

CITY OF SEDALIA
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2026

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Sedalia (the City), as of and for the year ended March 31, 2026, 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, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of March 31, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of the Bothwell Regional Health Center, one of the City's discretely presented component units. Those statements were audited as of and for the year ended May 31, 2025, by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bothwell Regional Health Center, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis, the budgetary comparison schedules, and the pension plans schedules as listed in the accompanying 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 (including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) is 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 GAAS. In our opinion, the information is 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 Single Audit reports of the Bothwell Regional Health Center as of and for the year ended May 31, 2025, 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 misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

William F. Keefe, LLC

Columbia, Missouri
September 21, 2026

CITY OF SEDALIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2026

As management of the City of Sedalia, Missouri, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended March 31, 2026.

Financial Highlights

- The assets and deferred outflows of the City of Sedalia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$171,717,697 (net position). Of this amount, \$3,793,018 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$2,351,738 during the year.
- As of the close of the current fiscal year, the City of Sedalia's governmental funds reported combined ending fund balances of \$28,890,464. Of this total, 21% is unassigned and available for use within the City's policies, and 79% is nonspendable or restricted for capital projects and special revenue purposes.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$6,162,526, which is 31% of total General Fund expenditures.
- The City's certificates of participation increased approximately \$11,227,000 due to the net impact of the issuance of the Series 2025 certificates of participation for \$15,325,000 and scheduled payments.
- The City's revenue bonds decreased \$475,000 due to scheduled payments.
- In total the City's long-term debt increased by approximately \$10,437,000.

Overview of the Financial Statements

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

Government-wide financial statements - The government-wide financial statements are designed to provide readers with the broad overview of the City's finances, in a manner similar to private-sector business.

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

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, transportation, economic development, parks and recreation and community development. The business-type activities of the City include water, wastewater, sanitation, and airport operations. The government-wide financial statements can be found on pages 11-12.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories - governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Project Fund, the Transportation Fund, and the Park Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 13-16.

Proprietary funds - The City has two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, sanitation, and airport operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the self-insured health plan. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary funds financial statements can be found on pages 17-19.

Fiduciary funds - This report also includes information for fiduciary funds which are funds held in trust for others. The basic fiduciary fund financial statements can be found on pages 21-22.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-50.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51-61.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Those statements can be found on pages 63-64.

Please also refer to the separately issued financial statements of the Bothwell Regional Health Center, one of the City's discretely presented component units, which may be obtained at said entity's administrative office.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Sedalia, assets and deferred outflows exceeded liabilities and deferred inflows by \$171,717,697 as of March 31, 2026.

The largest portion of the City's net position (85%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, and construction in progress), less applicable allowances for depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves could not be used to liquidate these liabilities while still providing services with such assets.

The following provides a summary of net position as of March 31:

CITY OF SEDALIA NET POSITION								
	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	% Change
	2026	2025	2026	2025	2026	2025		
Current and other assets	\$ 35,578,128	\$ 29,814,484	\$ 3,527,556	\$ 6,105,073	\$ 39,105,684	\$ 35,919,557	\$ 3,186,127	8.87%
Capital assets	127,178,909	119,339,020	93,192,185	92,826,957	220,371,094	212,165,977	8,205,117	3.87%
Total assets	162,757,037	149,153,504	96,719,741	98,932,030	259,476,778	248,085,534	11,391,244	4.59%
Deferred outflows of resources	5,498,168	4,730,012	1,261,418	1,078,550	6,759,586	5,808,562	951,024	16.37%
Total deferred outflows	5,498,168	4,730,012	1,261,418	1,078,550	6,759,586	5,808,562	951,024	16.37%
Long-term obligations	47,827,517	33,137,850	31,916,302	34,374,293	79,743,819	67,512,143	12,231,676	18.12%
Other liabilities	9,326,924	10,381,639	5,094,302	5,882,846	14,421,226	16,264,485	(1,843,259)	-11.33%
Total liabilities	57,154,441	43,519,489	37,010,604	40,257,139	94,165,045	83,776,628	10,388,417	12.40%
Deferred inflows of resources	321,752	51,719	31,870	699,790	353,622	751,509	(397,887)	-52.95%
Total deferred inflows	321,752	51,719	31,870	699,790	353,622	751,509	(397,887)	-52.95%
Net position								
Net investment in capital assets	85,950,186	91,545,483	59,829,206	56,465,872	145,779,392	148,011,355	(2,231,963)	-1.51%
Restricted	22,145,287	11,802,881	-	-	22,145,287	11,802,881	10,342,406	87.63%
Unrestricted	2,683,539	6,963,944	1,109,479	2,587,779	3,793,018	9,551,723	(5,758,705)	-60.29%
Total net position	\$ 110,779,012	\$ 110,312,308	\$ 60,938,685	\$ 59,053,651	\$ 171,717,697	\$ 169,365,959	\$ 2,351,738	1.39%

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

Analysis of the City's Operations: Overall, the City had an increase in net position of \$2,351,738 for the year ended March 31, 2026.

Governmental Activities: Governmental activities increased net position by \$466,704.

Business-type Activities: Business-type activities increased net position by \$1,885,034.

The following provides a summary of operations for the years ended March 31:

CITY OF SEDALIA CHANGE IN NET POSITION									
	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	% Change	
	2026	2025	2026	2025	2026	2025			
Revenues:									
Program revenues:									
Charges for services	\$ 1,988,706	\$ 1,700,520	\$ 15,896,757	\$ 15,445,785	\$ 17,885,463	\$ 17,146,305	\$ 739,158	4.31%	
Grants and contributions:									
Operating	3,740,380	3,376,652	-	71,476	3,740,380	3,448,128	292,252	8.48%	
Capital	-	7,032	286,015	-	286,015	7,032	278,983	3967.34%	
General revenues:									
Taxes	26,740,787	25,279,030	-	-	26,740,787	25,279,030	1,461,757	5.78%	
Investment revenue	-	-	185,776	465,328	185,776	465,328	(279,552)	-60.08%	
Contributions	-	(9,019,934)	-	9,019,934	-	-	-	-	
Loss on disposal of capital assets	-	-	-	(567,817)	-	(567,817)	567,817	100.00%	
Transfers	718,317	773,332	(718,317)	(773,332)	-	-	-	-	
Miscellaneous	3,071,328	5,217,797	146,974	75,915	3,218,302	5,293,712	(2,075,410)	-39.21%	
Total revenues	36,259,518	27,334,429	15,797,205	23,737,289	52,056,723	51,071,718	985,005	1.93%	
Expenses:									
General government	6,591,156	3,988,008	-	-	6,591,156	3,988,008	2,603,148	65.27%	
Public safety	14,986,647	12,992,625	-	-	14,986,647	12,992,625	1,994,022	15.35%	
Transportation	5,697,192	5,587,763	-	-	5,697,192	5,587,763	109,429	1.96%	
Economic development	367,414	553,081	-	-	367,414	553,081	(185,667)	-33.57%	
Community development	97,569	21,622	-	-	97,569	21,622	75,947	351.25%	
Parks and recreation	7,282,963	6,345,662	-	-	7,282,963	6,345,662	937,301	14.77%	
Interest expense	769,873	748,885	-	-	769,873	748,885	20,988	2.80%	
Wastewater	-	-	6,247,798	7,109,543	6,247,798	7,109,543	(861,745)	-12.12%	
Water	-	-	5,262,365	5,452,208	5,262,365	5,452,208	(189,843)	-3.48%	
Sanitation	-	-	1,310,643	1,533,295	1,310,643	1,533,295	(222,652)	-14.52%	
Airport	-	-	1,091,365	1,081,873	1,091,365	1,081,873	9,492	0.88%	
Total expenses	35,792,814	30,237,646	13,912,171	15,176,919	49,704,985	45,414,565	4,290,420	9.45%	
Change in net position	466,704	(2,903,217)	1,885,034	8,560,370	2,351,738	5,657,153	(3,305,415)	-58.43%	
Net position, beginning	110,312,308	113,215,525	59,053,651	50,493,281	169,365,959	163,708,806	5,657,153	3.46%	
Net position, ending	\$ 110,779,012	\$ 110,312,308	\$ 60,938,685	\$ 59,053,651	\$ 171,717,697	\$ 169,365,959	\$ 2,351,738	1.39%	

Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,890,464. This is an increase of 39% from \$20,838,087 at the end of the prior fiscal year. The resulting unassigned fund balance was \$6,150,322.

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

Net position of the respective proprietary funds are Wastewater \$25,656,249; Water \$26,575,364; Sanitation (\$295,967); and Airport \$9,003,039. The funds had changes in net position from current year activities as follows: Wastewater \$1,306,456; Water (\$79,957); Sanitation \$556,704; and Airport \$101,831.

General Fund budgetary highlights - The City spent \$38,739 less than the final budget for the General Fund.

Capital Assets

The City of Sedalia's investment in capital assets for its governmental and business-type activities as of March 31, 2026 amounts to \$220,371,094 (net of accumulated depreciation and amortization). This investment in capital assets includes land, building, equipment, improvements and construction in progress.

CITY OF SEDALIA CAPITAL ASSETS								
	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	% Change
	2026	2025	2026	2025	2026	2025		
Land, rights, and improvements	\$ 5,797,048	\$ 6,019,567	\$ 3,970,485	\$ 3,945,675	\$ 9,767,533	\$ 9,965,242	\$ (197,709)	-2.0%
Construction in progress	7,179,053	2,883,828	7,195,387	4,656,878	14,374,440	7,540,706	6,833,734	90.6%
Structures, improvements, and plant equipment	48,391,770	46,835,185	29,533,712	30,689,647	77,925,482	77,524,832	400,650	0.5%
Pumping and purification	-	-	47,641,730	49,016,269	47,641,730	49,016,269	(1,374,539)	-2.8%
General equipment	9,339,520	6,554,613	4,850,871	4,518,488	14,190,391	11,073,101	3,117,290	28.2%
Infrastructure	56,433,701	56,988,330	-	-	56,433,701	56,988,330	(554,629)	-1.0%
Leased equipment	37,817	57,497	-	-	37,817	57,497	(19,680)	-34.2%
Total capital assets	\$ 127,178,909	\$ 119,339,020	\$ 93,192,185	\$ 92,826,957	\$ 220,371,094	\$ 212,165,977	\$ 8,205,117	3.9%

Additional information on the City's capital assets can be found in Note 5 on pages 32-33.

Debt Administration

At the end of the current fiscal year, the City of Sedalia had a total of approximately \$74.6 million of outstanding obligations. Of this amount, approximately \$73,111,000 represents certificates of participation debt and \$1,440,000 represents revenue bonded debt backed by the revenues of the Water Department.

During the current fiscal year, the City's total debt increased by approximately \$10,437,000.

CITY OF SEDALIA OUTSTANDING DEBT								
	Governmental Activities		Business-type Activities		Total		Increase (Decrease)	% Change
	2026	2025	2026	2025	2026	2025		
Financing leases	\$ 40,851	\$ 58,224	\$ -	\$ -	\$ 40,851	\$ 58,224	\$ (17,373)	-29.8%
Certificates of participation	41,187,872	27,735,313	31,922,979	34,148,225	73,110,851	61,883,538	11,227,313	18.1%
Financed purchase	-	-	-	297,860	-	297,860	(297,860)	-100.0%
Revenue bonds	-	-	1,440,000	1,915,000	1,440,000	1,915,000	(475,000)	-24.8%
Total outstanding debt	\$ 41,228,723	\$ 27,793,537	\$ 33,362,979	\$ 36,361,085	\$ 74,591,702	\$ 64,154,622	\$ 10,437,080	16.3%

Additional information on the City's debt can be found in Note 6 on pages 34-37.

