

CITY OF MACON
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
of the City of Macon

Opinions

We have audited the financial statements of the governmental activities (cash basis), the business-type activities (accrual basis), each major fund, and the aggregate remaining fund information of the City of Macon (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities (cash basis), the business-type activities (accrual basis), each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements related to the City's governmental activities and governmental funds are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting for the governmental activities and the governmental funds (as described in Note 1) and with GAAP for the business-type activities and the proprietary funds, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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

GAAP requires that the management's discussion and analysis and the pension plan schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

William F. Keelers UC

Columbia, Missouri
June 4, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MACON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

This discussion and analysis is prepared by the City of Macon's (the City) management and is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and conditions. Please read this in conjunction with the accompanying basic financial statements.

Description of City Activities

The City is located in central Missouri and is governed by a city administrator, an elected mayor, and an eight-member council. The City also has a Board of Public Works, which oversees the utilities, and a Library Board of Directors, which oversees the library.

The Governmental Funds provide public safety (police and fire), health (animal control and solid waste), street and infrastructure maintenance, recreation (parks and library), economic development and airport services.

The Enterprise Funds (Macon Municipal Utilities, or MMU) provide electricity, natural gas, water, and wastewater services to the City of Macon and is governed by the four-member Macon Municipal Utilities Board of Public Works. MMU purchases electricity from the Missouri Public Energy Pool (MoPEP) in Columbia, Missouri and receives transmission services from the Northeast Missouri Electric Power Cooperative in Palmyra, Missouri. While sold to MoPEP, most of the electricity generated by MMU's 10 megawatt (MW) natural gas-powered turbine generator located approximately four miles east of the City at the site of the POET Biorefining, Inc. - Macon ethanol plant and the 3.2 MW solar farm owned by MC Power and located in the Heartland Industrial Park is consumed by MMU customers. MMU obtains its water from the U.S. Army Corps of Engineers' Long Branch Lake located approximately one mile west of the City. MMU is paying debt service through 2029 for 4,400 acre-feet of storage in the lake.

Fiscal Year Highlights

The fiscal year of the City of Macon coincides with the calendar year. Below is a brief description of some of the more salient transactions that took place that reflect Macon's growth and development.

- The City's overall net position increased 1.3%, or \$830,647 in 2024 compared to an increase of 12.0%, or \$6,831,753 in 2023. Governmental activities' net position decreased 7.1%, or \$1,048,143 in 2024 and increased 9.2% or \$1,245,161 in 2023, while business-type activities' net position increased 3.8% or \$1,878,790 in 2024 and 12.9% or \$5,586,592 in 2023. These increases were due to operating activities.
- In 2017, the City began receiving funds from a ½ cent Transportation Sales Tax. This sales tax is in place for a 10-year period (January 1, 2017 – December 31, 2026). These funds are used for transportation infrastructure projects and associated transportation system equipment needs. In 2024, the City used these funds to purchase a stump grinder (\$5,000), trade-in and replacement of the skid-steer loader (\$38,457), to include upgrades to tracks instead of tires and a brush cutter/mulcher attachment (\$13,090), and hydraulic hammer attachment (\$12,144). The remaining funds will be used in 2025 to purchase a 16.5-yard dump truck, replace the street sweeper, and fund a \$1.4 Million roadway infrastructure milling and asphalt overlay project.

- The City utilized Capital Improvement Sales Tax Funds allocated for park improvement for the cyclical maintenance of the “Round House” event facility consisting of media blasting, log repair, and anti-fungus, insecticide, and stain reapplications (\$22,392). Additional funds were used for construction progress on the new municipal swimming pool (\$2,703,929), which includes a zero-depth entry beach access, family water side, speed slide, flume slide, current channel, volleyball feature, basketball hoop, shade structures, and more. The pool house also includes concessions, ticketing, and restrooms with park access. A splash pad was also constructed with access from the park for use when the pool is closed, weather permitting. The remaining Capital Improvements Sales Tax balance will be expended in 2025 to complete the municipal pool project, fund the FY 2025 operations of the pool, and provide grant matching funds for a TAP grant project for intersection improvements and construction of pedestrian sidewalk connecting the new municipal swimming pool at 903 W. Bourke Street to the downtown sidewalk network.
- The citizens of Macon passed a ¼ cent Fire Protection Sales Tax in August 2017 and funds from this tax were received beginning January 1, 2018. The revenue collected from this tax is, for the most part, committed until 2028 on the 2018 lease-purchase of two new fire engines (\$184,320), purchase of a new 2026 E-One Typhoon pumper truck (\$949,973), as well as 50% grant match for replacement of the Fire Department portable radios and pager (\$57,870).
- Economic growth continued in the City during 2024 with a few businesses changing names or ownership (Heartland Stone became Stone Inspirations, Bank of Kirksville became Equity Bank) but remaining open for business. Businesses new to the City include Cason’s Liquidation, Impulse Vape & Glass, Karma’s Kafe of Macon, Macon Dealz LLC thrift store, Midnight Eclipse LLC hair salon, and various food trucks that lend a little savory mix to our local options. Additionally, Agri-Genesis continued construction on future phases of their medical marijuana cultivation facility located in Heartland Industrial Park.
- In April 2022, the City of Macon was awarded a “not-to-exceed \$1.374 million” grant through the Missouri Department of Economic Development Community Development Block Grant program to fund construction of a Wi-Fi Park at 501 Main Street. This project included brownfield contaminant remediation and demolition of the old Beef Packers Plant along with construction of a parking lot bench seating gathering area, which provides free community Wi-Fi access for our citizens. Remediation and site construction work were completed during 2023 utilizing \$34,613 in City matching funds and \$849,643 in grant funds. The Certificate of Completion and project close-out was completed in October 2024.
- General revenue was used to complete the replacement and relocation of the Macon Fower Memorial Airport beacon which included a tip-down feature to allow for increased safety and easier maintenance. This \$142,421 project included \$128,404 of Non-Primary Entitlement Airport Funding passed through from the Federal Aviation Administration (net city cost \$14,017). Additionally, the City replaced three police patrol cars with three Chevrolet Tahoe vehicles (\$199,844) partially funded with Department of Public Safety ARPA grant funds (\$67,104).
- Following MMU’s submission of the Integrated Management Plan and National Pollutant Discharge Elimination System (NPDES) to the Missouri Department of Natural Resources in 2022, as of December 31, 2024, an updated NPDES permit has not been issued for the Wastewater Treatment Plant. MMU is following Missouri Department of Natural Resources advice and operating under the guidelines of the 2016 permit until the renewal is issued.
- Agri-Genesis’s expansion remains on hold. Agri-Genesis is aware that MMU requires 12-month notice prior to any construction expansion including ordering any additional materials.

- The Board of Public Works continued to float natural gas rates in 2024 due to the volatility of the commodity price. The billing rate is per 100 cubic feet for residential, commercial, and industrial customers and the base rate is \$7.37. The floating rate is analyzed monthly based on the actual natural gas commodity costs and is adjusted as needed. For 2024, the floating rate ranged from \$0.30 to \$1.10 per 100 cubic feet. In August 2024, with its supplier Kinect Energy, MMU locked in 75% of historical usage for November 2024 through March 2025 at \$3.555 per dekatherm (1,000 ccf). Similarly, MMU locked in an additional 20% of historical usage at \$3.46 per dekatherm in September 2024, totaling 95% hedging of historical usage.

The Annual Financial Report

This annual financial report consists of four parts:

- Management's discussion and analysis (this part),
- The basic financial statements, which include the government-wide and the fund financial statements, along with the notes to the basic financial statements,
- Required supplementary information, and
- Supplementary information (budgetary statements for major governmental funds, combining statements for non-major governmental funds and non-major enterprise funds, internal service funds, and fiduciary funds, if any).

The City presents its financial statements in accordance with Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Under this standard, the accounting model presents two kinds of information. First, the government-wide financial statements provide both long-term and short-term information about the City's overall financial status. These statements are prepared on a full accrual basis for the business-type activities to present information in a more corporate-like presentation. The governmental activities, however, are presented on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Second, fund financial statements are included to provide useful information on individual parts of the government. The enterprise fund financial statements are also prepared on a full accrual basis while the governmental fund statements are prepared on the cash basis. More relevant detail is provided by distinct presentation of major funds in the basic financial statements, rather than summaries by total fund types.

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

Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These can be found on pages 14 and 15. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector, except that as previously noted, the governmental activities are on the cash basis of accounting.

The statement of net position and statement of activities divide the City into the following:

- **Governmental activities** – All of the City’s basic services are considered to be governmental activities, including public safety, public works, health, parks, planning, cultural and economic development and general administration. These activities are supported primarily with general City revenue such as sales taxes, gross receipts taxes, property taxes, fines and specific program revenue like permit fees and grants.
- **Business-type activities** – All of the City’s enterprise activities are included here. These operations derive revenues from charges for services that are intended to recoup the full cost of operations.

Fund Financial Statements

Another major section of the basic financial statements is the fund financial statements. These statements are on pages 16 – 20. The fund financial statements provide detailed information about each of the City’s most significant funds, called “major funds.” All “non-major” funds are summarized and presented in a single column.

A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related current liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

The City has two kinds of funds:

- **Governmental funds** – Most of the City’s basic services are included in governmental funds. These statements are prepared on a cash basis, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund statements. Because this information does not encompass the long-term focus of the government-wide financial statements, additional information is normally provided at the bottom of the governmental funds statements that explains the differences between them. However, since the governmental funds in the fund statements and the governmental activities in the entity wide statements are both presented on the cash basis, there is no reconciliation needed.
- **Proprietary funds** – These statements include both enterprise funds and internal service funds, if any. Statements are prepared on the full accrual basis and include all their assets and liabilities, current and long term. This is the same basis used in the government-wide financial statements.

Notes to the Financial Statements

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

Other information – In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information related to the City’s pension plan, which can be found on pages 44 and 45 of this report.

The supplementary information referred to above can be found on pages 46 – 49 of this report.

Statement of Net Position

The following table reflects the condensed statement of net position as of December 31, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 13,663,339	\$ 14,727,589	\$ 30,082,114	\$ 28,491,890	\$ 43,745,453	\$ 43,219,479
Capital assets	-	-	24,010,720	24,969,226	24,010,720	24,969,226
Total assets	13,663,339	14,727,589	54,092,834	53,461,116	67,756,173	68,188,705
Pension plan contributions	-	-	102,206	104,554	102,206	104,554
Pension plan - other	-	-	738,530	597,710	738,530	597,710
Total deferred outflows of resources	-	-	840,736	702,264	840,736	702,264
Long-term obligations	-	-	2,152,062	2,901,925	2,152,062	2,901,925
Other liabilities	4,686	20,793	1,550,864	1,392,859	1,555,550	1,413,652
Total liabilities	4,686	20,793	3,702,926	4,294,784	3,707,612	4,315,577
Pension plan - other	-	-	74,535	110,077	74,535	110,077
Deferred grant revenue	-	-	222,815	704,015	222,815	704,015
Total deferred inflows of resources	-	-	297,350	814,092	297,350	814,092
Net position						
Net investment in capital assets	-	-	22,248,408	23,684,870	22,248,408	23,684,870
Restricted	7,555,394	9,385,844	2,495,340	2,546,036	10,050,734	11,931,880
Unrestricted	6,103,259	5,320,952	26,189,546	22,823,598	32,292,805	28,144,550
Total net position	\$ 13,658,653	\$ 14,706,796	\$ 50,933,294	\$ 49,054,504	\$ 64,591,947	\$ 63,761,300

In 2024 and 2023, governmental activities constituted approximately 20% and 22% of total assets and 21% and 23% of total net position, respectively. In 2024 and 2023, business-type activities constituted approximately 80% and 78% of total assets, 100% of liabilities, and 79% and 77% of total net position, respectively. As noted previously, the governmental activities are reported on the cash basis while the business-type activities are reported on the accrual basis. The governmental activities recognize certain liabilities resulting from cash transactions such as payroll tax withholdings.

