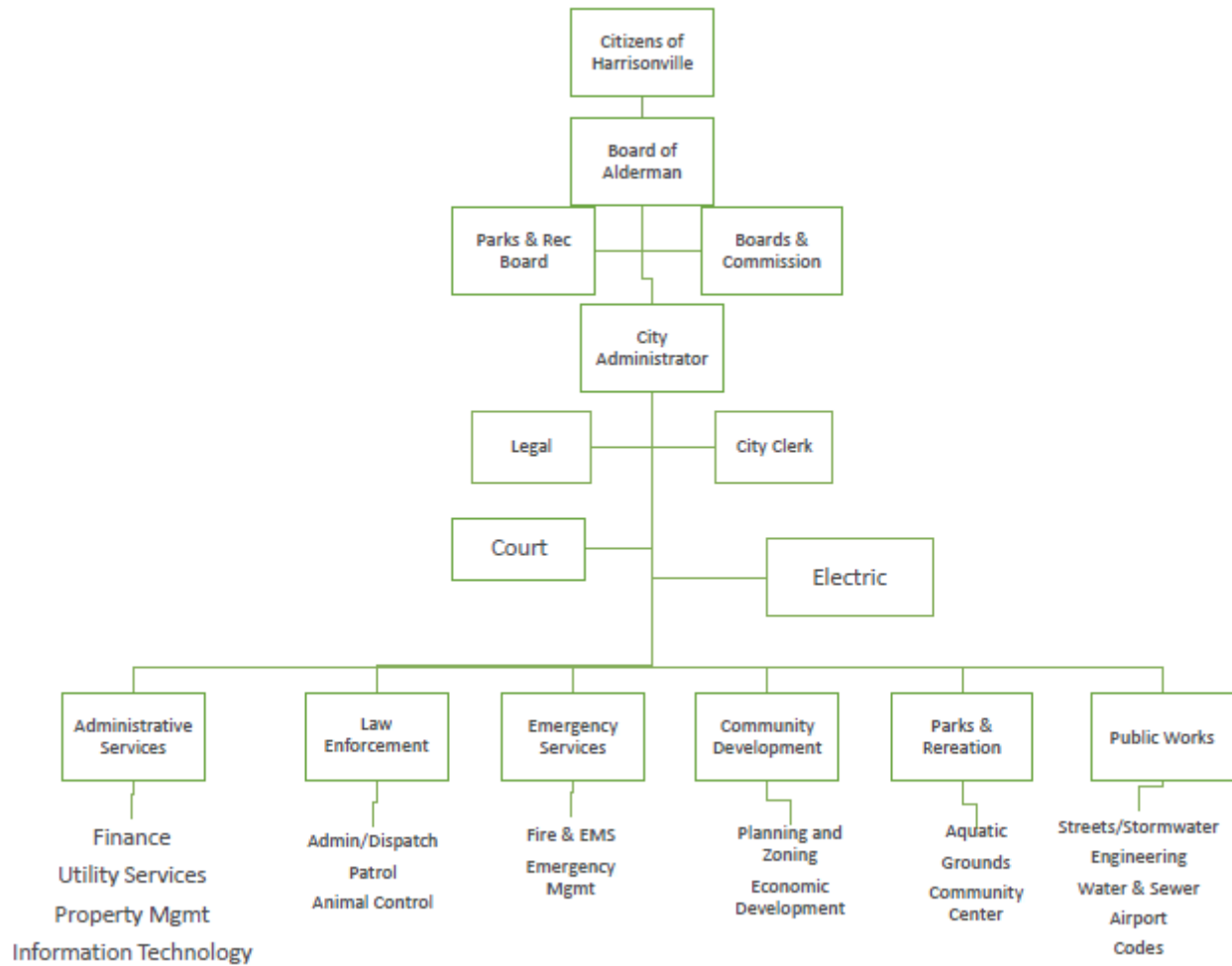
A handwritten signature in cursive script that reads "Kim Hubbard".

Kim Hubbard
Finance Manager

City of Harrisonville

Organizational Chart

December 31, 2023



City of Harrisonville

Principal Officials

December 31, 2023

Mayor and Board of Aldermen

Michael Zaring	Mayor
Dave Doerhoff	Alderman Ward 1
Kiley Chaney	Alderman Ward 1
Marcia Milner	Alderwoman Ward 2
Larry Pfautsch	Alderman Ward 2
Sandy Franklin	Alderwoman Ward 3
Bill Mills	Alderman Ward 3
Matt Turner	Alderman Ward 4
Gary Davidson	Alderman Ward 4

Administration and Department Heads

Brad Ratliff	City Administrator
Patty Hilderbrand	Director of Public Works
Grant Purkey	Director of Parks & Recreation
Christina Stanton	Director of Community/Economic Development
Jeremy Smith	Director of Administrative Services
John Hofer	Police Chief
Rusty Sullivan	Fire Chief and Director of Emergency Management
Steve Mauer	City Attorney
Don Lagrasso	Municipal Judge
Madison Touchstone	City Prosecuting Attorney

Independent Auditor

KPM CPAs, PC	Springfield, Missouri
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Financial Section



Honorable Mayor and Board of Aldermen
City of Harrisonville
Harrisonville, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 17 to the financial statements, the City restated fund balances and net position to correct various errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor funds and nonmajor budgetary comparison financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund and nonmajor budgetary comparison financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, on our consideration of the City of Harrisonville, Missouri'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 of Harrisonville, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
July 15, 2024

Management's Discussion and Analysis

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

The management's discussion and analysis of the City of Harrisonville, Missouri's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to the financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$826,404 for the year as a result of current year activities. The net position of the City's business-type activities increased by \$2,074,048 for the year.

Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflow of resources as of December 31, 2023, by \$81.0 million (net position). Of this amount, \$8.9 million was unrestricted and may be used to meet future obligations of the City.

Total liabilities of the City increased \$26,277,783.

The City's governmental funds reported combined ending fund balances of \$37,514,472, which is an increase of \$26,521,014 from the prior year. Nonspendable and restricted fund balances were \$24,800,872. Unassigned fund balance of the General Fund was \$12,571,760, which is 37% of General Fund balance and 33.5% of the total governmental fund balance.

Using this Annual Report

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

Government-Wide Financial Statements

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

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

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

Governmental Activities: Most of the City's basic services are reported here, including general government, public safety, community development, streets, airport, emergency services, community center, and parks and recreation. Taxes (sales, property, and franchise), charges for services, intergovernmental revenue, and licenses and permits are the primary source of financing for these activities. Additionally, the City reports its internal service fund as a governmental activity.

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

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Board of Aldermen establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants. The City maintains governmental, proprietary, and fiduciary funds. Funds are fiscal entities with a set of self-balancing accounts that record financial resources, together with all related liabilities and residual balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities in accordance with regulations, restrictions, or limitations.

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

Proprietary Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Additionally, the City reports its internal service fund as a proprietary fund.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements since the resources of those funds are not available to support the City's operations.

Notes to the Basic Financial Statements

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

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information that further explains and supports certain information in the financial statements, such as budgetary comparison and pension information. The report also contains other supplementary information that provides certain combining and individual fund statements and schedules.

Government-Wide Financial Analysis

Net Position

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

	Governmental Activities	Business-Type Activities	Total December 31, 2023	Total December 31, 2022
Assets				
Current and other assets	\$ 39,661,238	\$ 22,423,570	\$ 62,084,808	\$ 34,380,914
Net pension asset	2,508,994	949,315	3,458,309	6,455,091
Capital assets	23,469,638	47,854,043	71,323,681	69,032,669
Total Assets	65,639,870	71,226,928	136,866,798	109,868,674
Deferred Outflow of Resources	1,642,741	530,687	2,173,428	1,403,935
Liabilities				
Other liabilities	2,159,934	2,862,571	5,022,505	2,418,440
Long-term liabilities outstanding	31,922,858	20,702,791	52,625,649	28,951,931
Total Liabilities	34,082,792	23,565,362	57,648,154	31,370,371
Deferred Inflow of Resources	306,747	42,574	349,321	1,792,036
Net Position				
Net investment in capital assets	13,282,903	30,879,491	44,162,394	45,659,667
Restricted	24,337,840	3,636,239	27,974,079	10,519,394
Unrestricted	(4,727,671)	13,633,949	8,906,278	21,931,141
Total Net Position	\$ 32,893,072	\$ 48,149,679	\$ 81,042,751	\$ 78,110,202

Total net position of the City increased by \$2.9 million due to current year activity. Total liabilities for the City increased \$26.3 million. The City's long-term liabilities increased \$23.7 million. The increase is due to the City issuing the Series 2023 certificates of participation during the current year. Restricted net position of the City totaled \$28.0 million as of December 31, 2023. This amount represents monies that are restricted for unspent proceeds from debt issuances for capital improvements and assets held in reserve for debt service. The amounts presented for the year ended December 31, 2022, are shown as they were originally presented.

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

Changes in Net Position

The following table reflects the revenues and expenses for the City's activities for years ending December 31, 2023 and 2022. The amounts presented for the year ended December 31, 2022, are shown as they were originally presented:

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2023	Total Year Ended December 31, 2022
Revenues				
Program Revenues				
Charges for services	\$ 3,458,142	\$ 20,428,954	\$ 23,887,096	\$ 24,263,736
Operating grants and contributions	2,785,456	443,858	3,229,314	431,666
Capital grants and contributions	179,616	836,646	1,016,262	-
General Revenues				
Taxes	12,370,770	-	12,370,770	10,040,033
Intergovernmental	-	-	-	1,016,798
Interest	1,089,201	646,341	1,735,542	82,582
Other revenue	1,111,788	57,203	1,168,991	214,693
Gain on disposal of assets	39,945	93,295	133,240	-
Transfers	1,883,183	(1,883,183)	-	-
Total Revenues, Gains, and Transfers	22,918,101	20,623,114	43,541,215	36,049,508
Expenses				
General government	7,766,089	-	7,766,089	2,484,574
Law enforcement	4,236,936	-	4,236,936	3,823,227
Community development	779,505	-	779,505	312,839
Public works	1,724,186	-	1,724,186	1,136,143
Airport	337,845	-	337,845	384,680
Municipal court	130,369	-	130,369	-
Emergency services	3,532,556	-	3,532,556	2,604,292
Community center	1,609,996	-	1,609,996	1,650,826
Park and recreation	693,106	-	693,106	620,071
Interest and fees	1,281,109	-	1,281,109	235,605
Electric	-	11,790,136	11,790,136	11,037,402
Water and sewer	-	5,768,979	5,768,979	5,136,886
Refuse	-	720,030	720,030	159,670
Aquatic	-	269,921	269,921	697,654
Total Expenses	22,091,697	18,549,066	40,640,763	30,283,869
Increase in Net Position	\$ 826,404	\$ 2,074,048	\$ 2,900,452	\$ 5,765,639

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

Governmental Activities

Governmental activities increased the net position of the City by \$826,404. Tax revenues for the City were \$12.4 million, which represents 54% of the funding of these activities. Program revenues for the functions totaled \$6.4 million, or 28%, of the funding. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Harrisonville's Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 7,766,089	\$ 4,397,579
Law enforcement	4,236,936	4,086,467
Community development	779,505	779,505
Public works	1,724,186	1,563,808
Airport	337,845	130,718
Municipal court	130,369	32,789
Emergency services	3,532,556	2,095,455
Community center	1,609,996	660,422
Park and recreation	693,106	640,631
Debt Service	1,281,109	1,281,109
	<u>\$ 22,091,697</u>	<u>\$ 15,668,483</u>

Business-Type Activities

Business-type activities increased the City's net position by \$2,074,048. Charges for services constituted 91% of business-type revenues.

Financial Analysis of the City's Funds

Governmental Funds

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

The combined fund balance of the City's governmental funds as of December 31, 2023, was \$37.5 million. In total, the governmental funds increased by \$26.5 million. Fund balances consist of \$482,694 in nonspendable form, \$24.3 million in restricted for debt service and capital improvements, \$701,165 assigned for specific purposes, and \$12.0 million is unassigned and can be used for general operations.

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the electric fund was \$13.1, which is an increase of \$939,218 from the prior year. The net position of the combined water and sanitary sewer (CWSS) fund totaled \$33.6 million, which is an increase of \$1.1 million from the prior year.

General Fund Budgetary Highlights

Revenues

The original General Fund budget had total budgeted revenues of \$11,986,404. Actual revenues were \$9,434,001. The City amended General Fund total budgeted revenues to \$13,493,449.

Expenditures

The original General Fund budget had total budgeted expenditures of \$14,179,133. The City amended the General Fund budgeted expenditures to \$17,322,400. Actual expenditures were \$8,938,134. The inflation in the amended budget was for the purposes of capital outlay.

Capital Assets and Debt Administration

Capital Assets

Capital assets, net of accumulated depreciation, of the City, consist of the following:

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2023	Total Year Ended December 31, 2022
Land	\$ 838,674	\$ 1,588,031	\$ 2,426,705	\$ 2,426,705
Construction in progress	806,928	5,422,455	6,229,383	6,011,618
Buildings and improvements	11,024,871	21,028,485	32,053,356	31,878,624
Machinery and equipment	1,933,574	1,946,269	3,879,843	4,276,793
Vehicles	924,463	827,023	1,751,486	1,689,271
Infrastructure	7,640,757	17,041,780	24,682,537	22,749,655
Leased assets				
Vehicles	300,371	-	300,371	-
Total Capital Assets, net	\$ 23,469,638	\$ 47,854,043	\$ 71,323,681	\$ 69,032,666

Capital assets of the governmental activities were \$23.5 million, net of accumulated depreciation, as of December 31, 2023. This represents a \$25,706 net increase from the prior year. The amounts presented above for the year ended December 31, 2022, are shown as originally presented. Current year additions were \$1,760,775, disposals net of associated depreciation was \$194,855, and provisions for current year depreciation was \$1,540,214. Capital assets for business-type activities were \$47.9 million, net of accumulated depreciation, as of December 31, 2023. This represents a net increase of \$2.2 million from the prior year. The net increase is due to current year additions of \$4.2 million,

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

disposals net of associated depreciation of \$5,889, and provisions for current year depreciation of \$2.0 million. The majority of business-type capital additions during the year was \$3.6 million of improvements in the CWSS Fund.

Debt

Long-term liabilities of the City consist of the following:

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2023	Total Year Ended December 31, 2022
Tax increment revenue bonds	\$ 2,750,000	\$ -	\$ 2,750,000	\$ 3,265,000
Revenue bonds	-	9,458,200	9,458,200	10,726,000
Certificates of participation	27,785,000	10,005,000	37,790,000	10,005,000
Promissory notes	-	-	-	9,026
Financed purchases	999,173	381,285	1,380,458	3,638,600
Leases	303,930	-	303,930	185,965
Premiums	122,470	766,306	888,776	813,337
Discounts	(318,215)	-	(318,215)	-
Compensated absences	280,500	92,000	372,500	389,102
Total Long-term Debt, net	\$ 31,922,858	\$ 20,702,791	\$ 52,625,649	\$ 29,032,030

Total long-term liabilities of the governmental activities as of December 31, 2023, was \$31.9 million, which is up \$24.9 million from the prior year. The increase is due to the issuance of the Series 2023 Certificates of Participation. Total retirements, including amortization of original issues premiums and discounts, was \$3.2 million. Long-term liabilities of the business-type activities as of December 31, 2023, was \$20.7 million, which is a decrease of \$1.3 million from the prior year. The business-type activities had additions of \$115,800 and retirements, net of amortization of original issue premiums, of \$1.4 million.

Economic Factors and Next Year's Budget

Economic Outlook

The City's underlying economic base continues to show strong performance. Sales tax collection within the City is driven by retail trade and the accommodation and food services areas of consumer spending. These areas indicated signs of stabilizing after a significant increase in 2022. In addition, Franchise Fee collections performed above expectations and contributed to strong financial results in 2023.

A higher personnel vacancy rate resulted in expenditure savings across nearly all categories and departments. As a result of these factors, the City's fiscal 2023 financial results were stronger than expected with revenues exceeding expenditures in the General Fund.

The City was awarded a total of \$1,141,734 in grant money, from the following: FEMA Hazard Mitigation Grant-Home Buy-Out totaling \$1,014,998 this will allow the purchase of five (5) homes to demolish for the Muddy Creek Retention Project; ARPA EMSPG Harrisonville EMS Paramedic Training totaling \$8,100; ARPA SLRF EMSPG-Harrisonville Fire

City of Harrisonville

Management's Discussion and Analysis

December 31, 2023

Department PPE totaling \$18,636; and the Assistance to Firefighters Grant-AWARD PACKAGE-EMW totaling \$100,000 for the remodel of the Fire Department.

The projects completed in 2023 were: Asphalt Overlay, Sidewalk and Curb Program, City Hall Breakroom Remodel, City Lake Dam and Lake Luna Spillway Repairs and Sanitary Sewer Improvements for streets Blueberry to James, Crestwood to Delmar, and Mechanic to Halsey with the installation of Insituform Lining.

The following projects were currently in progress or in the beginning/design stages in 2023: The Royal Street Extension, MO Hwy 2 South Street Bridge over Muddy Creek Tributary, Install Roof of Street Dep Building, Street Department Maintenance Storage Building, South Commercial St. Extension, James St Storm Drainage Improvements, Ash St Culvert Replacement and Town Creek Channel Restoration, Beckerdite Storm Drainage Improvements, Storm Water Projects Orchard Rd, FEMA Buy-out-Muddy Creek Retention SW Mitigation Basin, North Lake Spillway Repair, and the South Sewer Project.

The economy remains uncertain with the rising costs of goods and services affecting every household and business. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends to anticipate any major problems.