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Sedalia, Missouri, Attn: Jessica Pyle, Finance Director, 200 South Osage, Sedalia, Missouri 65301 or call (660) 827-3000.

CITY OF SEDALIA

**STATEMENT OF NET POSITION
March 31, 2026**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Bothwell Regional Health Center	Library
ASSETS					
Cash and cash equivalents	\$ 3,358,547	\$ 1,559,803	\$ 4,918,350	\$ 2,226,483	\$ 1,174,209
Restricted cash and cash equivalents	18,071,827	937,009	19,008,836	3,945,675	-
Investments	3,184,410	1,984,241	5,168,651	-	487,396
Accounts receivable	1,743,973	1,950,721	3,694,694	22,104,904	-
Taxes receivable	3,838,620	-	3,838,620	-	-
Leases receivable	280,709	569,926	850,635	-	-
Other receivables	17,047	4,617	21,664	2,863,591	3,199
Interfund balances	4,476,140	(4,476,140)	-	-	-
Inventory	60,920	788,108	849,028	2,642,217	-
Prepaid expenses	533,935	209,271	743,206	1,771,270	17,540
Estimated amounts due from third-party payers	-	-	-	2,208,000	-
Other current assets	12,000	-	12,000	-	-
Non-current assets:					
Capital assets:					
Non-depreciable	12,976,101	11,165,872	24,141,973	5,433,508	-
Depreciable, net	114,164,991	82,026,313	196,191,304	28,453,912	1,126,761
Right-of-use lease assets, net	37,817	-	37,817	1,305,915	-
Right-of-use SBITA assets, net	-	-	-	649,652	-
Principal of permanent endowment	-	-	-	101,614	-
Other non-current assets	-	-	-	184,808	-
Total assets	162,757,037	96,719,741	259,476,778	73,891,549	2,809,105
DEFERRED OUTFLOWS OF RESOURCES					
Pension plans	5,498,168	1,261,418	6,759,586	2,938,497	147,531
Total deferred outflows of resources	5,498,168	1,261,418	6,759,586	2,938,497	147,531
LIABILITIES					
Accounts payable and accrued liabilities	2,948,953	510,140	3,459,093	12,652,326	30,809
Compensated absences	2,201,282	238,913	2,440,195	-	44,405
Other accrued expenses	-	-	-	7,538,219	-
Customer deposits	-	756,967	756,967	-	-
Unearned revenue	1,897,813	979,282	2,877,095	-	-
Estimated self-insurance cost	311,202	-	311,202	1,559,998	-
Long-term liabilities:					
Net pension liability	8,566,468	1,162,323	9,728,791	14,633,823	40,547
Financing leases					
Amounts due within one year	20,435	-	20,435	785,129	-
Amounts due beyond one year	20,416	-	20,416	1,181,749	-
Other long-term debt					
Amounts due within one year	1,947,239	2,609,000	4,556,239	2,146,195	-
Amounts due beyond one year	39,240,633	30,753,979	69,994,612	7,783,521	-
Total liabilities	57,154,441	37,010,604	94,165,045	48,280,960	115,761
DEFERRED INFLOWS OF RESOURCES					
Pension plans	321,752	31,870	353,622	386,051	1,316
Total deferred inflows of resources	321,752	31,870	353,622	386,051	1,316
NET POSITION					
Net investment in capital assets	85,950,186	59,829,206	145,779,392	23,530,278	1,126,761
Restricted for:					
Capital projects	18,496,331	-	18,496,331	-	-
Transportation	1,152,326	-	1,152,326	-	-
Parks and recreation	1,325,586	-	1,325,586	-	-
Community development	215,451	-	215,451	-	-
Public safety	240,401	-	240,401	-	-
Economic development	715,192	-	715,192	-	-
Library	-	-	-	-	1,712,798
Unrestricted	2,683,539	1,109,479	3,793,018	4,632,757	-
Total net position	\$ 110,779,012	\$ 60,938,685	\$ 171,717,697	\$ 28,163,035	\$ 2,839,559

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

CITY OF SEDALIA
STATEMENT OF ACTIVITIES
Year Ended March 31, 2026

Program/function:	Program revenues				Net (expense) revenue and changes in net position			Component Units	
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Primary Government		Total	Bothwell Regional Health Center	Library
					Governmental activities	Business-type activities			
Governmental activities:									
General government	\$ 6,591,156	\$ 173,906	\$ -	\$ 2,226,002	\$ (4,191,248)	\$ -	\$ (4,191,248)		
Public safety	14,986,647	81,385	-	-	(14,905,262)	-	(14,905,262)		
Transportation	5,697,192	42,618	-	13,220	(5,641,354)	-	(5,641,354)		
Economic development	367,414	-	-	-	(367,414)	-	(367,414)		
Community development	97,569	-	-	-	(97,569)	-	(97,569)		
Parks and recreation	7,282,963	1,690,797	-	1,501,158	(4,091,008)	-	(4,091,008)		
Interest expense	769,873	-	-	-	(769,873)	-	(769,873)		
Total governmental activities	35,792,814	1,988,706	-	3,740,380	(30,063,728)	-	(30,063,728)		
Business-type activities:									
Wastewater	6,247,798	7,657,331	-	-	-	1,409,533	1,409,533		
Water	5,262,365	5,519,130	-	-	-	256,765	256,765		
Sanitation	1,310,643	2,114,371	-	-	-	803,728	803,728		
Airport	1,091,365	605,925	286,015	-	-	(199,425)	(199,425)		
Total business-type activities	13,912,171	15,896,757	286,015	-	-	2,270,601	2,270,601		
Total	\$ 49,704,985	\$ 17,885,463	\$ 286,015	\$ 3,740,380	(30,063,728)	2,270,601	(27,793,127)		
Component units:									
Bothwell Regional Health Center	\$ 176,152,010	\$ 156,608,193	\$ -	\$ 3,096,661				\$ (16,447,156)	
Library	\$ 995,692	\$ -	\$ -	\$ 91,022					\$ (904,670)
General revenue:									
Taxes					26,740,787	-	26,740,787	-	886,130
Licenses and permits					1,049,011	-	1,049,011	-	-
Fines and forfeitures					127,217	-	127,217	-	9,099
Interest income					-	185,776	185,776	218,674	-
Other revenues					1,895,100	146,974	2,042,074	3,828,654	55,127
Net transfers in (out)					718,317	(718,317)	-	-	-
Total general revenue					30,530,432	(385,567)	30,144,865	4,047,328	950,356
Change in net position					466,704	1,885,034	2,351,738	(12,399,828)	45,686
Net position - beginning					110,312,308	59,053,651	169,365,959	40,562,863	2,793,873
Net position - ending					\$ 110,779,012	\$ 60,938,685	\$ 171,717,697	\$ 28,163,035	\$ 2,839,559

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

CITY OF SEDALIA

**BALANCE SHEET
ALL GOVERNMENTAL FUND TYPES
March 31, 2026**

	Primary Government						
	Major Funds				Non-Major Funds	Total	Component Unit - Library
	General Fund	Capital Project Fund	Transportation Fund	Park Fund			
ASSETS							
Cash and cash equivalents	\$ 1,587,620	\$ -	\$ 451,633	\$ -	\$ 890,496	\$ 2,929,749	\$ 1,174,209
Restricted cash and cash equivalents	-	18,071,827	-	-	-	18,071,827	-
Investments	1,714,010	491,245	-	979,155	-	3,184,410	487,396
Accounts receivable	1,338,435	401,079	4,069	-	390	1,743,973	-
Taxes receivable	1,789,639	610,180	818,261	619,865	675	3,838,620	-
Leases receivable	-	-	22,957	257,752	-	280,709	-
Other receivables	9,530	3,544	-	3,973	-	17,047	3,199
Interfund balances	4,691,203	-	-	(215,063)	-	4,476,140	-
Inventory	60,920	-	-	-	-	60,920	-
Prepaid expenditures	304,958	-	58,803	163,434	6,740	533,935	17,540
Other assets	12,000	-	-	-	-	12,000	-
Total assets	\$ 11,508,315	\$ 19,577,875	\$ 1,355,723	\$ 1,809,116	\$ 898,301	\$ 35,149,330	\$ 1,682,344
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 591,331	\$ 1,068,022	\$ 34,180	\$ 68,067	\$ 62,775	\$ 1,824,375	\$ 8,388
Accrued liabilities	712,085	13,522	88,506	162,881	25,148	1,002,142	22,421
Unearned revenue - grants	1,786,757	-	-	-	-	1,786,757	-
Unearned revenue - other	65,671	-	-	-	-	65,671	-
Total liabilities	3,155,844	1,081,544	122,686	230,948	87,923	4,678,945	30,809
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	220,836	-	-	-	-	220,836	-
Unavailable revenue - grants	71,091	-	-	-	-	71,091	-
Unavailable revenue - leases	-	-	21,908	89,148	-	111,056	-
Unavailable revenue - other	1,176,938	-	-	-	-	1,176,938	-
Total deferred inflows of resources	1,468,865	-	21,908	89,148	-	1,579,921	-
FUND BALANCES							
Nonspendable:							
Inventory	60,920	-	-	-	-	60,920	-
Prepaid expenditures	304,958	-	58,803	163,434	6,740	533,935	17,540
Restricted for:							
Capital projects	-	18,496,331	-	-	-	18,496,331	-
Transportation	-	-	1,152,326	-	-	1,152,326	-
Parks and recreation	-	-	-	1,325,586	-	1,325,586	-
Community development	-	-	-	-	215,451	215,451	-
Public safety	-	-	-	-	240,401	240,401	-
Economic development	355,202	-	-	-	359,990	715,192	-
Library	-	-	-	-	-	-	1,633,995
Unassigned	6,162,526	-	-	-	(12,204)	6,150,322	-
Total fund balances	6,883,606	18,496,331	1,211,129	1,489,020	810,378	28,890,464	1,651,535
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,508,315	\$ 19,577,875	\$ 1,355,723	\$ 1,809,116	\$ 898,301	\$ 35,149,330	\$ 1,682,344

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

CITY OF SEDALIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

March 31, 2026

	Primary Government	Component Unit - Library
Fund balances - total governmental funds	\$ 28,890,464	\$ 1,651,535
Capital and other assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Capital assets	293,521,542	2,703,863
Less accumulated depreciation	(166,380,450)	(1,577,102)
	127,141,092	1,126,761
Right-of-use lease assets, net	37,817	-
Other long term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds:		
Pension plans	5,498,168	147,531
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	1,534,536	-
Internal service fund is used by management to charge the costs of health insurance. The assets and liabilities of the internal service fund is included in the governmental activities in the statement of net position:	104,471	-
Other long term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued interest	(109,313)	-
Compensated absences	(2,201,282)	(44,405)
Net pension liability	(8,566,468)	(40,547)
Long-term debt	(41,228,723)	-
Pension plans	(321,750)	(1,316)
Net position of governmental activities	\$ 110,779,012	\$ 2,839,559

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

CITY OF SEDALIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
Year Ended March 31, 2026**