The following summarizes comments related to the changes in net position for the year ended December 31, 2024:

- Current and other assets for governmental activities decreased in 2024 by \$1,064,250 or 7%. This change was mainly attributable to the expenditure of \$1,106,766 of American Rescue Plan Act funds and the general sales tax revenue increase in part due to the 2023 implementation of the adult-use marijuana sales tax approved by voters of the City of Macon.
- Business-type activities realized an overall increase in total assets of \$631,718 or 1%, which was primarily attributable to the purchase of an additional \$2,000,000 in Electric Fund certificates of deposit.
- Business-type activities recorded entries to comply with GASB 68 requirements related to the LAGERS pension plan. This included a decrease of \$52,148 in the net pension plan asset, an increase of \$128,666 in deferred outflows of resources (items that will be reported as an expense in a future period) and a decrease of \$45,348 in deferred inflows of resources (items that will be used to reduce expense in a future period). Entries are made based on economic and demographic assumptions, as well as to align timing to the accrual method of accounting. Detailed information related to the pension plan is included in Note 11 of the financial statements.
- Total liabilities for business-type activities decreased by \$591,858 or 14% in 2024, which was attributable to a reduction in current bonds payable of \$195,473 in electric and \$405,183 in natural gas from payments made to the Municipal Utility Emergency Loan Program related to Winter Storm Uri in 2021, plus payments of \$67,700 on the Series 2011 and \$55,000 on the Series 2015 waste water bonds.

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the years ended December 31, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 398,977	\$ 378,396	\$ 17,446,224	\$ 18,925,297	\$ 17,845,201	\$ 19,303,693
Grants and contributions	166,741	918,144	481,200	160,300	647,941	1,078,444
General revenues:						
Taxes	5,919,783	5,669,895	-	-	5,919,783	5,669,895
Investment revenue	374,660	199,430	437,391	255,945	812,051	455,375
Other	454,792	353,256	655,006	2,235,002	1,109,798	2,588,258
Gain (loss) on sale of capital assets	-	-	(32,962)	1,090,567	(32,962)	1,090,567
Total revenues	<u>7,314,953</u>	<u>7,519,121</u>	<u>18,986,859</u>	<u>22,667,111</u>	<u>26,301,812</u>	<u>30,186,232</u>
Expenses:						
City administrator	554,511	600,292	-	-	554,511	600,292
Community development	1,207,737	925,543	-	-	1,207,737	925,543
Police department	1,094,784	878,220	-	-	1,094,784	878,220
Fire department	656,058	597,654	-	-	656,058	597,654
Parks, pool, and cemetery	3,083,962	868,769	-	-	3,083,962	868,769
Public safety	2,846	127,928	-	-	2,846	127,928
City collector	106,850	104,363	-	-	106,850	104,363
Street projects	434,821	1,107,960	-	-	434,821	1,107,960
Storm water projects	55,500	12,585	-	-	55,500	12,585
Animal control	22,158	24,881	-	-	22,158	24,881
Solid waste	274,781	307,796	-	-	274,781	307,796
Airport	177,355	192,810	-	-	177,355	192,810
Code enforcement	72,135	36,741	-	-	72,135	36,741
Equipment and building	376,092	259,672	-	-	376,092	259,672
Library	243,506	228,746	-	-	243,506	228,746
Electric utility	-	-	10,025,847	9,599,352	10,025,847	9,599,352
Natural gas utility	-	-	2,389,158	3,165,798	2,389,158	3,165,798
Waste water utility	-	-	2,117,201	1,876,624	2,117,201	1,876,624
Water utility	-	-	2,575,863	2,438,745	2,575,863	2,438,745
Total expenses	<u>8,363,096</u>	<u>6,273,960</u>	<u>17,108,069</u>	<u>17,080,519</u>	<u>25,471,165</u>	<u>23,354,479</u>
Change in net position	<u>(1,048,143)</u>	<u>1,245,161</u>	<u>1,878,790</u>	<u>5,586,592</u>	<u>830,647</u>	<u>6,831,753</u>
Net position, beginning (as restated)	<u>14,706,796</u>	<u>13,461,635</u>	<u>49,054,504</u>	<u>43,467,912</u>	<u>63,761,300</u>	<u>56,929,547</u>
Net position, ending	<u>\$ 13,658,653</u>	<u>\$ 14,706,796</u>	<u>\$ 50,933,294</u>	<u>\$ 49,054,504</u>	<u>\$ 64,591,947</u>	<u>\$ 63,761,300</u>

The following comments summarize significant events or changes in governmental activities:

- Taxes increased \$249,888 or 4%. Franchise and utility taxes decreased \$88,975 mainly due to milder weather reducing electric and natural gas commodities usage during 2024. Real estate and personal property taxes increased \$14,538 following the FY2023 decrease of \$24,963. The general fund and special funds experienced an increase in sales and use tax revenues, which includes the adult-use marijuana sales tax, gasoline and vehicle tax distributions from the State (motor fuel fund disbursements), fire protection, transportation, and capital improvements.

- Grants and contributions decreased \$751,403 or 82% due to the decrease of Community Development Block Grant Program funds received for the construction of the Wi-Fi Park and Non-primary Entitlement Funds received for the Macon Fower-Memorial Airport beacon replacement and relocation project, which were both primarily completed in 2023.
- Parks, pool, and cemetery expenses increased \$2,215,193 or 255% as a result of the continued progress of design and construction of a new municipal swimming pool funded through the Capital Improvements Sales Tax revenue.
- Street projects expenses in 2024 decreased \$673,139 or 61% as a result of no milling and asphalt overlay project completed in 2024.

The following comments summarize significant events or changes in business-type activities:

- The Electric Fund's net position increased by \$1,176,922 in 2024. There were no significant singular factors, but rather a combination of factors, that caused a net increase in 2024. Electric distribution crews assisted three east coast cities' service restoration following hurricane season totaling \$135,838 of miscellaneous revenue (Tallahassee, FL \$34,666; Winnsboro, SC \$34,706; and Orlando, FL \$66,466). Depreciation expense decreased by \$138,322 as a result of 30 assets being fully depreciated during the year. The Board of Public Works had established a certificate of deposit (CD) ladder program previously, and the current members of the Board chose to discontinue the ladder program and rather cashed out maturing CDs and those close to maturity to purchase CDs from other local banks with larger rates of return. With this change, Electric Fund CDs' interest income increased \$77,393. While performing the monthly bank reconciliation in May 2024, it was discovered that the posted fund split from accounts payable outstanding items was not accurate. As a result, a \$103,014 transfer was received from the Waste Water Fund.
- The Gas Fund in 2024 realized an increase in net position of \$197,682. Similar to the Electric Fund, a combination of components contributed to the increase in net position. The most notable of these were CD interest income of \$91,725 and \$30,624 was transferred in from the Waste Water Fund following the accounts payable outstanding items fund split correction.
- The Waste Water Fund's net position increased by \$290,102 in 2024. The Waste Water Fund recognized grant revenue of \$481,200 during 2024 from the State of Missouri Department of Natural Resources' American Rescue Plan Act for stormwater separation, which was the largest factor to the increase in net position.
- The Water Fund's net position increased by \$214,084 in 2024. Generated from customer usage, the charges for services increased \$27,076. Similar to the other business-type funds, the Water Fund received \$66,405 in interest income and a transfer in of \$13,575 resulting from the entry to correct the accounts payable outstanding items fund split.

Currently Known Facts

As in any year, energy costs are the largest budgeted items by far and their respective costs continually fluctuate and swing simply due to energy market cost drivers, production cost movements under various contracts in projects within Macon's energy portfolio, and general market exposure and trends. Electricity is supplied to Macon Municipal Utilities by the Missouri Public Energy Pool (MoPEP) Group of the Missouri Joint Municipal Electric Utility Commission (MJMEUC), in which MMU is a voting member of both. MoPEP consists of 35 full requirements cities which, under MoPEP/MJMEUC, actively manage the energy portfolio of the 35-city group. The portfolio includes energy, capacity and transmission components for numerous and diverse resources for all cities. This includes contracts, Purchase Power Agreements, and ownership shares of the portfolio's resources the group has put together and manages. The MoPEP group is

keenly focused on long-term rate stabilization. Natural gas is supplied contractually by Kinect Energy Group. Kinect Energy and MMU work together to manage MMU's natural gas needs on a daily basis, oversee month to month purchases, and some hedging activities to mitigate risks in a sometimes very volatile market.

Fund Statements

The City of Macon's fund statements can be found on pages 16 – 20 of the basic financial statements.

The General Fund is the chief operating fund of the City. For external financial reporting purposes only, the General Fund includes the City's internal Common Fund as well as the Airport, Asset Replacement, and Park Funds as they do not meet the definition of a special revenue fund under GAAP and are required to be combined with the Common Fund to form the General Fund in the financial statements.

At the end of the current fiscal year, total fund balance in the General Fund was \$4,833,174. The fund balance of the General Fund increased by \$750,320 in 2024 compared to an increase of \$809,236 in 2023. Other than the items previously mentioned in the "Statement of Activities" section, there were no significant changes in the General Fund's revenues or expenditures in 2024 as compared to 2023. The total fund balance in the General Fund has increased from \$47,343 as of December 31, 2014, to \$4,833,174 as of December 31, 2024.

Net position, including net investment in capital assets and restricted amounts, of the Electric, Gas, Waste Water, and Water Funds at the end of the current fiscal year amounted to \$17,404,659; \$7,126,361; \$16,419,841; and \$9,982,433; respectively. The change in net position in the current fiscal year for the Electric, Gas, Waste Water and Water Funds was \$1,176,922; \$197,682; \$290,102; and \$214,084; respectively. The change in net position of the Electric, Gas, Waste Water, and Water Funds during 2023 was \$3,108,310; \$1,875,431; \$293,061; and \$309,790; respectively. Significant changes were previously discussed.

Budget Variances

Overall, the General Fund ended both fiscal years 2024 and 2023 with favorable budget variances for revenues netting to \$791,958 over budget in 2024 offset by favorable budget variances for expenditures netting to \$270,431 under budget in 2024. Transfers were \$325,778 under budget. Year-end revenues were approximately 21.4% and 16.5% over budget in 2024 and 2023, respectively. Year-end expenditures were approximately 6.7% and 11.8% under budget in 2024 and 2023, respectively. Overall, the General Fund ended with a net increase of \$736,611 over budget.

2024 Major Capital Assets

The following summarizes significant changes in capital assets for the Enterprise Funds. Because the Governmental Funds are reported on a cash basis, no capital assets are reported for governmental activities in the entity-wide statements.

- To continue to provide more uninterrupted power to citizens, additional sections of overhead primary lines were converted to underground (\$142,330).
- Various water main replacements were made in 2024 following the Owner Supervision Plan on file with the Missouri Department of Natural Resources (\$66,027).
- Waste Water collection manhole lining, bid in 2024, was contracted with Advanced Rehabilitation Technology (\$130,460). MMU budgets these types of infrastructure improvements annually to rehabilitate an aged wastewater collection system to better service our customers.

- To allow for adequate dry storage for sewer separation, four lots on East Second Street, Macon, MO were purchased for \$37,011.
- In addition to manhole lining and property purchased to allow for sewer separation, the Waste Water Fund extended a collection main on the 400 Duff block (\$24,223), purchased a truck mount spreader (\$48,491), and rehabilitated a lift station (\$39,108).
- Equipment purchases were also made in 2024 to replace deteriorated items, to make safety enhancements, or to upgrade equipment for operations. A combination of various funds purchased a Big Tex trailer (\$10,896), a 2024 super cab truck (\$44,952), and two crew cab trucks (\$45,761).