The City's 2024 \$45,450,850 operating budget was approved by the Board at the December 4th, 2023, meeting. The budget reflects the goals and priorities of the Board of Aldermen and routine capital projects, capital outlay, and onetime reserve set aside from the American Rescue Plan money the city received in 2021 and 2022.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following members of City management at:

City of Harrisonville
300 East Pearl Street
Harrisonville, Missouri 64701
(816) 380-8907

Kim Hubbard, Finance Manager

City of Harrisonville

Statement of Net Position

December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 5,255,588	\$ 3,792,078	\$ 9,047,666	\$ 111,984
Investments	6,865,981	9,038,052	15,904,033	-
Accounts receivable, net	429,101	2,825,506	3,254,607	-
Taxes receivable	2,002,592	-	2,002,592	456,783
Internal balances	5,876	(5,876)	-	-
Due from component unit	275,000	-	275,000	-
Inventory	218,706	753,817	972,523	-
Prepaid expenses	263,988	236,451	500,439	-
Restricted cash and cash equivalents	6,566	1,447,933	1,454,499	-
Restricted investments	24,337,840	4,335,609	28,673,449	-
Net pension asset	2,508,994	949,315	3,458,309	-
Capital Assets				
Nondepreciable	1,645,602	7,010,486	8,656,088	-
Depreciable, net	21,824,036	40,843,557	62,667,593	-
Total Assets	65,639,870	71,226,928	136,866,798	568,767
Deferred Outflows of Resources				
Deferred charge on refunding	42,247	-	42,247	-
Deferred pension outflow	1,600,494	530,687	2,131,181	-
Total Deferred Outflows of Resources	1,642,741	530,687	2,173,428	-
Liabilities				
Overdrawn cash	1,324,640	165,701	1,490,341	-
Accounts payable	176,204	1,114,710	1,290,914	-
Accrued expenses	155,589	41,252	196,841	-
Court bonds payable	4,276	-	4,276	-
Unearned revenue	50,542	-	50,542	-
Accrued interest payable	446,393	92,975	539,368	121,091
Customer deposits	2,290	1,447,933	1,450,223	-
Due to primary government	-	-	-	275,000
Noncurrent liabilities				
Portion due within one year	1,408,598	1,118,439	2,527,037	-
Portion due in more than one year	30,514,260	19,584,352	50,098,612	13,398,788
Total Liabilities	34,082,792	23,565,362	57,648,154	13,794,879
Deferred Inflow of Resources				
Deferred pension inflow	306,747	42,574	349,321	-
Total Deferred Inflow of Resources	306,747	42,574	349,321	-
Net Position				
Net investment in capital assets	13,282,903	30,879,491	44,162,394	-
Restricted	24,337,840	3,636,239	27,974,079	-
Unrestricted	(4,727,671)	13,633,949	8,906,278	(13,226,112)
Total Net Position	\$ 32,893,072	\$ 48,149,679	\$ 81,042,751	\$ (13,226,112)

See accompanying Notes to the Financial Statements

City of Harrisonville

Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ (7,766,089)	\$ 588,692	\$ 2,779,818	\$ -	\$ (4,397,579)	\$ -	\$ (4,397,579)	\$ -
Law enforcement	(4,236,936)	130,931	5,638	13,900	(4,086,467)	-	(4,086,467)	-
Community development	(779,505)	-	-	-	(779,505)	-	(779,505)	-
Public works	(1,724,186)	21,101	-	139,277	(1,563,808)	-	(1,563,808)	-
Airport	(337,845)	207,127	-	-	(130,718)	-	(130,718)	-
Municipal court	(130,369)	97,580	-	-	(32,789)	-	(32,789)	-
Emergency services	(3,532,556)	1,410,662	-	26,439	(2,095,455)	-	(2,095,455)	-
Community center	(1,609,996)	949,574	-	-	(660,422)	-	(660,422)	-
Parks and recreation	(693,106)	52,475	-	-	(640,631)	-	(640,631)	-
Interest and fees	(1,281,109)	-	-	-	(1,281,109)	-	(1,281,109)	-
Total Governmental Activities	(22,091,697)	3,458,142	2,785,456	179,616	(15,668,483)	-	(15,668,483)	-
Business-Type Activities								
Electric	(11,790,136)	13,246,864	-	-	-	1,456,728	1,456,728	-
Water and sewer	(5,768,979)	6,245,723	443,858	836,646	-	1,757,248	1,757,248	-
Refuse	(720,030)	775,954	-	-	-	55,924	55,924	-
Aquatic	(269,921)	160,413	-	-	-	(109,508)	(109,508)	-
Total Business-Type Activities	(18,549,066)	20,428,954	443,858	836,646	-	3,160,392	3,160,392	-
Total Primary Government	\$ (40,640,763)	\$ 23,887,096	\$ 3,229,314	\$ 1,016,262	(15,668,483)	3,160,392	(12,508,091)	-

See accompanying Notes to the Financial Statements

City of Harrisonville

Statement of Activities Year Ended December 31, 2023

	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Component Unit
Component Unit Market Place TIF	\$ (364,779)	\$ -	\$ -	\$ -	-	-	(364,779)
General Revenues							
Property taxes					1,639,975	-	268,036
Sales taxes					7,687,677	-	692,719
Franchise taxes					2,090,231	-	-
Other taxes					952,887	-	-
Interest					1,089,201	646,341	-
Other revenue					1,111,788	57,203	64
Gain on disposal of assets					39,945	93,295	-
Transfers					1,883,183	(1,883,183)	-
Total General Revenues and Transfers					16,494,887	(1,086,344)	960,819
<i>Changes in Net Position</i>					826,404	2,074,048	596,040
Net Position (Deficit), Beginning of year, restated					32,066,668	46,075,631	(13,822,152)
Net Position (Deficit), End of year					\$ 32,893,072	\$ 48,149,679	\$ (13,226,112)

See accompanying Notes to the Financial Statements

City of Harrisonville

Governmental Funds Balance Sheet December 31, 2023

	Special Revenue Funds					Total Governmental Funds
	General Fund	Emergency Services Fund	Community Center Fund	Debt Service Fund	Nonmajor Funds	
Assets						
Cash and cash equivalents	\$ 4,514,549	\$ -	\$ 471,465	\$ 73,846	\$ -	\$ 5,059,860
Investments	6,865,981	-	-	-	-	6,865,981
Accounts receivable, net	11,738	352,917	64,446	-	-	429,101
Taxes receivable	1,100,510	432,960	288,720	-	180,402	2,002,592
Due from other funds	134,034	9,147	-	-	7,958	151,139
Due from component unit	275,000	-	-	-	-	275,000
Inventory	173,947	44,759	-	-	-	218,706
Prepaid expenses	178,040	44,086	17,432	-	24,430	263,988
Restricted cash and cash equivalents	6,566	-	-	-	-	6,566
Restricted investments	21,149,206	-	-	2,710,997	477,637	24,337,840
Total Assets	<u>\$ 34,409,571</u>	<u>\$ 883,869</u>	<u>\$ 842,063</u>	<u>\$ 2,784,843</u>	<u>\$ 690,427</u>	<u>\$ 39,610,773</u>
Liabilities						
Overdrawn cash	\$ -	\$ 1,039,855	\$ -	\$ -	\$ 284,785	\$ 1,324,640
Accounts payable	27,780	125,530	506	-	22,388	176,204
Accrued expenses	92,522	43,233	19,834	-	-	155,589
Court bonds payable	4,276	-	-	-	-	4,276
Customer deposits	2,290	-	-	-	-	2,290
Due to other funds	-	-	52,584	-	92,679	145,263
Unearned revenue	-	-	50,542	-	-	50,542
Total Liabilities	<u>126,868</u>	<u>1,208,618</u>	<u>123,466</u>	<u>-</u>	<u>399,852</u>	<u>1,858,804</u>
Deferred Inflow of Resources						
Unavailable revenue	209,750	-	-	-	27,747	237,497
Fund Balances						
Nonspendable						
Inventory	173,947	44,759	-	-	-	218,706
Prepaid expenses	178,040	44,086	17,432	-	24,430	263,988
Restricted for						
Debt service	-	-	-	2,784,843	205,858	2,990,701
Capital improvements	21,149,206	-	-	-	178,271	21,327,477
Assigned to						
Community services	-	-	701,165	-	-	701,165
Unassigned	12,571,760	(413,594)	-	-	(145,731)	12,012,435
Total Fund Balances (Deficit)	<u>34,072,953</u>	<u>(324,749)</u>	<u>718,597</u>	<u>2,784,843</u>	<u>262,828</u>	<u>37,514,472</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 34,409,571</u>	<u>\$ 883,869</u>	<u>\$ 842,063</u>	<u>\$ 2,784,843</u>	<u>\$ 690,427</u>	<u>\$ 39,610,773</u>

See accompanying Notes to the Financial Statements

City of Harrisonville

Governmental Funds

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

December 31, 2023

Fund balance - total governmental funds	\$ 37,514,472
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	47,417,103
Less accumulated depreciation	(24,247,836)
A portion of the City's property taxes receivable are collected after year-end, but are not available soon enough to pay for current year's operations, and therefore are not reported as revenues in the governmental funds.	
	237,497
The net pension asset is not available to pay for the current-period expenditures, and therefore, is not reported in the funds. The following is the detail of the net effect of these differences in the treatment of the net pension asset and related deferred items:	
Net pension asset	2,508,994
Deferred outflows due to pension	1,600,494
Deferred inflows due to pension	(306,747)
Internal Service Funds are used by management to charge the costs of certain vehicle activities to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	
	192,169
Unamortized debt issuance costs are not available to pay for current-period expenditures and therefore are not reported in the governmental funds.	
	42,247
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:	
Accrued interest payable	(446,393)
Long-term debt payable	(31,338,428)
Compensated absences	(280,500)
Net Position of Governmental Activities	\$ 32,893,072

See accompanying Notes to the Financial Statements

City of Harrisonville

Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended December 31, 2023

	Special Revenue Funds					Total Governmental Funds
	General Fund	Emergency Services Fund	Community Center Fund	Debt Service Fund	Nonmajor Funds	
Revenues						
Taxes	\$ 7,479,479	\$ 2,247,685	\$ 1,485,321	\$ -	\$ 920,788	\$ 12,133,273
Licenses and permits	340,697	-	-	-	-	340,697
Intergovernmental revenues	169,779	26,439	-	951,619	-	1,147,837
Charges for services	388,627	1,410,663	949,574	-	52,475	2,801,339
Court fees and fines	97,580	-	-	-	-	97,580
Interest income	874,377	2	2	253,460	83,206	1,211,047
Miscellaneous	83,462	18,064	26,768	-	20,910	149,204
Total Revenues	9,434,001	3,702,853	2,461,665	1,205,079	1,077,379	17,880,977
Expenditures						
Current						
General government	2,753,899	-	-	-	-	2,753,899
Law enforcement	3,741,912	-	-	-	-	3,741,912
Community development	684,598	-	-	-	8,926	693,524
Public works	851,199	-	-	-	-	851,199
Airport	188,940	-	-	-	-	188,940
Municipal court	132,423	-	-	-	-	132,423
Emergency services	-	3,715,601	-	-	-	3,715,601
Community center	-	-	1,466,290	-	-	1,466,290
Park and recreation	-	-	-	-	389,656	389,656
Capital outlay	443,674	-	-	-	186,474	630,148
Debt service						
Principal, interest, and fees	141,489	70,316	9,545	1,596,750	647,186	2,465,286
Total Expenditures	8,938,134	3,785,917	1,475,835	1,596,750	1,232,242	17,028,878
<i>Excess (Deficit) of Revenues Over Expenditures</i>	<i>495,867</i>	<i>(83,064)</i>	<i>985,830</i>	<i>(391,671)</i>	<i>(154,863)</i>	<i>852,099</i>
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	-	-	9,767	9,767
Issuance of debt	20,694,000	140,000	-	6,932,100	277,900	28,044,000
Refunded debt	-	-	-	(2,202,100)	-	(2,202,100)
Contributions from fiduciary fund for refunding debt	-	-	-	2,779,818	-	2,779,818
Payment to fiduciary fund escrow for refunded debt	-	-	-	(4,746,568)	-	(4,746,568)
Transfers in	2,375,655	1,013,111	668	322,454	174,547	3,886,435
Transfers (out)	(1,323,137)	(539,433)	(156,796)	-	(83,071)	(2,102,437)
Total Other Financing Sources (Uses)	21,746,518	613,678	(156,128)	3,085,704	379,143	25,668,915
<i>Net Change in Fund Balances</i>	<i>22,242,385</i>	<i>530,614</i>	<i>829,702</i>	<i>2,694,033</i>	<i>224,280</i>	<i>26,521,014</i>
Beginning Fund Balances (Deficits), as restated	11,830,568	(855,363)	(111,105)	90,810	38,548	10,993,458
Ending Fund Balances (Deficit)	\$ 34,072,953	\$ (324,749)	\$ 718,597	\$ 2,784,843	\$ 262,828	\$ 37,514,472

See accompanying Notes to the Financial Statements

City of Harrisonville

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

Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ 26,521,014
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,308,497
Current year depreciation	(1,361,021)
Disposal of capital assets, net	(36,176)
Some revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	237,497
Internal service funds are used by management to charge the costs of certain vehicle activities internally to individual funds. The net revenue of activities of the Internal Service Fund is reported with governmental activities.	157,429
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. In the Statement of Activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences:	
Repayment of principal on bonds, financed purchase, and other debt	3,054,645
Proceeds from issuance of debt	(28,044,000)
Change in bond premiums and discounts	209,786
Change in interest payable	(415,525)
Change in deferred bond issuance costs	(9,484)
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:	
Change in compensated absences	7,660
Change in net pension asset and related deferrals	(803,918)
Change in Net Position of Governmental Activities	\$ 826,404

See accompanying Notes to the Financial Statements

City of Harrisonville

Proprietary Funds Statement of Net Position

December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Electric Fund	CWSS Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,384,036	\$ 2,195,480	\$ 212,562	\$ 3,792,078	\$ 195,728
Investments	4,634,010	4,404,042	-	9,038,052	-
Accounts receivable, net	1,856,658	914,801	54,047	2,825,506	-
Inventory	535,222	218,595	-	753,817	-
Prepaid expenses	61,510	173,025	1,916	236,451	-
Total Current Assets	8,471,436	7,905,943	268,525	16,645,904	195,728
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	-	1,447,933	-	1,447,933	-
Investments	-	4,335,609	-	4,335,609	-
Net pension asset	341,753	607,562	-	949,315	-
Capital assets					
Nondepreciable	226,033	6,784,453	-	7,010,486	-
Depreciable, net	5,989,606	33,418,657	1,435,294	40,843,557	300,371
Total Noncurrent Assets	6,557,392	46,594,214	1,435,294	54,586,900	300,371
Total Assets	15,028,828	54,500,157	1,703,819	71,232,804	496,099
Deferred Outflow of Resources					
Deferred pension outflow	191,047	339,640	-	530,687	-
Total Deferred Outflow of Resources	191,047	339,640	-	530,687	-
Liabilities					
Current Liabilities					
Overdrawn cash	-	-	165,701	165,701	-
Accounts payable	664,797	389,643	60,270	1,114,710	-
Accrued expenses	13,378	27,874	-	41,252	-
Accrued interest payable	-	92,975	-	92,975	-
Customer deposits	1,447,933	-	-	1,447,933	-
Due to other funds	-	5,876	-	5,876	-
Current maturities of long-term debt	-	1,118,439	-	1,118,439	126,208
Total Current Liabilities	2,126,108	1,634,807	225,971	3,986,886	126,208
Long-Term Liabilities					
Compensated absences	22,500	69,500	-	92,000	-
Certificates of participation	-	10,765,883	-	10,765,883	-
Revenue bonds	-	8,438,523	-	8,438,523	-
Financed purchases	-	287,946	-	287,946	-
Leases	-	-	-	-	177,722
Total Long-Term Liabilities	22,500	19,561,852	-	19,584,352	177,722
Total Liabilities	2,148,608	21,196,659	225,971	23,571,238	303,930
Deferred Inflow of Resources					
Deferred pension inflow	15,327	27,247	-	42,574	-
Total Deferred Inflow of Resources	15,327	27,247	-	42,574	-
Net Position					
Net investment in capital assets	6,215,639	23,228,558	1,435,294	30,879,491	-
Restricted	-	3,636,239	-	3,636,239	-
Unrestricted	6,840,301	6,751,094	42,554	13,633,949	192,169
Total Net Position	\$ 13,055,940	\$ 33,615,891	\$ 1,477,848	\$ 48,149,679	\$ 192,169

See accompanying Notes to the Financial Statements

City of Harrisonville

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Nonmajor Enterprise Funds			Total	Internal Service Fund
	Electric Fund	CWSS Fund	Funds		
Operating Revenues					
Charges for services	\$ 13,189,295	\$ 6,234,197	\$ 936,367	\$ 20,359,859	\$ 218,527
Miscellaneous	57,569	11,526	-	69,095	-
Total Operating Revenues	<u>13,246,864</u>	<u>6,245,723</u>	<u>936,367</u>	<u>20,428,954</u>	<u>218,527</u>
Operating Expenses					
Salaries and fringe benefits	1,152,768	1,897,325	161,608	3,211,701	-
Contractual services	503,743	298,746	710,371	1,512,860	7,750
Purchased services	50,683	381,921	42,758	475,362	-
Repairs and maintenance	30,463	284,191	6,069	320,723	-
Supplies	177,556	235,270	31,929	444,755	-
Insurance expenses	66,734	208,656	-	275,390	-
Cost of power purchased	8,311,701	-	-	8,311,701	-
Depreciation	459,759	1,525,441	26,282	2,011,482	179,193
Other operating	1,036,729	488,715	10,934	1,536,378	-
Total Operating Expenses	<u>11,790,136</u>	<u>5,320,265</u>	<u>989,951</u>	<u>18,100,352</u>	<u>186,943</u>
<i>Operating Income (Loss)</i>	1,456,728	925,458	(53,584)	2,328,602	31,584
Nonoperating Revenues (Expenses)					
Interest income	415,435	230,906	-	646,341	-
Interest expense	-	(448,714)	-	(448,714)	(39,694)
Intergovernmental	-	443,858	-	443,858	-
Lease income	-	57,203	-	57,203	-
Gain on disposal of fixed assets	35,555	57,740	-	93,295	66,354
Total Nonoperating Revenues (Expenses)	<u>450,990</u>	<u>340,993</u>	<u>-</u>	<u>791,983</u>	<u>26,660</u>
<i>Income (Loss) Before Contributions and Transfers</i>	1,907,718	1,266,451	(53,584)	3,120,585	58,244
Contributions and Transfers					
Capital grants - federal	-	836,646	-	836,646	-
Transfers in	-	-	96,158	96,158	99,185
Transfers (out)	(968,500)	(960,186)	(50,655)	(1,979,341)	-
Net Contributions and Transfers	<u>(968,500)</u>	<u>(123,540)</u>	<u>45,503</u>	<u>(1,046,537)</u>	<u>99,185</u>
<i>Changes in Net Position</i>	939,218	1,142,911	(8,081)	2,074,048	157,429
Beginning Net Position, as restated	12,116,722	32,472,980	1,485,929	46,075,631	34,740
Ending Net Position	<u>\$ 13,055,940</u>	<u>\$ 33,615,891</u>	<u>\$ 1,477,848</u>	<u>\$ 48,149,679</u>	<u>\$ 192,169</u>

