

CITY OF LOCKWOOD, MISSOURI

**BASIC FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTARY
INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Lockwood, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lockwood, Missouri as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Lockwood, Missouri's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lockwood, Missouri, as of June 30, 2025, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

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

Other Information

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

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


Decker & Pace, LLC

Springfield, Missouri
November 14, 2025

CITY OF LOCKWOOD, MISSOURI

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 979,234	\$ 334,511	\$ 1,313,745
Investments	-	56,920	56,920
Restricted assets-cash and cash equivalents	-	142,747	142,747
Inventory	-	64,826	64,826
Land	17,797	-	17,797
Library books	147,490	-	147,490
Construction in progress	103,496	749,083	852,579
Capital assets, net of accumulated depreciation	1,185,257	1,005,439	2,190,696
Total Assets	<u>2,433,274</u>	<u>2,353,526</u>	<u>4,786,800</u>
<u>LIABILITIES</u>			
Unearned grant revenue - ARPA	182,077	-	182,077
Current portion of long term debt	25,000	95,000	120,000
Non-current liabilities:			
Customer deposits payable	-	71,573	71,573
Lease obligation	560,000	-	560,000
Certificates of participation payable	-	365,000	365,000
Total Liabilities	<u>767,077</u>	<u>531,573</u>	<u>1,298,650</u>
<u>NET POSITION</u>			
Net investment in capital assets	868,244	1,294,522	2,162,766
Restricted	-	142,747	142,747
Unrestricted	797,953	384,684	1,182,637
Total Net Position	<u>\$ 1,666,197</u>	<u>\$ 1,821,953</u>	<u>\$ 3,488,150</u>

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 190,221	\$ 8,475	\$ -	\$ -	\$ (181,746)	\$ -	\$ (181,746)
Public safety:							
Police	66,822	-	-	-	(66,822)	-	(66,822)
Fire	601	-	-	-	(601)	-	(601)
Streets	138,569	-	-	-	(138,569)	-	(138,569)
Culture and recreation-Parks	24,248	-	-	-	(24,248)	-	(24,248)
Culture and recreation-Golf course	124,959	85,061	-	-	(39,898)	-	(39,898)
Culture and recreation-Swimming pool	41,288	13,109	-	-	(28,179)	-	(28,179)
Library	35,217	539	-	-	(34,678)	-	(34,678)
Interest and costs	17,838	-	-	-	(17,838)	-	(17,838)
Total governmental activities	639,763	107,184	-	-	(532,579)	-	(532,579)
Business-type activities:							
Electric	1,327,759	1,370,566	27,845	-	-	70,652	70,652
Water	297,614	150,026	61,660	-	-	(85,928)	(85,928)
Sewer	205,993	236,957	-	-	-	30,964	30,964
Total business-type activities	1,831,366	1,757,549	89,505	-	-	15,688	15,688
Total government	\$ 2,471,129	\$ 1,864,733	\$ 89,505	\$ -	(532,579)	15,688	(516,891)
General Revenues and transfers:							
					81,124	-	81,124
Property taxes for general purposes					13,156	-	13,156
Property taxes for park purposes					15,625	-	15,625
Property taxes for library purposes					78,804	-	78,804
Property taxes for debt service purposes					506,372	-	506,372
Sales tax					29,860	-	29,860
Franchise tax					22,842	9,333	32,175
Interest					47,479	-	47,479
Motor Fuel Taxes					15,789	2,484	18,273
Miscellaneous					4,000	-	4,000
Gain on sale of assets					28,527	(28,527)	-
Transfers							
Total general revenues and transfers					843,578	(16,710)	826,868
Change in net position					310,999	(1,022)	309,977
Net position - beginning					1,355,198	1,822,975	3,178,173
Net position - ending					\$ 1,666,197	\$ 1,821,953	\$ 3,488,150

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
(MODIFIED CASH BASIS)
JUNE 30, 2025