Additional information regarding the City's capital assets can be found in Note 5 on pages 30 and 31 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Macon had bonded debt in the amount of \$561,000. The City has outstanding debt received through the Missouri Utility Emergency Loan Program (MUELP) loan in the amount of \$1,201,312.

The City also has a long-term liability to the federal government related to Long Branch Lake. Additional information regarding the City's long-term debt can be found in Note 7 on pages 32 – 34 of this report.

Economic Outlook

Many projects were completed in 2024 or are underway that provide a favorable economic outlook in 2025.

The Mainstreet Macon Downtown Association actively promotes economic health and development/improvements to the downtown area. The group continues to meet and plan events that attract people to downtown Macon. Fundraisers such as the Fork & Cork Festival are held to assist with planned improvements to the area. Several property owners of downtown structures have initiated improvements to their property, which include complete renovation of the entire vacant building to create new livable and commercial spaces.

Macon is recognized as being a Smart Rural Community. Residents within a smart rural community are no longer limited by their rural location as fiber allows for economic development, population sustainability and growth, remote work, e-learning, telemedicine, and more.

The Macon area (Labor-shed area: Macon, Adair, Shelby, Randolph, and Linn) provides educational services above the national average. More than 50% of the population has some form of higher education. Our high school campus houses the Macon Area Career and Technical Education Center (MACTEC) offering student programs including agriculture education, Family and Consumer Sciences, culinary arts, health occupations, early childhood careers, graphic design, criminal justice, building trades, industrial welding, and automotive technology.

While Macon continues to experience a housing shortage, construction of three luxury duplexes known as Wardell Estates were completed in 2024 and construction began on an 8-plex and a 5-plex residential development. Additionally, continued demolition of derelict structures has increased the inventory of available building sites.

Water's Edge Aquatic Design and Irvinbilt Constructors, LLC were chosen as the design-build team for the new municipal swimming pool construction project, which is located in the 28-acre park at 903 W. Bourke Street. The construction of a new municipal swimming pool began in fall of 2023 and was substantially completed in July 2024, allowing for a grand opening and a short swimming season in 2024. Application of the non-slip coating to the concessions/bath house floors, addition of stamped concrete bicycle parking area at the pool's front entrance, and installation of the final components of the splash pad are slated for completion in early 2025 so that all features are fully operational for the 2025 swimming season. This project will be paid for with Capital Improvement Sales Tax Funds and is estimated to cost \$4.816 million, which the City has diligently saved to avoid paying interest and allow future funds for facility operation and maintenance.

The City's municipal electric utilities division holds a Diamond rating. This is the highest rating given by the American Public Power Association for electric reliability. The reliable power and water source provides our community with opportunity for growth and business retention.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Any questions regarding the report or request for additional information should be directed to the City Administrator, 106 West Bourke Street, Macon, Missouri 63552.

FINANCIAL STATEMENTS

CITY OF MACON
STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities - Cash Basis	Business-type Activities - Accrual Basis	Total
ASSETS			
Cash and cash equivalents	\$ 5,090,906	\$ 11,413,614	\$ 16,504,520
Accounts receivable, net of allowance of \$26,600	-	2,303,187	2,303,187
Investments:			
Restricted	-	66,124	66,124
Unrestricted	8,446,238	12,600,000	21,046,238
Accrued interest receivable	-	135,533	135,533
Note receivable	126,195	-	126,195
Prepaid expenses	-	154,280	154,280
Inventories	-	853,424	853,424
Prepaid water storage	-	126,736	126,736
Capital assets:			
Non-depreciable	-	2,949,821	2,949,821
Depreciable, net	-	21,060,899	21,060,899
Net pension plan asset	-	2,429,216	2,429,216
Total assets	<u>13,663,339</u>	<u>54,092,834</u>	<u>67,756,173</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan contributions	-	102,206	102,206
Pension plan - other	-	738,530	738,530
Total deferred outflows of resources	<u>-</u>	<u>840,736</u>	<u>840,736</u>
LIABILITIES			
Accounts payable	-	1,188,348	1,188,348
Accrued expenses	4,686	166,652	171,338
Accrued payroll	-	80,597	80,597
Accrued vacation and sick leave	-	115,267	115,267
Long-term liabilities:			
Due to federal government:			
Amounts due within one year	-	39,490	39,490
Amounts due beyond one year	-	172,906	172,906
Bonds and notes payable:			
Amounts due within one year	-	726,456	726,456
Amounts due beyond one year	-	1,035,856	1,035,856
Customer security deposits:			
Amounts due beyond one year	-	177,354	177,354
Total liabilities	<u>4,686</u>	<u>3,702,926</u>	<u>3,707,612</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan - other	-	74,535	74,535
Deferred grant revenue	-	222,815	222,815
Total deferred inflows of resources	<u>-</u>	<u>297,350</u>	<u>297,350</u>
NET POSITION			
Net investment in capital assets	-	22,248,408	22,248,408
Restricted for:			
Capital improvements	2,242,986	-	2,242,986
Debt service	-	66,124	66,124
Library	1,907,639	-	1,907,639
Net pension plan asset	-	2,429,216	2,429,216
Public safety	507,353	-	507,353
Street projects	2,897,416	-	2,897,416
Unrestricted	<u>6,103,259</u>	<u>26,189,546</u>	<u>32,292,805</u>
Total net position	<u>\$ 13,658,653</u>	<u>\$ 50,933,294</u>	<u>\$ 64,591,947</u>

The notes to the financial statements are an integral part of these statements.

CITY OF MACON
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

Program/Function	Program revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities (cash basis)	Business-type activities (accrual basis)	Total
Governmental activities (cash basis)							
City administrator	\$ 554,511	\$ 205,952	\$ -	\$ -	\$ (348,559)	\$ -	\$ (348,559)
Community development	1,207,737	-	41,748	37,928	(1,128,061)	-	(1,128,061)
Police department	1,094,784	-	-	-	(1,094,784)	-	(1,094,784)
Fire department	656,058	-	-	-	(656,058)	-	(656,058)
Parks, pool, and cemetery	3,083,962	31,327	-	-	(3,052,635)	-	(3,052,635)
Public safety	2,846	-	-	-	(2,846)	-	(2,846)
City collector	106,850	-	-	-	(106,850)	-	(106,850)
Street projects	434,821	-	-	-	(434,821)	-	(434,821)
Storm water projects	55,500	-	-	-	(55,500)	-	(55,500)
Animal control	22,158	-	-	-	(22,158)	-	(22,158)
Solid waste	274,781	-	-	-	(274,781)	-	(274,781)
Airport	177,355	153,830	77,723	-	54,198	-	54,198
Code enforcement	72,135	-	-	-	(72,135)	-	(72,135)
Equipment and building purchases	376,092	-	-	-	(376,092)	-	(376,092)
Library	243,506	7,868	-	9,342	(226,296)	-	(226,296)
Total governmental activities	8,363,096	398,977	119,471	47,270	(7,797,378)	-	(7,797,378)
Business-type activities (accrual basis)							
Electric utility	10,025,847	10,615,064	-	-	-	589,217	589,217
Natural gas utility	2,389,158	2,239,901	-	-	-	(149,257)	(149,257)
Waste water utility	2,117,201	1,938,860	481,200	-	-	302,859	302,859
Water utility	2,575,863	2,652,399	-	-	-	76,536	76,536
Total business-type activities	17,108,069	17,446,224	481,200	-	-	819,355	819,355
Total	\$ 25,471,165	\$ 17,845,201	\$ 600,671	\$ 47,270	(7,797,378)	819,355	(6,978,023)
General revenue							
Taxes							
Property taxes					666,019	-	666,019
Fuel and vehicle taxes					293,330	-	293,330
Franchise and utility taxes					1,321,420	-	1,321,420
Sales taxes					2,376,366	-	2,376,366
Other taxes					1,262,648	-	1,262,648
Interest income					374,660	437,391	812,051
MEC agreement					-	116,712	116,712
Miscellaneous					454,792	538,294	993,086
Loss on sale of capital assets					-	(32,962)	(32,962)
Total general revenues					6,749,235	1,059,435	7,808,670
Change in net position					(1,048,143)	1,878,790	830,647
Net position - beginning, as previously reported					14,706,796	49,099,157	63,805,953
Restatement - adoption of GASB 101					-	(44,653)	(44,653)
Net position - beginning, as restated					14,706,796	49,054,504	63,761,300
Net position - ending					\$ 13,658,653	\$ 50,933,294	\$ 64,591,947

The notes to the financial statements are an integral part of these statements.

CITY OF MACON

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
ALL GOVERNMENTAL FUND TYPES**

December 31, 2024

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Capital Improvement Sales Tax Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
ASSETS				
ASSETS				
Cash and cash equivalents	\$ 1,527,788	\$ 1,267,558	\$ 2,295,560	\$ 5,090,906
Due from other funds	24,496	-	156,715	181,211
Investments:				
Unrestricted	3,442,291	870,059	4,133,888	8,446,238
Note receivable	-	-	126,195	126,195
Total assets	<u>\$ 4,994,575</u>	<u>\$ 2,137,617</u>	<u>\$ 6,712,358</u>	<u>\$ 13,844,550</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 156,715	\$ 227	\$ 24,269	\$ 181,211
Accrued expenses	4,686	-	-	4,686
Total liabilities	<u>161,401</u>	<u>227</u>	<u>24,269</u>	<u>185,897</u>
FUND BALANCES				
Restricted for:				
Capital improvements	-	2,137,390	105,596	2,242,986
Library	-	-	1,907,639	1,907,639
Public safety	-	-	507,353	507,353
Street projects	-	-	2,897,416	2,897,416
Committed to:				
Industrial development	-	-	1,270,085	1,270,085
Assigned to:				
Airport	6,971	-	-	6,971
Parks	33,225	-	-	33,225
Unassigned	4,792,978	-	-	4,792,978
Total fund balances	<u>4,833,174</u>	<u>2,137,390</u>	<u>6,688,089</u>	<u>13,658,653</u>
Total liabilities and fund balances	<u>\$ 4,994,575</u>	<u>\$ 2,137,617</u>	<u>\$ 6,712,358</u>	<u>\$ 13,844,550</u>

The notes to the financial statements are an integral part of these statements.

CITY OF MACON

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CASH BASIS**

**ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 2024**

	Major Funds			
	General Fund	Capital Improvement Sales Tax Fund	Non-Major Governmental Funds	Total
REVENUES				
Taxes	\$ 3,486,194	\$ 772,078	\$ 1,661,511	\$ 5,919,783
Licenses, permits, and fines	205,952	-	7,868	213,820
Federal and state grants	37,928	-	128,813	166,741
Charges for services	185,157	-	-	185,157
Interest	139,022	67,871	167,767	374,660
Miscellaneous	452,579	-	2,213	454,792
Total revenues	4,506,832	839,949	1,968,172	7,314,953
EXPENDITURES				
City administrator	554,511	-	-	554,511
Community development	-	-	1,207,737	1,207,737
Police department	1,094,784	-	-	1,094,784
Fire department	656,058	-	-	656,058
Parks, pool, and cemetery	368,384	2,715,578	-	3,083,962
Public safety	-	-	2,846	2,846
City collector	106,850	-	-	106,850
Street projects	429,496	-	5,325	434,821
Storm water projects	-	55,500	-	55,500
Animal control	22,158	-	-	22,158
Solid waste	274,781	-	-	274,781
Airport	177,355	-	-	177,355
Code enforcement	72,135	-	-	72,135
Equipment and building purchases	-	-	376,092	376,092
Library	-	-	243,506	243,506
Total expenditures	3,756,512	2,771,078	1,835,506	8,363,096
Excess (deficiency) of revenues over (under) expenditures	750,320	(1,931,129)	132,666	(1,048,143)
Net change in fund balances	750,320	(1,931,129)	132,666	(1,048,143)
Fund balances, January 1	4,082,854	4,068,519	6,555,423	14,706,796
FUND BALANCES, DECEMBER 31	\$ 4,833,174	\$ 2,137,390	\$ 6,688,089	\$ 13,658,653

The notes to the financial statements are an integral part of these statements.