See accompanying Notes to the Financial Statements

City of Harrisonville

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities
			Nonmajor Enterprise Funds	Total	Internal Service Fund
	Electric Fund	CWSS Fund	Funds		
Cash Flows from Operating Activities					
Cash received from customers	\$ 13,110,274	\$ 6,117,617	\$ 929,426	\$ 20,157,317	\$ 218,527
Cash paid to suppliers	(10,163,638)	(1,977,895)	(738,578)	(12,880,111)	(7,750)
Cash paid to employees	(1,032,127)	(1,825,532)	(161,608)	(3,019,267)	-
Other cash received for nonoperating revenues	-	501,061	-	501,061	-
Net Cash Provided by Operating Activities	1,914,509	2,815,251	29,240	4,759,000	210,777
Cash flows from Noncapital Financing Activities					
Transfers from other funds	-	-	96,158	96,158	99,185
Transfers to other funds	(968,500)	(960,186)	(50,655)	(1,979,341)	-
Negative cash balance implicitly financed	-	-	165,701	165,701	-
Net Cash Provided (Used) by Noncapital Financing Activities	(968,500)	(960,186)	211,204	(1,717,482)	99,185
Cash Flows from Capital and Related Financing Activities					
Proceeds from issuance of long-term debt	-	115,800	-	115,800	241,661
Capital contributions received	-	836,646	-	836,646	-
Purchase of fixed assets	(402,646)	(3,420,122)	(6,708)	(3,829,476)	(452,278)
Proceeds from sale of fixed assets	38,500	60,684	-	99,184	225,033
Payment of long-term debt principal	-	(1,370,123)	-	(1,370,123)	(123,696)
Payment of interest expense	-	(499,321)	-	(499,321)	(39,694)
Net Cash (Used) by Capital and Related Financing Activities	(364,146)	(4,276,436)	(6,708)	(4,647,290)	(148,974)
Cash Flows from Investing Activities					
Interest received on investments	415,435	230,906	-	646,341	-
Maturity of investments	-	4,116,752	-	4,116,752	-
Purchase of investments	(666,044)	-	-	(666,044)	-
Net Cash Provided (Used) by Investing Activities	(250,609)	4,347,658	-	4,097,049	-
Net Change in Cash and Cash Equivalents	331,254	1,926,287	233,736	2,491,277	160,988
Cash and Cash Equivalents, Beginning of year	1,052,782	1,717,126	(21,174)	2,748,734	34,740
Cash and Cash Equivalents, End of year	1,384,036	3,643,413	212,562	5,240,011	195,728
Less Restricted Cash and Cash Equivalents	-	(1,447,933)	-	(1,447,933)	-
Unrestricted Cash and Cash Equivalents	\$ 1,384,036	\$ 2,195,480	\$ 212,562	\$ 3,792,078	\$ 195,728

See accompanying Notes to the Financial Statements

City of Harrisonville

Proprietary Funds Statement of Cash Flows

Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Electric Fund	CWSS Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 1,456,728	\$ 925,458	\$ (53,584)	\$ 2,328,602	\$ 31,584
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	459,759	1,525,441	26,282	2,011,482	179,193
(Increase) decrease in					
Accounts receivable, net	(223,437)	(128,106)	(6,941)	(358,484)	-
Inventory	49,789	(22,103)	-	27,686	-
Prepaid expenses	(20,286)	(54,943)	3,213	(72,016)	-
Net pension asset	359,376	385,966	-	745,342	-
Deferred pension outflows	(71,469)	(134,689)	-	(206,158)	-
Increase (decrease) in					
Accounts payable	(15,532)	(3,350)	60,270	41,388	-
Accrued expenses	(16,814)	9,521	-	(7,293)	-
Customer deposits	86,847	-	-	86,847	-
Compensated absences	(8,868)	(74)	-	(8,942)	-
Net pension liability	-	-	-	-	-
Deferred pension inflows	(141,584)	(188,931)	-	(330,515)	-
Other cash received for nonoperating revenues	-	501,061	-	501,061	-
Net Cash Provided by Operating Activities	\$ 1,914,509	\$ 2,815,251	\$ 29,240	\$ 4,759,000	\$ 210,777

See accompanying Notes to the Financial Statements

City of Harrisonville

Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2023

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 466,397
Taxes receivable	<u>288,341</u>
Total Assets	<u>754,738</u>
Liabilities	
Due to others	<u>-</u>
Net Position Restricted for	
Other government units	<u>754,738</u>
Total Net Position	<u><u>\$ 754,738</u></u>

See accompanying Notes to the Financial Statements

City of Harrisonville

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended December 31, 2023

	<u>Custodial Funds</u>
Additions	
Donations	\$ 1,617,960
Interest	2
Miscellaneous	245
Total Additions	<u>1,618,207</u>
Deductions	
Debt service remittances	1,463,194
Administrative fees	22,336
Total Deductions	<u>1,485,530</u>
<i>Change in Net Position</i>	132,677
Net Position, Beginning of Year, as restated	622,061
Net Position, End of Year	<u><u>\$ 754,738</u></u>

See accompanying Notes to the Financial Statements

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

The City was founded in 1837 and is a fourth-class city in which citizens elect the Mayor at large and eight Board of Aldermen members by wards. The City provides a variety of general governmental services to residents including general administrative services, public safety, public works, parks and recreation, community services, and airport operations. Other services include water, sewer, and sanitation 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 and practices of the City.

Financial Reporting Entity

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

The City is a primary government, which is governed by an elected 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 the entities described in the following paragraphs meet the above criteria and therefore, have been included as component units in the City's basic financial statements.

Discretely Presented Component Unit

A discretely presented component unit is a separate legal entity that meets the component unit criteria. This criteria includes the ability to impose its will on or significantly influence the City or if a financial benefit or burden relationship exists.

The Market Place TIF Fund accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

Blended Component Unit

In addition to the criteria noted above, a blended component unit's governing body is the same, or substantially the same, as the City's Board of Aldermen, or the component unit provides services entirely to the City. In conformity with accounting principles generally accepted in the United States of America the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

The Towne Center TIF Fund accounts for proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Government-Wide and Fund Financial Statements

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

Government-Wide Financial Statements

The government-wide statements display information about the primary government and its component unit. Interfund activity has been eliminated from these statements to minimize the duplication of internal 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 services for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The emphasis of fund financial statements is on major funds. Nonmajor funds are aggregated and presented in a single column.

Governmental Fund Types: The governmental fund financial statements are reported using 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. 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 City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Emergency Services Fund: The Emergency Services Fund is used to account for operations of the City's fire, emergency medical services, and emergency management services.

Community Center Fund: The Community Center Fund is used to account for the operations of the City's community center. The fund is financed by sales tax and charges for services.

Debt Service Fund: The Debt Service Fund accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term obligations other than obligations payable from the operations of other funds or proprietary fund types.

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

Proprietary Fund Types: Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees, and internal service funds, which provide goods or services to other funds of the City. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses, depreciation of capital assets, and payment of debt.

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund accounts for electric service provided for most City residents. All activities necessary to provide such services are accounted for in this fund, including billings, collections, operations, capital improvements, and financing and related debt service.

Combined Water and Sanitary Sewer (CWSS) Fund: The CWSS Fund accounts for water and sanitary sewer services provided to the residents of the City, as well as a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund, including billings, collections, operations, capital improvements, and financing and related debt service.

Internal Service Fund: The Vehicle and Equipment Replacement Fund (VERF), the only internal service fund of the City, accounts for the costs of leases and replacement of the City's vehicle fleet, which is funded on a cost-reimbursement basis.

The other enterprise funds are considered nonmajor. These funds account for the assets, liabilities, revenues, and expenses relating to refuse and aquatic center operations.

Fiduciary Fund Types: Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the City's programs. Activities that are reported as fiduciary include:

Custodial Funds: The custodial funds account for assets held by the City as an agent for other governments. Custodial fund activity includes collections and disbursements for the Highway 71/291

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

(Partners in Progress) Transportation Development District and deposits held for the Hospital Interchange Transportation Development District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, water, and sewer functions and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Cash, Cash Equivalents, and Investments

The City maintains a cash and investment pool, which a majority of the City's funds share. Interest earned is allocated to individual funds based on their proportionate share of the pool.

Missouri state statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of state and local government entities, certificates of deposit, and repurchase agreements. For purposes of the cash flow statement, all investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents.

Investments of the City are reported at fair value.

Fair Value

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

- | | |
|----------|--|
| Level 1: | Inputs using quoted prices in active markets for identical assets or liabilities |
| Level 2: | Inputs using significant other observable inputs including quoted prices for similar assets or liabilities |
| Level 3: | Inputs are significant unobservable inputs |

Accounts Receivable

Accounts receivable in the governmental activities consists of miscellaneous receivables for services provided to citizens. Accounts receivable in the business-type activities represent billed and unbilled charges for electric, water, sewer, and refuse services. Accounts receivable are shown net of allowances for uncollectible accounts.

Prepaid Expenses

Prepaid expenses reflect the payment of expenses that benefit more than one fiscal period. The amount is amortized using the consumption method over the period the expense is for.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Inventories

Inventories are valued at cost, determined on a first-in, first-out method or market. Inventory primarily consists of materials and supplies. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Internal Balances

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

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. All land purchases are capitalized regardless of cost. All purchased capital assets are valued and recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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:

Building and improvements	15 - 50 years
Machinery and equipment	5 - 40 years
Vehicles	5 - 20 years
Street infrastructure	7 - 50 years
Transmission lines and mains	30 - 50 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized. Capital asset additions that are not completed by year end have been reported as construction in progress. There was no interest capitalized during the year ended December 31, 2023.

Compensated Absences

Employees earn paid time off (PTO) based on the number of years of service to the City. Outstanding PTO is payable upon termination of employment, which is limited to specified amounts for years of service provided to the City. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Unearned Revenue

Unearned revenue in the governmental funds arise when assets are recognized before revenue recognition criteria have been satisfied.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Unavailable revenue (not collected within the period of availability) - Reported only at the modified accrual level		✓
Deferred charge on debt refundings	✓	
Deferred pension costs or cost reductions	✓	✓

Long-term Obligations and Debt Premiums and Discounts

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported in the statement of net position as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds or certificates payable are reported net of the applicable premium or discount. Issuance costs are expensed as incurred.

Leases

The City leases its vehicle fleet. The City recognizes an intangible right-to-use lease asset and a lease liability.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Pensions

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

Net Position

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

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

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

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

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

Fund Balance Classification

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

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

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

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

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

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

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.

Revenue Recognition

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. In the governmental funds, revenues are considered available and recognized if collected within 60 days after year end, and proceeds of long-term debt are reported as other financing sources.

Program Revenues

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

Operating Revenues and Expenses

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

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.

2. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of deposits, certificates of deposit, and obligations of U.S. Treasuries and agencies.

Per state statute and City policy, the City may invest in certificates of deposit, repurchase agreements, obligations of the U.S. Treasury and U.S. agencies, and obligations of state and local government entities.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of changes in interest rates. The City's investment policy limits investment maturities to five years as a means of managing its exposure to fair value losses. To minimize the risk of loss the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

The City categorizes its investments within the fair value hierarchy established by GAAP as discussed in Note 1. The carrying amounts or fair values and the maturities of the City's investments at December 31, 2023 are as follows:

Investment Type	Maturity	Not Subject to Fair Value Hierarchy	Fair Value Level 1	Total
Certificates of deposit	1/26/2024 - 12/28/2026	\$ 9,767,099	\$ -	\$ 9,767,099
U.S. government notes	5/31/2024 - 11/15/2025	-	3,449,161	3,449,161
U.S. agency notes	4/12/2024 - 1/13/2026	-	2,687,774	2,687,774
Government money market funds	N/A	28,673,448	-	28,673,448
		<u>\$ 38,440,547</u>	<u>\$ 6,136,935</u>	<u>\$ 44,577,482</u>

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution. The City's policy requires all deposits placed in financial institutions be in accordance with state statutes, which requires 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. The City's certificates of deposit are classified as investments, but are considered deposits for custodial risk determination. As of December 31, 2023, all bank balances on deposit were entirely insured or collateralized.

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades, where applicable, will be executed by delivery vs. payment to ensure that fixed income securities are deposited in eligible financial institutions prior to the release of funds. All fixed income securities are perfected in the name, or for the account of the City, and are held by a third-party custodian as evidenced by safekeeping receipts.

Credit Risk

Credit risk is the risk that the City will not recover its investment due to the ability of the counterparty to fulfill their obligation. The City minimizes credit risk by limiting its investments to certificates of deposit, U.S. government and agency obligations, and other debt securities given the highest available rating by a nationally recognized statistical rating organization.

	Carrying Amount or Fair Value	Aaa (Moody's)	Unrated
Certificates of deposit	\$ 9,767,099	\$ -	\$ 9,767,099
U.S. government notes	3,449,161	3,449,161	3,449,161
U.S. agency notes	2,687,774	2,687,774	-
Government money market funds	28,673,448	-	28,673,448
	<u>\$ 44,577,482</u>	<u>\$ 6,136,935</u>	<u>\$ 41,889,708</u>

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Concentration of Credit Risk

The City's investment policy does not limit the amount that can be invested with any one issuer. Investments in any one issuer that represent more than 5% of the City's investments consist of the following:

- UMB Bank holds 63% of the investments balance, which are entirely held in money market funds.
- Commerce Bank holds 36% of the investments balance, which are held in certificates of deposits and obligations of U.S. Treasury and agencies.

3. Restricted Assets

Restricted cash and investments and net position are restricted for the following:

	Restricted Cash and Investments	Restricted Net Position
<i>Governmental Activities</i>		
General Fund		
Court bonds	\$ 4,276	\$ -
Refundable permits	2,290	-
Unspent proceeds from the Series 2023 COP	20,977,804	20,977,804
Unspent proceeds from financing	171,402	171,402
	<u>21,155,772</u>	<u>21,149,206</u>
Debt Service Fund		
Assets held for debt service	2,710,997	2,710,997
Nonmajor Governmental Funds		
Unspent proceeds from the Series 2023 COP	178,271	178,271
Unspent proceeds from financing	85,899	85,899
TIF debt service reserves	213,467	213,467
	<u>477,637</u>	<u>477,637</u>
Total Governmental Activities	<u><u>\$ 24,344,406</u></u>	<u><u>\$ 24,337,840</u></u>
<i>Business-Type Activities</i>		
CWSS Fund		
Assets held for debt service	\$ 699,370	\$ -
Unspent proceeds from the Series 2020 COP	3,636,239	3,636,239
Refundable customer deposits	1,447,933	-
Total Business-Type Activities	<u><u>\$ 5,783,542</u></u>	<u><u>\$ 3,636,239</u></u>

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

4. Net Investment in Capital Assets

The City's net investment in capital assets at December 31, 2023, consist of the following:

	Governmental Activities	Business-Type Activities
Capital assets		
Capital assets not being depreciated	\$ 1,645,602	\$ 7,010,486
Capital assets, net of accumulated depreciation	21,824,036	40,843,557
Total capital assets	23,469,638	47,854,043
Plus:		
Unspent debt proceeds	21,413,376	3,636,239
Deferred charge on refunding	42,247	-
Unamortized original issue bond discounts	318,215	-
	21,773,838	3,636,239
Less:		
Revenue bonds	2,750,000	9,458,200
Certificates of participation	27,785,000	10,005,000
Notes from direct borrowing and direct placements	999,173	381,285
Lease liability	303,930	-
Unamortized original issue bond premiums	122,470	766,306
Total related debt	31,960,573	20,610,791
Net investment in capital assets	\$ 13,282,903	\$ 30,879,491

5. Accounts Receivable

The City presents accounts receivables net of allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
General Fund	\$ 11,738	\$ -	\$ 11,738
Emergency Services Fund	2,238,102	1,885,185	352,917
Community Center Fund	134,791	70,345	64,446
Electric Fund	1,991,432	134,774	1,856,658
Sewer Fund	989,970	75,169	914,801
Nonmajor Enterprise Funds	67,317	13,270	54,047
	\$ 5,433,350	\$ 2,178,743	\$ 3,254,607

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

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

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

	2023
Assessed Valuation	
Real estate	\$ 158,955,443
Personal property	44,166,212
Total	\$ 203,121,655
	2023
Tax Rate Per \$100 of Assessed Valuation	
General levy	\$.5029
Parks levy	.1136
Total	\$.6165

The legal debt margin at December 31, 2023, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional debt limit	\$ 20,312,166	\$ 20,312,166	\$ 40,624,332
General Obligation Bonds payable	-	-	-
Legal Debt Margin	\$ 20,312,166	\$ 20,312,166	\$ 40,624,332