	General Fund	Park/ Storm Water Fund	Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 483,109	\$ 169,346	\$ 326,779	\$ 979,234
Total Assets	<u>\$ 483,109</u>	<u>\$ 169,346</u>	<u>\$ 326,779</u>	<u>\$ 979,234</u>
<u>LIABILITIES</u>				
Unearned grant revenue - ARPA	\$ 182,077	\$ -	\$ -	\$ 182,077
	<u>182,077</u>	<u>-</u>	<u>-</u>	<u>182,077</u>
<u>FUND BALANCES</u>				
Restricted	-	169,346	326,779	496,125
Unassigned	301,828	-	-	301,828
Total Fund Balances	<u>301,828</u>	<u>169,346</u>	<u>326,779</u>	<u>797,953</u>
Total Liabilities and Fund Balances	<u>\$ 483,905</u>	<u>\$ 169,346</u>	<u>\$ 326,779</u>	<u>\$ 980,030</u>

Reconciliation to Statement of Net Position:

Total Fund Balances-Governmental Funds	\$ 797,953
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	1,453,244
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(585,000)</u>
Net position of governmental activities	<u>\$ 1,666,197</u>

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-GOVERNMENTAL FUNDS
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Park/ Storm Water Fund	Nonmajor Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes-				
Property taxes	\$ 81,124	\$ 13,156	\$ 94,429	\$ 188,709
Sales/Use taxes	255,959	86,440	163,974	506,373
Franchise tax	29,859	-	-	29,859
Licenses and permits	4,725	-	-	4,725
Charges for services	3,750	98,170	539	102,459
Missouri Motor Fuel	-	-	47,479	47,479
Interest revenue	22,842	-	-	22,842
Miscellaneous revenues	8,991	610	6,188	15,789
Total Revenues	<u>407,250</u>	<u>198,376</u>	<u>312,609</u>	<u>918,235</u>
<u>EXPENDITURES</u>				
Current:				
General government	180,648	-	425	181,073
Public safety				
Police	66,822	-	-	66,822
Street	-	-	83,454	83,454
Park	-	12,834	-	12,834
Swimming Pool	-	32,365	-	32,365
Golf Course	-	118,644	-	118,644
Library	-	-	33,495	33,495
Capital outlay	-	15,206	16,683	31,889
Debt Service				
Principal	-	-	25,000	25,000
Interest	-	-	17,838	17,838
Total Expenditures	<u>247,470</u>	<u>179,049</u>	<u>176,895</u>	<u>603,414</u>
Excess (Deficit) of revenues over expenditures	<u>159,780</u>	<u>19,327</u>	<u>135,714</u>	<u>314,821</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	-	17,331	17,331
Transfers out	(17,331)	-	(42,285)	(59,616)
Sale of assets	3,000	-	1,000	4,000
Net other financing sources	<u>(14,331)</u>	<u>-</u>	<u>(23,954)</u>	<u>(38,285)</u>
Net change in fund balances	145,449	19,327	111,760	276,536
Fund balances, beginning	<u>156,379</u>	<u>150,019</u>	<u>215,019</u>	<u>521,417</u>
Fund balances, ending	<u>\$ 301,828</u>	<u>\$ 169,346</u>	<u>\$ 326,779</u>	<u>\$ 797,953</u>

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

Net changes in fund balances-total governmental funds	\$ 276,536
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	31,889
Depreciation expense	(93,238)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	25,000
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Construction in progress expenditures for a storm water improvement project had been accounted for in the Waterworks & Sewerage System Fund in previous years. This project was transferred to the Park/Storm Water fund as of July 1, 2024.

	70,812
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Change in net position of governmental activities	\$ 310,999
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See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
(MODIFIED CASH BASIS)
JUNE 30, 2025