CITY OF MACON
STATEMENT OF NET POSITION - ACCRUAL BASIS
ALL PROPRIETARY FUNDS
December 31, 2024

	Major Funds				
	Electric Fund	Gas Fund	Waste Water Fund	Water Fund	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 5,813,469	\$ 2,137,649	\$ 1,356,978	\$ 2,105,518	\$ 11,413,614
Accounts receivable, net of \$26,600 allowance	1,311,819	445,211	218,762	327,395	2,303,187
Accrued interest receivable	44,419	22,482	43,376	25,256	135,533
Prepaid expenses	46,284	30,856	38,570	38,570	154,280
Inventories	500,845	82,376	17,585	252,618	853,424
Prepaid water storage, current portion	-	-	-	22,368	22,368
Total current assets	7,716,836	2,718,574	1,675,271	2,771,725	14,882,406
Non-current assets					
Investments:					
Restricted	-	-	66,124	-	66,124
Unrestricted	4,600,000	2,000,000	3,800,000	2,200,000	12,600,000
Prepaid water storage, net of current portion	-	-	-	104,368	104,368
Property, plant and equipment, net of accumulated depreciation	5,054,904	3,094,647	11,106,184	4,754,985	24,010,720
Net pension plan asset	1,123,187	283,998	489,873	532,158	2,429,216
Total non-current assets	10,778,091	5,378,645	15,462,181	7,591,511	39,210,428
Total assets	18,494,927	8,097,219	17,137,452	10,363,236	54,092,834
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan contributions	50,274	11,736	20,017	20,179	102,206
Pension plan - other	372,253	87,824	134,730	143,723	738,530
Total deferred outflows of resources	422,527	99,560	154,747	163,902	840,736
LIABILITIES					
Current liabilities					
Accounts payable	792,846	237,353	53,050	105,099	1,188,348
Accrued expenses	15,481	-	-	151,171	166,652
Accrued payroll	39,513	8,450	13,483	19,151	80,597
Accrued vacation and sick leave	40,842	14,249	19,119	41,057	115,267
Due to federal government, current portion	-	-	-	39,490	39,490
Long-term debt, current portion	195,473	405,183	125,800	-	726,456
Total current liabilities	1,084,155	665,235	211,452	355,968	2,316,810
Non-current liabilities					
Due to federal government, net of current portion	-	-	-	172,906	172,906
Long-term debt, net of current portion	195,473	405,183	435,200	-	1,035,856
Customer security deposits	177,354	-	-	-	177,354
Total non-current liabilities	372,827	405,183	435,200	172,906	1,386,116
Total liabilities	1,456,982	1,070,418	646,652	528,874	3,702,926
DEFERRED INFLOWS OF RESOURCES					
Pension plan - other	55,813	-	2,891	15,831	74,535
Deferred grant revenue	-	-	222,815	-	222,815
Total deferred inflows of resources	55,813	-	225,706	15,831	297,350
NET POSITION					
Net investment in capital assets	4,663,958	2,284,281	10,545,184	4,754,985	22,248,408
Restricted for debt service	-	-	66,124	-	66,124
Restricted for net pension plan asset	1,123,187	283,998	489,873	532,158	2,429,216
Unrestricted	11,617,514	4,558,082	5,318,660	4,695,290	26,189,546
Total net position	\$ 17,404,659	\$ 7,126,361	\$ 16,419,841	\$ 9,982,433	\$ 50,933,294

The notes to the financial statements are an integral part of these statements.

CITY OF MACON

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ACCRUAL BASIS
ALL PROPRIETARY FUND TYPES
Year Ended December 31, 2024**

	Major Funds				Total
	Electric Fund	Gas Fund	Waste Water Fund	Water Fund	
OPERATING REVENUES					
Charges for services	\$ 10,555,493	\$ 2,231,562	\$ 1,802,655	\$ 2,647,269	\$ 17,236,979
MJMEUC agreement	116,712	-	-	-	116,712
Leachate income	-	-	128,102	-	128,102
Penalties	59,571	8,339	8,103	5,130	81,143
Miscellaneous	221,655	224,588	34,484	57,567	538,294
Total operating revenues	10,953,431	2,464,489	1,973,344	2,709,966	18,101,230
OPERATING EXPENSES					
Production	7,998,202	-	574,175	1,339,650	9,912,027
Distribution	1,188,789	1,883,465	509,861	417,620	3,999,735
Administrative and general	236,317	266,330	273,900	361,904	1,138,451
Depreciation	602,539	239,363	751,418	448,244	2,041,564
Total operating expenses	10,025,847	2,389,158	2,109,354	2,567,418	17,091,777
OPERATING INCOME (LOSS)	927,584	75,331	(136,010)	142,548	1,009,453
NON-OPERATING REVENUES (EXPENSES)					
Grant revenue	-	-	481,200	-	481,200
Interest income	179,290	91,725	99,971	66,405	437,391
Interest expense	-	-	(7,847)	(8,445)	(16,292)
Other	(32,966)	2	1	1	(32,962)
Total non-operating revenues	146,324	91,727	573,325	57,961	869,337
INCOME BEFORE INTERFUND TRANSFERS	1,073,908	167,058	437,315	200,509	1,878,790
INTERFUND TRANSFERS					
Transfers in	103,014	30,624	-	13,575	147,213
Transfers (out)	-	-	(147,213)	-	(147,213)
Net transfers	103,014	30,624	(147,213)	13,575	-
Change in net position	1,176,922	197,682	290,102	214,084	1,878,790
Net position, January 1, as previously reported	16,252,480	6,936,260	16,135,626	9,774,791	49,099,157
Restatement - adoption of GASB 101	(24,743)	(7,581)	(5,887)	(6,442)	(44,653)
Net position, January 1, as restated	16,227,737	6,928,679	16,129,739	9,768,349	49,054,504
NET POSITION, DECEMBER 31	\$ 17,404,659	\$ 7,126,361	\$ 16,419,841	\$ 9,982,433	\$ 50,933,294

The notes to the financial statements are an integral part of these statements.

CITY OF MACON
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year Ended December 31, 2024

	Major Funds				
	Electric Fund	Gas Fund	Waste Water Fund	Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 10,431,725	\$ 2,359,882	\$ 1,926,773	\$ 2,625,091	\$ 17,343,471
Cash received from other sources	221,655	224,588	34,484	57,567	538,294
Cash paid to vendors	(7,925,125)	(1,874,006)	(838,445)	(1,544,955)	(12,182,531)
Cash paid to employees	(1,407,598)	(310,155)	(512,024)	(613,058)	(2,842,835)
Net cash provided by operating activities	1,320,657	400,309	610,788	524,645	2,856,399
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	103,014	30,624	-	13,575	147,213
Operating transfers out	-	-	(147,213)	-	(147,213)
Net cash provided (used) by noncapital financing activities	103,014	30,624	(147,213)	13,575	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payment for capital acquisitions	(159,267)	(57,637)	(796,794)	(102,326)	(1,116,024)
Proceeds from sale of capital assets	-	2	1	1	4
Principal payments on debt	(195,473)	(405,183)	(122,700)	(38,099)	(761,455)
Interest payments on debt	-	-	(7,847)	(8,445)	(16,292)
Net cash used by capital and related financing activities	(354,740)	(462,818)	(927,340)	(148,869)	(1,893,767)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	158,049	79,816	83,230	55,726	376,821
Maturity of investments	1,600,000	-	3,400,000	2,000,000	7,000,000
Purchase of investments	(3,600,000)	(1,000,000)	(3,400,000)	(2,000,000)	(10,000,000)
Net cash provided (used) by investing activities	(1,841,951)	(920,184)	83,230	55,726	(2,623,179)
Net change in cash and cash equivalents	(773,020)	(952,069)	(380,535)	445,077	(1,660,547)
Cash and cash equivalents, beginning of year	6,586,489	3,089,718	1,737,513	1,660,441	13,074,161
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,813,469</u>	<u>\$ 2,137,649</u>	<u>\$ 1,356,978</u>	<u>\$ 2,105,518</u>	<u>\$ 11,413,614</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 927,584	\$ 75,331	\$ (136,010)	\$ 142,548	\$ 1,009,453
Adjustments:					
Depreciation and amortization	602,539	239,363	751,418	448,244	2,041,564
(Increase) decrease in assets and deferred outflows:					
Accounts receivable	(311,643)	119,981	(12,087)	(27,308)	(231,057)
Prepaid expenses	(10,004)	5,424	(2,290)	(2,290)	(9,160)
Inventories	(38,553)	(11,080)	(4,509)	29,644	(24,498)
Prepaid water storage	-	-	-	22,366	22,366
Net pension plan asset	26,747	5,607	8,883	10,911	52,148
Pension plan contributions	1,204	252	400	491	2,347
Pension plan - other	(67,199)	(18,963)	(22,316)	(27,411)	(135,889)
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable	181,584	(21,054)	39,208	(46,004)	153,734
Accrued expenses	11,683	(924)	(1,665)	(29,204)	(20,110)
Accrued payroll	10,227	2,600	3,380	5,695	21,902
Accrued vacation and sick leave	(1,844)	3,772	(5,900)	6,451	2,479
Customer security deposits	11,592	-	-	-	11,592
Pension plan - other	(23,260)	-	(7,724)	(9,488)	(40,472)
Net cash provided by operating activities	<u>\$ 1,320,657</u>	<u>\$ 400,309</u>	<u>\$ 610,788</u>	<u>\$ 524,645</u>	<u>\$ 2,856,399</u>

The notes to the financial statements are an integral part of these statements.

CITY OF MACON

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Macon (the City) is located in central Missouri and is governed by a city administrator, an elected mayor, and an eight-member council. The City also has a Board of Public Works, which oversees the utilities, and a Library Board of Directors, which oversees the library. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City, for financial purposes, includes all the funds relevant to the operations of the City of Macon. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Macon that have been determined not to be component units as defined by Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus*, (GASB 61). Based on the criteria of GASB 61, there are no other agencies or entities for which the City has been determined to be financially accountable and, therefore, should be included in the combined financial statements of the City.

B. Government-Wide and Fund Financial Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the non-fiduciary activities of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

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

Separate 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 proprietary funds are reported as separate columns in the fund financial statements. The City currently does not have any fiduciary funds.

The City uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. The City had no fiduciary funds as of December 31, 2024.

The City reports the following major governmental funds:

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

Capital Improvement Sales Tax Fund – The Capital Improvement Sales Tax Fund is the special tax fund that was established to fund capital improvement projects for storm water and park improvements, as well as other related items throughout the community.

The City reports the following major proprietary funds:

Electric Fund – The Electric Fund accounts for the billing and collection of charges for electric service for most City residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Gas Fund – The Gas Fund accounts for the billing and collection of charges for gas service for most City residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Waste Water Fund – The Waste Water Fund accounts for the billing and collection of charges for sanitary sewer service for most City residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Water Fund – The Water Fund accounts for the billing and collection of charges for water service for most City residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting for the business-type activities and the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), for the governmental activities. For the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. For the cash basis of accounting, revenues are recorded when received, and expenses are recorded when paid. Certain liabilities are reported as a result of cash transactions.