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

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, 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.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

7. Capital Assets

Governmental Activities

Capital asset activity for the year ended December 31, 2023, for the City's governmental activities was as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 838,674	\$ -	\$ -	\$ 838,674
Construction in progress	376,460	444,659	14,191	806,928
Total capital assets not being depreciated	1,215,134	<u>\$ 444,659</u>	<u>\$ 14,191</u>	1,645,602
Depreciable Capital Assets				
Building and improvements	20,300,127	\$ 29,081	\$ -	20,329,208
Machinery and equipment	6,035,346	340,728	111,381	6,264,693
Vehicles	3,676,562	240,000	184,959	3,731,603
Infrastructure	15,177,777	268,220	-	15,445,997
Leased assets				
Vehicles	185,965	452,278	178,137	460,106
Total depreciable capital assets	45,375,777	<u>\$ 1,330,307</u>	<u>\$ 474,477</u>	46,231,607
Less Accumulated Depreciation				
Building and improvements	8,962,416	\$ 341,921	\$ -	9,304,337
Machinery and equipment	4,123,398	282,925	75,204	4,331,119
Vehicles	2,773,378	218,722	184,960	2,807,140
Infrastructure	7,287,787	517,453	-	7,805,240
Leased assets				
Vehicles	-	179,193	19,458	159,735
Total accumulated depreciation	23,146,979	<u>\$ 1,540,214</u>	<u>\$ 279,622</u>	24,407,571
Total depreciable capital assets, net	22,228,798			21,824,036
Total Governmental Activities Capital Assets, net	<u>\$ 23,443,932</u>			<u>\$ 23,469,638</u>

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

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

Governmental Activities Depreciation Charged to the Functions:

General	\$ 49,061
Public safety	185,360
Streets	427,883
Community development	27,203
Airport	161,280
Emergency services	196,218
Parks and recreation	100,044
Community center	213,972

Leased assets held by the government's Internal Service Fund is charged to the various functions based on their usage of the assets

179,193
\$ 1,540,214

Business-type Activities

Capital asset activity for the year ended December 31, 2023, for the City's business-type activities was as follows:

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
Business-Type Activities				
<i>Electric</i>				
Non-depreciable Capital Assets				
Land	\$ 99,716	\$ -	\$ -	\$ 99,716
Construction in progress	120,908	5,409	-	126,317
Total capital assets not being depreciated	220,624	<u>\$ 5,409</u>	<u>\$ -</u>	226,033
Depreciable Capital Assets				
Buildings and improvements	1,273,080	\$ -	\$ -	1,273,080
Machinery and equipment	996,066	50,357	-	1,046,423
Vehicles	1,011,594	184,077	29,446	1,166,225
Infrastructure	12,050,726	162,803	-	12,213,529
Total depreciable capital assets	15,331,466	<u>\$ 397,237</u>	<u>\$ 29,446</u>	15,699,257
Less Accumulated Depreciation	9,276,393	<u>\$ 459,759</u>	<u>\$ 26,501</u>	9,709,651
Total depreciable capital assets, net	6,055,073			5,989,606

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

	Balance December 31, 2022	Additions	Deletions	Balance December 31, 2023
CWSS				
Non-depreciable Capital Assets				
Land	1,488,315	\$ -	\$ -	1,488,315
Construction in progress	1,701,658	3,594,480	-	5,296,138
Total capital assets not being depreciated	3,189,973	<u>\$ 3,594,480</u>	<u>\$ -</u>	6,784,453
Depreciable Capital Assets				
Buildings and improvements	32,262,959	\$ -	\$ -	32,262,959
Machinery and equipment	3,773,110	124,653	-	3,897,763
Vehicles	658,485	-	69,484	589,001
Infrastructure	22,078,878	88,673	-	22,167,551
Total depreciable capital assets	58,773,432	<u>\$ 213,326</u>	<u>\$ 69,484</u>	58,917,274
Less Accumulated Depreciation	24,039,716	<u>\$ 1,525,441</u>	<u>\$ 66,540</u>	25,498,617
Total depreciable capital assets, net	34,733,716			33,418,657
Aquatic Center				
Non-depreciable Capital Assets				
Construction in progress	1,076,060	\$ -	\$ 1,076,060	-
Total capital assets not being depreciated	1,076,060	<u>\$ -</u>	<u>\$ 1,076,060</u>	-
Depreciable Capital Assets				
Buildings and improvements	2,217,774	\$ 1,076,060	\$ -	3,293,834
Machinery and equipment	57,721	6,708	-	64,429
Total depreciable capital assets	2,275,495	<u>\$ 1,082,768</u>	<u>\$ -</u>	3,358,263
Less Accumulated Depreciation	1,896,687	<u>\$ 26,282</u>	<u>\$ -</u>	1,922,969
Total depreciable capital assets, net	378,808			1,435,294
Business-Type Activities Capital Assets, net	<u>\$ 45,654,254</u>			<u>\$ 47,854,043</u>

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

8. Long-Term Obligations

Governmental Activities

Long-term obligations and activities of the City's governmental activities for the year ended December 31, 2023, are as follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
2018 Tax Increment and Sales Tax Refunding					
Revenue Bonds	\$ 3,265,000	\$ -	\$ 515,000	\$ 2,750,000	\$ 500,000
Unamortized bond premium	14,041	-	2,340	11,701	-
2023A Certificates of Participation	-	25,305,000	-	25,305,000	295,000
Unamortized discount	-	(328,822)	(10,607)	(318,215)	-
2023B Certificates of Participation	-	2,480,000	-	2,480,000	195,000
Unamortized premium	-	121,846	11,077	110,769	-
	<u>3,279,041</u>	<u>27,578,024</u>	<u>517,810</u>	<u>30,339,255</u>	<u>990,000</u>
Direct Placement and Borrowings					
Promissory note	9,026	-	9,026	-	-
Fire truck financed purchase	452,000	-	53,000	399,000	54,000
2021 Facility and equipment financed purchase	<u>2,818,792</u>	<u>259,000</u>	<u>2,477,619</u>	<u>600,173</u>	<u>238,390</u>
	<u>3,279,818</u>	<u>259,000</u>	<u>2,539,645</u>	<u>999,173</u>	<u>292,390</u>
Leases	185,965	241,661	123,696	303,930	126,208
Compensated Absences	<u>288,160</u>	<u>-</u>	<u>7,660</u>	<u>280,500</u>	<u>-</u>
Total	<u>\$ 7,032,984</u>	<u>\$ 28,078,685</u>	<u>\$ 3,188,811</u>	<u>\$ 31,922,858</u>	<u>\$ 1,408,598</u>

Tax Increment Revenue Bonds

On April 26, 2018, the City issued Series 2018 Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), in the amount of \$5,580,000, for the purpose of refunding the remaining \$6,245,000 of the outstanding Series 2007 Tax Increment Revenue Bonds. The bonds are special, limited obligations of the City, payable solely from and secured as to payments of principal and interest by a pledge of certain payments in lieu of taxes and economic activity taxes generated within the Towne Center TIF District, subject to annual appropriation. The bonds mature on November 1 of each year with interest payments due May 1 and November 1 of each year. Principal payments range from \$400,000 to \$585,000 and interest ranges from 2.00% to 3.00%, through November 1, 2028.

Certificates of Participation

On May 3, 2023, the City issued Series 2023 Refunding and Improvement Certificates of Participation, in the total amount of \$27,785,000. This issuance includes Series 2023A and 2023B. The Series 2023A, in the amount of \$25,305,000, was issued for the purpose of refunding the outstanding aggregate principal amount of \$4,730,000 of Series 2014 Transportation Sales Tax Revenue Bonds that were issued by the Highway 71/291 Partners in Progress Transportation Development District (the "District") and for financing certain transportation projects within the City. Net revenues of the Highway 71/291 Partners in Progress Transportation Development District's 1% sales tax imposed

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

on retail sales within the boundaries of the District are pledged for payments of the Series 2023A issue. The Series 2023B, in the amount of \$2,480,000, was issued for the purpose of refunding a portion of the City's outstanding 2021 financing agreement with Zions Bank in the amount of \$2,202,100, and to finance improvements to the City's Community Center and acquisition of equipment. The certificates mature on March 1 of each year with interest payments due March 1 and September 1 of each year. Principal payments range from \$195,000 to \$1,670,000, and interest ranges from 4.00% to 5.00%. The Series 2023A certificates mature on March 1, 2053, and the Series 2023B certificates mature on March 1, 2033. The certificates are eligible for prepayment on or after March 1, 2028.

Financed Purchases

On October 26, 2020, the City entered into an agreement in the amount of \$556,000, in order to finance the purchase of a fire truck. Principal payments are due October 1 and interest is due April 1 and October 1 of each year. Principal payments range from \$51,000 to \$60,000, with interest at 1.625%, through October 1, 2030. In the event of default, the lender may take legal action or recover the possession of the equipment.

On February 10, 2021, the City entered into an agreement in the amount of \$3,993,700, in order to finance several projects and equipment throughout the City. Of this amount, \$3,507,190 was expended on governmental activities and \$485,810 on business-type activities. Principal payments are due annually on November 1 in the amounts ranging from \$86,900 to \$1,055,200, and interest payments are due semi-annually on May 1 and November 1 at 1.35%. In the event of default, the bank has the right to possession, lease, or sell the financed facilities.

Leases

The City leases a portion of its vehicle fleet under a master lease agreement. The individual payment terms and lengths vary by each vehicle. Interest is deemed to be 7.00%. Amounts relating to the leases are reflected in the financial statements as right-to-use assets and lease liabilities.

Annual debt service requirements to maturity for the above obligations, excluding compensated absences and unamortized premiums, are as follows:

Year Ending December 31,	Bonds and Certificates of Participation		Direct Borrowings		Leases		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 990,000	\$ 1,358,407	\$ 292,390	\$ 15,422	\$ 126,208	\$ 21,351	\$ 2,803,778
2025	1,065,000	1,318,032	296,657	11,327	94,204	12,848	2,798,068
2026	1,115,000	1,276,732	94,338	7,171	65,621	6,037	2,564,899
2027	1,170,000	1,232,469	89,896	5,451	13,203	1,293	2,512,312
2028	1,225,000	1,186,369	106,892	3,707	4,694	139	2,526,801
2029-2033	3,825,000	5,319,969	119,000	2,909	-	-	9,266,878
2034-2038	3,355,000	4,422,272	-	-	-	-	7,777,272
2039-2043	4,445,000	3,555,297	-	-	-	-	8,000,297
2044-2048	5,800,000	2,424,956	-	-	-	-	8,224,956
2049-2050	7,545,000	909,159	-	-	-	-	8,454,159
	<u>\$ 30,535,000</u>	<u>\$ 23,003,662</u>	<u>\$ 999,173</u>	<u>\$ 45,987</u>	<u>\$ 303,930</u>	<u>\$ 41,668</u>	<u>\$ 54,929,420</u>

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Business-type Activities

Long-term debt of the business-type activities for the year ended December 31, 2023, is summarized as follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023	Amounts Due Within One Year
2020 Certificates of Participation	\$ 10,005,000	\$ -	\$ -	\$ 10,005,000	\$ -
Unamortized premium	789,064	-	28,181	760,883	-
Revenue Bonds					
Series 2002	270,000	-	270,000	-	-
Unamortized premium	1,785	-	1,785	-	-
Series 2003	480,000	-	235,000	245,000	245,000
Unamortized premium	1,248	-	624	624	-
Series 2005	310,000	-	100,000	210,000	105,000
Unamortized premium	7,199	-	2,400	4,799	-
Series 2009	1,844,000	-	214,800	1,629,200	219,100
Series 2017	7,822,000	-	448,000	7,374,000	456,000
	21,530,296	-	1,300,790	20,229,506	1,025,100
Direct Placement and Borrowings					
2021 Facility and equipment financed purchase	367,808	-	85,981	281,827	68,710
Excavator financed purchase	-	115,800	16,342	99,458	24,629
	367,808	115,800	102,323	381,285	93,339
Compensated Absences	100,942	-	8,942	92,000	-
Total	\$ 21,999,046	\$ 115,800	\$ 1,412,055	\$ 20,702,791	\$ 1,118,439

Certificates of Participation

On December 30, 2020, the City issued Series 2020 Refunding and Improvement Certificates of Participation in the amount of \$11,625,000. Of this amount, \$1,620,000 refunded the Series 2012 Refunding Certificates of Participation and \$10,005,000 was used to fund a storm water and sewer system improvement project. Principal is due in annual installments on November 1 through 2050, with interest ranging from 2.50% to 4.00%.

Revenue Bonds

In 2003, the City issued \$3,295,000 of Series 2003 Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund). Proceeds were used to fund certain improvements to the City's sewer system. Principal is due in annual installments through July 1, 2024, including interest from 2.0% to 5.25%.

In 2005, the City issued \$1,710,000 of Series 2005 Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund). Proceeds were used to fund certain improvements to the City's sewer system. Principal is due in annual installments through July 1, 2025, including interest from 3.0% to 5.0%.

In 2010, the City issued \$3,288,541 in Series 2009 Combined Waterworks and Sewerage System Revenue Bonds (State Direct Loan Program – ARRA); with an original amount not to exceed \$4,300,000. Proceeds were used to fund certain

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

improvements to the City's sewer system. Principal is due in annual installments through July 1, 2030, including interest at 30% of the Revenue Bond Index as published in The Bond Buyer.

In 2017, the City issued Series 2017 Combined Waterworks and Sewerage System Revenue Bonds (State Direct Loan Program) in an amount not to exceed \$9,544,000. Proceeds were used to fund certain improvements to the City's water treatment plant. Principal is due in varying installments semi-annually on January 1 and July 1 each year, with interest at 1.15% through 2038.

As of December 31, 2023, the sinking funds and the reserve funds were adequately funded, and the City was in compliance with its rate covenants for all bonds.

Financed Purchases

On February 10, 2021, the City entered into an agreement in the amount of \$3,993,700, in order to finance several projects and equipment throughout the City. Of this amount, \$3,507,190 was expended on governmental activities and \$485,810 on business-type activities. Principal payments are due annually on November 1 in the amounts ranging from \$86,900 to \$1,055,200, and interest payments are due semi-annually on May 1 and November 1 at 1.35%. In the event of default, the bank has the right to possession, lease, or sell the financed facilities.

On March 9, 2023, the City entered into an agreement to finance an excavator. Principal and interest payments of \$16,016 are due semi-annually through March 2027 with interest at 4.61%. In the event of default, the lender has the rights to possession of the equipment.

Annual debt service requirements to maturity for the above obligations, excluding compensated absences, as of December 31, 2023, are as follows:

Year Ending December 31,	Bonds and Certificates of Participation		Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,025,100	\$ 436,566	\$ 93,339	\$ 7,386	\$ 1,562,391
2025	1,105,400	417,017	98,555	5,171	1,626,143
2026	1,027,900	390,486	78,823	2,882	1,500,091
2027	1,055,600	368,445	70,860	1,106	1,496,011
2028	1,078,200	345,642	39,708	375	1,463,925
2029-2033	5,054,000	1,375,636	-	-	6,429,636
2034-2038	4,852,000	849,372	-	-	5,701,372
2039-2043	1,935,000	427,325	-	-	2,362,325
2044-2048	1,625,000	212,000	-	-	1,837,000
2049-2050	705,000	26,500	-	-	731,500
	<u>\$ 19,463,200</u>	<u>\$ 4,848,989</u>	<u>\$ 381,285</u>	<u>\$ 16,920</u>	<u>\$ 24,710,394</u>

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Component Unit

Developer Obligations

Certain developers have incurred certain costs that are eligible for reimbursement under the Market Place TIF Plan. These obligations are special limited obligations of the City, payable only to the extent that tax increment financing revenues are available upon retirement of the tax increment revenue note discussed below. At December 31, 2023, the total obligations under these agreements were \$5,326,059.

Tax Increment Revenue Note

On December 18, 2009, the City issued \$9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; the Harrisonville Market Place Transportation Development District A (TDD A); and the Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District (the District). Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

At the date of this Note, the applicable interest rate on the unpaid principal balance was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75%; on April 1, 2014, it was adjusted to 6.5%; and on April 1, 2017, it was adjusted to 6.0%; with payments due annually. The restructured Note does not call for regular principal payments, and no balloon payment is disclosed in the Note. The City is required to submit collections of revenues for the District to a separate account, which is used to pay the required annual debt service payments.

As of December 31, 2023, the remaining principal balance was \$8,072,729, with accrued interest of \$121,091.

9. Employee Pension Plan

General Information about the Pension Plan

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

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

City of Harrisonville

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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.

2023 Valuation

Benefit Multiplier	2.00% for life
Final Average Salary	3 Years
Member Contributions	0%

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

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

	<u>General</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	81	23	8	112
Inactive employees entitled to but not yet receiving benefits	59	22	28	109
Active employees	76	25	15	116
	<u>216</u>	<u>70</u>	<u>51</u>	<u>337</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates were 11.8% for General, 17.2% for Police, and 11.1% for Fire, of annual covered payroll.

On January 1, 2023, the City changed from a 1.75% benefit multiplier to a 2.00% benefit multiplier which changed employer contribution rates from 9.3%, 14.6%, and 10.4% in the General, Police, and Fire divisions, respectively, to the rates in the previous paragraph.

Net Pension Asset (Liability). The employer's net pension asset (liability) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2023. The roll-forward of total pension liability from February 28, 2023 to June 30, 2023 reflects expected service cost and interest reduced by actual benefit payments.

Actuarial Assumptions. The total pension asset 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 for the General Division 2.75% to 6.55% including wage inflation for the Police Division 2.75% to 7.15% including wage inflation for the Fire Division
Investment rate of return	7.00%, net of investment expenses

City of Harrisonville

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The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the 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 Tables for males and females of General groups, and 75% of the PubS-2010 Employee Mortality Table for males and females of Police and Fire 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 covering the period March 1, 2015 through February 29, 2020.