	Electric System Fund	Waterworks & Sewerage System Fund	Total Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 230,361	\$ 104,150	\$ 334,511
Restricted assets-cash and cash equivalents	45,347	97,400	142,747
Investments	-	56,920	56,920
Inventory	47,512	17,314	64,826
Total current assets	<u>323,220</u>	<u>275,784</u>	<u>599,004</u>
Non-current assets:			
Capital assets			
Construction in progress	683,692	65,391	749,083
Capital assets (net of accumulated depreciation)	280,434	725,005	1,005,439
Total non-current assets	<u>964,126</u>	<u>790,396</u>	<u>1,754,522</u>
Total Assets	<u>1,287,346</u>	<u>1,066,180</u>	<u>2,353,526</u>
<u>LIABILITIES</u>			
Current liabilities			
Current portion of long term debt	95,000	-	95,000
Total current liabilities	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Non-current liabilities			
Customer deposits payable	-	71,573	71,573
Certificates of participation payable	305,000	-	305,000
Note payable	60,000	-	60,000
Total non-current liabilities	<u>365,000</u>	<u>71,573</u>	<u>436,573</u>
Total Liabilities	<u>460,000</u>	<u>71,573</u>	<u>531,573</u>
<u>NET POSITION</u>			
Net investment in capital assets	504,126	790,396	1,294,522
Restricted	45,347	97,400	142,747
Unrestricted	<u>277,873</u>	<u>106,811</u>	<u>384,684</u>
Total Net Position	<u>\$ 827,346</u>	<u>\$ 994,607</u>	<u>\$ 1,821,953</u>

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Electric System Fund	Waterworks & Sewerage System Fund	Total Enterprise Funds
<u>OPERATING REVENUES:</u>			
Sales and services	\$ 1,370,566	\$ 386,983	\$ 1,757,549
Miscellaneous revenues	1,600	884	2,484
Total Operating Revenues	<u>1,372,166</u>	<u>387,867</u>	<u>1,760,033</u>
<u>OPERATING EXPENSES:</u>			
Power purchased	1,073,154	-	1,073,154
Salaries and benefits	98,076	165,326	263,402
Supplies and materials	350	2,865	3,215
Utilities	10,277	3,346	13,623
Depreciation	14,286	80,903	95,189
Maintenance	100,169	115,266	215,435
Insurance	350	8,044	8,394
Payroll taxes	7,596	8,909	16,505
Vehicle expense	878	5,966	6,844
Other expense	4,943	112,982	117,925
Total Operating Expenses	<u>1,310,079</u>	<u>503,607</u>	<u>1,813,686</u>
Operating (Loss) Income	<u>62,087</u>	<u>(115,740)</u>	<u>(53,653)</u>
<u>NON-OPERATING REVENUE (EXPENSE):</u>			
Interest revenue	5,756	3,577	9,333
Interest expense	(17,680)	-	(17,680)
Total Nonoperating Revenue (expense)	<u>(11,924)</u>	<u>3,577</u>	<u>(8,347)</u>
Income (loss) before contributions and transfers	<u>50,163</u>	<u>(112,163)</u>	<u>(62,000)</u>
Transfers	-	(28,527)	(28,527)
Grant revenue	27,845	61,660	89,505
Total contributions and transfers	<u>27,845</u>	<u>33,133</u>	<u>60,978</u>
Change in net position	78,008	(79,030)	(1,022)
Total net position, beginning	<u>749,338</u>	<u>1,073,637</u>	<u>1,822,975</u>
Total net position, ending	<u>\$ 827,346</u>	<u>\$ 994,607</u>	<u>\$ 1,821,953</u>