	Primary Government						
	Major Funds				Non-Major Funds	Total	Component Unit - Library
	General Fund	Capital Project Fund	Transportation Fund	Park Fund			
REVENUES							
Taxes	\$ 12,925,902	\$ 4,775,703	\$ 3,893,069	\$ 4,611,798	\$ 534,315	\$ 26,740,787	\$ 886,130
Licenses and permits	1,049,011	-	-	-	-	1,049,011	-
Charges for services	173,906	-	42,618	1,690,797	81,385	1,988,706	-
Intergovernmental revenue	1,352,395	330,238	1,325,479	1,029,073	435	4,037,620	46,722
Fines and forfeitures	127,217	-	-	-	-	127,217	9,099
Contributions	-	-	-	1,501,158	-	1,501,158	44,300
Lease revenue	4,940	-	7,312	23,430	-	35,682	-
Other revenue	937,889	1,954,641	54,009	101,684	141,584	3,189,807	55,127
TOTAL REVENUES	16,571,260	7,060,582	5,322,487	8,957,940	757,719	38,669,988	1,041,378
EXPENDITURES							
Current:							
General government	5,371,202	127,694	-	-	-	5,498,896	-
Public safety	13,140,932	-	-	-	847,366	13,988,298	-
Transportation	356,998	-	3,276,436	-	-	3,633,434	-
Economic development	17,316	-	-	-	350,098	367,414	-
Community development	-	-	-	-	44,313	44,313	-
Parks and recreation	-	-	-	5,698,208	-	5,698,208	-
Library	-	-	-	-	-	-	850,673
Capital outlay	696,165	11,085,644	678,779	2,263,853	45,579	14,770,020	13,200
Debt service:							
Principal	-	2,486,589	-	-	-	2,486,589	75,074
Interest	-	893,788	-	-	-	893,788	25,025
TOTAL EXPENDITURES	19,582,613	14,593,715	3,955,215	7,962,061	1,287,356	47,380,960	963,972
Excess (deficiency) of revenues over (under) expenditures	(3,011,353)	(7,533,133)	1,367,272	995,879	(529,637)	(8,710,972)	77,406
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	15,325,000	-	-	-	15,325,000	-
Premium on bonds issued	-	720,032	-	-	-	720,032	-
Transfers in	2,268,538	3,008,820	-	15,000	717,598	6,009,956	-
Transfers (out)	(1,598,444)	(60,972)	(1,281,186)	(2,350,725)	(312)	(5,291,639)	-
Total other financing sources (uses)	670,094	18,992,880	(1,281,186)	(2,335,725)	717,286	16,763,349	-
Net change in fund balances	(2,341,259)	11,459,747	86,086	(1,339,846)	187,649	8,052,377	77,406
Fund balances, April 1	9,224,865	7,036,584	1,125,043	2,828,866	622,729	20,838,087	1,574,129
FUND BALANCES, MARCH 31	\$ 6,883,606	\$ 18,496,331	\$ 1,211,129	\$ 1,489,020	\$ 810,378	\$ 28,890,464	\$ 1,651,535

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

CITY OF SEDALIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended March 31, 2026

	Primary Government	Component Unit - Library
Net change in fund balances - total governmental funds	\$ 8,052,377	\$ 77,406
Amounts reported for governmental activities in the statement of activities is 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. The following is the detail of the amount by which capital outlays were greater than the depreciation in the current period.		
Capital outlay capitalized as assets	12,971,622	13,200
Depreciation and amortization	(5,131,732)	(80,024)
	7,839,890	(66,824)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	(1,351,784)	-
The issuance of long-term debt (i.e. bonds, leases, and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.		
Change in accrued interest	658	-
Bond proceeds, net of premiums	(16,045,032)	-
Lease expense	17,373	-
Repayment of principal	2,469,216	-
Amortization of discounts/premiums	123,257	-
	(13,434,528)	-
Internal service fund is used by management to charge the costs of health insurance to individual funds. The net revenue (expense) of the internal service fund is reported with the governmental activities.	(293,365)	-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	(110,740)	572
Pension plan expense	(235,146)	34,532
Change in net position of governmental activities	\$ 466,704	\$ 45,686

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

CITY OF SEDALIA

**STATEMENT OF NET POSITION
ALL PROPRIETARY FUND TYPES
March 31, 2026**

	Wastewater Fund	Water Fund	Sanitation Fund	Airport Fund	Total Proprietary Funds	Governmental Activities - Internal Service Fund - Health Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,075,230	\$ -	\$ 484,573	\$ -	\$ 1,559,803	\$ 428,798
Restricted cash and cash equivalents	34	936,975	-	-	937,009	-
Investments	981,311	1,002,930	-	-	1,984,241	-
Accounts receivable	744,771	548,537	362,662	294,751	1,950,721	-
Leases receivable	-	326,178	-	243,748	569,926	-
Other receivables	1,452	3,165	-	-	4,617	-
Interfund balances	-	(1,577,849)	(2,898,291)	-	(4,476,140)	-
Inventory	-	681,672	-	106,436	788,108	-
Prepaid expenses	75,705	56,393	39,422	37,751	209,271	-
Total current assets	2,878,503	1,978,001	(2,011,634)	682,686	3,527,556	428,798
Non-current assets:						
Property, plant and equipment, net	45,092,448	37,602,678	1,848,634	8,648,425	93,192,185	-
Total non-current assets	45,092,448	37,602,678	1,848,634	8,648,425	93,192,185	-
Total assets	47,970,951	39,580,679	(163,000)	9,331,111	96,719,741	428,798
DEFERRED OUTFLOWS OF RESOURCES						
Pension plan	368,061	730,426	131,104	31,827	1,261,418	-
Total deferred outflows of resources	368,061	730,426	131,104	31,827	1,261,418	-
LIABILITIES						
Current liabilities:						
Accounts payable	107,129	335,480	40,169	27,362	510,140	13,125
Compensated absences	70,824	102,217	44,247	21,625	238,913	-
Accrued liabilities	246,495	440,317	20,255	272,215	979,282	-
Claims liability	-	-	-	-	-	311,202
Current portion of other long-term debt	1,675,000	934,000	-	-	2,609,000	-
Customer deposits	-	756,967	-	-	756,967	-
Total current liabilities	2,099,448	2,568,981	104,671	321,202	5,094,302	324,327
Non-current liabilities:						
Other long-term debt, net	20,135,851	10,618,128	-	-	30,753,979	-
Net pension liability	429,310	542,953	152,933	37,127	1,162,323	-
Total non-current liabilities	20,565,161	11,161,081	152,933	37,127	31,916,302	-
Total liabilities	22,664,609	13,730,062	257,604	358,329	37,010,604	324,327
DEFERRED INFLOWS OF RESOURCES						
Pension plan	18,154	5,679	6,467	1,570	31,870	-
Total deferred inflows of resources	18,154	5,679	6,467	1,570	31,870	-
NET POSITION						
Net investment in capital assets	23,281,597	26,050,550	1,848,634	8,648,425	59,829,206	-
Unrestricted	2,374,652	524,814	(2,144,601)	354,614	1,109,479	104,471
TOTAL NET POSITION	\$ 25,656,249	\$ 26,575,364	\$ (295,967)	\$ 9,003,039	\$ 60,938,685	\$ 104,471

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

CITY OF SEDALIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2026**

	Wastewater Fund	Water Fund	Sanitation Fund	Airport Fund	Total Proprietary Funds	Governmental Activities - Internal Service Fund - Health Fund
OPERATING REVENUES						
Charges for services	\$ 7,657,331	\$ 5,519,130	\$ 2,114,371	\$ 605,925	\$ 15,896,757	\$ -
Contributions from City, employees, and other	-	-	-	-	-	2,299,815
Miscellaneous	62,843	47,438	25,031	11,662	146,974	-
Total operating revenues	7,720,174	5,566,568	2,139,402	617,587	16,043,731	2,299,815
OPERATING EXPENSES						
System facilities and operations	1,476,553	1,697,314	883,279	-	4,057,146	-
Purchased services	-	-	-	434,401	434,401	-
Salaries and wages	1,302,566	1,756,084	189,344	287,924	3,535,918	-
Depreciation and amortization	2,827,573	1,426,853	238,020	368,468	4,860,914	-
Claims expense	-	-	-	-	-	2,614,575
Total operating expenses	5,606,692	4,880,251	1,310,643	1,090,793	12,888,379	2,614,575
OPERATING INCOME (LOSS)	2,113,482	686,317	828,759	(473,206)	3,155,352	(314,760)
NON-OPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	-	-	-	286,015	286,015	-
Interest income	97,072	68,024	20,680	-	185,776	21,395
Interest expense	(641,106)	(382,114)	-	(572)	(1,023,792)	-
Total non-operating revenues (expenses)	(544,034)	(314,090)	20,680	285,443	(552,001)	21,395
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,569,448	372,227	849,439	(187,763)	2,603,351	(293,365)
Transfers in	459,480	120,711	-	363,267	943,458	-
Transfers (out)	(722,472)	(572,895)	(292,735)	(73,673)	(1,661,775)	-
Change in net position	1,306,456	(79,957)	556,704	101,831	1,885,034	(293,365)
NET POSITION, APRIL 1	24,349,793	26,655,321	(852,671)	8,901,208	59,053,651	397,836
NET POSITION, MARCH 31	\$ 25,656,249	\$ 26,575,364	\$ (295,967)	\$ 9,003,039	\$ 60,938,685	\$ 104,471

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

CITY OF SEDALIA

**STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2026**

	Wastewater Fund	Water Fund	Sanitation Fund	Airport Fund	Total Proprietary Funds	Governmental Activities - Internal Service Fund - Health Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 7,679,954	\$ 5,593,779	\$ 2,051,162	\$ 447,824	\$ 15,772,719	\$ 2,299,815
Cash received from other sources	62,843	47,438	25,031	11,662	146,974	-
Cash paid to vendors	(2,080,286)	(1,892,080)	(858,785)	(463,928)	(5,295,079)	(2,346,570)
Cash paid to employees	(1,543,012)	(1,646,090)	(595,625)	(299,340)	(4,084,067)	-
Net cash provided (used) by operating activities	4,119,499	2,103,047	621,783	(303,782)	6,540,547	(46,755)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net change in interfund balances	-	1,577,849	(201,088)	-	1,376,761	-
Transfers in	459,480	120,711	-	363,267	943,458	-
Transfers (out)	(722,472)	(572,895)	(292,735)	(73,673)	(1,661,775)	-
Net cash provided (used) by noncapital financing activities	(262,992)	1,125,665	(493,823)	289,594	658,444	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Grant proceeds	-	-	-	286,015	286,015	-
Purchases of capital assets	(2,908,559)	(1,992,261)	(28,801)	(296,521)	(5,226,142)	-
Payments on long-term debt	(2,427,782)	(1,593,544)	-	-	(4,021,326)	-
Net cash used by capital and related financing activities	(5,336,341)	(3,585,805)	(28,801)	(10,506)	(8,961,453)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	97,072	68,024	20,680	-	185,776	21,395
Investment maturities/sales	1,219,492	430	-	-	1,219,922	-
Net cash provided (used) by investing activities	1,316,564	68,454	20,680	-	1,405,698	21,395
Net change in cash and cash equivalents	(163,270)	(288,639)	119,839	(24,694)	(356,764)	(25,360)
Cash and cash equivalents, beginning of year	1,238,534	1,225,614	364,734	24,694	2,853,576	454,158
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,075,264</u>	<u>\$ 936,975</u>	<u>\$ 484,573</u>	<u>\$ -</u>	<u>\$ 2,496,812</u>	<u>\$ 428,798</u>
Cash and cash equivalents	\$ 1,075,230	\$ -	\$ 484,573	\$ -	\$ 1,559,803	\$ 428,798
Restricted cash	34	936,975	-	-	937,009	-
Total cash and cash equivalents	<u>\$ 1,075,264</u>	<u>\$ 936,975</u>	<u>\$ 484,573</u>	<u>\$ -</u>	<u>\$ 2,496,812</u>	<u>\$ 428,798</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 2,113,482	\$ 686,317	\$ 828,759	\$ (473,206)	\$ 3,155,352	\$ (314,760)
Adjustments:						
Depreciation and amortization	2,827,573	1,426,853	238,020	368,468	4,860,914	-
(Increase) decrease in assets and deferred outflows of resources:						
Accounts receivable	20,621	28,291	(63,209)	(198,844)	(213,141)	-
Leases receivable	-	7,986	-	40,743	48,729	-
Other receivables	2,002	312	-	-	2,314	-
Inventory	-	(210,587)	-	(19,580)	(230,167)	-
Prepaid expenses	6,517	10,203	400	(785)	16,335	-
Pension plan	(16,520)	(197,812)	39,918	(8,454)	(182,868)	-
Increase (decrease) in liabilities and deferred inflows of resources:						
Accounts payable	(420,938)	11,191	25,800	(6,581)	(390,528)	13,125
Customer deposits	-	38,060	-	-	38,060	-
Accrued expenses	(189,312)	(5,573)	(1,706)	(49,409)	(246,000)	-
Compensated absences	11,008	15,168	2,444	(408)	28,212	-
Claims liability	-	-	-	-	-	254,880
Net pension liability	37,125	306,843	(35,525)	12,812	321,255	-
Pension plan	(272,059)	(14,205)	(413,118)	31,462	(667,920)	-
Net cash provided (used) by operating activities	<u>\$ 4,119,499</u>	<u>\$ 2,103,047</u>	<u>\$ 621,783</u>	<u>\$ (303,782)</u>	<u>\$ 6,540,547</u>	<u>\$ (46,755)</u>