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

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

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

City of Harrisonville

Notes to the Financial Statements

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension (Asset)
	(a)	(b)	(a) - (b)
General Division			
Balance at beginning of year	\$ 23,116,927	\$ 27,536,328	\$ (4,419,401)
Changes for the year			
Service cost	401,268	-	401,268
Interest on total pension liability	1,586,922	-	1,586,922
Changes of benefit terms	825,797	-	825,797
Difference between expected and actual experience of the total pension liability	654,685	-	654,685
Contributions - employer	-	488,418	(488,418)
Net investment income	-	997,993	(997,993)
Benefit payments, including refunds	(1,309,848)	(1,309,848)	-
Administrative expenses	-	(29,378)	29,378
Other (net transfers)	-	26,378	(26,378)
Net Changes	2,158,824	173,563	1,985,261
Balance at end of year	25,275,751	27,709,891	(2,434,140)
Police Division			
Balance at beginning of year	6,841,068	7,707,469	(866,401)
Changes for the year			
Service cost	154,395	-	154,395
Interest on total pension liability	472,802	-	472,802
Changes of benefit terms	229,270	-	229,270
Difference between expected and actual experience of the total pension liability	233,908	-	233,908
Contributions - employer	-	244,245	(244,245)
Net investment income	-	266,426	(266,426)
Benefit payments, including refunds	(330,898)	(330,898)	-
Administrative expenses	-	(8,677)	8,677
Other (net transfers)	-	7,202	(7,202)
Net Changes	759,477	178,298	581,179
Balance at end of year	7,600,545	7,885,767	(285,222)

City of Harrisonville

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December 31, 2023

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension (Asset)
	(a)	(b)	(a) - (b)
Fire Division			
Balance at beginning of year	3,159,017	4,328,306	(1,169,289)
Changes for the year			
Service cost	151,378	-	151,378
Interest on total pension liability	222,413	-	222,413
Changes of benefit terms	112,984	-	112,984
Difference between expected and actual experience of the total pension liability	76,967	-	76,967
Contributions - employer	-	113,593	(113,593)
Net investment income	-	148,652	(148,652)
Benefit payments, including refunds	(114,111)	(114,111)	-
Administrative expenses	-	(4,568)	4,568
Other (net transfers)	-	(124,277)	124,277
Net Changes	449,631	19,289	430,342
Balance at end of year	3,608,648	4,347,595	(738,947)
Total Plan Balances at end of year	\$ 36,484,944	\$ 39,943,253	\$ (3,458,309)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following present 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 one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 28,660,410	\$ 25,275,751	\$ 22,475,904
Plan Fiduciary Net Position	27,709,891	27,709,891	27,709,891
Net Pension Liability (Asset)	950,519	(2,434,140)	(5,233,987)
Police Division			
Total Pension Liability	8,721,908	7,600,545	6,686,943
Plan Fiduciary Net Position	7,885,767	7,885,767	7,885,767
Net Pension Liability (Asset)	836,141	(285,222)	(1,198,824)
Fire Division			
Total Pension Liability	4,278,054	3,608,648	3,080,831
Plan Fiduciary Net Position	4,347,595	4,347,595	4,347,595
Net Pension (Asset)	(69,541)	(738,947)	(1,266,764)
Total Net Pension Liability (Asset)	\$ 1,717,119	\$ (3,458,309)	\$ (7,699,575)

City of Harrisonville

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

For the year ended December 31, 2023, the employer recognized pension expense of \$1,217,346 in the general division, \$393,351 in the police division, and \$318,968 in the fire division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Differences between expected and actual experience	\$ 788,648	\$ -	\$ 788,648
Assumption changes	-	(109,165)	(109,165)
Difference between projected and actual earnings on pension plan investments	307,619	-	307,619
Contributions subsequent to the measurement date	264,470	-	264,470
	<u>1,360,737</u>	<u>(109,165)</u>	<u>1,251,572</u>
Police Division			
Differences between expected and actual experience	244,814	(113,807)	131,007
Assumption changes	-	(29,829)	(29,829)
Difference between projected and actual earnings on pension plan investments	124,789	-	124,789
Contributions subsequent to the measurement date	132,235	-	132,235
	<u>501,838</u>	<u>(143,636)</u>	<u>358,202</u>
Fire Division			
Differences between expected and actual experience	157,153	(87,456)	69,697
Assumption changes	9,063	(9,064)	(1)
Difference between projected and actual earnings on pension plan investments	43,113	-	43,113
Contributions subsequent to the measurement date	59,277	-	59,277
	<u>268,606</u>	<u>(96,520)</u>	<u>172,086</u>
Total	<u>\$ 2,131,181</u>	<u>\$ (349,321)</u>	<u>\$ 1,781,860</u>

*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 in the year ending December 31, 2024.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

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

Year Ending June 30,	Net Deferred Outflows and (Inflows) of Resources			
	General Division	Police Division	Fire Division	Total
2024	\$ 225,721	\$ 44,246	\$ (218)	\$ 269,749
2025	(120,817)	(57,037)	(37,859)	(215,713)
2026	701,963	184,745	98,640	985,348
2027	180,235	54,013	40,609	274,857
2028	-	-	11,637	11,637
Thereafter	-	-	-	-
	<u>\$ 987,102</u>	<u>\$ 225,967</u>	<u>\$ 112,809</u>	<u>\$ 1,325,878</u>

Payable to the Pension Plan

At December 31, 2023, the City had no payments due to the pension plan.

10. Interfund Receivables, Payables, and Transfers

Interfund balances as of December 31, 2023, are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 134,034	\$ -
Emergency Services Fund	9,147	-
Community Center Fund	-	52,584
Nonmajor Governmental Funds	7,958	92,679
CWSS Fund	-	5,876
	<u>\$ 151,139</u>	<u>\$ 151,139</u>

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 have not been paid or received as of December 31, 2023, balances of interfund amounts receivable or payable have been recorded within the financial statements.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

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

Funds Transferred From	Funds Transferred To	Amount
General Fund	Nonmajor Governmental Funds	\$ 88,648
Emergency Services Fund	General Fund	490,000
Community Center Fund	General Fund	37,000
Nonmajor Governmental Funds	General Fund	13,000
Electric Fund	General Fund	930,000
CWSS Fund	General Fund	855,000
Nonmajor Enterprise Funds	General Fund	50,655
CWSS Fund	Internal Service Fund	60,685
Electric Fund	Internal Service Fund	38,500
General Fund	Nonmajor Governmental Funds	38,943
CWSS Fund	Nonmajor Governmental Funds	44,501
Emergency Services Fund	Nonmajor Governmental Funds	2,455
General Fund	Nonmajor Enterprise Funds	96,158
General Fund	Community Center Fund	668
General Fund	Emergency Services Fund	1,013,111
General Fund	Debt Service Fund	85,609
Emergency Services Fund	Debt Service Fund	46,978
Community Center Fund	Debt Service Fund	119,796
Nonmajor Governmental Funds	Debt Service Fund	70,071
		<u>\$ 4,081,778</u>

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

11. Tax Abatements

The City provides tax abatements through the Enhanced Enterprise Zones (EEZ) Program. The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. Taxes abated through the EEZ program was \$8,675.

The City also provides tax abatements through the tax increment financing agreements to promote new investment, infrastructure improvements, and job growth by providing financial assistance and incentives to redevelopers. Pursuant to Section 99.800 of RSMo., 50% of the incremental increase in taxes generated by economic activities may be redirected. Taxes abated through the TIF program was \$45,348.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

12. Debt Defeasance

On May 3, 2023, the City issued Series 2023B Certificates of Participation in the amount of \$2,480,000 with interest at 5%. Of this issued amount, \$2,202,000 was issued to current refund a portion of the outstanding principal of the City's 2021 financing arrangement with Zions Bank that matures between November 1, 2024, and November 1, 2026. The portion of the refunded financing is considered defeased at December 31, 2023.

As a result of the refunding, the City increased its total debt service requirements by \$595,186, which resulted in an economic loss (a difference between the present value of the debt service payments on old and new debt) of \$167,857.

13. 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.

14. Claims & Adjustments

The City participates in federal and state programs that are fully or partially funded by grants or loans received from other governmental units. Expenditures financed by grants and loans are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the City may be required to reimburse the grantor government. The City believes that disallowed expenditures, if any, based upon subsequent audits will not have a material effect on the City's financial position.

15. Commitments and Contingencies

Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have a future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

Promissory Note Receivable

On March 18, 2011, the City received a promissory note from Harrisonville Housing Associates, L.P., Clarkton, Missouri, in the amount of \$750,490 with 0% interest. The note calls for repayment of principal annually in an amount equal to 50% of cash flow allowed by the Missouri Housing Development Commission and the United States Department of Agriculture, Rural Housing Service (Rural Development) (the Agency). Such payment is due 30 days after the date that the audit of Harrisonville Housing Associates, L.P., is approved by the Agency. In any event, all remaining indebtedness is due and payable on March 18, 2062. The note is secured by a Deed of Trust.

Since the ultimate collectability is uncertain, City management has established an allowance for an uncollectible note receivable that is equal to the outstanding balance of the note receivable of \$742,196 at December 31, 2023. Funding for the loan was made available with a Community Development Block Grant (CDBG), which is available for re-use from collections of principal for other eligible CDBG activity.

City of Harrisonville

Notes to the Financial Statements

December 31, 2023

Long-term Contract

On March 21, 2005, the City entered into the Amended and Restated Missouri Public Energy Pool #1 Agreement (the “MoPEP Agreement”) among the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) and various cities within the state of Missouri who have also signed the MoPEP Agreement. Each of the cities who have signed the MoPEP Agreement are collectively referred to as “MoPEP Members.”

Under the MoPEP Agreement, each MoPEP Member, including the City, has agreed to purchase from MJMEUC, all of the MoPEP Members’ requirements for electric capacity, energy, transmission, and other necessary electric services from MJMEUC. MoPEP Members may also dedicate any member-owned electric capacity to MJMEUC for the benefit of the MoPEP Agreement.

MJMEUC is required under the MoPEP Agreement to provide electric capacity, energy, transmission, and other necessary electric services needed by MoPEP Members to fulfill their full requirements to service the MoPEP Members’ retail customers. To meet the power and energy requirements of the City and the other MoPEP Members, MJMEUC presently obtains power and energy through: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts, and interruptible contracts; (ii) MJMEUC-owned generation; (iii) MoPEP Member capacity; and (iv) spot market purchases. Neither the City, nor any other MoPEP Member, has an ownership interest in any of MJMEUC’s assets.

Each MoPEP Member, including the City, is liable under the MoPEP Agreement for its proportionate share of all costs associated with MJMEUC’s performance under the MoPEP Agreement.

MoPEP operations are governed by a committee (“Pool Committee”) consisting of one representative from each MoPEP Member and is currently comprised of 35 members as of December 31, 2023.

The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP Members. These rates include recovery of all of MJMEUC’s costs (the “Direct Costs”) incurred in connection with acquiring, providing, arranging, or financing the provision of full requirement services to MoPEP Members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make under contracts and/or financial commitments and obligations entered into by MJMEUC necessary to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP Member. Direct Costs also include amounts required to fund capital and/or operating reserved and debt service coverages MJMEUC is required to maintain pursuant to contracts to serve MoPEP Members as established from time to time by the Pool Committee.

The MoPEP Agreement requires that rates charged to each MoPEP Member be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months. Charges based on such rates are assessed and billed monthly. The City’s payment obligations under the MoPEP Agreement are limited to the obligation to make payments from revenues of the City’s electric utility system and available electric utility system revenues. All payments made by the City pursuant to the MoPEP Agreement are considered operational and maintenance expenses of the electric utility system. MoPEP Members are required under the MoPEP Agreement to, at all times, establish, maintain, and collect rates, fees, and charges for electric service sufficient to meet the MoPEP Member’s obligations under the MoPEP Agreement.

In the event that a MoPEP Member cancels the MoPEP Agreement, the member remains responsible for its allocated share of MJMEUC’s Direct Costs associated with all resource obligations entered into by MJMEUC for the MoPEP

City of Harrisonville

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

MCMEUC's audited financial statements are available on its website at www.mpua.org.

Commitments

The City had the following commitments for ongoing projects at December 31, 2023:

	Remaining Amount	Amount of Contract
Airport Runway Reconstruction Project	\$ 4,587,375	\$ 4,587,375
Fire Department Remodel	\$ 669,050	\$ 899,705
Lake Harrisonville Dam and Spillway Rehabilitation Project	\$ 387,517	\$ 1,452,658
South Sewer Improvements Project	\$ 1,126,868	\$ 2,211,344

16. Fund Deficits

The City has a deficit fund balance in the Emergency Services Fund in the amount of \$324,749 and deficit unassigned fund balance of \$413,594. The City's nonmajor governmental funds has a deficit unassigned fund balance of \$145,731.

17. Restatement

Beginning fund balances and net position were restated due to the correction of various asset and liability accounts. Changes to beginning fund balances and net position were as follows:

	General Fund	Emergency Services Fund	Community Center Fund	Nonmajor Governmental Funds
Beginning Fund Balances (Deficits), as previously reported	\$ 11,394,518	\$ (934,625)	\$ 75,094	\$ (109,517)
Cash	(134,905)	(47,453)	(59,484)	-
Taxes receivable	655,338	126,715	(126,715)	148,065
Franchise fees receivable	(84,383)	-	-	-
Beginning Fund Balances (Deficits), as restated	\$ 11,830,568	\$ (855,363)	\$ (111,105)	\$ 38,548

City of Harrisonville

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	<u>Electric Fund</u>	<u>CWSS Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Custodial Funds</u>
Beginning Net Position, as previously reported	\$ 11,946,876	\$ 33,123,791	\$ 400,543	\$ -
Investments	-	(110,173)	-	-
Taxes receivable	-	-	-	126,677
Capital assets	169,846	(281,746)	1,068,092	-
Accumulated depreciation	-	(41,500)	75,800	-
Accounts payable	-	-	(58,506)	-
Accrued interest payable	-	(110,952)	-	-
Deposits held for others	-	-	-	64,940
Due to City	-	-	-	430,444
Long-term debt	-	(106,440)	-	-
Beginning Net Position, as restated	<u><u>\$ 12,116,722</u></u>	<u><u>\$ 32,472,980</u></u>	<u><u>\$ 1,485,929</u></u>	<u><u>\$ 622,061</u></u>

	<u>Internal Service Fund - Vehicle Equipment and Replacement Fund</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning Net Position, as previously reported	\$ -	\$ 32,638,992	\$ 45,471,210
Cash	-	(241,842)	-
Investments	-	-	(110,173)
Taxes receivable	-	803,403	-
Franchise fees receivable	-	(84,383)	-
Capital assets	185,965	(1,145,866)	956,192
Accumulated depreciation	-	34,925	34,300
Accounts payable	-	-	(58,506)
Accrued interest payable	-	-	(110,952)
Long-term debt	(185,965)	26,699	(106,440)
Internal service fund beginning equity	34,740	34,740	-
Beginning Net Position, as restated	<u><u>\$ 34,740</u></u>	<u><u>\$ 32,066,668</u></u>	<u><u>\$ 46,075,631</u></u>

Required Supplementary Information

City of Harrisonville

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Property taxes	\$ 975,507	\$ 975,507	\$ 981,519	\$ 6,012
City sales tax	3,504,102	3,504,103	3,465,899	(38,204)
Franchise tax	2,010,040	2,010,040	2,090,231	80,191
Other	808,101	808,101	941,830	133,729
Licenses and permits	236,000	236,000	340,697	104,697
Intergovernmental revenues	3,780,684	5,287,728	169,779	(5,117,949)
Charges for services	402,100	402,100	388,627	(13,473)
Court fees and fines	139,800	139,800	97,580	(42,220)
Miscellaneous				
Interest income	60,000	60,000	874,377	814,377
Other	70,070	70,070	83,462	13,392
Total Revenues	<u>11,986,404</u>	<u>13,493,449</u>	<u>9,434,001</u>	<u>(4,059,448)</u>
Expenditures				
Current				
General government	3,094,156	3,205,460	2,753,899	451,561
Law enforcement	4,047,340	4,083,455	3,741,912	341,543
Community development	828,988	914,763	684,598	230,165
Public works	1,316,342	1,355,868	851,199	504,669
Airport	234,982	304,485	188,940	115,545
Municipal court	139,604	139,634	132,423	7,211
Capital outlay	4,261,556	7,058,576	443,674	6,614,902
Debt service				
Principal, interest, and fees	256,165	260,159	141,489	118,670
Total Expenditures	<u>14,179,133</u>	<u>17,322,400</u>	<u>8,938,134</u>	<u>8,384,266</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,192,729)	(3,828,951)	495,867	4,324,818
Other Financing Sources (Uses)				
Issuance of debt	132,000	132,000	20,694,000	20,562,000
Operating transfers in	2,375,655	2,375,655	2,375,655	-
Operating transfers (out)	(3,694,306)	(2,244,002)	(1,323,137)	920,865
Total Other Financing Sources (Uses)	<u>(1,186,651)</u>	<u>263,653</u>	<u>21,746,518</u>	<u>21,482,865</u>
<i>Net Change in Fund Balance</i>	(3,379,380)	(3,565,298)	22,242,385	25,807,683
Beginning Fund Balance, as restated	8,567,958	8,567,958	11,830,568	3,262,610
Ending Fund Balance	<u>\$ 5,188,578</u>	<u>\$ 5,002,660</u>	<u>\$ 34,072,953</u>	<u>\$ 29,070,293</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Harrisonville