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
STATEMENT OF CASH FLOWS
(MODIFIED CASH BASIS) - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Electric System Fund	Waterworks & Sewerage System Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,370,566	\$ 386,983	\$ 1,757,549
Payments for goods and services	(1,200,302)	(143,787)	(1,344,089)
Payments to employees	(105,672)	(174,235)	(279,907)
Other operating receipts	1,600	884	2,484
Net cash provided by operating activities	<u>66,192</u>	<u>69,845</u>	<u>136,037</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	-	(28,527)	(28,527)
Grant expenses	-	(98,655)	(98,655)
Grant Revenue	27,845	61,660	89,505
Net cash provided by (used for) noncapital financing activities	<u>27,845</u>	<u>(65,522)</u>	<u>(37,677)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(211,047)	(50,176)	(261,223)
Capital transfer	-	70,812	70,812
Interest paid on long-term debt	(17,680)	-	(17,680)
Principal payment	(95,000)	-	(95,000)
Net cash provided by (used for) capital and related financing activities	<u>(323,727)</u>	<u>20,636</u>	<u>(303,091)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(1,676)	(1,676)
Interest on investments	5,756	3,577	9,333
Net cash provided by investing activities	<u>5,756</u>	<u>1,901</u>	<u>7,657</u>
Net Increase (Decrease) in cash and restricted cash	(223,934)	26,860	(197,074)
Cash and restricted cash, beginning	<u>499,642</u>	<u>174,690</u>	<u>674,332</u>
Cash and restricted cash, ending	<u>\$ 275,708</u>	<u>\$ 201,550</u>	<u>\$ 477,258</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (loss)	\$ 62,087	\$ (17,085)	\$ 45,002
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	14,286	80,903	95,189
Change in assets and liabilities:			
(Increase) decrease in inventory	(10,181)	4,072	(6,109)
Increase (decrease) in customer meter deposits	-	1,955	1,955
Net cash provided by operating activities	<u>\$ 66,192</u>	<u>\$ 69,845</u>	<u>\$ 136,037</u>
RECONCILIATION OF CASH AND RESTRICTED CASH:			
Cash and cash equivalents	\$ 230,361	\$ 104,150	\$ 334,511
Restricted assets-cash and cash equivalents	<u>45,347</u>	<u>97,400</u>	<u>142,747</u>
Total	<u>\$ 275,708</u>	<u>\$ 201,550</u>	<u>\$ 477,258</u>

See accompanying notes to the basic financial statements.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

FINANCIAL REPORTING ENTITY

PRIMARY GOVERNMENT

The City of Lockwood's primary government is a general-purpose local government formed as a council-mayor form of municipal government under the laws of the State of Missouri. The governing body is an elected four-member City Council, with the Mayor serving as the president of the Council. The City operates the general government activities of the community, including police protection, street and road maintenance, parks, sewer, and various administrative functions.

BLENDED COMPONENT UNITS

The financial statements of the City present the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on accounting principles generally accepted in the United States of America. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City does not have any component units.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Fund:

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has the following special revenue funds:

Park/Storm Water Fund – This fund is used exclusively for the revenues (Property Taxes, Sales Tax, and User fees) for operation and improvements to the City's park and Storm Water projects.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund:

Electric System Fund – This fund is used to account for activities of the electrical system financed by user fees.

Waterworks and Sewerage Fund – This fund is used to account for activities of the water and wastewater disposal and treatment system, which are also financed primarily by user charges.

The City reports the following nonmajor fund:

Street Fund – This fund is used exclusively for the revenues (Missouri Motor Fuel Taxes) and expense from the operations, maintenance, and improvements of streets.

Library Fund – This fund is used exclusively for the revenues (Property Taxes) and expense for the operations, maintenance, and improvements of City's library.

Capital Improvement Sales Tax Fund- This fund is used for capital improvement sales tax use for all city capital improvements.

Capital Improvement Safe Room Fund – This fund is used for the proceeds of the GO Bond issue and FEMA grant for the construction of a safe room for the Lockwood School District.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

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

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS-continued

sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets, cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificate of deposits or short-term investments with an original maturity of three months or less.

INVESTMENTS

Investments would be certificates of deposits acquired with cash whose original maturity term exceeds three months. Which the City had \$ 56,920 in certificate of deposits for the fiscal year ended June 30, 2025. Investments are carried at cost, which approximates fair value.

STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

DUE FROM OTHER FUNDS

Receivables and payables to other funds arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

Inventories

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

Restricted assets

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

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted assets-continued

Certain General Fund monies are classified as restricted assets on the Statement of Net Position (Modified Cash Basis) and Balance Sheet (Modified Cash Basis) because their use is limited by covenants of the capital lease agreement. The reserve account is to be used solely for the purpose of making lease payments on the applicable due dates when and to the extent other funds are not available for this purpose. The lease payment account is used only for the payment of the principal and interest on the lease obligation. Said funds above had no such restrictions for debt.