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

CITY OF SEDALIA

**STATEMENT OF CASH FLOWS
COMPONENT UNIT - BOTHWELL REGIONAL HEALTH CENTER
Year Ended May 31, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from and on behalf of patients	\$ 158,859,231
Payments to suppliers and contractors	(75,396,349)
Payments to employees	(87,486,345)
Other receipts, net	<u>5,227,920</u>
Net cash provided by operating activities	<u>1,204,457</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Noncapital grants and gifts	<u>3,348,661</u>
Net cash provided by noncapital financing activities	<u>3,348,661</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(1,365,468)
Interest paid on long-term debt	(325,927)
Principal paid on lease liabilities	(475,019)
Interest paid on lease liabilities	(72,371)
Principal paid on subscription liabilities	(338,346)
Interest paid on subscription liabilities	(51,186)
Purchases of capital assets	<u>(5,568,429)</u>
Net cash used by capital and related financing activities	<u>(8,196,746)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on deposits	218,674
Proceeds from the disposition of deposits	2,621,772
Purchase of deposits	<u>(409,442)</u>
Net cash provided by investing activities	<u>2,431,004</u>
Net change in cash and cash equivalents	(1,212,624)
Cash and cash equivalents, beginning of year	<u>3,540,721</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,328,097</u></u>
Cash and cash equivalents in current assets	\$ 2,226,483
Cash and cash equivalents in non-current assets	<u>101,614</u>
Total cash and cash equivalents	<u><u>\$ 2,328,097</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (15,265,679)
Adjustments:	
Depreciation and amortization	6,418,212
Provision for uncollectible accounts	22,119,367
Changes in:	
Patient accounts receivable	(18,693,946)
Estimated amounts due from third-party payers	(1,174,383)
Accounts payable and accrued expenses	5,490,729
Net pension liability	149,439
Deferred inflows of resources - pension plans	(164,306)
Deferred outflows of resources - pension plans	648,065
Estimated self-insurance liabilities	299,001
Other assets	<u>1,377,958</u>
Net cash provided by operating activities	<u><u>\$ 1,204,457</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Capital asset acquisitions included in accounts payable	\$ 416,115
Lease liabilities incurred for lease assets	\$ 123,453
Subscription liabilities incurred for subscription assets	\$ 94,260

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

CITY OF SEDALIA

STATEMENT OF FIDUCIARY NET POSITION

March 31, 2026

	Pension Trust Fund
ASSETS	
Investments	<u>\$ 8,029,039</u>
Total assets	<u><u>\$ 8,029,039</u></u>
NET POSITION	
Restricted for pension benefits	<u>\$ 8,029,039</u>
Total net position	<u><u>\$ 8,029,039</u></u>

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

CITY OF SEDALIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION Year Ended March 31, 2026

	Pension Trust Fund
ADDITIONS	
Contributions:	
Taxes	\$ 180,199
Investment income:	
Investment income	200,386
Net appreciation in fair value of investments	956,983
Total investment income	1,157,369
Investment expenses	(31,276)
Net income from investing activities	1,126,093
Net additions	1,306,292
DEDUCTIONS	
Benefits	803,162
Administrative expenses	22,525
Property taxes	10,595
Miscellaneous	16,694
Total deductions	852,976
Change in net position	453,316
Net position, April 1	7,575,723
NET POSITION, MARCH 31	\$ 8,029,039

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

CITY OF SEDALIA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34).

A. Reporting Entity

The City of Sedalia (the City) operates under the Mayor-Council form of government with the Council consisting of the Mayor and eight Council members who are elected on a nonpartisan basis. The City provides a variety of government services to residents including public safety (police and fire), streets, culture, recreation, public improvements, planning, and general administrative services. The City also provides health care, water, sewer, and sanitation services to its residents.

The City, for financial reporting purposes, includes all the funds relevant to the operations of the City. The financial statements presented herein do not include entities which have been formed under applicable state laws or separate and distinct units of government apart from those that have been determined not to be component units as defined by GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61).

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the aforementioned criteria, the City has two discretely presented component units – the Bothwell Regional Health Center and the Sedalia Public Library (the Library) – and the City is not a component unit of any other governmental entity. Information relating to the Bothwell Regional Health Center may be obtained by writing to 601 E. 14th Street, Sedalia, Missouri 65301. The Library does not issue separate financial statements.

B. Fund Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the 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, although 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 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 reports the following major governmental funds:

General Fund – This fund is the main operating fund of the City, and it accounts for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to be accounted for in other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvements that are not paid through other funds are paid from the General Fund.

Capital Project Fund – This capital project fund accounts for the acquisition of capital assets and the construction of capital projects not being financed by the City's other funds.

Transportation Fund – This special revenue fund accounts for street operations.

Park Fund – This special revenue fund accounts for park operations and capital improvements.

The City reports the following major proprietary funds:

Wastewater Fund – This enterprise fund accounts for the disposal of wastewater and industrial waste for the residents and businesses of the City.

Water Fund – This enterprise fund accounts for the provision of water services to residents and businesses of the City.

Sanitation Fund – This enterprise fund accounts for the disposal of solid waste for the residents and businesses of the City.

Airport Fund – This enterprise fund accounts for operations of the airport. This activity was previously accounted for in the Transportation Fund.

Health Fund – This fund is used to account for internal charges of premiums to the various City departments and for the claims and administrative expenses of the City's self-insured health plan for employees.

The City reports the following fiduciary fund:

Pension Trust Fund – This fund is used to account for the assets of the City’s Fire Retirement Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60-days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt is recognized when due.

Taxes, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating income and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s ongoing operations. Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

Interfund balances and transfers are not carried forward to the government-wide presentation. Such eliminations have taken place in the process of incorporating fund data into the government-wide financial statements.

D. Budgets

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. All encumbrances lapse at year-end.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all certificates of deposit and investments with original maturities of three months or less to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds under generally accepted accounting principles, cash and cash equivalents are distinguished only for those funds.

F. Investments

Investments consist of bank certificates of deposit and money market accounts. Investments are stated at cost, which approximates fair value.

G. Accounts Receivable

Accounts receivable result primarily from the City providing utilities and other services to its residents. Accounts receivable are reported net of an estimated allowance for uncollectible accounts.

H. Interfund Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The resulting receivables and payables are classified as “interfund balances” on the governmental funds balance sheet and the proprietary fund statement of net position.

I. Inventory

Inventory, which consists of materials and supplies, is stated at cost using the first-in, first-out method.

J. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities’ columns on the government-wide statement of net position and in the proprietary fund statement of net position.

Capital assets for governmental activities are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized. Capital assets for governmental activities are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 50 years
Improvements	10 – 20 years
Equipment	3 – 30 years
Infrastructure	5 – 50 years

Capital assets for business-type activities and proprietary funds are stated at cost. Contributions of capital assets received from federal, state or local sources are recorded as assets and are stated at fair value upon receipt. Additions, improvements and expenses 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:

Buildings	40 – 50 years
Improvements	20 – 50 years
Equipment	3 – 20 years
Utility system	25 – 75 years
Infrastructure	5 – 50 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation of employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured as a result of employee retirements.

M. Long-Term Obligations

General long-term obligations consist of the non-current portion of bonds and leases payable and other long-term liabilities. General long-term obligations are not reported as liabilities in governmental funds but are reported in the governmental activities' column on the government-wide statement of net position. In the government-wide and proprietary fund statements of net position, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

N. Equity

In the governmental fund financial statements, equity 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 (ordinance or resolution) 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 a formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the formal action 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, equity is displayed in three components as follows:

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

Restricted – This consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of amounts that do not meet the definition of “net investment in capital assets” or “restricted.”

O. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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

The City participates in two pension plans: the Missouri Local Government Employees Retirement System (LAGERS) and the Firemen’s Pension Trust Fund (the Fire Pension Fund). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Q. Subsequent Events

Events that have occurred subsequent to March 31, 2026, have been evaluated through September 21, 2026, which is the date the financial statements were available to be issued.

2. LEGAL COMPLIANCE – BUDGET

The City's policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended March 31, 2026.

The City Council follows various procedures in establishing the budgetary data reflected in the financial statements.

The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. The budget was amended during the year.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

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 value equal to 100% of the funds on deposit, less insured amounts. Collateral securities, which are of 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 any wholly owned corporation of the United States.
- Other short-term obligations of the United States.

The City maintains a cash and investment pool which is available for use by all funds for the purpose of increasing income through investment activities. Interest is allocated to the various funds based on average cash or investment balances. Each fund's portion of this pool is displayed on the statement of financial position as cash and cash equivalents or restricted cash in each fund's column.

The City's deposits are categorized to give an indication of the level of custodial risk assumed as of March 31, 2026. Deposits, categorized by level of custodial risk, were as follows as of March 31, 2026:

	Cash and Cash Equivalents	Petty Cash	Total
Bank balance			
Insured by the FDIC	\$ 750,000	\$ -	\$ 750,000
Collateralized with securities pledged by the financial institution	12,024,055	-	12,024,055
Held by trustee	14,843,755	-	14,843,755
	<u>\$ 27,617,810</u>	<u>\$ -</u>	<u>\$ 27,617,810</u>
Carrying value	<u>\$ 25,098,725</u>	<u>\$ 2,670</u>	<u>\$ 25,101,395</u>

A reconciliation of cash and cash equivalents as shown in the financial statements is as follows:

	Governmental Activities	Business-type Activities	Component Unit - Library	Total
Cash and cash equivalents	\$ 3,358,547	\$ 1,559,803	\$ 1,174,209	\$ 6,092,559
Restricted cash and cash equivalents	18,071,827	937,009	-	19,008,836
	<u>\$ 21,430,374</u>	<u>\$ 2,496,812</u>	<u>\$ 1,174,209</u>	<u>\$ 25,101,395</u>

Investments

Missouri State Statutes and City ordinances authorize the City's investments. The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities (excluding collateralized mortgage obligations, real estate mortgage investment conduits, or other principal or interest only obligations), obligations of any state or political subdivision of any state (pension funds), money market funds registered under the Investment Company Act of 1940, repurchase agreements, insured or collateralized certificates of deposit and money market funds.

The fiduciary funds' investments are authorized by Missouri State Statutes and include, in addition to the previously mentioned investments, marketable equity securities.