Budgetary Comparison Schedule – Emergency Services Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
City sales tax	\$ 1,900,000	\$ 1,900,000	\$ 2,247,685	\$ 347,685
Intergovernmental revenues	26,736	153,347	26,439	(126,908)
Charges for services	1,650,000	1,697,944	1,410,663	(287,281)
Miscellaneous				
Interest income	60	60	2	(58)
Other	18,300	18,300	18,064	(236)
Total Revenues	<u>3,595,096</u>	<u>3,769,651</u>	<u>3,702,853</u>	<u>(66,798)</u>
Expenditures				
Current				
Emergency services	4,002,706	5,343,647	3,715,601	1,628,046
Capital outlay	37,272	-	-	-
Debt service				
Principal, interest, and fees	170,329	174,029	70,316	103,713
Total Expenditures	<u>4,210,307</u>	<u>5,517,676</u>	<u>3,785,917</u>	<u>1,731,759</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(615,211)	(1,748,025)	(83,064)	1,664,961
Other Financing Sources (Uses)				
Issuance of debt	-	232,727	140,000	(92,727)
Operating transfers in	1,105,212	2,008,099	1,013,111	(994,988)
Operating transfers (out)	(490,000)	(490,000)	(539,433)	(49,433)
Total Other Financing Sources (Uses)	<u>615,212</u>	<u>1,750,826</u>	<u>613,678</u>	<u>(1,137,148)</u>
<i>Net Change in Fund Balance</i>	1	2,801	530,614	527,813
Beginning Fund Balance (Deficit), as restated	(1,462,955)	(1,462,955)	(855,363)	607,592
Ending Fund Balance (Deficit)	<u>\$ (1,462,954)</u>	<u>\$ (1,460,154)</u>	<u>\$ (324,749)</u>	<u>\$ 1,135,405</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Harrisonville

Budgetary Comparison Schedule – Community Center Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
City sales tax	\$ 1,400,000	\$ 1,400,000	\$ 1,485,321	\$ 85,321
Charges for services	1,028,800	1,028,800	949,574	(79,226)
Miscellaneous				
Interest income	700	700	2	(698)
Other	40,170	40,170	26,768	(13,402)
Total Revenues	<u>2,469,670</u>	<u>2,469,670</u>	<u>2,461,665</u>	<u>(8,005)</u>
Expenditures				
Current				
Community center	1,459,208	1,528,272	1,466,290	61,982
Capital outlay	10,000	-	-	-
Debt service				
Principal, interest, and fees	64,762	64,763	9,545	55,218
Total Expenditures	<u>1,533,970</u>	<u>1,593,035</u>	<u>1,475,835</u>	<u>117,200</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	935,700	876,635	985,830	109,195
Other Financing Sources (Uses)				
Operating transfers in	-	-	668	668
Operating transfers (out)	(847,563)	(812,563)	(156,796)	655,767
Total Other Financing Sources (Uses)	<u>(847,563)</u>	<u>(812,563)</u>	<u>(156,128)</u>	<u>656,435</u>
<i>Net Change in Fund Balance</i>	88,137	64,072	829,702	765,630
Beginning Fund Balance (Deficit), as restated	223,391	223,391	(111,105)	(334,496)
Ending Fund Balance	<u>\$ 311,528</u>	<u>\$ 287,463</u>	<u>\$ 718,597</u>	<u>\$ 431,134</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Harrisonville

Budgetary Comparison Schedule – Debt Service Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ 951,619	\$ 951,619
Interest income	1,000	1,000	253,460	252,460
Total Revenues	1,000	1,000	1,205,079	1,204,079
Expenditures				
Debt service				
Principal	754,680	754,680	275,519	479,161
Interest and fees	84,459	84,459	1,321,231	(1,236,772)
Total Expenditures	839,139	839,139	1,596,750	(757,611)
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(838,139)	(838,139)	(391,671)	446,468
Other Financing Sources (Uses)				
Issuance of debt	-	-	6,932,100	6,932,100
Refunded debt	-	-	(2,202,100)	(2,202,100)
Contributions from fiduciary fund for refunding debt	-	-	2,779,818	2,779,818
Payment to fiduciary fund escrow for refunded debt	-	-	(4,746,568)	(4,746,568)
Operating transfers in	871,563	871,563	322,454	(549,109)
Total Other Financing Sources (Uses)	871,563	871,563	3,085,704	2,214,141
<i>Net Change in Fund Balance</i>	33,424	33,424	2,694,033	2,660,609
Beginning Fund Balance	223,391	223,391	90,810	(132,581)
Ending Fund Balance	<u>\$ 256,815</u>	<u>\$ 256,815</u>	<u>\$ 2,784,843</u>	<u>\$ 2,528,028</u>

See accompanying Notes to the Budgetary Comparison Schedules

City of Harrisonville

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2023

Budgets and Budgetary Accounting

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

1. Prior to December, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them. The primary basis of budgetary control is at the department level.
2. One public hearing is conducted by the Board of Aldermen in August to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by the Board of Aldermen which provide for legally adopted budgets for all funds of the City, except for the Towne Center TIF Fund.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets are adopted on a basis consistent with GAAP. Budgeted amounts are amended during the year by the Board of Aldermen.

City of Harrisonville

Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability									
Service cost	\$ 707,041	\$ 611,632	\$ 631,590	\$ 650,667	\$ 651,813	\$ 595,775	\$ 576,243	\$ 594,597	\$ 592,093
Interest on the total pension liability	2,282,137	2,153,400	2,197,682	2,080,408	2,015,512	1,890,390	1,797,529	1,673,775	1,580,623
Benefit Changes	1,168,051	-	-	-	-	-	-	-	-
Difference between expected and actual experience	965,560	768,017	62,621	572,917	(380,787)	422,754	11,392	(492,706)	(68,776)
Changes of assumptions	-	-	(659,234)	-	-	-	-	852,733	-
Benefit payments	(1,754,857)	(1,727,294)	(1,816,205)	(1,542,692)	(1,244,212)	(1,178,211)	(1,051,857)	(777,773)	(861,393)
<i>Net Change in Total Pension Liability</i>	<u>3,367,932</u>	<u>1,805,755</u>	<u>416,454</u>	<u>1,761,300</u>	<u>1,042,326</u>	<u>1,730,708</u>	<u>1,333,307</u>	<u>1,850,626</u>	<u>1,242,547</u>
Total Pension Liability, Beginning	<u>33,117,012</u>	<u>31,311,257</u>	<u>30,894,803</u>	<u>29,133,503</u>	<u>28,091,177</u>	<u>26,360,469</u>	<u>25,027,162</u>	<u>23,176,536</u>	<u>21,933,989</u>
Total Pension Liability, Ending	<u>36,484,944</u>	<u>33,117,012</u>	<u>31,311,257</u>	<u>30,894,803</u>	<u>29,133,503</u>	<u>28,091,177</u>	<u>26,360,469</u>	<u>25,027,162</u>	<u>23,176,536</u>
Plan Fiduciary Net Position									
Contributions - employer	846,256	688,065	604,592	603,058	626,631	600,629	549,378	586,924	685,868
Pension plan net investment income	1,413,071	29,286	8,830,970	428,908	1,997,427	3,412,078	3,029,700	(78,361)	499,642
Benefit payments, including refunds	(1,754,857)	(1,727,294)	(1,816,205)	(1,542,692)	(1,244,212)	(1,178,211)	(1,051,857)	(777,773)	(861,393)
Pension plan administrative expense	(42,623)	(29,833)	(26,504)	(32,269)	(27,534)	(19,123)	(18,037)	(16,911)	(17,429)
Other (net transfers)	(90,697)	326,918	936,412	42,207	93,578	151,573	(25,782)	(6,963)	296,476
<i>Net Change in Plan Fiduciary Net Position</i>	<u>371,150</u>	<u>(712,858)</u>	<u>8,529,265</u>	<u>(500,788)</u>	<u>1,445,890</u>	<u>2,966,946</u>	<u>2,483,402</u>	<u>(293,084)</u>	<u>603,164</u>
Plan Fiduciary Net Position, Beginning	<u>39,572,103</u>	<u>40,284,961</u>	<u>31,755,696</u>	<u>32,256,484</u>	<u>30,810,594</u>	<u>27,843,648</u>	<u>25,360,246</u>	<u>25,653,330</u>	<u>25,050,166</u>
Plan Fiduciary Net Position, Ending	<u>39,943,253</u>	<u>39,572,103</u>	<u>40,284,961</u>	<u>31,755,696</u>	<u>32,256,484</u>	<u>30,810,594</u>	<u>27,843,648</u>	<u>25,360,246</u>	<u>25,653,330</u>
Employer Net Pension (Asset)	<u>\$ (3,458,309)</u>	<u>\$ (6,455,091)</u>	<u>\$ (8,973,704)</u>	<u>\$ (860,893)</u>	<u>\$ (3,122,981)</u>	<u>\$ (2,719,417)</u>	<u>\$ (1,483,179)</u>	<u>\$ (333,084)</u>	<u>\$ (2,476,794)</u>
Plan fiduciary net position as a percentage of the total pension liability	109.48%	119.49%	128.66%	102.79%	110.72%	109.68%	105.63%	110.77%	110.69%
Covered payroll	\$ 4,217,897	\$ 6,225,132	\$ 5,229,901	\$ 5,844,218	\$ 5,782,370	\$ 5,863,833	\$ 5,217,578	\$ 5,254,719	\$ 5,466,344
Employer's net pension asset as a percentage of covered payroll	(81.99%)	(103.69%)	(171.58%)	(14.73%)	(54.01%)	(46.38%)	(28.43%)	(6.34%)	(45.31%)

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

City of Harrisonville

Schedule of Contributions

Year Ended December 31, 2023

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 917,067	\$ 707,031	\$ 712,588	\$ 584,779	\$ 646,169	\$ 610,839	\$ 563,293	\$ 572,884	\$ 622,293	\$ 737,736
Contributions in relation to the actuarially determined contribution	917,067	707,031	683,890	576,067	638,989	610,839	556,600	560,847	622,293	737,736
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,698</u>	<u>\$ 8,712</u>	<u>\$ 7,180</u>	<u>\$ -</u>	<u>\$ 6,693</u>	<u>\$ 12,037</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,106,061	\$ 6,731,627	\$ 6,085,079	\$ 5,582,763	\$ 5,868,177	\$ 5,855,455	\$ 5,566,093	\$ 5,420,430	\$ 5,469,323	\$ 5,581,355
Contributions as a percentage of covered payroll	12.91%	10.50%	11.24%	10.32%	10.89%	10.43%	10.00%	10.35%	11.38%	13.22%

See accompanying Notes to the Schedule of Contributions

City of Harrisonville

Notes to the Schedule of Contributions

Year Ended December 31, 2023

Valuation Date: February 28, 2023

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: Level Percentage of Payroll, Closed

Remaining Amortization Period: 8 to 19 years for the General Division
6 to 19 years for the Police Division
8 to 19 years for the Fire Division

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation for the General Division
2.75% to 6.55% including wage inflation for the Police Division
2.75% to 7.15% including wage inflation for the Fire Division

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, were the 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 Tables for males and females of General groups, and 75% of the PubS-2010 Employee Mortality Table for males and females of Police and Fire 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

Supplementary Information

City of Harrisonville

Nonmajor Governmental Funds Combining Balance Sheets

December 31, 2023

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Park Fund	Towne Center TIF Fund	
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Taxes receivable	73,197	107,205	180,402
Due from other funds	7,958	-	7,958
Prepaid expenses	24,430	-	24,430
Restricted investments	264,170	213,467	477,637
Total Assets	<u>\$ 369,755</u>	<u>\$ 320,672</u>	<u>\$ 690,427</u>
Liabilities			
Overdrawn cash	\$ 284,785	\$ -	\$ 284,785
Accounts payable	253	22,135	22,388
Due to other funds	-	92,679	92,679
Total Liabilities	<u>285,038</u>	<u>114,814</u>	<u>399,852</u>
Deferred Inflow of Resources			
Unavailable revenue	27,747	-	27,747
Fund Balances			
Nonspendable			
Prepaid expenses	24,430	-	24,430
Restricted for			
Debt Service	-	205,858	205,858
Capital improvements	178,271	-	178,271
Unassigned	(145,731)	-	(145,731)
Total Fund Balances	<u>56,970</u>	<u>205,858</u>	<u>262,828</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 369,755</u>	<u>\$ 320,672</u>	<u>\$ 690,427</u>

City of Harrisonville

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Year Ended December 31, 2023

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Park Fund	Towne Center TIF Fund	
Revenues			
Taxes	\$ 237,220	\$ 683,568	\$ 920,788
Charges for services	52,475	-	52,475
Interest income	83,206	-	83,206
Miscellaneous	20,734	176	20,910
Total Revenues	393,635	683,744	1,077,379
Expenditures			
Current			
Park	389,656	-	389,656
Community development	-	8,926	8,926
Capital outlay	186,474	-	186,474
Debt service			
Principal	37,148	-	37,148
Interest and fees	500	609,538	610,038
Total Expenditures	613,778	618,464	1,232,242
<i>Excess (Deficit) of Revenues Over Expenditures</i>	<i>(220,143)</i>	<i>65,280</i>	<i>(154,863)</i>
Other Financing Sources (Uses)			
Proceeds from sale of assets	9,767	-	9,767
Issuance of debt	277,900	-	277,900
Operating transfers in	174,547	-	174,547
Operating transfers (out)	(83,071)	-	(83,071)
Total Other Financing Sources (Uses)	379,143	-	379,143
<i>Net Changes in Fund Balances</i>	<i>159,000</i>	<i>65,280</i>	<i>224,280</i>
Beginning Fund Balances, as restated	(102,030)	140,578	38,548
Ending Fund Balances	\$ 56,970	\$ 205,858	\$ 262,828

City of Harrisonville

Nonmajor Governmental Funds Budgetary Comparison Schedule Park Fund

Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Property taxes	\$ 193,000	\$ 193,000	\$ 226,163	\$ 33,163
Other	16,500	16,500	11,057	(5,443)
Charges for services	70,400	70,400	52,475	(17,925)
Miscellaneous				
Interest income	200	200	83,206	83,006
Other	24,500	24,500	20,734	(3,766)
Total Revenues	<u>304,600</u>	<u>304,600</u>	<u>393,635</u>	<u>89,035</u>
Expenditures				
Current				
Park	491,213	477,075	389,656	87,419
Capital outlay	-	353,830	186,474	167,356
Debt service				
Principal	66,331	85,061	37,148	47,913
Interest and fees	-	-	500	(500)
Total Expenditures	<u>557,544</u>	<u>915,966</u>	<u>613,778</u>	<u>302,188</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(252,944)	(611,366)	(220,143)	391,223
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	9,767	9,767
Issuance of debt	-	430,529	277,900	(152,629)
Operating transfers in	265,945	265,945	174,547	(91,398)
Operating transfers (out)	(13,000)	(13,000)	(83,071)	(70,071)
Total Other Financing Sources (Uses)	<u>252,945</u>	<u>683,474</u>	<u>379,143</u>	<u>(304,331)</u>
<i>Net Change in Fund Balance</i>	1	72,108	159,000	86,892
Beginning Fund Balance, as restated	223,391	223,391	(102,030)	(325,421)
Ending Fund Balance	<u>\$ 223,392</u>	<u>\$ 295,499</u>	<u>\$ 56,970</u>	<u>\$ (238,529)</u>

City of Harrisonville

Nonmajor Enterprise Funds Combining Statements of Net Position

December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Refuse Fund	Aquatic Center Fund	Total Nonmajor Enterprise Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 212,562	\$ -	\$ 212,562
Accounts receivable, net	54,047	-	54,047
Prepaid expenses	-	1,916	1,916
Total Current Assets	266,609	1,916	268,525
Noncurrent Assets			
Capital Assets			
Depreciable, net	-	1,435,294	1,435,294
Total Noncurrent Assets	-	1,435,294	1,435,294
Total Assets	266,609	1,437,210	1,703,819
Liabilities			
Current Liabilities			
Overdrawn cash	-	165,701	165,701
Accounts payable	60,261	9	60,270
Total Current Liabilities	60,261	165,710	225,971
Total Liabilities	60,261	165,710	225,971
Net Position			
Net investment in capital assets	-	1,435,294	1,435,294
Unrestricted (deficit)	206,348	(163,794)	42,554
Total Net Position	\$ 206,348	\$ 1,271,500	\$ 1,477,848

City of Harrisonville

Nonmajor Enterprise Funds
Combining Statements of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Refuse Fund	Aquatic Center Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 775,954	\$ 160,413	\$ 936,367
Total Operating Revenues	<u>775,954</u>	<u>160,413</u>	<u>936,367</u>
Operating Expenses			
Salaries and fringe benefits	-	161,608	161,608
Contractual services	709,096	1,275	710,371
Purchased services	-	42,758	42,758
Repairs and maintenance	-	6,069	6,069
Supplies	-	31,929	31,929
Depreciation	-	26,282	26,282
Miscellaneous	10,934	-	10,934
Total Operating Expenses	<u>720,030</u>	<u>269,921</u>	<u>989,951</u>
Operating Income (Loss)	55,924	(109,508)	(53,584)
Transfers in	-	96,158	96,158
Transfers (out)	(43,655)	(7,000)	(50,655)
<i>Change in Net Position</i>	12,269	(20,350)	(8,081)
Beginning Net Position, as restated	194,079	1,291,850	1,485,929
Ending Net Position	<u>\$ 206,348</u>	<u>\$ 1,271,500</u>	<u>\$ 1,477,848</u>