CAPITAL ASSETS

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The City has elected not to go back 20 years, and record estimated cost of streets less depreciation but started in 2004 recording capital outlay of street projects and then depreciating the assets from twenty to forty years.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 2,500 is used to report capital assets. The range of estimated useful lives by the type of asset is as follows:

Site improvements	10-50 years
Buildings and utility plants	50 years
Furniture and equipment	5-10 years
Infrastructure	20-40 years

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable - Amounts that cannot be spent because either they are not in spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

Assigned - Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed.

Unassigned - The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to a specific purpose. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

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

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUES, EXPENDITURES AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and fees
Police	Fines and forfeits, operating and capital grants
Park	Pool and golf course fees

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Revenues and expenditures/expenses

Revenues for governmental activities and business-type activities are recorded when they are collected. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental activities and business-type activities are recorded when paid.

Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 1, of the following year. Valuation for 2024 was \$ 9,899,310 with the levy set at \$ 0.5758 for the General Fund, .1823 for the Library Fund, .1535 for Park and Recreation and .9190 for Debt Service for a total levy of \$ 1.8306

Revenue – Sales/Use Taxes

The City has three sales tax authorizations and one-use tax. Recorded in the General Fund is a one cent General sales tax (\$ 172,772) along with a use tax totaling (\$ 83,187). A capital improvement sales tax that totaled (\$ 86,440). A Street Sales tax that totaled (\$ 77,535). In addition, a Park/Storm Water sales tax that totaled (\$86,439).

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. *Interfund loans.* Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. *Interfund transfers.* Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. *Internal balances.* Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business-Type Activities” columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b. *Internal activities.* Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of activities.

USE OF ESTIMATES

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with another method of accounting (modified cash basis) for all governmental funds.

Excess of expenditures over appropriations

For the year ended June 30, 2025, expenditures were within appropriations for the Park/Storm Water Fund and expenditures exceeded the budget for the General Fund.

Legal Debt Margin

The City's assessed value supports a general obligation bond limit of \$ 989,931. The City as of June 30, 2025, had outstanding GO Bond debt of \$ 585,000 leaving available \$ 404,931.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

DETAILED NOTES ON ALL FUNDS

NOTE B – DEPOSITS AND INVESTMENTS

The City maintains a cash and investment account for each fund. Each fund account is displayed on the combined balance sheet as either "cash, investments, board designated investments, or bank overdrafts". In addition, investments are separately held by several of the City's funds. Deposits and investments which are certificates of deposits with a maturity of more than 90 days are stated at cost, which approximates market.

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

As of June 30, 2025, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

Investment Policies

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

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy is to limit the length of investments to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities before maturity.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy is to invest in only those instruments approved by the State of Missouri which have minimal risk.

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

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE C – RESTRICTED CASH

Restricted cash as of June 30, 2025, consisted of the following:

Business Type Activities:

Replacements	\$ 97,400
Capital projects	27
Reserve	45,320
	<u>\$ 142,747</u>

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2025, was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 17,797	\$ -	\$ -	\$ 17,797
Construction in progress	\$ -	\$ 103,496	\$ -	\$ 103,496
Library books	\$ 147,490	\$ -	\$ -	\$ 147,490
Capital assets being depreciated:				
Buildings	\$ 603,158	\$ -	\$ -	\$ 603,158
Infrastructure and other improvements	1,960,767	-	-	1,960,767
Vehicles and equipment	856,296	-	7,850	848,446
Total capital assets being depreciated	3,420,221	-	7,850	3,412,371
Less: Accumulated depreciation for:				
Buildings	362,511	9,409	-	371,920
Infrastructure and other improvements	1,104,854	55,194	-	1,160,048
Vehicles and equipment	674,361	28,635	7,850	695,146
Total accumulated depreciation	2,141,726	93,238	7,850	2,227,114
Total capital assets being depreciated, net	<u>\$ 1,278,495</u>	<u>\$ (93,238)</u>	<u>\$ -</u>	<u>\$ 1,185,257</u>
 Governmental activities capital assets, net	 <u>\$ 1,443,782</u>	 <u>\$ 10,258</u>	 <u>\$ -</u>	 <u>\$ 1,454,040</u>