The following summarizes the City's investments by type as of March 31, 2026:

	Governmental Activities	Business-type Activities	Component Unit - Library	Fiduciary Activities	Total
Certificates of deposit	\$ 3,184,410	\$ 1,984,241	\$ 487,396	\$ -	\$ 5,656,047
Money market funds	-	-	-	8,029,039	8,029,039
Total	<u>\$ 3,184,410</u>	<u>\$ 1,984,241</u>	<u>\$ 487,396</u>	<u>\$ 8,029,039</u>	<u>\$ 13,685,086</u>

On April 1, 2026, the City closed the Firemen's Pension Trust Fund and transferred all money market funds, totaling \$8,029,039, to LAGERS.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy addressing interest rate risk.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the City.

4. PROPERTY TAX

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the City has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied. Delinquent taxes expected to be received later than 60-days after the close of the fiscal year are classified as deferred inflows of resources – unavailable revenue in the governmental funds balance sheet because they do not meet the criteria of being available as described in Note 1.

The City's property tax is levied by the City on September 1 on the value of all real and personal property located in the City as of the prior January 1, the lien date. Taxes are billed by September 1 and are considered delinquent after December 31.

For the 2025 calendar year, the City's assessed valuation and tax levies per \$100 assessed valuation of those properties are as follows:

Assessed Valuation	Tax Levies (per \$100 assessed valuation)			
	Fire Pension \$0.0491	General Revenue \$0.4859	Library \$0.2423	Library Temp \$0.0694
Real estate	\$ 228,055,310	\$ 228,055,310	\$ 179,001,500	\$ 179,001,500
Personal property	80,564,437	80,564,437	58,747,337	58,747,337
Railroad and utilities	23,619,874	23,619,874	13,230,934	13,230,934
	<u>\$ 332,239,621</u>	<u>\$ 332,239,621</u>	<u>\$ 250,979,771</u>	<u>\$ 250,979,771</u>
	Parks \$0.1690	Police Pension \$0.0950	Special Business District \$0.8500	
Real estate	\$ 228,055,310	\$ 228,055,310	\$ 4,948,826	
Personal property	80,564,437	80,564,437	-	
Railroad and utilities	23,619,874	23,619,874	129,810	
	<u>\$ 332,239,621</u>	<u>\$ 332,239,621</u>	<u>\$ 5,078,636</u>	

5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026, was as follows:

	Balance April 1, 2025	Additions	Retirements	Transfers	Balance March 31, 2026
Governmental activities - primary government:					
Capital assets, not being depreciated:					
Land	\$ 6,019,567	\$ 2,500	\$ 225,019	\$ -	\$ 5,797,048
Construction in progress	2,883,828	6,109,844	-	(1,814,619)	7,179,053
Total capital assets, not being depreciated	8,903,395	6,112,344	225,019	(1,814,619)	12,976,101
Capital assets, being depreciated/amortized:					
Buildings	58,388,743	254,547	-	-	58,643,290
Improvements other than buildings	13,137,235	1,974,899	-	1,571,877	16,684,011
Vehicles and equipment	17,501,151	4,145,271	447,547	19,676	21,218,551
Infrastructure	183,047,268	709,579	-	242,742	183,999,589
Right-of-use lease assets	116,537	-	-	-	116,537
Total capital assets, being depreciated/amortized	272,190,934	7,084,296	447,547	1,834,295	280,661,978
Less accumulated depreciation for:					
Buildings	17,703,546	1,618,734	-	-	19,322,280
Improvements other than buildings	6,987,247	626,004	-	-	7,613,251
Vehicles and equipment	10,946,538	1,360,364	447,547	19,676	11,879,031
Infrastructure	126,058,938	1,506,950	-	-	127,565,888
Less accumulated amortization for:					
Right-of-use lease assets	59,040	19,680	-	-	78,720
Total accumulated depreciation/amortization	161,755,309	5,131,732	447,547	19,676	166,459,170
Total capital assets being depreciated/amortized, net	110,435,625	1,952,564	-	1,814,619	114,202,808
Total capital assets, net	\$ 119,339,020	\$ 8,064,908	\$ 225,019	\$ -	\$ 127,178,909
Governmental activities - component unit - Library:					
Capital assets:					
Buildings	\$ 2,603,838	\$ 13,200	\$ -	\$ -	\$ 2,617,038
Equipment	86,825	-	-	-	86,825
Total capital assets	2,690,663	13,200	-	-	2,703,863
Less accumulated depreciation for:					
Buildings	1,412,131	77,873	-	-	1,490,004
Equipment	84,947	2,151	-	-	87,098
Total accumulated depreciation	1,497,078	80,024	-	-	1,577,102
Total capital assets, net	\$ 1,193,585	\$ (66,824)	\$ -	\$ -	\$ 1,126,761

	Balance April 1, 2025	Additions	Retirements	Transfers	Balance March 31, 2026
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 3,945,675	\$ 24,810	\$ -	\$ -	\$ 3,970,485
Construction in progress	4,656,878	3,254,488	-	(715,979)	7,195,387
Total capital assets, not being depreciated	8,602,553	3,279,298	-	(715,979)	11,165,872
Capital assets, being depreciated/amortized:					
Buildings	15,358,457	-	-	-	15,358,457
Improvements other than buildings	52,939,245	296,522	-	58,421	53,294,188
Water lines and pumping equipment	76,359,319	211,647	-	657,558	77,228,524
Vehicles, machinery, and equipment	11,956,144	1,437,231	115,724	(19,676)	13,257,975
Total capital assets, being depreciated/amortized	156,613,165	1,945,400	115,724	696,303	159,139,144
Less accumulated depreciation for:					
Buildings	7,366,056	281,393	-	-	7,647,449
Improvements other than buildings	30,241,999	1,229,485	-	-	31,471,484
Water lines and pumping equipment	27,343,050	2,243,744	-	-	29,586,794
Vehicles, machinery, and equipment	7,437,656	1,106,292	117,168	(19,676)	8,407,104
Total accumulated depreciation/amortization	72,388,761	4,860,914	117,168	(19,676)	77,112,831
Total capital assets being depreciated, net	84,224,404	(2,915,514)	(1,444)	715,979	82,026,313
Total capital assets, net	\$ 92,826,957	\$ 363,784	\$ (1,444)	\$ -	\$ 93,192,185

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Primary government:	
General government	\$ 448,827
Public safety	1,098,201
Transportation	2,007,085
Community development	35,440
Parks and recreation	1,542,179
Component unit - Library	80,024
Total depreciation and amortization expense - governmental activities	\$ 5,211,756
Business-type activities:	
Wastewater	\$ 2,827,573
Water	1,426,853
Sanitation	238,020
Airport	368,468
Total depreciation and amortization expense - business-type activities	\$ 4,860,914

6. LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended March 31, 2026:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due In One Year
Governmental activities:					
Certificates of participation:					
Series 2017A	\$ 446,900	\$ -	\$ 446,900	\$ -	\$ -
Series 2017B	3,311,489	-	377,316	2,934,173	387,239
Series 2020	22,210,000	-	1,645,000	20,565,000	1,045,000
Series 2020 - premium	1,766,924	-	87,255	1,679,669	-
Series 2025	-	15,325,000	-	15,325,000	515,000
Series 2025 - premium	-	720,032	36,002	684,030	-
Financing leases	58,224	-	17,373	40,851	20,435
Total governmental activities	27,793,537	16,045,032	2,609,846	41,228,723	1,967,674
Business-type activities:					
Certificates of participation:					
Series 2018	10,660,000	-	445,000	10,215,000	455,000
Series 2018 - discount	(109,302)	-	(6,430)	(102,872)	-
Series 2019	21,785,000	-	1,610,000	20,175,000	1,675,000
Series 2019 - premium	1,812,527	-	176,676	1,635,851	-
Financed purchase	297,860	-	297,860	-	-
Revenue bonds - Series 2020	1,915,000	-	475,000	1,440,000	479,000
Total business-type activities	36,361,085	-	2,998,106	33,362,979	2,609,000
	<u>\$ 64,154,622</u>	<u>\$ 16,045,032</u>	<u>\$ 5,607,952</u>	<u>\$ 74,591,702</u>	<u>\$ 4,576,674</u>

Governmental Activities

Certificates of Participation

In March 2017, the City issued \$3,638,100 of Series 2017A certificates of participation to advance refund the Series 2007 certificates of participation. The certificates of participation matured in March 2026.

In September 2017, the City issued \$5,695,000 of Series 2017B certificates of participation to acquire, construct, furnish and equip, improve, and renovate various buildings and facilities.

In June 2020, the City issued \$28,610,000 of Series 2020 certificates of participation to advance refund the Series 2012A certificates of participation and to fund various improvements. The City issued these certificates of participation at a premium, which will be amortized over the life of the certificates of participation.

In December 2025, the City issued \$15,325,000 of Series 2025 certificates of participation to fund various improvements. The City issued these certificates of participation at a premium, which will be amortized over the life of the certificates of participation.

The following summarizes the certificates of participation:

	Original Amount	Interest Rate	Maturity Date	Balance March 31, 2026
Series 2017B	\$ 5,695,000	2.63%	9/15/2032	\$ 2,934,173
Series 2020	28,610,000	3.00-4.00%	9/15/2044	20,565,000
Series 2025	15,325,000	4.00-5.00%	9/15/2045	15,325,000
				<u>\$ 38,824,173</u>

Future principal and interest payments on the certificates of participation for the years ending March 31, are as follows:

	Principal	Interest	Total
2027	\$ 1,947,239	\$ 1,503,525	\$ 3,450,764
2028	3,237,424	1,393,966	4,631,390
2029	2,007,876	1,283,538	3,291,414
2030	2,078,603	1,202,761	3,281,364
2031	2,169,612	1,118,677	3,288,289
2032-2036	8,703,419	4,402,429	13,105,848
2037-2041	9,100,000	2,587,406	11,687,406
2042-2046	9,580,000	792,422	10,372,422
	<u>\$ 38,824,173</u>	<u>\$ 14,284,724</u>	<u>\$ 53,108,897</u>

Financing Leases

In December 2021, the City assumed the remaining ten years of a lease agreement for solar panels. The lease requires annual payments ranging from \$2,069 to \$2,401, due in December of each year.

In June 2022, the City entered into a five-year lease agreement for the rental of a wheel loader for the Street Department. The lease requires annual payments of \$21,253, due in July each year.

See Note 5 for additional information regarding the right-of-use assets related to these financing leases.

The following is a schedule of the future minimum lease payments under the financing leases and the present value of the minimum lease payments as of March 31, 2026:

2027	\$ 23,481
2028	2,262
2029	2,296
2030	2,330
2031	15,540
Total minimum lease payments	<u>45,909</u>
Less: amount representing interest	<u>(5,058)</u>
Present value of minimum lease payments	<u>\$ 40,851</u>

Business-type Activities

Certificates of Participation

In March 2018, the City issued \$13,065,000 of Series 2018 certificates of participation to acquire, construct, improve, and install the waterworks system. The City issued these certificates of participation at a discount, which will be amortized over the life of the certificates of participation.

In June 2019, the City issued \$28,950,000 of Series 2019 certificates of participation to advance refund the Series 2010A and Series 2010B certificates of participation and to fund various improvements. The City issued these certificates of participation at a premium, which will be amortized over the life of the certificates of participation.