The governmental fund financial statements use the cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. Under the cash basis of accounting, revenues are recognized when received, and expenditures are recognized when paid. Certain liabilities are reported as a result of cash transactions.

The proprietary fund financial statements use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Sometimes the City will fund outlays for a particular purpose from both restricted (i.e., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

D. Budgets

Budgets are also adopted on the cash basis of accounting. Annual appropriated budgets are adopted for the General Fund and other governmental funds. All annual appropriations lapse at year-end. Encumbrance accounting is not used.

E. Pooled Cash

The City maintains a cash money-market pool that is used by all enterprise funds and one that is used for all governmental funds, with the exception of the Project, Library, and Motor Fuel Funds, which each have their own account. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month for the proprietary funds.

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

F. Accounts Receivable

Accounts receivable, which include earned but unbilled amounts, result primarily from electric, gas, water, and waste water services accounted for in the proprietary funds.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statements of financial position.

H. Inventories

Inventories of materials and supplies in the proprietary funds are stated at average cost. Cost is determined primarily by averaging historical cost of all items on hand at year-end.

I. Governmental Activities Capital Assets

General capital assets acquired or constructed for general governmental purposes are reported as expenditures in the governmental fund that finances the asset acquisition. However, the related asset has not been capitalized in the government-wide statements at cost or estimated historical cost as the City's governmental activities are reported on the cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The City has not maintained any listing of general governmental capital assets and has excluded these assets from its financial statements.

J. Property, Plant and Equipment

Property, plant and equipment owned by the proprietary funds are stated at cost. Contributions of capital assets received from federal, state or local sources are recorded as assets at fair value at the time received. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method beginning when the asset is placed in service, with zero expected salvage value. The estimated useful lives are as follows:

Land improvements	10-50 years
Buildings and building improvements	10-75 years
Systems	20-75 years
Vehicles and equipment	3-25 years
Furniture and office equipment	3-25 years

The cost of assets sold or retired, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the financial statements.

Fully depreciated capital assets are included in the capital assets accounts until their disposal.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category, which are the pension plan contributions and pension plan – other, reported in the government-wide statement of net position and the proprietary funds statement of net position.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, which is the pension plan – other, reported in the government-wide statement of net position and the proprietary funds statement of net position.

L. Compensated Absences

Under terms of the City’s personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is not paid for sick leave. Employees will be paid for their sick leave when they retire. Employees are allowed to carry over certain amounts to the next year and are paid earned vacation upon termination.

As of and for the year ended December 31, 2024, accumulated vacation and sick leave of the proprietary funds are recorded as an expense and liability of those funds as management estimated that unused vacation and sick leave at year-end is material to the financial statements. These balances are evaluated on a yearly basis.

M. Long-Term Obligations

General long-term obligations consist of the non-current portion of bonds and leases payable, compensable leave, and other long-term liabilities. In the business-type activities in the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Debt issuance costs include all costs incurred to issue debt and are expensed as incurred in all statements.

In the governmental fund financial statements, general long-term obligations are not reported as liabilities because they do not require the use of current resources and because the governmental funds report on the cash basis. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuance and issuance costs are reported as other financing uses. Principal repayments are reported as debt service expenditures. Any governmental activities long-term debt is reported similarly to that of the business-type activities. However, there is no governmental activities long-term debt as of December 31, 2024.

N. Fund Balance and Net Position

In the governmental fund financial statements, fund balance is displayed in five components as follows:

Nonspendable – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

Committed - This consists of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the City Council) by the end of the fiscal year. The City Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

In the government-wide and proprietary fund financial statements, net position 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 improvements 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 “net investment in capital assets” or “restricted.”

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. As of December 31, 2024, the following net position amounts were restricted by enabling legislation: \$2,242,986 related to the capital improvement sales tax was restricted for capital improvements; \$1,907,639 related to the library property tax was restricted for the library; \$507,353 related to the fire protection sales tax was restricted for public safety; and \$2,897,416 related to the motor fuel tax and transportation tax was restricted for street projects.

O. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Pensions

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

Q. Subsequent Events

Events that have occurred subsequent to December 31, 2024, have been evaluated through June 4, 2025, which represents the date the City's financial statements were approved by management and therefore were available to be issued.

2. LEGAL COMPLIANCE – BUDGET AND PROPERTY TAXES

The City's policy is to prepare the operating budgets on the cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The City prepared budgets for the General, Project, Capital Improvement Sales Tax, Motor Fuel, Transportation Sales Tax, Airport, Asset Replacement, Park, Fire Protection Sales Tax, and Revolving Loan Funds for the year ended December 31, 2024.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the December Council meeting, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The City Council approves the budget by a majority vote.
2. Formal budgetary integration is employed as a management control device during the year for all funds budgeted.
3. The City Council approves, by ordinance, total budget appropriations only. The City Administrator is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, for report purposes, this level has been expanded to a functional basis (general government, cemetery, etc.).
4. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. The budget was not amended during the year.

The Board of Public Works approved operating budgets for the Electric, Gas, Waste Water, and Water Funds for the year ended December 31, 2024. Upon approval from the Board of Public Works, the budgets for these proprietary funds are subsequently approved by the City Council.

Property taxes are recorded as revenue when received, in accordance with the cash basis of accounting. Taxes are levied on October 1 and become delinquent on January 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the current year. For 2024, the levy was \$0.5937 for general revenue and \$0.2375 for the library per \$100 of assessed valuation. The total assessed valuation was \$83,799,785.

3. CASH AND INVESTMENTS

The City maintains two cash and investment pools. One is available for use by the following funds: Electric, Gas, Waste Water, and Water. The other is available for use by all of the governmental funds. Each fund type's portion of this pool is displayed on the statements of financial position as either cash or investments. In addition, investments are separately held by several of the City's funds.

Missouri State Statutes authorize the City to deposit funds in obligations of the U.S Treasury, federal agencies and instrumentalities; certificates of deposit; and repurchase agreements. Custodial credit risk for deposits is the risk that, in event of a bank failure, the government's deposits may not be returned to it. The City's deposit policy for custodial credit risk is set by statute. Statutes require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities, which are the same type as authorized for investment by the City, are limited to the following as prescribed by state statutes:

- Bonds of the State of Missouri, of the United States, or of wholly owned corporation of the United States.
- Other short-term obligations of the United States.

Deposits, categorized by level of custodial risk, were as follows as of December 31, 2024:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 500,000	\$ 500,000	\$ -	\$ 1,000,000
Collateralized with securities pledged by the financial institution	16,154,237	20,546,237	-	36,700,474
	<u>\$ 16,654,237</u>	<u>\$ 21,046,237</u>	<u>\$ -</u>	<u>\$ 37,700,474</u>
Carrying value	<u>\$ 16,502,336</u>	<u>\$ 21,046,238</u>	<u>\$ 2,184</u>	<u>\$ 37,550,758</u>

The City had the following investments as of December 31, 2024:

	Investment Maturities (in years)			Fair Value	Carrying Value
	Less than 1	1-5	Over 5		
Money market mutual funds:					
Restricted	\$ 66,124	\$ -	\$ -	\$ 66,124	\$ 66,124
Total investments	<u>\$ 66,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,124</u>	<u>\$ 66,124</u>

Investments held by governmental funds are recorded at cost, in accordance with the cash basis of accounting. Investments held by proprietary funds are recorded at fair value, in accordance with GAAP.

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. The City does not have a formal interest rate risk policy but manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice eliminates exposure to declines in fair values.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor’s and Moody’s. The City’s policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, certain obligations of the State of Missouri or political subdivisions and municipalities, and certain surety bonds. Policy prohibits the purchase of any investments that do not meet the above-mentioned criteria. The money market mutual funds are held by the bond trustee and their underlying investments are in the type allowed to the City.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City’s investment policy does not address concentration of credit risk.

The City’s total deposits and investments are summarized below:

Deposits	\$ 37,550,758
Investments	<u>66,124</u>
Total deposits and investments	<u>\$ 37,616,882</u>

A reconciliation of cash and investments as shown on the government-wide statement of net position is as follows:

Cash and cash equivalents	\$ 16,504,520
Investments:	
Restricted	66,124
Unrestricted	<u>21,046,238</u>
Total	<u>\$ 37,616,882</u>

Fair Value Measurements

For assets and liabilities required to be reported at fair value, GAAP prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by GAAP is as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access.
- Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The City's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The City's assets and liabilities measured at fair value on a recurring basis as of December 31, 2024, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

Description	Total	Level 1	Level 2	Level 3
Measured at fair value:				
Money market mutual funds	\$ 66,124	\$ 66,124	\$ -	\$ -
Total investments	<u>\$ 66,124</u>	<u>\$ 66,124</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1 classifications above consist of money market mutual funds that are valued at the daily closing price as reported by the fund. These funds are primarily invested in U.S. Treasuries and other governmental securities.

No investments are classified as Level 2 or Level 3 above.

4. NOTE RECEIVABLE

On July 20, 2022, the City loaned Warbonnet Enterprises, LLC \$150,000 to assist with the new business. The original repayment period was seven years bearing interest at 4% per annum. In 2023, the City Council approved a 12-month deferral of loan repayments with interest continuing to accrue. The loan is secured by assets of the business. As of December 31, 2024, the principal outstanding was \$126,195.

The note receivable was recorded when the City advanced funds to the above entity from its Revolving Loan Fund. The City feels the note is fully collectible; therefore, no allowance was recorded as of December 31, 2024.

5. CAPITAL ASSETS

A summary of the proprietary funds' property, plant and equipment as of December 31, 2024, follows:

	Electric	Gas	Waste Water	Water	Total
Capital assets, not being depreciated					
Land	\$ 326,486	\$ 96,394	\$ 163,631	\$ 370,159	\$ 956,670
Construction in progress	1,347,976	-	645,175	-	1,993,151
Total capital assets not being depreciated	1,674,462	96,394	808,806	370,159	2,949,821
Capital assets, being depreciated					
Structures and improvements	17,575,931	8,753,831	19,965,645	13,289,360	59,584,767
Vehicles, furniture and other equipment	2,135,480	893,433	906,086	501,995	4,436,994
Total capital assets being depreciated	19,711,411	9,647,264	20,871,731	13,791,355	64,021,761
Less: accumulated depreciation	16,330,969	6,649,011	10,574,353	9,406,529	42,960,862
Total capital assets being depreciated, net	3,380,442	2,998,253	10,297,378	4,384,826	21,060,899
Total capital assets, net	\$ 5,054,904	\$ 3,094,647	\$ 11,106,184	\$ 4,754,985	\$ 24,010,720

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

	Balance December 31, 2023	Additions	Deductions, Transfers, Other	Balance December 31, 2024
Capital assets, not being depreciated				
Land	\$ 919,659	\$ 37,011	\$ -	\$ 956,670
Construction in progress	1,511,951	689,557	(208,357)	1,993,151
Total capital assets not being depreciated	2,431,610	726,568	(208,357)	2,949,821
Capital assets, being depreciated				
Structures and improvements	63,093,778	193,791	(3,702,802)	59,584,767
Vehicles, furniture and other equipment	4,479,934	195,665	(238,605)	4,436,994
Total capital assets being depreciated	67,573,712	389,456	(3,941,407)	64,021,761
Less accumulated depreciation for				
Structures and improvements	41,945,362	1,653,938	(3,878,193)	39,721,107
Vehicles, furniture and other equipment	3,090,734	387,626	(238,605)	3,239,755
Total accumulated depreciation	45,036,096	2,041,564	(4,116,798)	42,960,862
Total capital assets being depreciated, net	22,537,616	(1,652,108)	175,391	21,060,899
Business-type activities capital assets, net	\$ 24,969,226	\$ (925,540)	\$ (32,966)	\$ 24,010,720

Depreciation expense was charged to the proprietary funds as follows:

Electric Fund	\$ 602,539
Gas Fund	239,363
Waste Water Fund	751,418
Water Fund	448,244
Total depreciation expense - business-type activities	\$ 2,041,564

6. PREPAID WATER STORAGE AND DUE TO FEDERAL GOVERNMENT

The federal government constructed Long Branch Lake, located outside of the City of Macon, which is used as a recreational and water supply facility.