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

General government	\$ 9,147
Public safety	601
Streets	55,114
Park	11,415
Swimming pool	8,924
Golf course	6,315
Library	1,722
	<u>\$ 93,238</u>

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	\$ 600,957	\$ 218,438	\$ 70,312	\$ 749,083
Capital assets, being depreciated:				
Buildings	\$ 3,759	\$ -	\$ -	\$ 3,759
Plant and improvements	3,970,362	42,285	-	4,012,647
Vehicles and equipment	335,453	-	-	335,453
Total capital assets being depreciated	4,309,574	42,285	-	4,351,859
Less accumulated depreciation for:				
Buildings	3,759	-	-	3,759
Plant and improvements	2,973,479	83,576	-	3,057,055
Vehicles and equipment	273,993	11,613	-	285,606
Total accumulated depreciation	3,251,231	95,189	-	3,346,420
Total capital assets being depreciated, net	<u>\$ 1,058,343</u>	<u>\$ (52,904)</u>	<u>\$ -</u>	<u>\$ 1,005,439</u>
Business-type activities capital assets, net	<u>\$ 1,659,300</u>			<u>\$ 1,754,522</u>

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE D – CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-Type Activities:

Water	\$ 20,199
Sewer	60,704
Electrical System	<u>14,286</u>
	<u><u>\$ 95,189</u></u>

NOTE E – LONG-TERM DEBT

Governmental activities

The following is a summary of debt transactions of the City for the year ended June 30, 2025, as it relates to the governmental activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
G.O. Bonds	<u>\$ 610,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 585,000</u>	<u>\$ 25,000</u>
	<u><u>\$ 610,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 585,000</u></u>	<u><u>\$ 25,000</u></u>

Governmental Funds long-term debt as of June 30, 2025, follows:

The annual requirements to amortize bonded debt as of June 30, 2025, follows:

General obligation bonds dated April 1, 2022, maturity date March 1, 2042, original amount \$ 660,000, with interest rates from 2.25% to 3.25%, with semi-annual payments of interest beginning September 1, 2022, annual payments of principal beginning March 1, 2023, debt issue was for construction of a tornado safe room at Lockwood R-I High School

\$ 585,000

Less: amount due within one year

(25,000)

Amount due in more than one year

\$ 560,000

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E- LONG-TERM DEBT-(Continued)

The annual requirements to amortize bonded debt as of June 30, 2025, follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 25,000	\$ 17,278	\$ 42,278
2027	30,000	16,713	46,713
2028	30,000	16,037	46,037
2029	30,000	15,212	45,212
2030	30,000	14,388	44,388
2031-2035	165,000	58,888	223,888
2036-2040	190,000	32,563	222,563
2041-2042	85,000	4,224	89,224
	<u>\$ 585,000</u>	<u>\$ 175,303</u>	<u>\$ 760,303</u>

Business-type activities

The following is a summary of debt transactions of the City for the year ended June 30, 2025, as it relates to the business type activities:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Certificates of Participation	435,000	-	35,000	400,000	35,000
Note payable	120,000	-	60,000	60,000	60,000
	<u>\$ 555,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 460,000</u>	<u>\$ 95,000</u>

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E – LONG-TERM DEBT-(Continued)

Business-type long-term debt as of June 30, 2025, follows:

2020 \$ 301,500 Note payable for surcharge on electricity purchase.

As of January 1, 2022, the City refinance this loan paying off the \$ 276,798,
and borrowing from the Missouri Department of Natural Resources \$ 300,000.

Payment are to be \$ 30,000 semi-annually every January 1 and July 1 at 0%
interest rate. The final payment will be July 1, 2026.

\$ 60,000

Certificates of Participation Series 2023 dated August 31, 2023, maturity date August 1,
2033, original amount \$435,000, interest rate 4.0%-4.4%, semi-annual payments of
interest beginning February 1, 2024, annual payments of principal beginning August 1,
2024, debt issue to be used to pay the costs of electrical upgrades and improvements
throughout the City.