The following summarizes the certificates of participation:

	Original Amount	Interest Rate	Maturity Date	Balance March 31, 2026
Series 2018	\$ 13,065,000	2.0-3.7%	3/31/2043	\$ 10,215,000
Series 2019	28,950,000	3.0-4.0%	7/15/2035	20,175,000
				<u>\$ 30,390,000</u>

Future principal and interest payments on the certificates of participation for the years ending March 31, are as follows:

	Principal	Interest	Total
2027	\$ 2,130,000	\$ 1,116,570	\$ 3,246,570
2028	2,210,000	1,034,395	3,244,395
2029	2,300,000	948,970	3,248,970
2030	2,385,000	859,883	3,244,883
2031	2,480,000	766,830	3,246,830
2032-2036	13,945,000	2,292,454	16,237,454
2037-2041	3,400,000	602,461	4,002,461
2042-2043	1,540,000	57,535	1,597,535
	<u>\$ 30,390,000</u>	<u>\$ 7,679,098</u>	<u>\$ 38,069,098</u>

Financed Purchase

In January 2011, the City entered into a lease/purchase agreement with McKinstry Essention, Inc. Proceeds were used to fund water improvements. The lease/purchase agreement matured in January 2026.

Revenue Bonds

In June 2020, the City issued \$4,234,000 of Series 2020 revenue bonds to advance refund the Series 2012 revenue bonds.

The following summarizes the revenue bonds:

	Original Amount	Interest Rate	Maturity Date	Balance March 31, 2026
Series 2020	\$ 4,234,000	1.58%	3/15/2029	<u>\$ 1,440,000</u>

Future principal and interest payments on the revenue bonds for the years ending March 31, are as follows:

	Principal	Interest	Total
2027	\$ 479,000	\$ 22,752	\$ 501,752
2028	482,000	15,184	497,184
2029	479,000	7,568	486,568
	<u>\$ 1,440,000</u>	<u>\$ 45,504</u>	<u>\$ 1,485,504</u>

Legal Debt Margin

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm wastewater systems, and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

Based on the assessed valuation as of January 1, 2025, of \$332,239,621, the constitutional debt limit for "city purposes" is \$33,223,962, and the total constitutional debt limit is \$66,447,924. As of March 31, 2026, the City had no general obligation debt outstanding.

7. CONDUIT DEBT

The City has issued industrial revenue bonds to provide funds to assist companies within the City to acquire and construct facilities for manufacturing and industrial development purposes. The City has issued and sold these bonds to financial institutions. The companies are 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 \$400,650,000 as of March 31, 2026. The outstanding balance on these bonds as of March 31, 2026, was \$296,433,780.

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.

8. INTERGOVERNMENTAL REVENUE

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of March 31, 2026.

9. PENSION PLANS

The following information is presented in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Missouri Local Government Employees Retirement System

General Information about the Pension Plan

Plan Description

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

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 for a general employee and age 55 for a police, fire, or public safety employee 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 if a general employee or age 50 if a police, fire, or public safety employee and receive a reduced allowance.

The benefit provisions adopted by the City are as follows:

Benefit multiplier	2% for life
Final average salary	3 years
Member contributions	0%

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

Employees Covered by Benefit Terms

As of June 30, 2025, the following employees were covered by the benefit terms:

	City	Library	Water
Inactive employees or beneficiaries currently receiving benefits	188	8	29
Inactive employees entitled to but not yet receiving benefits	88	1	9
Active employees	223	5	21
Total	499	14	59

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 18.0% (City – General), 18.2% (City – Police), 21.9% (City – Fire), 22.7% (Library), and 23.5% (Water) of annual covered payroll.

Net Pension Liability/(Asset)

The City's net pension liability/(asset) was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of February 28, 2025.

Actuarial Assumptions

The total pension liability in the February 28, 2025, 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	2.75% to 6.75%, including inflation*
Investment rate of return	7.00%, net of investment expenses

*2.75% - 6.55%, including inflation, for City – Police and 2.75% - 7.15%, including inflation, for City – Fire.

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

The actuarial assumptions used in the February 28, 2025, 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 table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	5.00%	1.76%
Equity	39.00%	3.39%
Fixed income	23.00%	3.54%
Real assets	33.00%	2.68%
Strategic assets	7.00%	2.83%
Cash/leverage	-7.00%	-0.86%
	100.00%	

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 Net Position Liability

City:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2024	\$ 52,064,129	\$ 46,053,090	\$ 6,011,039
Changes for the year:			
Service cost	1,591,223	-	1,591,223
Interest	3,599,651	-	3,599,651
Difference between expected and actual experience	159,925	-	159,925
Changes in assumptions	(25,586)	-	(25,586)
Contributions - employer	-	2,814,562	(2,814,562)
Net investment income	-	2,756,412	(2,756,412)
Benefit payments, including refunds	(2,809,237)	(2,809,237)	-
Administrative expense	-	(62,929)	62,929
Other changes	-	(534,825)	534,825
Net changes	2,515,976	2,163,983	351,993
Balances at June 30, 2025	\$ 54,580,105	\$ 48,217,073	\$ 6,363,032

Library:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2024	\$ 1,408,864	\$ 1,383,095	\$ 25,769
Changes for the year:			
Service cost	32,151	-	32,151
Interest	97,040	-	97,040
Difference between expected and actual experience	40,541	-	40,541
Contributions - employer	-	65,486	(65,486)
Net investment income	-	82,905	(82,905)
Benefit payments, including refunds	(78,091)	(78,091)	-
Administrative expense	-	(1,887)	1,887
Other changes	-	8,450	(8,450)
Net changes	91,641	76,863	14,778
Balances at June 30, 2025	\$ 1,500,505	\$ 1,459,958	\$ 40,547

Water:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2024	\$ 8,184,033	\$ 7,947,923	\$ 236,110
Changes for the year:			
Service cost	96,874	-	96,874
Interest	554,164	-	554,164
Difference between expected and actual experience	305,915	-	305,915
Contributions - employer	-	241,933	(241,933)
Net investment income	-	491,667	(491,667)
Benefit payments, including refunds	(640,870)	(640,870)	-
Administrative expense	-	(6,791)	6,791
Other changes	-	(76,699)	76,699
Net changes	316,083	9,240	306,843
Balances at June 30, 2025	\$ 8,500,116	\$ 7,957,163	\$ 542,953

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

The table on the following page presents the net pension liability/(asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability/(asset) 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.

City:

	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 62,057,901	\$ 54,580,105	\$ 48,381,687
Plan fiduciary net position	48,217,073	48,217,073	48,217,073
Net pension liability/(asset)	<u>\$ 13,840,828</u>	<u>\$ 6,363,032</u>	<u>\$ 164,614</u>

Library:

	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 1,669,743	\$ 1,500,505	\$ 1,357,508
Plan fiduciary net position	1,459,958	1,459,958	1,459,958
Net pension liability/(asset)	<u>\$ 209,785</u>	<u>\$ 40,547</u>	<u>\$ (102,450)</u>

Water:

	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 9,466,159	\$ 8,500,116	\$ 7,681,659
Plan fiduciary net position	7,957,163	7,957,163	7,957,163
Net pension liability/(asset)	<u>\$ 1,508,996</u>	<u>\$ 542,953</u>	<u>\$ (275,504)</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

For the year ended March 31, 2026, the City recognized pension expense of \$2,861,395 for the governmental activities, \$343,863 for the business-type activities, and \$39,026 for the component unit – Library. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

City:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 1,492,327	\$ (245,401)
Projected and actual earnings on investments	2,051,314	-
Changes in assumptions	21,895	(23,676)
Contributions subsequent to the measurement date*	1,889,292	-
Total	<u>\$ 5,454,828</u>	<u>\$ (269,077)</u>

Library:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 28,185	\$ (1,316)
Projected and actual earnings on investments	65,889	-
Changes in assumptions	-	-
Contributions subsequent to the measurement date*	53,457	-
Total	<u>\$ 147,531</u>	<u>\$ (1,316)</u>

Water:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 222,823	\$ (5,679)
Projected and actual earnings on investments	329,479	-
Changes in assumptions	-	-
Contributions subsequent to the measurement date*	178,124	-
Total	<u>\$ 730,426</u>	<u>\$ (5,679)</u>

*The amounts 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 March 31, 2027.

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

	City	Library	Water
Year ending:			
2027	\$ 1,960,081	\$ 47,742	\$ 344,258
2028	1,036,944	30,392	162,220
2029	367,939	11,884	30,529
2030	72,236	2,740	9,616
2031	(19,613)	-	-
Thereafter	(121,128)	-	-
Total	<u>\$ 3,296,459</u>	<u>\$ 92,758</u>	<u>\$ 546,623</u>

Firemen's Pension Trust Fund

General Information about the Pension Plan

Plan Description

The Firemen's Pension Trust Fund (the Fire Pension Fund) is administered by the Fire Pension Fund Board of Trustees. The single employer, defined benefit pension plan was established by City ordinance in accordance with City charter and state statutes. Effective June 1, 2022, all active employees were transferred to LAGERS. Subsequent to June 1, 2022, only inactive fire department employees and beneficiaries currently receiving benefits remained in the Fire Pension Plan.

Effective April 1, 2026, all inactive fire department employees and beneficiaries were transferred to LAGERS.

Benefits Provided

The Fire Pension Trust Fund provides retirement, death, and disability benefits. Employees who completed twenty-two years of service, prior to June 1, 2022, are entitled to a monthly benefit of 50% of a base amount. The base amount increased 3% annually until benefit accruals were frozen effective June 1, 2022, at which point the base was fixed at \$63,154. Any employee hired after July 1, 1989 and terminated prior to June 1, 2022, must also have attained age 55. Participants who became disabled prior to retirement or separation from service (and prior to June 1, 2022) are entitled to the greater of his or her accrued benefit payable as a monthly benefit commencing at his or her normal retirement date, or his or her employee contribution benefit. Death benefits are paid at the greater of 75% of the participant's accrued benefit payable commencing at date of death, or 100% of the participant's employee contribution benefit payable as a lump sum. If a participant terminated employment prior to their normal retirement date, the participant is entitled to the greater of his or her employee contribution benefit credited with interest, or a deferred payable for life on his or her normal retirement date equal to his or her vested accrued benefits.

Employees Covered by Benefit Terms

As of April 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	11
Total	<u>57</u>

Contributions

As required by City ordinance, each member historically contributed 7.5% of a base compensation amount, which was matched by the City. Effective April 1, 2012, employee contributions to the plan were discontinued. Participants are 100% vested in their contributions. Included in net position are employee contributions totaling \$742,947.

Contributions to the plan are made by the City from a \$0.0491 per \$100 assessed valuation property tax levy established by City ordinance. Total contributions provided from the property tax levy for the year ended March 31, 2026 were \$173,706.

Net Pension Liability

The City's net pension liability was measured as of March 31, 2026, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2025.

Actuarial Assumptions

The total pension liability in the April 1, 2025, actuarial valuation was determined using an investment rate of return of 7%. There were no assumptions used for inflation or salary increases due to active employees being transferred to LAGERS.

For the April 1, 2025, actuarial valuation, mortality rates were based on the Public Safety 2010 Bottom Quartile tables, projected using the 2024 Adjusted MP-2021 improvement scale.

An experience study was completed in November 2017 for the period of 2010 through 2017. Recommendations from this study have been implemented.

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
Equity	65%	5%
Fixed income	35%	2%
	100%	

Discount Rate

The discount rate used to measure the total pension liability is 7%. 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 make 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 payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at April 1, 2024	\$ 10,281,879	\$ 7,854,762	\$ 2,427,117
Changes for the year:			
Service cost	-	-	-
Interest	689,597	-	689,597
Difference between expected and actual experience	290,429	-	290,429
Contributions - employer	-	1,253	(1,253)
Property tax revenues	-	170,711	(170,711)
Net investment income	-	427,230	(427,230)
Benefit payments, including refunds	(860,977)	(860,977)	-
Administrative expense	-	(14,857)	14,857
Net changes	119,049	(276,640)	395,689
Balances at March 31, 2025	\$ 10,400,928	\$ 7,578,122	\$ 2,822,806

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7%, as well as what the City's net pension liability would be using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate.