City of Harrisonville

Nonmajor Enterprise Funds Combining Statements of Cash Flows Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Refuse Fund	Aquatic Center Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Cash received from customers	\$ 769,013	\$ 160,413	\$ 929,426
Cash paid to suppliers	(659,769)	(78,809)	(738,578)
Cash paid to employees	-	(161,608)	(161,608)
Net Cash Provided (Used) by Operating Activities	109,244	(80,004)	29,240
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	-	96,158	96,158
Transfers to other funds	(43,655)	(7,000)	(50,655)
Negative cash balance implicitly financed	-	165,701	165,701
Net Cash Provided (Used) by Noncapital Financing Activities	(43,655)	254,859	211,204
Cash Flows from Capital and Related Financing Activities			
Purchase of fixed assets	-	(6,708)	(6,708)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(6,708)	(6,708)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	65,589	168,147	233,736
Cash and Cash Equivalents, Beginning of year	146,973	(168,147)	(21,174)
Cash and Cash Equivalents, End of year	212,562	-	212,562
Less Restricted Cash and Cash Equivalents	-	-	-
Unrestricted Cash and Cash Equivalents	<u>\$ 212,562</u>	<u>\$ -</u>	<u>\$ 212,562</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 55,924	\$ (109,508)	\$ (53,584)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	26,282	26,282
(Increase) decrease in Accounts receivable	(6,941)	-	(6,941)
Prepaid expenses	-	3,213	3,213
Increase (decrease) in Accounts payable	60,261	9	60,270
Net Cash Provided (Used) by Operating Activities	<u>\$ 109,244</u>	<u>\$ (80,004)</u>	<u>\$ 29,240</u>

City of Harrisonville

Fiduciary Funds – Custodial Funds Combining Statements of Fiduciary Net Position

December 31, 2023

	Highways 71/291 TDD	Hospital Interchange TDD	Total Custodial Funds
Assets			
Cash and cash equivalents	\$ 459,912	\$ 6,485	\$ 466,397
Investments	-	-	-
Taxes receivable	288,341	-	288,341
Total Assets	<u>748,253</u>	<u>6,485</u>	<u>754,738</u>
Liabilities			
Due to others	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Restricted for			
Other government units	748,253	6,485	754,738
Total Net Position	<u><u>\$ 748,253</u></u>	<u><u>\$ 6,485</u></u>	<u><u>\$ 754,738</u></u>

City of Harrisonville

Fiduciary Funds – Custodial Funds
Combining Statements of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	Highway 71/291 TDD	Hospital Interchange TDD	Total Custodial Funds
Additions			
Sales tax collected	\$ 1,617,960	\$ -	\$ 1,617,960
Interest	2	-	2
Miscellaneous	245	-	245
Total Additions	1,618,207	-	1,618,207
Deductions			
Debt service remittances	1,463,194	-	1,463,194
Administrative fees	22,336	-	22,336
Total Deductions	1,485,530	-	1,485,530
<i>Changes in Net Position</i>	132,677	-	132,677
Net Position, Beginning of Year, restated	615,576	6,485	622,061
Net Position, End of Year	<u>\$ 748,253</u>	<u>\$ 6,485</u>	<u>\$ 754,738</u>

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Board of Aldermen
City of Harrisonville
Harrisonville, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Harrisonville's basic financial statements, and have issued our report thereon, dated July 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Harrisonville's internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Harrisonville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAS, PC
Springfield, Missouri
July 15, 2024

Statistical Section

City of Harrisonville

Statistical Section

Financial Trends – These schedules contain trend information to assist the reader in understanding how the City’s financial performance and wellbeing have changed over time.

Revenue Capacity – These schedules contain information to assist the reader in assessing the factors affecting the City’s ability to generate its property and sales taxes.

Debt Capacity – These schedules present information to assist the reader in assessing the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain information about the City’s operations and resources to assist the reader in understanding how the City’s financial information relates to the services the City provides and the activities it performs.

City of Harrisonville

Net Position by Component

Last Ten Fiscal Years

	Year Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investment in capital assets	\$ 13,282,903	\$ 17,783,349	\$ 19,752,510	\$ 19,382,968	\$ 19,592,986	\$ 19,696,449	\$ 19,097,020	\$ 18,094,342	\$ 17,620,666	\$ 17,372,336
Restricted	24,337,840	7,323,371	6,626,553	2,458,533	2,546,782	2,559,902	3,252,840	3,674,556	1,000,182	1,062,950
Unrestricted (deficit)	(4,727,671)	7,532,272	1,420,266	1,187,635	98,336	(153,985)	(680,762)	(405,005)	2,337,987	(1,829,279)
Total Net Position	<u>\$ 32,893,072</u>	<u>\$ 32,638,992</u>	<u>\$ 27,799,329</u>	<u>\$ 23,029,136</u>	<u>\$ 22,238,104</u>	<u>\$ 22,102,366</u>	<u>\$ 21,669,098</u>	<u>\$ 21,363,893</u>	<u>\$ 20,958,835</u>	<u>\$ 16,606,007</u>
Business-Type Activities										
Net investment in capital assets	\$ 30,879,491	\$ 27,876,318	\$ 26,219,786	\$ 26,367,288	\$ 26,494,501	\$ 27,265,490	\$ 27,393,693	\$ 27,020,727	\$ 25,377,303	\$ 25,037,013
Restricted	3,636,239	3,196,023	3,180,537	2,226,202	3,444,181	3,424,730	3,106,087	3,196,059	1,745,814	1,957,857
Unrestricted	13,633,949	14,398,869	15,144,911	14,826,350	12,439,236	10,931,370	8,923,292	7,755,565	9,818,049	7,691,175
Total Net Position	<u>\$ 48,149,679</u>	<u>\$ 45,471,210</u>	<u>\$ 44,545,234</u>	<u>\$ 43,419,840</u>	<u>\$ 42,377,918</u>	<u>\$ 41,621,590</u>	<u>\$ 39,423,072</u>	<u>\$ 37,972,351</u>	<u>\$ 36,941,166</u>	<u>\$ 34,686,045</u>
Primary Government										
Net investment in capital assets	\$ 44,162,394	\$ 45,659,667	\$ 45,972,296	\$ 45,750,256	\$ 46,087,487	\$ 46,961,939	\$ 46,490,713	\$ 45,115,069	\$ 42,997,969	\$ 42,409,349
Restricted	27,974,079	10,519,394	9,807,090	4,684,735	5,990,963	5,984,632	6,358,927	6,870,615	2,745,996	3,020,807
Unrestricted	8,906,278	21,931,141	16,565,177	16,013,985	12,537,572	10,777,385	8,242,530	7,350,560	12,156,036	5,861,896
Total Net Position	<u>\$ 81,042,751</u>	<u>\$ 78,110,202</u>	<u>\$ 72,344,563</u>	<u>\$ 66,448,976</u>	<u>\$ 64,616,022</u>	<u>\$ 63,723,956</u>	<u>\$ 61,092,170</u>	<u>\$ 59,336,244</u>	<u>\$ 57,900,001</u>	<u>\$ 51,292,052</u>

City of Harrisonville

Changes in Net Position by Component

Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities										
General government	\$ 7,896,458	\$ 2,484,574	\$ 2,024,385	\$ 1,834,267	\$ 1,839,069	\$ 1,889,277	\$ 1,947,920	\$ 1,722,897	\$ 1,583,748	\$ 2,002,426
Law enforcement/public safety	4,236,936	3,114,179	2,464,102	3,105,508	3,080,641	2,888,428	2,944,912	2,877,989	2,645,741	2,902,002
Community development	779,505	312,839	246,632	486,445	379,232	391,307	462,686	504,401	439,050	320,186
Public works/streets	1,724,186	1,136,143	1,017,662	1,228,054	1,860,140	1,134,081	1,038,983	1,157,722	1,001,075	1,134,034
Codes	-	480,832	255,013	-	-	-	-	-	-	-
Animal control	-	228,216	164,340	170,161	179,637	214,988	188,968	192,369	192,396	179,525
Airport	337,845	384,680	379,809	269,445	243,365	283,122	310,155	339,387	308,994	300,459
Emergency services	3,532,556	2,604,292	2,508,026	2,795,717	2,776,094	2,568,186	2,465,996	2,497,603	2,310,217	2,346,331
Community center	1,609,996	1,650,826	1,120,216	1,550,888	1,493,221	1,478,927	1,478,570	1,488,614	1,458,666	1,617,794
Parks and recreation	693,106	620,071	489,436	532,222	580,630	534,155	578,632	606,756	550,704	611,935
Debt issuance costs	-	-	72,291	-	-	-	-	-	-	-
Interest on long-term debt	1,281,109	235,605	266,298	263,666	276,475	519,512	535,073	526,562	559,742	581,180
Total Governmental Activities Expenses	22,091,697	13,252,257	11,008,210	12,236,373	12,708,504	11,901,983	11,951,895	11,914,300	11,050,333	11,995,872
Business-Type Activities										
Electric	11,790,136	11,037,402	10,918,845	10,514,816	10,493,564	9,998,594	10,310,545	10,344,770	10,969,788	11,861,775
Water and sewer	5,768,979	5,136,886	4,469,633	4,604,935	4,286,057	3,995,319	4,140,949	4,079,377	3,953,599	4,102,397
Refuse	720,030	697,654	577,720	577,344	583,900	587,774	505,148	505,064	494,997	483,766
Aquatic center	269,921	159,670	104,124	96,670	273,973	253,097	288,454	262,529	247,561	255,901
Total Business-Type Activities Expenses	18,549,066	17,031,612	16,070,322	15,793,765	15,637,494	14,834,784	15,245,096	15,191,740	15,665,945	16,703,839
Total Primary Government Expenses	40,640,763	30,283,869	27,078,532	28,030,138	28,345,998	26,736,767	27,196,991	27,106,040	26,716,278	28,699,711
Program Revenue										
Governmental Activities										
Charges for services										
General government	686,272	2,627,240	2,331,769	1,896,764	1,854,682	1,688,654	1,756,474	1,964,977	1,859,509	1,874,146
Law enforcement/public safety	130,931	99,139	121,367	123,239	215,624	225,969	219,959	222,035	227,768	282,196
Public works	21,101	-	-	-	-	-	-	-	-	-
Airport	207,127	-	-	-	-	-	-	-	-	-
Emergency services	1,410,662	1,040,677	1,117,650	1,306,953	1,311,828	1,344,572	1,180,436	1,351,037	1,332,256	1,210,496
Community center	949,574	902,173	820,257	538,652	935,680	876,717	843,257	852,482	880,798	949,769
Others	52,475	264,859	219,348	203,791	259,970	267,417	239,739	125,741	68,955	60,478
Operating grants and contributions	2,785,456	370,666	165,193	853,827	515,130	632,508	521,480	537,687	293,635	258,367
Capital grants and contributions	179,616	-	-	-	16,050	44,502	42,678	352,785	-	-
Total Governmental Activities Program	6,423,214	5,304,754	4,775,584	4,923,226	5,108,964	5,080,339	4,804,023	5,406,744	4,662,921	4,635,452

City of Harrisonville

Changes in Net Position by Component

Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Business-Type Activities										
Charges for services	20,428,954	19,329,648	18,794,707	17,473,767	16,800,663	17,677,076	17,102,175	16,846,118	16,830,615	17,225,956
Operating grants and contributions	443,858	61,000	-	-	14,824	196,493	232,190	-	-	10,000
Capital grants and contributions	836,646	-	-	-	-	-	-	-	91,811	-
Total Business-Type Activities Program	21,709,458	19,390,648	18,794,707	17,473,767	16,815,487	17,873,569	17,334,365	16,846,118	16,922,426	17,235,956
Total Primary Government Program Revenue	28,132,672	24,695,402	23,570,291	22,396,993	21,924,451	22,953,908	22,138,388	22,252,862	21,585,347	21,871,408
Net (Expense) Revenue										
Governmental Activities	(15,668,483)	(7,947,503)	(6,232,626)	(7,313,147)	(7,599,540)	(6,821,644)	(7,147,872)	(6,507,556)	(6,387,412)	(7,360,420)
Business-Type Activities	3,160,392	2,359,036	2,724,385	1,680,002	1,177,993	3,038,785	2,089,269	1,654,378	1,256,481	532,117
Total Primary Government Net Expense	(12,508,091)	(5,588,467)	(3,508,241)	(5,633,145)	(6,421,547)	(3,782,859)	(5,058,603)	(4,853,178)	(5,130,931)	(6,828,303)
General Revenue										
Governmental Activities										
Taxes										
Property taxes	1,639,975	1,297,442	1,012,058	1,358,224	1,164,401	1,133,550	807,004	780,924	971,143	957,930
Sales taxes	7,687,677	7,425,319	5,853,798	4,648,796	4,435,690	4,193,888	4,151,829	4,215,750	4,530,932	4,532,729
Franchise taxes	2,090,231	627,726	416,932	497,716	450,147	491,198	534,629	545,349	1,904,019	1,601,918
Other taxes	952,887	689,546	811,452	321,812	413,943	403,931	414,216	437,378	345,644	338,935
Federal sources	-	1,016,798	1,016,798	-	-	-	-	-	-	-
Investment earnings	1,089,201	149,967	61,976	221,181	202,604	158,282	124,751	56,623	41,110	40,726
Miscellaneous	1,151,733	147,633	332,773	186,851	195,329	124,634	495,273	237,768	271,252	307,504
Transfers	1,883,183	1,432,735	1,314,668	869,599	873,194	974,013	925,375	905,183	-	(23,095)
Total Governmental Activities	16,494,887	12,787,166	10,820,455	8,104,179	7,735,308	7,479,496	7,453,077	7,178,975	8,064,100	7,756,647
Business-Type Activities										
Investment earnings	646,341	(67,385)	84,936	388,318	423,453	187,254	181,214	246,329	239,868	246,333
Miscellaneous	150,498	67,060	46,118	42,221	28,076	26,001	105,613	60,480	153,871	154,925
Transfers	(1,883,183)	(1,432,735)	(1,314,668)	(869,599)	(873,194)	(974,013)	(935,375)	(905,183)	(200,000)	23,095
Total Business-Type Activities	(1,086,344)	(1,433,060)	(1,183,614)	(439,060)	(421,665)	(760,758)	(648,548)	(598,374)	193,739	424,353
Total Primary Government General Revenue	15,408,543	11,354,106	9,636,841	7,665,119	7,313,643	6,718,738	6,804,529	6,580,601	8,257,839	8,181,000
Change in Net Position										
Governmental Activities	826,404	4,839,663	4,587,829	791,032	135,768	657,852	305,205	671,419	1,676,688	396,227
Business-Type Activities	2,074,048	925,976	1,540,771	1,240,942	756,328	2,278,027	1,440,721	1,056,004	1,450,220	956,470
Total Primary Government Change in Net Position	\$ 2,900,452	\$ 5,765,639	\$ 6,128,600	\$ 2,031,974	\$ 892,096	\$ 2,935,879	\$ 1,745,926	\$ 1,727,423	\$ 3,126,908	\$ 1,352,697

City of Harrisonville

Governmental Fund Balances

Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 351,987	\$ 695,935	\$ 580,196	\$ 934,649	\$ 1,097,610	\$ 1,331,404	\$ 1,087,340	\$ 222,988	\$ 211,284	\$ 184,885
Restricted	21,149,206	2,501,423	1,834,626	291,936	34,217	115,946	115,209	111,610	115,021	114,855
Unassigned	12,571,760	7,262,535	5,420,122	4,933,405	4,339,212	4,352,607	4,814,142	5,810,251	5,336,961	4,784,005
Total General Fund	\$ 34,072,953	\$ 10,459,893	\$ 7,834,944	\$ 6,159,990	\$ 5,471,039	\$ 5,799,957	\$ 6,016,691	\$ 6,144,849	\$ 5,663,266	\$ 5,083,745
All Other Governmental Funds										
Nonspendable	\$ 130,707	\$ 24,492	\$ 49,067	\$ 99,463	\$ 43,209	\$ 36,827	\$ 31,659	\$ 135,774	\$ 129,281	\$ 113,131
Restricted	3,168,972	299,565	1,403,644	2,069,601	518,325	498,540	1,189,792	1,280,789	1,313,363	944,488
Committed	-	-	-	-	-	-	60,532	-	-	-
Assigned	701,165	-	-	-	-	-	-	308,293	243,727	659,243
Unassigned	(559,325)	(267,669)	(236,958)	(366,732)	(186,703)	(158,223)	(70,154)	(70,973)	-	(410,099)
Total All Other Governmental Funds	\$ 3,441,519	\$ 56,388	\$ 1,215,753	\$ 1,802,332	\$ 374,831	\$ 377,144	\$ 1,211,829	\$ 1,653,883	\$ 1,686,371	\$ 1,306,763