The City is presently using 4,400 acre-feet of storage and was billed \$1,118,261 for its proportional share (13.75%) of the project costs. This amount is payable in annual installments of \$47,240, including interest at 3.649%, through October 2029. The unpaid balance due the federal government as of December 31, 2024, was \$126,736. The City recorded the same amount as prepaid water storage and is amortizing the cost over 50-years on a straight-line basis. Accumulated amortization as of December 31, 2024, was \$991,527. The City recorded interest expense of \$8,445 as a direct functional expense on the statement of activities for the year ended December 31, 2024.

7. LONG-TERM DEBT

Bonds Payable

In 2011, the City issued Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2011 for the purpose of financing construction of certain waste water improvements to the City’s collection and treatment system. In connection with the issuance of these bonds, the City participates in a revolving loan program established by the Missouri Department of Natural Resources (DNR). The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurs approved expenditures, DNR reimburses the City for the expenditures from the construction escrow fund. Additionally, an amount (83.33% of which is federal funding) representing 70% of the construction costs is deposited into a bond reserve fund in the City’s name and is held as a guarantee against the outstanding bond obligation. Interest earned from this reserve fund can be used by the City to fund interest payments on the revenue bonds. A portion of the reserve fund will be transferred back to the State as principal payments are made on the revenue bonds. The costs of operation and maintenance of the waste water improvements and the debt service is payable from operating revenues. The revenue bonds do not constitute a general obligation of the City.

In 2015, the City issued Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2015 not to exceed \$826,000 for the purpose of financing construction of certain waste water improvements to the City’s collection and treatment system. In connection with the issuance of these bonds, the City participates in a revolving loan program established by the Missouri Department of Natural Resources (DNR). The State of Missouri manages and invests the bond proceeds on behalf of the City. The State of Missouri manages and invests the bond proceeds on behalf of the City. The costs of operation and maintenance of the waste water improvements and the debt service is payable from operating revenues. The revenue bonds do not constitute a general obligation of the City.

The City has pledged future waste water revenues, net of current specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for waste water system improvements. The bonds are payable solely from utility customer net revenues through 2031. Net revenues available for debt service are not to be less than 110% of the amount required to be paid annually of principal and interest. Net revenues for 2024 are approximately 477% of the annual principal and interest payments made during 2024. The total principal and interest paid for the current year and total net revenues were \$130,547 and \$623,255, respectively.

The following summarizes the bonds payable:

	Interest Rates	Final Maturity Date	Principal Balance 12/31/2024
Waste Water Fund - Series 2011	1.66%	7/1/2026	\$ 141,000
Waste Water Fund - Series 2015	1.24%	7/1/2031	420,000
			<u>561,000</u>
		Less current portion	<u>(125,800)</u>
		Long-term bonds payable	<u><u>\$ 435,200</u></u>

In addition to interest, the City is responsible for a 0.5% administrative fee on the outstanding principal.

Activity on the bonds payable for the year is as follows:

	Balance December 31, 2023	Issuances	Principal Payments, Reductions	Balance December 31, 2024	Due Within One Year
Waste Water Fund - Series 2011	\$ 208,700	\$ -	\$ (67,700)	\$ 141,000	\$ 69,800
Waste Water Fund - Series 2015	475,000	-	(55,000)	420,000	56,000
	<u>\$ 683,700</u>	<u>\$ -</u>	<u>\$ (122,700)</u>	<u>\$ 561,000</u>	<u>\$ 125,800</u>

The following is a schedule of the future minimum payments under the bonds as of December 31, 2024, based on the current amount outstanding:

Year Ending December 31:	Principal	Interest	Total
2025	\$ 125,800	\$ 7,085	\$ 132,885
2026	128,200	5,534	133,734
2027	58,000	3,627	61,627
2028	60,000	2,902	62,902
2029	61,000	2,158	63,158
Thereafter	128,000	2,015	130,015
	<u>\$ 561,000</u>	<u>\$ 23,321</u>	<u>\$ 584,321</u>

Notes Payable

In February 2021, the Midwest region, including Texas and Oklahoma, experienced an extended severe cold weather event with daily high temperatures near zero degrees. This event caused natural gas delivery equipment to freeze up and limited the availability of natural gas in a time of very high demand with the extreme cold temperatures. This limitation of natural gas during this event caused natural gas prices to soar, which had the effect of causing electric prices to soar for these few days since the electric industry has become reliant on natural gas generation.

In May 2021, a State of Missouri \$50 million relief fund for municipal utilities who experienced extraordinary natural gas and electric prices during this polar vortex event, named the Municipal Utility Emergency Loan Program (MUELP), was created.

In June 2021, the City received an MUELP loan in an amount not to exceed \$3,003,279. The City allocated \$977,365 and \$2,025,914 of the proceeds between the Electric and Gas Funds, respectively. The loan bears interest at 0% with a payback period of no more than five years. The first principal payment became due on January 1, 2022, and the final principal payment will be made on or before June 1, 2026.

The following summarizes the notes payable:

	Interest Rates	Final Maturity Date	Principal Balance 12/31/2024
Electric Fund - MUELP loan	0.00%	6/1/2026	\$ 390,946
Gas Fund - MUELP loan	0.00%	6/1/2026	810,366
			<u>1,201,312</u>
		Less current portion	<u>(600,656)</u>
		Long-term notes payable	<u><u>\$ 600,656</u></u>

Activity on the notes payable for the year is as follows:

	Balance December 31, 2023	Issuances	Principal Payments, Reductions	Balance December 31, 2024	Due Within One Year
Electric Fund - MUELP Loan	\$ 586,419	\$ -	\$ (195,473)	\$ 390,946	\$ 195,473
Gas Fund - MUELP Loan	1,215,549	-	(405,183)	810,366	405,183
	<u>\$ 1,801,968</u>	<u>\$ -</u>	<u>\$ (600,656)</u>	<u>\$ 1,201,312</u>	<u>\$ 600,656</u>

The following is a schedule of the future minimum payments under the notes as of December 31, 2024, based on the current amount outstanding:

Year Ending December 31:	Principal	Interest	Total
2025	\$ 600,656	\$ -	\$ 600,656
2026	600,656	-	600,656
	<u>\$ 1,201,312</u>	<u>\$ -</u>	<u>\$ 1,201,312</u>

8. CONDUIT DEBT

The City has issued industrial revenue bonds to provide funds to assist a company within the City to acquire, construct, and improve facilities for industrial development purposes. The City has issued and sold these bonds to financial institutions. The company is required to make regular principal and interest payments to the financial institutions over the maturity of the bonds. The original issuance amount of these revenue bonds totaled \$24,600,000 as of December 31, 2024. The outstanding balance on the bonds was \$24,600,000 as of December 31, 2024.

The City has no liability for repayment of these revenue bonds; accordingly, they have not been recorded in the accompanying financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds.

9. INTERFUND ACTIVITY

Interfund receivable and payable balances as of December 31, 2024, in the fund financial statements resulting from interfund transfers and interfund loans were as follows:

	Due From Other Funds	Due To Other Funds	Net
Governmental funds:			
General Fund (major fund)	\$ 24,496	\$ (156,715)	\$ (132,219)
Capital Improvement Sales Tax Fund (major fund)	-	(227)	(227)
Project Fund (non-major fund)	-	(21,484)	(21,484)
Library Fund (non-major fund)	156,715	-	156,715
Fire Protection Sales Tax Fund (non-major fund)	-	(2,785)	(2,785)
	<u>\$ 181,211</u>	<u>\$ (181,211)</u>	<u>\$ -</u>

Amounts due from the General Fund to the Library Fund are from taxes collected and not yet remitted. Amounts due from the Capital Improvement Sales Tax Fund, Project Fund, and Fire Protection Sales Tax Fund to the General Fund are for various capital project expenses paid out of the General Fund or for General Fund grant reimbursements received in the other funds.

A summary of interfund transfers for the year ended December 31, 2024, follows:

	Transfers Out	Transfers In	Net
Proprietary funds:			
Electric Fund (major fund)	\$ -	\$ 103,014	\$ 103,014
Water Fund (major fund)	-	13,575	13,575
Waste Water Fund (major fund)	(147,213)	-	(147,213)
Natural Gas Fund (major fund)	-	30,624	30,624
	<u>\$ (147,213)</u>	<u>\$ 147,213</u>	<u>\$ -</u>

Amounts were transferred from the Waste Water Fund to the other funds to correct cash account balances by fund due to differences found during the City's bank reconciliation process.

10. COMMITMENTS AND CONTINGENCIES

A. MIRMA

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workman's compensation; liability, crime, and employee errors and omissions; and natural disasters. The City participates in Missouri Intergovernmental Risk Management Association (MIRMA) to cover these risks of losses. MIRMA is a group of local governments which provides a program of self-insurance to its members. The City pays annual premiums to MIRMA based on its payroll. There were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in any of the past three years.

B. Intergovernmental Awards

Intergovernmental awards received by the City are subject to audit and adjustment by the funding agency or its representatives. If grant revenues are received for expenditures which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements as of December 31, 2024.

C. Electricity Commitments

The City is a member of the Missouri Joint Municipal Electric Utility Commission d/b/a the Missouri Electric Commission (MEC), an entity formed under Missouri statutes to obtain sufficient and economical power for the benefit of its Missouri municipal members. The City is also a member of the Missouri Public Energy Pool #1 (MoPEP), a membership pool within MEC. Through its membership in MEC and MoPEP, the City has joint agreements committing its current and future electric generating facilities and power purchase contracts to the pool of members to facilitate joint planning, scheduling, dispatching, power purchases, and payment of operating costs of power generating facilities in which MEC has joint ownership interests. The joint agreement under MoPEP entails certain obligations, including maintaining adequate customer rates and maintenance of power facilities and contracts in order to meet the City's commitments to the pool. As of December 31, 2024, MEC has several long-term commitments for power purchase contracts and payment of power plant operating costs in connection with its joint ownership interests in power generating facilities. The joint ownership interests generally include commitments under loan or bond financing arrangements. Through its participation in the joint contract with other MEC members and the joint agreement with other MoPEP members, the City has an allocated share of the various long-term commitments under these contracts, including its allocated share of joint ownership interest in the power generating facilities and take-or-pay power purchase commitments. There are various cancellation provisions under these contracts. Because of the joint commitments, there is some risk that a future default by a member could result in an increase to other members' existing allocated shares of joint power purchase and ownership interest commitments, if the allocated share of the defaulting member is not voluntarily assumed by the remaining members, a new member or another party.

D. Natural Gas Commitments

The City has entered into contracts for the purchase of natural gas from Kinect Energy at agreed upon capacities of dekatherms (dth) each month from November 2024 through March 2025 priced at a rate of \$3.54/dth. The City paid \$278,576 under this agreement during 2024 and committed to paying \$494,734 under this agreement during 2025.

E. Gas Turbine Project

The City has entered into a 10-year extended service agreement (ESA) with Solar Turbines Inc. (Solar) to provide services for key components of the Macon Energy Center, an asset owned and operated by the City. In September 2008, an ESA was signed, with Amendment 1 effective November 1, 2010, and Amendment 2 effective September 21, 2011. A new 5-year agreement was signed effective January 1, 2024, which states a capacity of 9500 KW priced at \$1.72/KW/month. During 2024, the monthly fee due to Solar increased to \$84,648 for the entire year. The monthly fee is paid directly to Solar by MEC. The City received a reduction in generation capacity credits when MEC began paying the fee directly to Solar in August 2008.