400,000

\$ 460,000

Business-type activities

The annual requirements to amortize bonded debt as of June 30, 2025, follows:

Year Ending June 30	Principal	Interest	Totals
2026	\$ 95,000	\$ 16,280	\$ 111,280
2027	40,000	14,780	54,780
2028	40,000	13,180	53,180
2029	40,000	11,580	51,580
2030	45,000	9,790	54,790
2031-2034	200,000	18,260	218,260
	<u>\$ 460,000</u>	<u>\$ 83,870</u>	<u>\$ 543,870</u>

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F – DEFINED BENEFIT PENSION PLAN

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

Plan description

The City of Lockwood's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City of Lockwood 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 3 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 3 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 3 years of credited service and after attaining age 55 (50 for police) receive a reduced allowance.

	<u>2024 Valuation</u>
Benefit Multiplier:	1.60%
Final Average Salary:	3 years
Member Contributions:	0.00%

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

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F – DEFINED BENEFIT PENSION PLAN (Continued)

Employees covered by benefit terms

On June 30, 2025, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	1
Active employees	5
Total	<u><u>15</u></u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 0% of their gross pay to the pension plan. Employers contribution rates are .4% General of annual covered payroll.

Contributions required and made for the past ten years are as follows:

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation</u>	<u>Contribution (Deficiency) Surplus</u>
2023	\$ 882	\$ 882	\$ 0
2024	609	609	(0)
2025	766	766	-

NOTE G – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage for property damage and various Missouri Official's bonds. Management believes coverage is sufficient to preclude any significant uninsured losses to the City. In the past three years, the City has had no losses that exceeded commercial insurance coverage.

CITY OF LOCKWOOD, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE H – GRANTS

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

NOTE I – TRANSFERS

For the year ended, the City General Fund transferred to the Library Fund \$ 17,331 for operational and capital improvements. The Capital Improvement fund transferred \$42,285 to the Waterworks & Sewerage System fund for capital purchases.

NOTE J – OBLIGATION TO PURCHASE ELECTRIC POWER

The City in June 2011 executed a ten-year agreement with Liberty Electric formally Empire District Electric Company a purchase contract for its electric energy and transmission. Under contract exhibit B the scheduling of usage and cost is determined and can change from time to time. Neither party can terminate the contract without mutual consent. For the year ended, the City purchased \$1,073,154 from Liberty Electric.

CITY OF LOCKWOOD, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND
ACTUAL (MODIFIED CASH BASIS) UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025

GENERAL FUND

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES</u>				
Taxes				
Property Tax	\$ 60,032	\$ 60,032	\$ 81,124	\$ 21,092
Sales/Use Taxes	231,526	231,526	255,959	24,433
Franchise Tax	28,584	28,584	29,859	1,275
Licenses and permits	3,078	3,078	4,725	1,647
Charges for services	2,914	2,914	3,750	836
Interest revenue	6,085	6,085	22,842	16,757
Miscellaneous	7,642	7,642	8,991	1,349
Total Revenues	<u>339,861</u>	<u>339,861</u>	<u>407,250</u>	<u>67,389</u>
<u>EXPENDITURES</u>				
Current:				
General administration	161,581	161,581	180,648	(19,067)
Public safety				
Police	71,000	71,000	66,822	4,178
Total Expenditures	<u>232,581</u>	<u>232,581</u>	<u>247,470</u>	<u>(14,889)</u>
Excess (deficit) of revenues over expenditures	<u>107,280</u>	<u>107,280</u>	<u>159,780</u>	<u>52,500</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of assets	-	-	3,000	3,000
Transfers	(17,800)	(17,331)	(17,331)	-
Net other financing sources (uses)	<u>(17,800)</u>	<u>(17,331)</u>	<u>(14,331)</u>	<u>3,000</u>
Net change in fund balances	<u>\$ 89,480</u>	<u>\$ 89,949</u>	<u>145,449</u>	<u>\$ 55,500</u>
Fund Balance, Beginning			<u>156,379</u>	
Fund Balance, Ending			<u>\$ 301,828</u>	

CITY OF LOCKWOOD, MISSOURI
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL (MODIFIED CASH BASIS) UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025