	Current Single Discount		
	1% Decrease (6%)	Rate Assumption (7%)	1% Increase (8%)
Total pension liability	\$ 11,563,179	\$ 10,400,928	\$ 9,440,737
Plan fiduciary net position	7,578,122	7,578,122	7,578,122
Net pension liability	<u>\$ 3,985,057</u>	<u>\$ 2,822,806</u>	<u>\$ 1,862,615</u>

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

For the year ended March 31, 2026, the City recognized pension expense of \$(156,861). The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 382,305	\$ (28,206)
Projected and actual earnings on investments	178,393	-
Changes in assumptions	13,634	(50,660)
Total	<u>\$ 574,332</u>	<u>\$ (78,866)</u>

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

Year ending:	
2027	\$ 234,511
2028	215,887
2029	11,578
2030	33,490
2031	-
Total	<u>\$ 495,466</u>

10. DEFERRED COMPENSATION PLAN

The City's employees participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible employees of the City, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. Because the plan assets are held in trust exclusively for plan participants and beneficiaries and not subject to the City's creditors, the deferred compensation plan is not reported in the City's basic financial statements.

The assets of the plan are held in trust and held exclusively for plan participants and beneficiaries.

11. COMMITMENTS AND CONTINGENCIES

A. Litigation and Claims

In the normal course of City operations, the City is currently involved in various lawsuits and claims. The likely loss resulting from the litigation and claims cannot be estimated but is not believed to be material to the City's financial statements.

B. Self-Funded Health Insurance Program

The City maintains a self-funded health insurance program with claims processed by Blue Cross and Blue Shield of Kansas City on behalf of the City. A separate Health Fund (an internal service fund) was created on January 1, 2024, to account for and finance the health insurance program.

All funds of the City from which employees' salaries are paid participate in the health insurance program and make payments to the Health Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic loss. Total contributions and transfers to the health insurance program during fiscal year 2026 were \$2,299,815. An estimate of the liability for claims outstanding at the end of the fiscal year has been reported in the Health Fund.

Changes in the Health Fund's claims liability amount for each of the last two years were:

Year	Beginning of Year	Current Year Claims and Changes in Estimates	Less Claims Payments	End of Year
2025	\$ 184,491	\$ 1,201,086	\$ 1,329,255	\$ 56,322
2026	56,322	2,044,993	1,790,113	311,202

12. INTERFUND TRANSACTIONS

Interfund Receivable/Payable

Interfund receivable and payable balances as of March 31, 2026, resulting from interfund loans were as follows:

	Receivable	Payable
Governmental funds:		
General Fund	\$ 4,691,203	\$ -
Park Fund		215,063
Subtotal governmental funds	4,691,203	215,063
Proprietary funds:		
Water Fund	-	1,577,849
Sanitation Fund	-	2,898,291
Subtotal proprietary funds	-	4,476,140
Total	\$ 4,691,203	\$ 4,691,203

Interfund Transfers

A summary of interfund transfers for the year ended March 31, 2026, is as follows:

	TRANSFERRED TO											
	Governmental Funds											
	Major Funds			Non-Major Funds					Proprietary Funds			
	General Fund	Capital Project Fund	Park Fund	Midtown Special Allocation Fund	Galaxy West CID Fund	MFA Sales Tax Sharing Fund	Lamy's Sales Tax Sharing Fund	Animal Control Center Fund	Wastewater Fund	Water Fund	Airport Fund	Total
TRANSFERRED FROM												
Governmental funds:												
Primary government - major funds:												
General Fund	\$ -	\$ 369,563	\$ 15,000	\$ 2,358	\$ 20,108	\$ 12,413	\$ -	\$ 598,811	\$ 459,480	\$ 120,711	\$ -	\$ 1,598,444
Capital Project Fund	-	-	-	1,414	10,054	6,207	43,297	-	-	-	-	60,972
Transportation Fund	606,451	300,000	-	1,414	10,054	-	-	-	-	-	363,267	1,281,186
Park Fund	-	2,339,257	-	1,414	10,054	-	-	-	-	-	-	2,350,725
Total primary government - major funds	606,451	3,008,820	15,000	6,600	50,270	18,620	43,297	598,811	459,480	120,711	363,267	5,291,327
Primary government - non-major funds:												
The Crossings CID Fund	312	-	-	-	-	-	-	-	-	-	-	312
Total primary government - non-major funds	312	-	-	-	-	-	-	-	-	-	-	312
Total governmental funds	606,763	3,008,820	15,000	6,600	50,270	18,620	43,297	598,811	459,480	120,711	363,267	5,291,639
Proprietary funds:												
Wastewater Fund	722,472	-	-	-	-	-	-	-	-	-	-	722,472
Water Fund	572,895	-	-	-	-	-	-	-	-	-	-	572,895
Sanitation Fund	292,735	-	-	-	-	-	-	-	-	-	-	292,735
Airport Fund	73,673	-	-	-	-	-	-	-	-	-	-	73,673
Total proprietary funds	1,661,775	-	-	-	-	-	-	-	-	-	-	1,661,775
Total	\$ 2,268,538	\$ 3,008,820	\$ 15,000	\$ 6,600	\$ 50,270	\$ 18,620	\$ 43,297	\$ 598,811	\$ 459,480	\$ 120,711	\$ 363,267	\$ 6,953,414

The purpose of these transfers was to subsidize the operations and support the fund balance of the fund receiving the transfer.

13. TAX ABATEMENTS

In Missouri, State Statutes provide several economic development tools that State and local governments can offer as incentives for businesses to locate, build and/or expand a physically present operation in a target area. The City utilizes tax abatement incentive tools as made available through State Statutes. Each agreement was negotiated under state law and has been described by type within this disclosure. The City has grouped the abatements in total by abatement type. The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

Property Tax Abatement under Chapter 100, RSMo

In Missouri, a municipality can issue industrial development revenue bonds (Revenue Bonds) pursuant to Chapter 100 of the RSMo. Under the Act, the municipality may issue Revenue Bonds to finance the cost of the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants, including the real estate either within or without the limits of such municipality, buildings, fixtures and machinery. There are two primary reasons to issue Revenue Bonds under the Act. First, if the Revenue Bonds are tax-exempt, it is possible to issue the Revenue Bonds at lower interest rates than those obtained through conventional financing. Second, even if the Revenue Bonds are not tax-exempt, ad valorem taxes levied on the Revenue Bonds financed project may be abated so long as the Revenue Bonds are outstanding.

In a typical Chapter 100 transaction, the municipality holds fee title to the project once the Revenue Bonds are issued and leases the project to the private company. Because the municipality is the legal owner of the project while the Revenue Bonds are outstanding, the project is exempt from taxes.

Payments in lieu of taxes (PILOTS) may be imposed on the project to achieve an effective tax abatement that is less than the abatement established by statute. PILOTS are paid on an annual basis and allocated to the eligible taxing districts according to their proportionate share of ad valorem property taxes. Section 100.800 of the RSMo does provide for the recapture of abated taxes, sometimes referred to as “claw back” provisions, in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

Under the Chapter 100 Revenue Bonds, the City had one tax abatement project during the year ended March 31, 2026. The total PILOTS paid under this agreement totaled \$396,669 during the year, of which \$53,687 was retained by the City and \$342,982 was passed on to the other eligible taxing districts. The total property taxes abated under this agreement totaled \$244,152 during the year.

Property Tax Abatement under Sections 135.950 to 135.973, RSMo (Enhanced Enterprise Zones)

Enhanced Enterprise Zones (EEZs) are specific geographic areas designated by local government and certified by the Missouri Department of Economic Development. The Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development. Eligible businesses located within the EEZ target receive at minimum a local property tax abatement of 50% for ten years.

Under the Enhanced Enterprise Zone Program, the City had several abatements during the year ended March 31, 2026. The total property taxes abated under this program totaled \$121,061 during the year.

14. FUND DISCLOSURES

The Sanitation Fund has an accumulated deficit of \$295,967 as of March 31, 2026, which is expected to be reduced by future sanitation fee revenue.

The Animal Control Center Fund has an accumulated deficit of \$5,464 as of March 31, 2026, which is expected to be reduced by future animal adoption and veterinary services revenue.

15. SUBSEQUENT EVENTS

Events that have occurred subsequent to March 31, 2026, have been evaluated through September 21, 2026, which is the date the financial statements were available to be issued.

In April 2026, the City sold an airport hangar for \$3,000,000 and recognized a gain on the sale of approximately \$813,000.

In August 2026, the City issued \$5,512,000 of revenue bonds to finance wastewater system improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEDALIA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended March 31, 2026

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 12,925,902	\$ 13,408,305	\$ 12,436,120	\$ 489,782
Licenses and permits	1,049,011	954,421	954,421	94,590
Charges for services	173,906	154,803	154,803	19,103
Intergovernmental revenue	1,352,395	3,854,021	3,922,630	(2,570,235)
Fines and forfeitures	127,217	126,713	126,713	504
Lease revenue	4,940	-	-	4,940
Other revenue	937,889	1,022,314	875,943	61,946
Total revenues	<u>16,571,260</u>	<u>19,520,577</u>	<u>18,470,630</u>	<u>(1,899,370)</u>
EXPENDITURES				
General government	5,371,202	4,958,545	5,141,593	(229,609)
Public safety	13,140,932	12,223,770	13,097,979	(42,953)
Transportation	356,998	475,607	475,607	118,609
Economic development	17,316	250,000	250,000	232,684
Capital outlay	696,165	443,932	656,173	(39,992)
Total expenditures	<u>19,582,613</u>	<u>18,351,854</u>	<u>19,621,352</u>	<u>38,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,011,353)</u>	<u>1,168,723</u>	<u>(1,150,722)</u>	<u>(1,860,631)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,268,538	2,268,226	2,268,226	312
Transfers (out)	<u>(1,598,444)</u>	<u>(4,102,873)</u>	<u>(4,268,873)</u>	<u>2,670,429</u>
Total other financing sources (uses)	<u>670,094</u>	<u>(1,834,647)</u>	<u>(2,000,647)</u>	<u>2,670,741</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>\$ (2,341,259)</u>	<u>\$ (665,924)</u>	<u>\$ (3,151,369)</u>	<u>\$ 810,110</u>

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 3,893,069	\$ 3,919,126	\$ 3,919,126	\$ (26,057)
Charges for services	42,618	5,652	5,652	36,966
Intergovernmental revenue	1,325,479	1,195,883	1,195,883	129,596
Lease revenue	7,312	-	-	7,312
Other revenue	54,009	75,109	75,109	(21,100)
Total revenues	5,322,487	5,195,770	5,195,770	126,717
EXPENDITURES				
Transportation	3,276,436	3,116,800	3,208,300	(68,136)
Capital outlay	678,779	770,253	872,253	193,474
Total expenditures	3,955,215	3,887,053	4,080,553	125,338
Excess of revenues over expenditures	1,367,272	1,308,717	1,115,217	252,055
OTHER FINANCING (USES)				
Transfers (out)	(1,281,186)	(1,118,222)	(1,118,222)	(162,964)
Total other financing (uses)	(1,281,186)	(1,118,222)	(1,118,222)	(162,964)
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	\$ 86,086	\$ 190,495	\$ (3,005)	\$ 89,091