F. Laddonia Gas Turbine Project

The City has entered into an agreement to operate and maintain MEC's gas turbine in Laddonia, Missouri. The City was paid a monthly fee of \$9,705 between January and November 2024 and \$9,958 in December 2024. The City received approximately \$116,712 under this agreement during 2024.

G. Significant Customers

The City's proprietary funds have one customer who generated \$4,388,196 or approximately 24% of its operating revenue during 2024.

H. Litigation

Various suits and claims against the City are presently pending involving claims for various miscellaneous cases. In the opinion of management such suits or claims, both individually and in the aggregate, will not have a material effect on the financial position of the City.

I. Contract Commitments

The City has entered into agreements with contractors for various projects. As of December 31, 2024, contract commitments were as follows:

Project	Spent-to-Date	Remaining Commitment
Sidewalks and Intersections Improvement Project	\$ -	\$ 339,750
Wi-Fi Park Project - Administrative Costs	-	3,000
Municipal Pool Project	4,443,035	373,450
Box Culvert Replacement Project	55,500	34,175
Utilities Stormwater Project	-	864,315
	<u>\$ 4,498,535</u>	<u>\$ 1,614,690</u>

J. Other Commitment

In May 2018, the City entered into a lease agreement for two fire trucks. The agreement requires ten annual lease payments of \$184,320. The total lease payments remaining to be paid as of December 31, 2024 were \$737,280.

As a result of the City using the cash basis of accounting, the lease is not recorded in the financial statements.

11. PENSION PLAN

General Information about the Pension Plan

The following information is presented in accordance with Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Plan Description

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

Benefits Provided

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

	<u>2024 Valuation</u>
Benefit multiplier	1.5%
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

As of June 30, 2024, the following employees were covered by the benefit terms:

Active employees	64
Inactive employees or beneficiaries currently receiving benefits	101
Inactive employees entitled to but not yet receiving benefits	60
Total	<u><u>225</u></u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City's contribution rates are 11.8% (General), 0.6% (Police), 26.7% (Fire), and 6.5% (Utility) of annual covered payroll.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 29, 2024.

Actuarial Assumptions

The total pension liability in the February 29, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage, 2.25% price
Salary increase:	
General	2.75% to 6.75%, including inflation
Police	2.75% to 6.55%, including inflation
Fire	2.75% to 7.15%, including inflation
Utility	2.75% to 6.75%, including inflation
Investment rate of return	7.00%, net of investment expenses

Mortality rates were based on the PubG-2010 Retiree, PubNS-2010 Disabled Retiree, PubG-2010 Employee, and PubS-2010 Employee mortality tables.

The actuarial assumptions used in the February 29, 2024, valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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

The target allocation and best estimates 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	5.00%	2.37%
Equity	39.00%	5.37%
Fixed income	23.00%	1.47%
Real assets	33.00%	3.45%
Strategic assets	7.00%	3.46%
Cash/leverage	-7.00%	-0.26%
	<u>100.00%</u>	

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.

Changes in the Net Pension Liability (Asset)

As a result of City's governmental activities using the cash basis of accounting, the net pension liability (asset) is not recorded in the governmental activities column of the accompanying government-wide statement of net position, although it is recorded for the business-type activities.

The following table summarizes the changes in the net pension liability (asset) if the full amount had been recorded.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 24,879,879	\$ 28,564,962	\$ (3,685,083)
Changes for the year:			
Service cost	367,896	-	367,896
Interest	1,704,634	-	1,704,634
Difference between expected and actual experience	9,037	-	9,037
Contributions - employer	-	346,667	(346,667)
Net investment income	-	1,473,860	(1,473,860)
Benefit payments, including refunds	(1,442,024)	(1,442,024)	-
Administrative expense	-	(26,086)	26,086
Other changes	-	126,463	(126,463)
Net changes	639,543	478,880	160,663
Balances at June 30, 2024	25,519,422	29,043,842	(3,524,420)
Less amount attributable to governmental activities	(8,670,747)	(9,765,951)	1,095,204
Balances attributable to business-type activities	<u>\$ 16,848,675</u>	<u>\$ 19,277,891</u>	<u>\$ (2,429,216)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 28,864,191	\$ 25,519,422	\$ 22,758,483
Plan fiduciary net position	29,043,843	29,043,842	29,043,843
Net pension liability (asset)	<u>\$ (179,652)</u>	<u>\$ (3,524,420)</u>	<u>\$ (6,285,360)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued LAGERS financial report.

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

As a result of the City's governmental activities using the cash basis of accounting, deferred outflows and inflows of resources are not recorded in the accompanying government-wide statement of net position. In addition, pension expense is recorded as an expenditure in the accompanying government-wide statement of activities based on actual cash basis contributions made to the pension plan during the year ended December 31, 2024.

For the year ended December 31, 2024, the City's governmental activities' pension expense under full accrual accounting would have been \$28,091. However, on the cash basis of accounting, the City's governmental activities recognized payments to LAGERS of \$152,290 as expense.

The City's business-type activities and proprietary funds recognized pension expense of \$77,545.

The following summarizes the full amount of deferred outflows and inflows of resources and pension expense if they had been recorded.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 275,587	\$ (113,108)
Projected and actual earnings on investments	846,318	-
Contributions subsequent to the measurement date*	180,924	-
Total	1,302,829	(113,108)
Less amount attributable to governmental activities	(462,093)	38,573
Attributable to business-type activities	<u>\$ 840,736</u>	<u>\$ (74,535)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability (asset) for the year ending December 31, 2025.

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

Year ending:	
2025	\$ (173,323)
2026	790,751
2027	293,077
2028	98,292
Total	<u>\$ 1,008,797</u>

Payable to the Pension Plan

As of December 31, 2024, the City reported a payable of \$5,164 for the outstanding amount of contributions to the pension plan required for the year then ended.

12. ADOPTION OF NEW ACCOUNTING STANDARD

During the year ended December 31, 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences*, which required a unified recognition and measurement model that resulted in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The model also results in a more robust estimate of the amount of compensated absences that a government will pay or settle, which enhances the relevance and reliability of information about the liability for compensated absences.

Following this change of accounting, the City now reports an estimate for accrued vacation and sick leave that will be used or realized by employees in the future. The City previously only reported liabilities for accrued vacation and sick leave for employees who were eligible for payment upon termination based on their LAGERS eligible retirement dates.

As a result of the adoption of GASB 101, the impact on the City's balances of compensated absences as of January 1, 2024, is as follows:

	Original Balance 1/1/2024	Impact of GASB 101	Final Balance 1/1/2024
Compensated absences:			
Electric Fund	\$ 17,943	\$ 24,743	\$ 42,686
Gas Fund	2,896	7,581	10,477
Wastewater Fund	19,132	5,887	25,019
Water Fund	28,164	6,442	34,606
	<u>\$ 68,135</u>	<u>\$ 44,653</u>	<u>\$ 112,788</u>

The net change in the City's compensated absences for the year ended December 31, 2024 is as follows:

	Balance 1/1/2024	Net Change	Balance 12/31/2024
Compensated absences:			
Electric Fund	\$ 42,686	\$ (1,844)	\$ 40,842
Gas Fund	10,477	3,772	14,249
Wastewater Fund	25,019	(5,900)	19,119
Water Fund	34,606	6,451	41,057
	<u>\$ 112,788</u>	<u>\$ 2,479</u>	<u>\$ 115,267</u>

13. RESTATEMENT

During the year ended December 31, 2024, the City adopted GASB Statement 101, *Compensated Absences*, as described in Note 12. The standard required governmental entities to recognize the impact of the standard as of the beginning of the year of implementation.

As a result, net position as of December 31, 2023, was restated as follows:

	Business-type Activities	Electric Fund	Gas Fund	Wastewater Fund	Water Fund
Net position, as previously reported	\$ 49,099,157	\$ 16,252,480	\$ 6,936,260	\$ 16,135,626	\$ 9,774,791
Adoption of GASB 101	<u>(44,653)</u>	<u>(24,743)</u>	<u>(7,581)</u>	<u>(5,887)</u>	<u>(6,442)</u>
Net position, as restated	<u>\$ 49,054,504</u>	<u>\$ 16,227,737</u>	<u>\$ 6,928,679</u>	<u>\$ 16,129,739</u>	<u>\$ 9,768,349</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MACON

LAGERS (PENSION PLAN) SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS December 31, 2024

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 367,896	\$ 356,420	\$ 358,211	\$ 368,393	\$ 391,465
Interest on the total pension liability	1,704,634	1,641,953	1,605,695	1,644,062	1,625,039
Difference between expected and actual experience	9,037	326,158	46,544	167,363	(379,431)
Assumption changes	-	-	-	(484,994)	-
Benefit payments	(1,442,024)	(1,427,727)	(1,553,340)	(1,306,331)	(1,418,435)
Net change in total pension liability	639,543	896,804	457,110	388,493	218,638
Total pension liability beginning	24,879,879	23,983,075	23,525,965	23,137,472	22,918,834
Total pension liability ending	<u>\$ 25,519,422</u>	<u>\$ 24,879,879</u>	<u>\$ 23,983,075</u>	<u>\$ 23,525,965</u>	<u>\$ 23,137,472</u>
Plan fiduciary net position					
Contributions - employer	\$ 346,667	\$ 352,234	\$ 379,774	\$ 366,330	\$ 385,490
Pension plan net investment income	1,473,860	985,413	19,668	6,484,460	331,329
Benefit payments	(1,442,024)	(1,427,727)	(1,553,340)	(1,306,331)	(1,418,435)
Pension plan administrative expense	(26,086)	(29,829)	(21,764)	(19,510)	(25,000)
Other	126,463	(118,751)	165,885	172,419	302,052
Net change in plan fiduciary net position	478,880	(238,660)	(1,009,777)	5,697,368	(424,564)
Plan fiduciary net position beginning	28,564,962	28,803,622	29,813,399	24,116,031	24,540,595
Plan fiduciary net position ending	<u>\$ 29,043,842</u>	<u>\$ 28,564,962</u>	<u>\$ 28,803,622</u>	<u>\$ 29,813,399</u>	<u>\$ 24,116,031</u>
Employer's net pension liability (asset)	<u>\$ (3,524,420)</u>	<u>\$ (3,685,083)</u>	<u>\$ (4,820,547)</u>	<u>\$ (6,287,434)</u>	<u>\$ (978,559)</u>
Plan fiduciary net position as a percentage of the total pension liability	113.81%	114.81%	120.10%	126.73%	104.23%
Covered payroll	\$ 3,871,970	\$ 3,571,952	\$ 3,639,371	\$ 3,664,723	\$ 3,765,272
Employer's net pension liability (asset) as a percentage of covered payroll	91.02%	103.17%	132.46%	171.57%	25.99%
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 424,939	\$ 400,614	\$ 389,694	\$ 389,342	\$ 384,053
Interest on the total pension liability	1,679,238	1,490,819	1,433,874	1,322,837	1,259,153
Difference between expected and actual experience	(1,632,090)	1,572,968	(190,026)	32,060	7,658
Assumption changes	-	-	-	655,354	-
Benefit payments	(995,417)	(763,570)	(940,235)	(798,702)	(752,246)
Net change in total pension liability	(523,330)	2,700,831	693,307	1,600,891	898,618
Total pension liability beginning	23,442,164	20,741,333	20,048,026	18,447,135	17,548,517
Total pension liability ending	<u>\$ 22,918,834</u>	<u>\$ 23,442,164</u>	<u>\$ 20,741,333</u>	<u>\$ 20,048,026</u>	<u>\$ 18,447,135</u>
Plan fiduciary net position					
Contributions - employer	\$ 418,929	\$ 455,646	\$ 378,050	\$ 386,369	\$ 410,229
Pension plan net investment income	1,564,260	2,564,567	2,290,433	(62,623)	385,951
Benefit payments	(995,417)	(763,570)	(940,235)	(798,702)	(752,246)
Pension plan administrative expense	(21,849)	(15,364)	(14,749)	(14,719)	(15,937)
Other	13,039	(197,592)	(75,926)	426,885	(288,816)
Net change in plan fiduciary net position	978,962	2,043,687	1,637,573	(62,790)	(260,819)
Plan fiduciary net position beginning	23,561,633	21,517,946	19,880,373	19,943,163	20,203,982
Plan fiduciary net position ending	<u>\$ 24,540,595</u>	<u>\$ 23,561,633</u>	<u>\$ 21,517,946</u>	<u>\$ 19,880,373</u>	<u>\$ 19,943,163</u>
Employer's net pension liability (asset)	<u>\$ (1,621,761)</u>	<u>\$ (119,469)</u>	<u>\$ (776,613)</u>	<u>\$ 167,653</u>	<u>\$ (1,496,028)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.08%	100.51%	103.74%	99.16%	108.11%
Covered payroll	\$ 3,763,801	\$ 4,163,574	\$ 4,034,607	\$ 3,809,353	\$ 3,839,732
Employer's net pension liability (asset) as a percentage of covered payroll	43.09%	2.87%	19.25%	-4.40%	38.96%

This Schedule includes the net pension activity for the City overall. As the governmental funds are reported on the cash basis of accounting, the net pension liability (asset) is not recorded in the financial statements.