Park/Storm Water Fund

	Original Budget	Final Budget	Actual	Variance
<u>REVENUES</u>				
Property taxes	\$ 12,500	\$ 12,500	\$ 13,156	\$ 656
Sales tax	82,500	82,500	86,440	3,940
Charges for services - swimming pool	14,500	14,500	13,109	(1,391)
Charges for services - golf course	79,000	79,000	85,061	6,061
Miscellaneous	50	50	610	560
Total revenues	<u>176,050</u>	<u>176,050</u>	<u>198,376</u>	<u>9,170</u>
<u>EXPENDITURES</u>				
Current:				
Park	21,600	21,600	12,834	8,766
Swimming Pool	34,800	34,800	32,365	2,435
Golf course	119,400	119,400	118,644	756
Capital outlay	32,400	32,400	15,206	17,194
Total expenditures	<u>208,200</u>	<u>208,200</u>	<u>179,049</u>	<u>29,151</u>
Excess (deficit) of revenues over expenditures	<u>\$ (32,150)</u>	<u>\$ (32,150)</u>	19,327	<u>\$ 38,321</u>
Fund Balance, Beginning			<u>150,019</u>	
Fund Balance, Ending			<u>\$ 169,346</u>	

CITY OF LOCKWOOD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
NONMAJOR FUNDS
(MODIFIED CASH BASIS)
JUNE 30, 2025

	<u>Library Fund</u>	<u>Capital Improvement Sales Tax Fund</u>	<u>Street Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ 132,109	\$ 129,766	\$ 64,904	\$ 326,779
Total Assets	<u>\$ -</u>	<u>\$ 132,109</u>	<u>\$ 129,766</u>	<u>\$ 64,904</u>	<u>\$ 326,779</u>
FUND BALANCES					
Restricted	\$ -	\$ 132,109	\$ 129,766	\$ 64,904	\$ 326,779
Total Fund Balances	<u>\$ -</u>	<u>\$ 132,109</u>	<u>\$ 129,766</u>	<u>\$ 64,904</u>	<u>\$ 326,779</u>

CITY OF LOCKWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-GOVERNMENTAL FUNDS-
NONMAJOR FUNDS
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

	Library Fund	Capital Improvement Sales Tax Fund	Street Fund	Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>					
Taxes-					
Property taxes	\$ 15,625	\$ -	\$ -	\$ 78,804	\$ 94,429
Sales/Use taxes	-	86,439	77,535	-	163,974
Missouri Motor Fuel	-	-	47,479	-	47,479
Charges for services	539	-	-	-	539
Miscellaneous	-	-	6,188	-	6,188
Total Revenues	<u>16,164</u>	<u>86,439</u>	<u>131,202</u>	<u>78,804</u>	<u>312,609</u>
<u>EXPENDITURES</u>					
Current:					
Library	33,495	-	-	-	33,495
Street	-	-	83,454	-	83,454
Debt Service	-	-	-	425	425
Capital Outlay	-	16,683	-	-	16,683
Debt Service:					
Principal	-	-	-	25,000	25,000
Interest	-	-	-	17,838	17,838
Total Expenditures	<u>33,495</u>	<u>16,683</u>	<u>83,454</u>	<u>43,263</u>	<u>176,895</u>
Excess (Deficit) of revenues over expenditures	<u>(17,331)</u>	<u>69,756</u>	<u>47,748</u>	<u>35,541</u>	<u>135,714</u>
<u>OTHER FINANCING SOURCES</u>					
Transfers in	17,331	-	-	-	17,331
Transfer (out)	-	(42,285)	-	-	(42,285)
Sale of assets	-	-	1,000	-	1,000
Net other financing sources	<u>17,331</u>	<u>(42,285)</u>	<u>1,000</u>	<u>-</u>	<u>(23,954)</u>
Net change in fund balances	-	27,471	48,748	35,541	111,760
Fund balances, beginning	<u>-</u>	<u>104,637</u>	<u>81,019</u>	<u>29,363</u>	<u>215,019</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 132,108</u>	<u>\$ 129,767</u>	<u>\$ 64,904</u>	<u>\$ 326,779</u>