City of Harrisonville

Changes in Governmental Fund Balances

Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Taxes										
Property	\$ 1,402,478	\$ 1,297,442	\$ 1,012,058	\$ 1,358,224	\$ 1,164,401	\$ 1,133,550	\$ 807,004	\$ 967,740	\$ 971,143	\$ 957,930
Sales	7,687,677	7,425,319	5,853,798	4,648,796	4,435,690	4,193,888	4,151,829	4,695,188	4,530,932	4,532,729
Franchise	2,090,231	627,726	416,932	497,716	450,147	491,198	534,629	1,450,532	1,904,019	1,601,918
Other	952,887	689,546	811,452	321,812	326,325	321,835	316,737	347,882	345,644	338,935
Licenses, fees, and permits	340,697	404,841	285,637	238,514	142,494	145,427	156,648	189,068	148,648	124,911
Fines and forfeitures	97,580	-	-	120,676	211,234	216,846	212,799	222,035	227,768	282,196
Charges for services	2,801,339	4,529,247	4,324,754	3,710,209	4,207,472	4,022,356	3,853,708	4,062,842	3,992,870	3,969,978
Intergovernmental	1,147,837	1,387,464	1,181,991	853,827	512,553	651,475	576,643	485,312	293,635	258,367
Investment earnings	1,211,047	149,967	61,976	221,181	202,604	158,282	124,751	56,623	41,110	40,726
Miscellaneous	149,204	156,708	332,773	168,660	312,235	217,988	155,757	241,132	271,252	307,504
Total Revenues	17,880,977	16,668,260	14,281,371	12,139,615	11,965,155	11,552,845	10,890,505	12,718,354	12,727,021	12,415,194
Expenditures										
General government	2,886,322	2,597,190	2,568,339	1,636,756	1,754,862	1,822,525	1,770,539	1,593,951	1,578,198	1,857,424
Law enforcement/public safety	3,741,912	3,220,538	2,650,376	2,865,508	2,984,290	2,876,073	2,729,997	2,568,837	2,545,685	2,824,957
Community development	693,524	317,641	309,725	441,171	356,871	369,190	412,561	455,440	431,365	296,174
Public works/streets	851,199	809,362	784,004	833,382	890,508	826,215	811,558	837,799	759,010	900,050
Codes	-	481,501	390,847	-	-	-	-	-	-	-
Animal control	-	218,247	174,771	161,308	175,362	209,266	175,523	178,943	194,045	177,458
Airport	188,940	254,049	199,285	112,744	98,270	203,025	179,513	196,537	177,497	162,129
Emergency services	3,715,601	2,752,057	2,462,249	2,534,304	2,589,847	2,391,496	2,201,925	2,307,984	2,224,086	2,229,575
Community center	1,466,290	1,502,920	927,949	1,171,387	1,163,679	1,143,305	1,104,224	1,123,877	1,122,009	1,284,251
Park and recreation	389,656	538,874	491,122	447,901	518,865	472,138	493,664	474,849	463,685	505,454
Towne Center project	-	-	-	-	-	-	-	7,075	7,654	8,126
Capital outlay	630,148	2,265,604	3,295,426	1,418,414	1,170,970	996,397	992,525	950,944	733,845	1,163,730
Debt service										
Principal*	2,465,286	1,600,665	3,214,490	1,272,749	1,237,399	7,409,843	1,133,777	1,105,726	1,030,336	1,006,082
Interest and fiscal fees*	-	184,986	215,680	202,707	234,580	497,522	425,877	467,297	500,477	521,915
Total Expenditures	17,028,878	16,743,634	17,684,263	13,098,331	13,175,503	19,216,995	12,431,683	12,269,259	11,767,892	12,937,325
Excess (Deficit) of Revenues Over Expenditures	852,099	(75,374)	(3,402,892)	(958,716)	(1,210,348)	(7,664,150)	(1,541,178)	449,095	959,129	(522,131)

City of Harrisonville

Changes in Governmental Fund Balances

Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Other Financing Sources (Uses)										
Other sources (uses)	(1,956,983)	108,222	-	3,569	5,923	58,718	441,220	-	-	-
Proceeds of long-term debt	28,044,000	-	3,248,890	2,202,000	-	5,580,000	-	-	-	-
Refunded debt	(2,202,100)	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	(72,291)	-	-	-	-	-	-	-
Transfers in	3,886,435	2,407,627	2,485,657	2,143,507	2,184,954	2,413,759	2,586,847	2,034,398	2,851,276	3,018,833
Transfers (out)	(2,102,437)	(974,892)	(1,170,989)	(1,273,908)	(1,311,760)	(1,439,746)	(1,661,472)	(2,034,398)	(2,851,276)	(3,041,928)
Total Other Financing	25,668,915	1,540,957	4,491,267	3,075,168	879,117	6,612,731	1,366,595	-	-	(23,095)
Net Change in Fund Balances	26,521,014	1,465,583	1,088,375	2,116,452	(331,231)	(1,051,419)	(174,583)	449,095	959,129	(545,226)
Fund Balances - Beginning of Year, as restated	10,993,458	9,050,697	7,962,322	5,845,870	6,177,101	7,228,520	7,403,103	7,349,637	6,390,508	6,935,734
Fund Balances - End of Year	<u>\$ 37,514,472</u>	<u>\$ 10,516,280</u>	<u>\$ 9,050,697</u>	<u>\$ 7,962,322</u>	<u>\$ 5,845,870</u>	<u>\$ 6,177,101</u>	<u>\$ 7,228,520</u>	<u>\$ 7,798,732</u>	<u>\$ 7,349,637</u>	<u>\$ 6,390,508</u>
Debt Service as a Percentage of Noncapital Expenditures	15.0%	12.3%	23.8%	12.6%	12.3%	43.4%	13.6%	13.9%	13.9%	13.0%

* Beginning in 2023, debt service principal contains amounts for interest and fiscal fees.

Beginning Fund Balances were restated in years 2017 and 2023.

City of Harrisonville

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (per \$100)
2023	\$ 158,955,443	\$ 44,166,212	\$ 203,121,655	\$ 0.62
2022	140,155,488	36,829,826	176,985,314	0.64
2021	138,205,591	29,352,207	167,557,798	0.64
2020	118,877,304	29,405,489	148,282,793	0.65
2019	118,040,319	29,079,287	147,119,606	0.64
2018	106,573,191	23,764,255	130,337,446	0.67
2017	96,807,843	23,807,868	120,615,711	0.69
2016	96,409,365	25,097,110	121,506,475	0.69
2015	94,992,339	25,948,277	120,940,616	0.69
2014	94,552,735	22,682,321	117,235,056	0.69

Source: Cass County Assessor's Office

Notes: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the market value. Those percentages are 32% for commercial, 19% for residential, and 12% for agriculture.

Tax rates are per \$100 of assessed value.

City of Harrisonville

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Fiscal Year Ended December 31,	City Direct Rates			Overlapping Rates			Total Direct and Overlapping
	General Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	
2023	\$ 0.5029	\$ 0.1136	\$ 0.6165	\$ 0.03	\$ 5.48	\$ 5.51	\$ 6.13
2022	0.5253	0.1187	0.6440	0.03	5.48	5.51	6.15
2021	0.5253	0.1187	0.6440	0.03	5.48	5.51	6.15
2020	0.5295	0.1197	0.6492	0.03	5.60	5.63	6.28
2019	0.5240	0.1185	0.6425	0.03	5.60	5.63	6.27
2018	0.5430	0.1228	0.6658	0.03	6.18	6.21	6.88
2017	0.5672	0.1283	0.6955	0.03	6.18	6.21	6.91
2016	0.5672	0.1283	0.6955	0.03	6.18	6.21	6.91
2015	0.5672	0.1283	0.6955	0.03	6.18	6.21	6.91
2014	0.5658	0.1280	0.6938	0.03	6.18	6.21	6.90

Source: Cass County Collector

Notes: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

Tax rates are per \$100 of assessed value.

City of Harrisonville

Principal Property Taxpayer

Current and Ten Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Wal-Mart	\$ 3,050,760	1	1.50%	\$ 2,886,970	2	2.39%
Church & Dwight/USA Detergents	3,401,350	2	1.67%	9,215,720	1	7.62%
Sapp Bros, Inc.	2,875,800	3	1.42%			
MMPF II Harrisonville SPE, LLC	2,918,640	4	1.44%			
Advanced Drainage Systems, Inc.	4,159,220	5	2.05%			
Harrisonville Marketplace II, LLC	2,610,960	6	1.29%	1,995,180	3	1.65%
Love's Travel Stops & Country Store	2,003,150	7	0.99%			
Mill-Walk Mall	2,011,450	8	0.99%	1,372,800	7	1.14%
UFP Real Estate, LLC	1,140,460	9	0.56%	798,290	9	0.66%
Sutherland Lumber Company of KC	1,648,000	10	0.81%	1,417,030	5	1.17%
Harrisonville MP, LLC				1,377,660	6	1.14%
HFMD Properties, LLC				1,471,060	4	1.22%
Harrisonville Crossings Properties				930,630	8	0.77%
H.V. Hotel Investment, LLC				746,450	10	0.62%
	<u>\$ 25,819,790</u>		<u>12.72%</u>	<u>\$ 22,211,790</u>		<u>18.38%</u>

Source: Cass County Collector

City of Harrisonville

Property Tax Levy and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2023	\$ 1,252,245	\$ 1,102,949	88.08%	\$ 101,554	\$ 1,204,503	96.19%	\$ 47,742	3.81%
2022	1,139,785	1,021,429	89.62%	58,553	1,079,982	94.75%	59,803	5.25%
2021	946,689	898,718	94.93%	38,205	936,923	98.97%	9,766	1.03%
2020	962,652	898,475	93.33%	62,781	961,256	99.85%	1,396	0.15%
2019	917,339	857,577	93.49%	58,375	915,952	99.85%	1,387	0.15%
2018	892,396	830,520	93.07%	60,856	891,376	99.89%	1,020	0.11%
2017	856,393	813,075	94.94%	43,318	856,393	100.00%	-	0.00%
2016	838,882	774,804	92.36%	64,078	838,882	100.00%	-	0.00%
2015	845,078	826,840	97.84%	18,238	845,078	100.00%	-	0.00%
2014	841,142	792,712	94.24%	48,430	841,142	100.00%	-	0.00%

Source: Collector's Annual Settlement Document

City of Harrisonville

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year	City Rate		Cass County		State		Total	
2023	\$	2.375	\$	1.625	\$	4.225	\$	8.225
2022		2.375		1.625		4.225		8.225
2021		1.875		1.625		4.225		7.725
2020		1.875		1.625		4.225		7.725
2019		1.875		1.625		4.225		7.725
2018		1.875		2.000		4.225		8.100
2017		1.875		2.000		4.225		8.100
2016		1.875		1.750		4.225		7.850
2015		1.875		1.750		4.225		7.850
2014		1.875		1.750		4.225		7.850

Source: Missouri Department of Revenue

City of Harrisonville

Taxable Retail Sales

Last Ten Fiscal Years

(in thousands)

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Retail Sales	\$ 319,068	\$ 308,106	\$ 283,014	\$ 250,016	\$ 235,832	\$ 228,237	\$ 225,610	\$ 223,335	\$ 217,311	\$ 213,512

Source: Missouri Department of Revenue

Note: This report does not breakout taxable sales by retail category as some detail information is considered confidential by state law.

City of Harrisonville

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended December 31,	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of	
	Certificates of Participation	TIF Revenue Bonds	Promissory Notes	Other Financed Purchases	Leases	Revenue Bonds	Certificates of Participation	Promissory Notes	Other Financed Purchases		Personal Income	Debt Per Capita
2023	\$ 27,785,000	\$ 2,750,000	\$ -	\$ 999,173	\$ 303,930	\$ 9,458,200	\$ 10,005,000	\$ -	\$ 381,285	\$ 51,682,588	16.30%	\$ 5,106
2022	-	3,265,000	9,026	3,270,792	185,965	10,726,000	10,005,000	-	367,808	27,829,591	9.70%	2,750
2021	815,000	3,765,000	27,495	3,537,988	-	11,862,800	10,005,000	27,048	27,048	30,067,379	11.65%	2,971
2020	3,286,000	4,250,000	45,783	556,000	-	13,075,300	10,005,000	61,331	61,331	31,340,745	13.37%	3,235
2019	2,425,000	4,720,000	63,532	-	-	14,555,361	-	94,771	94,771	21,953,435	9.93%	2,178
2018	3,185,000	5,180,000	80,931	-	-	15,103,034	-	127,391	127,391	23,803,747	9.48%	2,341
2017	3,930,000	6,245,000	100,774	50,796	-	11,401,066	-	159,974	159,974	22,047,584	9.50%	2,182
2016	4,650,000	6,585,000	126,602	98,744	-	8,181,700	-	190,250	190,250	20,022,546	8.63%	1,982
2015	5,350,000	6,920,000	152,066	144,006	-	9,045,400	-	220,526	220,526	22,052,524	9.51%	2,196
2014	6,015,000	7,220,000	147,165	186,732	-	9,885,400	-	250,060	250,060	23,954,417	9.98%	2,386

City of Harrisonville

Computation of Legal Debt Margin

December 31, 2023

	General Obligation Bonds		Total
	Ordinary (1)	Additional (2)	
Assessed valuation	\$ 203,121,655	\$ -	\$ 203,121,655
Constitutional debt limit	20,312,166	20,312,166	40,624,332
Less general obligation bonds payable	-	-	-
	<u>\$ 20,312,166</u>	<u>\$ 20,312,166</u>	<u>40,624,332</u>
Cash and securities available for retirement			-
			<u>\$ 40,624,332</u>

- (1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.
- (2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not to exceed the aggregate and additional 10% for the purpose of acquiring rights-of-ways; constructing, extending, and improving streets and avenues and/or sanitary storm systems; and purchasing or constructing waterworks and electric or other light plants; provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

City of Harrisonville

Computation of Direct and Estimated Overlapping Debt

December 31, 2023

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	\$ 28,905,000	65%	\$ 18,788,250
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds	<u>-</u>	100%	<u>-</u>
Total direct and estimated overlapping debt	<u>\$ 28,905,000</u>		<u>\$ 18,788,250</u>

(1) On the basis of assessed valuation

Note: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

City of Harrisonville

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2023	10,121	\$ 317,111,172	\$ 31,332	2,126	3.10%
2022	10,121	286,970,834	28,354	2,142	2.70%
2021	10,121	258,095,621	25,501	2,154	6.50%
2020	9,689	234,483,489	24,201	2,212	4.60%
2019	10,078	221,020,618	21,931	2,311	3.50%
2018	10,169	251,082,779	24,691	2,375	3.10%
2017	10,103	232,000,000	22,963	2,600	4.60%
2016	10,104	232,000,000	22,961	2,425	5.70%
2015	10,040	232,000,000	23,108	2,459	5.70%
2014	10,040	240,000,000	23,904	2,500	6.40%

Data Sources:

(1) U.S. Census Bureau

(2) Missouri Economic Research and Information Center and U.S. Census Bureau

(3) School District

City of Harrisonville

Principal Employers

Current and Ten Years Ago

Employer	2023		2014	
	Employees	Rank	Employees	Rank
Wal-Mart Distribution Center	791	1	630	1
Cass Medical Center	464	2	400	2
Church & Dwight Co., Inc.	425	3	227	6
Cass County Government	330	4	279	5
Crown Care Center	309	5	103	9
Wal-Mart	303	6	303	4
Cass R-IX Schools	296	7	379	3
City of Harrisonville	207	8	191	8
Casco Area Workshop	180	9	198	7
Advanced Drainage	167	10		
Family Center			93	10
Total Employment	3,472		2,803	

Source: Harrisonville Area Chamber of Commerce and Economic Development

City of Harrisonville

Full-time Equivalent Government Employees

Last Ten Fiscal Years

Function/Program	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government										
Management	3	3	4	4	4	3	3	3	3	3
Finance	13	13	13	9	10	8	8	7	6	6
Codes (1)		5	5							
Community development/Codes (1)	6	2	1	5	3	4	4	5	5	4
Police										
Officers	27	24	21	23	25	23	23	20	23	24
Civilians	10	10	8	8	7	6	6	8	6	6
Animal Control	3.5	2.5	2	3	3	3	2	2	2	2
Court	1.5	1.5	1	1	2	2	2	2	1	1
Fire/EMS										
Firefighters (2)	22									
Director	1									
Director/Firefighters/ EMTs (2)		17	22	20	20	20	20	18	19	19
Fire Marshall	1									
Clerk	1.5	1.5	2	1	1	1	1	1	1	1
Public works										
Engineering	1								1	1
Streets	8	8	8	8	8	8	9	8	8	8
Electric	9	8	8	7	9	9	8	8	11	10
Water	14	14	11	13	13	13	10	12	12	12
Wastewater	5	5	5	4	4	4	4	4	4	4
Airport						1	1	1	1	1
Community center/parks	29.25	18	22	10	10	10	10	11	11	11
Total	<u>155.75</u>	<u>132.5</u>	<u>133</u>	<u>116</u>	<u>119</u>	<u>115</u>	<u>111</u>	<u>110</u>	<u>114</u>	<u>113</u>

(1) For 2014 through 2020, and 2023, the codes department is combined with community development

(2) For 2014-2022, the firefighter and director categories are combined with paramedics

(2) For 2023, the paramedics and EMTs are combined with the firefighter category

City of Harrisonville

Schedule of Property Value, Construction Permits and Value, and Deposits at Local Banks

Last Ten Fiscal Years

Year	Construction Permits and Value (1) and (2)				Total Property Value (3)	Total Deposits at Local Banks (4)
	Residential		Commercial			
	Number	Value	Number	Value		
2023	256	\$ 9,001,810	124	\$ 17,196,168	\$ 203,121,655	\$ 471,701
2022	154	23,615,376	260	14,062,181	176,985,314	548,252
2021	300	10,561,187	151	21,341,221	167,557,798	511,731
2020	231	857,324	118	7,258,714	147,119,606	456,710
2019	187	3,605,901	99	4,672,937	145,846,397	359,057
2018	227	4,262,714	113	6,469,647	135,221,334	348,575
2017	775	7,344,761	110	7,465,028	130,337,446	347,380
2016	241	6,672,912	8	10,622,390	120,615,711	340,592
2015	180	2,202,655	59	8,042,346	121,506,475	348,202
2014	176	1,973,875	66	2,416,903	120,940,616	326,918

(1) Permit totals include additions to existing structures

(2) Information obtained from Codes Administration Department

(3) Assessed valuation

(4) Information obtained from FDIC.gov

City of Harrisonville

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police										
Patrol units	28	23	23	23	24	24	20	21	21	21
Police stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	803	792	792	792	792	792	792	678	678	678
Streets										
Miles	67	66	66	66	66	66	64	69	69	69
Streetlights	2,000	2,000	2,000	2,000	2,000	2,000	2,000	900	900	900
Miles of storm sewers	18	17	17	17	17	17	17	9	9	9
Parks										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	451	451	451	451	451	451	450	250	250	250
Golf courses	1	1	1	1	1	1	1	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	2	2	2	2	2	2	2	7	7	7
Sewer										
Sanitary sewer (miles)	65	64	64	64	64	64	63	54	54	54
Plant capacity (mgd)	2	2	2	2	2	2	2	2	2	2
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	4,111	4,103	4,103	4,103	4,103	4,103	3,629	4,106	4,083	4,073
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water										
Water mains (miles)	63	64	63	63	63	63	63	56	56	56
Service connections	4,186	4,178	4,178	4,178	4,178	4,178	4,105	4,188	3,955	3,944
Daily average consumption in gallons	929,000	929,000	929,000	929,000	880,000	880,000	880,000	950,000	950,000	950,000

Source: City Department Heads