CITY OF MACON

LAGERS (PENSION PLAN) SCHEDULE OF CONTRIBUTIONS – LAST TEN FISCAL YEARS December 31, 2024

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 454,234	\$ 407,917	\$ 478,151	\$ 401,475	\$ 437,275
Contributions in relation to the actuarially determined contribution	355,114	344,739	361,212	364,684	388,853
Contribution deficiency (excess)	\$ 99,120	\$ 63,178	\$ 116,939	\$ 36,791	\$ 48,422
Covered payroll	\$ 3,871,970	\$ 3,571,952	\$ 3,639,371	\$ 3,664,723	\$ 3,765,272
Contributions as a percentage of covered payroll	9.17%	9.65%	9.93%	9.95%	10.33%
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 440,186	\$ 474,172	\$ 454,161	\$ 395,136	\$ 429,748
Contributions in relation to the actuarially determined contribution	407,423	438,246	418,834	368,071	404,506
Contribution deficiency (excess)	\$ 32,763	\$ 35,926	\$ 35,327	\$ 27,065	\$ 25,242
Covered payroll	\$ 3,763,801	\$ 4,163,574	\$ 4,034,607	\$ 3,809,353	\$ 3,839,732
Contributions as a percentage of covered payroll	10.82%	10.53%	10.38%	9.66%	10.53%

CITY OF MACON
STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND - CASH BASIS
Year Ended December 31, 2024

	General Fund as Reported in Financial Statements	Less Other City Funds Included for Reporting Purposes	General Fund Activity on the City's Budgetary Basis	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES						
Taxes	\$ 3,486,194	\$ -	\$ 3,486,194	\$ 3,055,043	\$ 3,055,043	\$ 431,151
Licenses, permits, and fines	205,952	-	205,952	168,913	168,913	37,039
Federal and state grants	37,928	-	37,928	-	-	37,928
Charges for services	185,157	-	185,157	113,000	113,000	72,157
Interest income	139,022	(13,709)	125,313	20,000	20,000	105,313
Miscellaneous	452,579	-	452,579	344,209	344,209	108,370
Total revenues	<u>4,506,832</u>	<u>(13,709)</u>	<u>4,493,123</u>	<u>3,701,165</u>	<u>3,701,165</u>	<u>791,958</u>
EXPENDITURES						
City administrator	554,511	-	554,511	742,727	742,727	188,216
Police department	1,094,784	-	1,094,784	1,079,404	1,079,404	(15,380)
Fire department	656,058	-	656,058	662,817	662,817	6,759
Parks, pool, and cemetery	368,384	-	368,384	347,468	347,468	(20,916)
City collector	106,850	-	106,850	101,393	101,393	(5,457)
Street department	429,496	-	429,496	530,724	530,724	101,228
Animal control	22,158	-	22,158	39,151	39,151	16,993
Solid waste	274,781	-	274,781	300,912	300,912	26,131
Airport	177,355	-	177,355	149,265	149,265	(28,090)
Code enforcement	72,135	-	72,135	73,082	73,082	947
Total expenditures	<u>3,756,512</u>	<u>-</u>	<u>3,756,512</u>	<u>4,026,943</u>	<u>4,026,943</u>	<u>270,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>750,320</u>	<u>(13,709)</u>	<u>736,611</u>	<u>(325,778)</u>	<u>(325,778)</u>	<u>1,062,389</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	341,584	341,584	(341,584)
Operating transfers (out)	-	-	-	(15,806)	(15,806)	15,806
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,778</u>	<u>325,778</u>	<u>(325,778)</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	<u>\$ 750,320</u>	<u>\$ (13,709)</u>	<u>\$ 736,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,611</u>

Note: The Airport, Asset Replacement, and Park Funds are recorded in separate funds for internal reporting and budgeting by the City, but are combined with the City's General Fund for financial reporting purposes as they do not meet the definition of a special revenue fund type. Because this schedule is presented on a budgetary basis, activity for these funds is removed so only General Fund activity remains.

CITY OF MACON

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT SALES TAX FUND - CASH BASIS**

Year Ended December 31, 2024

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 772,078	\$ 613,334	\$ 613,334	\$ 158,744
Interest income	67,871	15,443	15,443	52,428
Total revenues	839,949	628,777	628,777	211,172
EXPENDITURES				
Parks, pool, and cemetery	2,715,578	4,813,710	4,813,710	2,098,132
Storm water projects	55,500	-	-	(55,500)
Total expenditures	2,771,078	4,813,710	4,813,710	2,042,632
Excess (deficiency) of revenues over (under) expenditures	(1,931,129)	(4,184,933)	(4,184,933)	2,253,804
OTHER FINANCING SOURCES				
Transfers in	-	4,284,933	4,284,933	(4,284,933)
Transfers (out)	-	(100,000)	(100,000)	100,000
Total other financing sources	-	4,184,933	4,184,933	(4,184,933)
Deficiency of revenues and other financing sources under expenditures	\$ (1,931,129)	\$ -	\$ -	\$ (1,931,129)

SUPPLEMENTARY INFORMATION

CITY OF MACON
COMBINING BALANCE SHEET - CASH BASIS
NON-MAJOR FUNDS
December 31, 2024

	Industrial Development Fund	Project Fund	Library Fund	Motor Fuel Fund	Transportation Sales Tax Fund	Fire Protection Sales Tax Fund	American Rescue Plan Act Fund	Total
ASSETS								
ASSETS								
Cash and cash equivalents	\$ 196,473	\$ 125,789	\$ 182,817	\$ 186,111	\$ 1,404,434	\$ 198,645	\$ 1,291	\$ 2,295,560
Due from other funds	-	-	156,715	-	-	-	-	156,715
Investments:								
Unrestricted	947,417	-	1,568,107	1,306,871	-	311,493	-	4,133,888
Note receivable	126,195	-	-	-	-	-	-	126,195
Total assets	<u>\$ 1,270,085</u>	<u>\$ 125,789</u>	<u>\$ 1,907,639</u>	<u>\$ 1,492,982</u>	<u>\$ 1,404,434</u>	<u>\$ 510,138</u>	<u>\$ 1,291</u>	<u>\$ 6,712,358</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Due to other funds	\$ -	\$ 21,484	\$ -	\$ -	\$ -	\$ 2,785	\$ -	\$ 24,269
Total liabilities	-	21,484	-	-	-	2,785	-	24,269
FUND BALANCES								
Restricted for:								
Capital improvements	-	104,305	-	-	-	-	1,291	105,596
Library	-	-	1,907,639	-	-	-	-	1,907,639
Public safety	-	-	-	-	-	507,353	-	507,353
Street projects	-	-	-	1,492,982	1,404,434	-	-	2,897,416
Committed to:								
Industrial development	1,270,085	-	-	-	-	-	-	1,270,085
Total fund balances	<u>1,270,085</u>	<u>104,305</u>	<u>1,907,639</u>	<u>1,492,982</u>	<u>1,404,434</u>	<u>507,353</u>	<u>1,291</u>	<u>6,688,089</u>
Total liabilities and fund balances	<u>\$ 1,270,085</u>	<u>\$ 125,789</u>	<u>\$ 1,907,639</u>	<u>\$ 1,492,982</u>	<u>\$ 1,404,434</u>	<u>\$ 510,138</u>	<u>\$ 1,291</u>	<u>\$ 6,712,358</u>

CITY OF MACON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- CASH BASIS

NON-MAJOR FUNDS

Year Ended December 31, 2024

	Industrial Development Fund	Project Fund	Library Fund	Motor Fuel Fund	Transportation Sales Tax Fund	Fire Protection Sales Tax Fund	American Rescue Plan Act Fund	Total
REVENUES								
Taxes	\$ -	\$ -	\$ 210,185	\$ 293,330	\$ 772,024	\$ 385,972	\$ -	\$ 1,661,511
Licenses, permits, and fines	-	-	7,868	-	-	-	-	7,868
Federal and state grants	-	119,471	9,342	-	-	-	-	128,813
Interest	35,765	-	46,089	49,326	17,020	12,533	7,034	167,767
Miscellaneous	-	-	2,213	-	-	-	-	2,213
Total revenues	35,765	119,471	275,697	342,656	789,044	398,505	7,034	1,968,172
EXPENDITURES:								
Community development	3,778	97,193	-	-	-	-	1,106,766	1,207,737
Public safety	-	-	-	-	-	2,846	-	2,846
Street projects	-	-	-	325	5,000	-	-	5,325
Equipment and building	-	-	-	-	78,500	297,592	-	376,092
Library	-	-	243,506	-	-	-	-	243,506
Total expenditures	3,778	97,193	243,506	325	83,500	300,438	1,106,766	1,835,506
Excess (deficiency) of revenues over (under) expenditures	31,987	22,278	32,191	342,331	705,544	98,067	(1,099,732)	132,666
Net change in fund balances	31,987	22,278	32,191	342,331	705,544	98,067	(1,099,732)	132,666
Fund balances, January 1	1,238,098	82,027	1,875,448	1,150,651	698,890	409,286	1,101,023	6,555,423
FUND BALANCES, DECEMBER 31	\$ 1,270,085	\$ 104,305	\$ 1,907,639	\$ 1,492,982	\$ 1,404,434	\$ 507,353	\$ 1,291	\$ 6,688,089

COMPLIANCE EXAMINATION REPORT

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE FOR THE U.S.
DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL
RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN ALTERNATIVE
CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT**

To the Honorable Mayor and City Council
of the City of Macon

We have examined the City of Macon (the City’s) compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles” (the specified requirements) as described in Part IV “Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds” of the CSLFRF section of the 2024 OMB Compliance Supplement (referred to herein as “Requirements for an Alternative CSLFRF Compliance Examination Engagement”) during the year ended December 31, 2024. Management of the City is responsible for the City’s compliance with the specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the “Requirements for an Alternative CSLFRF Compliance Examination Engagement.” Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City’s compliance with specified requirements.

In our opinion, the City of Macon complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the finding, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our test disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended December 31, 2024. Accordingly, this report is not suitable for any other purpose.

William F. Keppel UC

Columbia, Missouri
June 4, 2025