CITY OF SEDALIA

BUDGETARY COMPARISON SCHEDULE

PARK FUND

Year Ended March 31, 2026

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 4,611,798	\$ 4,606,509	\$ 4,686,807	\$ (75,009)
Charges for services	1,690,797	1,631,500	1,679,852	10,945
Intergovernmental revenue	1,029,073	-	447,742	581,331
Contributions	1,501,158	-	1,501,148	10
Lease revenue	23,430	-	-	23,430
Other revenue	101,684	104,630	102,637	(953)
Total revenues	8,957,940	6,342,639	8,418,186	539,754
EXPENDITURES				
Parks and recreation	5,698,208	5,426,005	5,797,408	99,200
Capital outlay	2,263,853	337,500	2,359,591	95,738
Total expenditures	7,962,061	5,763,505	8,156,999	194,938
Excess of revenues over expenditures	995,879	579,134	261,187	734,692
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	-
Transfers (out)	(2,350,725)	(405,420)	(2,493,959)	143,234
Total other financing sources (uses)	(2,335,725)	(390,420)	(2,478,959)	143,234
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	\$ (1,339,846)	\$ 188,714	\$ (2,217,772)	\$ 877,926

CITY OF SEDALIA

LAGERS (PENSION PLAN) – CITY SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS March 31, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 1,591,223	\$ 1,432,275	\$ 1,026,778	\$ 833,992	\$ 892,587	\$ 790,187	\$ 785,279	\$ 817,636	\$ 800,053	\$ 782,987
Interest on the total pension liability	3,599,651	3,332,071	2,998,310	2,910,870	3,544,509	2,779,562	2,093,815	2,015,117	1,901,844	1,760,068
Benefit changes	-	-	1,864,410	-	-	-	8,553,204	-	-	-
Difference between expected and actual experience	159,925	1,687,063	1,307,489	(167,047)	(10,287,957)	761,173	(299,985)	(486,500)	(62,084)	(778,678)
Assumption changes	(25,586)	11,945	-	-	(2,130,281)	1,621,669	-	-	-	1,149,316
Benefit payments	(2,809,237)	(2,589,891)	(2,626,079)	(2,226,269)	(2,195,141)	(2,067,874)	(1,297,893)	(1,193,669)	(982,158)	(951,487)
Plan amendment	-	-	-	-	-	9,593,332	-	-	-	-
Net change in total pension liability	2,515,976	3,873,463	4,570,908	1,351,546	(10,176,283)	13,478,049	9,834,420	1,152,584	1,657,655	1,962,206
Total pension liability beginning	52,064,129	48,190,666	43,619,758	42,268,212	52,444,495	38,966,446	29,132,026	27,979,442	26,321,787	24,359,581
Total pension liability ending	54,580,105	52,064,129	48,190,666	43,619,758	42,268,212	52,444,495	38,966,446	29,132,026	27,979,442	26,321,787
Plan fiduciary net position										
Contributions - employer	\$ 2,814,562	\$ 2,522,986	\$ 2,467,819	\$ 1,744,707	\$ 1,708,617	\$ 1,651,346	\$ 4,432,048	\$ 1,108,950	\$ 1,098,718	\$ 1,091,690
Contributions - employee	-	-	-	-	-	55,163	-	-	-	-
Pension plan net investment income	2,756,412	2,234,248	1,550,943	32,050	9,971,942	437,231	1,867,412	3,249,663	2,733,145	(48,800)
Benefit payments	(2,809,237)	(2,589,891)	(2,626,079)	(2,226,269)	(2,195,141)	(2,067,874)	(1,297,893)	(1,193,669)	(982,158)	(951,487)
Pension plan administrative expense	(62,929)	(64,480)	(70,178)	(45,854)	(40,881)	(53,240)	(39,247)	(25,525)	(25,203)	(24,904)
Other	(534,825)	(256,979)	(9,029)	(1,560,300)	1,424,933	(154,474)	209,504	(116,880)	37,000	(392,432)
Net change in plan fiduciary net position	2,163,983	1,845,884	1,313,476	(2,055,666)	10,869,470	(131,848)	5,171,824	3,022,539	2,861,502	(325,933)
Plan fiduciary net position beginning	46,053,090	44,207,206	42,893,730	44,949,396	34,079,926	34,211,774	29,039,950	26,017,411	23,155,909	23,481,842
Plan fiduciary net position ending	\$ 48,217,073	\$ 46,053,090	\$ 44,207,206	\$ 42,893,730	\$ 44,949,396	\$ 34,079,926	\$ 34,211,774	\$ 29,039,950	\$ 26,017,411	\$ 23,155,909
Net pension liability/(asset)	\$ 6,363,032	\$ 6,011,039	\$ 3,983,460	\$ 726,028	\$ (2,681,184)	\$ 18,364,569	\$ 4,754,672	\$ 92,076	\$ 1,962,031	\$ 3,165,878
Plan fiduciary net position as a percentage of the total pension liability	88.34%	88.45%	91.73%	98.34%	106.34%	64.98%	87.80%	99.68%	92.99%	87.97%
Covered payroll	\$ 12,026,330	\$ 11,352,241	\$ 9,985,121	\$ 7,165,912	\$ 7,032,650	\$ 6,943,389	\$ 6,489,988	\$ 6,649,944	\$ 6,986,316	\$ 6,655,067
Net pension liability/(asset) as a percentage of covered payroll	52.91%	52.95%	39.89%	10.13%	-38.12%	264.49%	73.26%	1.38%	28.08%	47.57%

CITY OF SEDALIA

LAGERS (PENSION PLAN) - LIBRARY SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS March 31, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 32,151	\$ 26,774	\$ 23,171	\$ 28,636	\$ 31,816	\$ 31,289	\$ 28,699	\$ 30,363	\$ 29,263	\$ 24,660
Interest on the total pension liability	97,040	95,266	89,533	84,966	88,840	85,469	80,577	76,316	71,959	66,675
Difference between expected and actual experience	40,541	(18,740)	54,385	39,321	(4,517)	(15,183)	11,828	4,185	4,786	(14,776)
Assumption changes	-	-	-	-	(59,059)	-	-	-	-	38,715
Benefit payments	(78,091)	(83,021)	(90,782)	(79,403)	(55,189)	(55,460)	(54,371)	(48,273)	(44,704)	(44,588)
Net change in total pension liability	91,641	20,279	76,307	73,520	1,891	46,115	66,733	62,591	61,304	70,686
Total pension liability beginning	1,408,864	1,388,585	1,312,278	1,238,758	1,236,867	1,190,752	1,124,019	1,061,428	1,000,124	929,438
Total pension liability ending	1,500,505	1,408,864	1,388,585	1,312,278	1,238,758	1,236,867	1,190,752	1,124,019	1,061,428	1,000,124
Plan fiduciary net position										
Contributions - employer	\$ 65,486	\$ 65,232	\$ 50,362	\$ 50,270	\$ 65,235	\$ 63,108	\$ 61,752	\$ 52,044	\$ 55,607	\$ 48,626
Pension plan net investment income	82,905	66,945	47,451	892	276,305	12,621	61,867	105,542	84,537	(2,114)
Benefit payments	(78,091)	(83,021)	(90,782)	(79,403)	(55,189)	(55,460)	(54,371)	(48,273)	(44,704)	(44,588)
Pension plan administrative expense	(1,887)	(2,007)	(2,130)	(1,546)	(1,334)	(1,747)	(1,690)	(1,195)	(1,096)	(1,094)
Other	8,450	(69,334)	28,002	80,520	1,526	(11,270)	12,501	10,645	10,927	(5,561)
Net change in plan fiduciary net position	76,863	(22,185)	32,903	50,733	286,543	7,252	80,059	118,763	105,271	(4,731)
Plan fiduciary net position beginning	1,383,095	1,405,280	1,372,377	1,321,644	1,035,101	1,027,849	947,790	829,027	723,756	728,487
Plan fiduciary net position ending	\$ 1,459,958	\$ 1,383,095	\$ 1,405,280	\$ 1,372,377	\$ 1,321,644	\$ 1,035,101	\$ 1,027,849	\$ 947,790	\$ 829,027	\$ 723,756
Net pension liability/(asset)	\$ 40,547	\$ 25,769	\$ (16,695)	\$ (60,099)	\$ (82,886)	\$ 201,766	\$ 162,903	\$ 176,229	\$ 232,401	\$ 276,368
Plan fiduciary net position as a percentage of the total pension liability	97.30%	98.17%	101.20%	104.58%	106.69%	83.69%	86.32%	84.32%	78.10%	72.37%
Covered payroll	\$ 253,954	\$ 272,172	\$ 193,128	\$ 182,070	\$ 245,249	\$ 238,626	\$ 220,923	\$ 208,499	\$ 226,764	\$ 197,851
Net pension liability/(asset) as a percentage of covered payroll	15.97%	9.47%	-8.64%	-33.01%	-33.80%	84.55%	73.74%	84.52%	102.49%	139.68%

CITY OF SEDALIA

LAGERS (PENSION PLAN) - WATER SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS March 31, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability										
Service cost	\$ 96,874	\$ 66,358	\$ 66,525	\$ 72,576	\$ 78,917	\$ 77,215	\$ 88,297	\$ 95,048	\$ 96,379	\$ 95,986
Interest on the total pension liability	554,164	535,581	531,459	513,321	573,779	558,107	503,805	490,769	484,758	447,224
Difference between expected and actual experience	305,915	219,256	(48,294)	220,686	(431,532)	64,267	598,229	(29,739)	(238,135)	(74,158)
Assumption changes	-	-	-	-	(225,883)	-	-	-	-	292,759
Benefit payments	(640,870)	(502,884)	(478,992)	(607,808)	(539,485)	(430,936)	(440,676)	(307,554)	(212,984)	(274,521)
Net change in total pension liability	316,083	318,311	70,698	198,775	(544,204)	268,653	749,655	248,524	130,018	487,290
Total pension liability beginning	8,184,033	7,865,722	7,795,024	7,596,249	8,140,453	7,871,800	7,122,145	6,873,621	6,743,603	6,256,313
Total pension liability ending	8,500,116	8,184,033	7,865,722	7,795,024	7,596,249	8,140,453	7,871,800	7,122,145	6,873,621	6,743,603
Plan fiduciary net position										
Contributions - employer	\$ 241,933	\$ 161,348	\$ 128,582	\$ 124,353	\$ 137,073	\$ 120,591	\$ 141,273	\$ 190,833	\$ 185,053	\$ 195,838
Pension plan net investment income	491,667	430,011	262,421	5,308	1,815,922	103,047	516,355	809,919	659,620	(13,473)
Benefit payments	(640,870)	(502,884)	(478,992)	(607,808)	(539,485)	(430,936)	(440,676)	(307,554)	(212,984)	(274,521)
Pension plan administrative expense	(6,791)	(7,090)	(7,152)	(5,412)	(4,824)	(6,450)	(5,550)	(4,182)	(4,129)	(4,037)
Other	(76,699)	115,187	(246,986)	99,094	(281,367)	64,991	279,758	28,511	(28,911)	9,248
Net change in plan fiduciary net position	9,240	196,572	(342,127)	(384,465)	1,127,319	(148,757)	491,160	717,527	598,649	(86,945)
Plan fiduciary net position beginning	7,947,923	7,751,351	8,093,478	8,477,943	7,350,624	7,499,381	7,008,221	6,290,694	5,692,045	5,778,990
Plan fiduciary net position ending	\$ 7,957,163	\$ 7,947,923	\$ 7,751,351	\$ 8,093,478	\$ 8,477,943	\$ 7,350,624	\$ 7,499,381	\$ 7,008,221	\$ 6,290,694	\$ 5,692,045
Net pension liability/(asset)	\$ 542,953	\$ 236,110	\$ 114,371	\$ (298,454)	\$ (881,694)	\$ 789,829	\$ 372,419	\$ 113,924	\$ 582,927	\$ 1,051,558
Plan fiduciary net position as a percentage of the total pension liability	93.61%	97.11%	98.55%	103.83%	111.61%	90.30%	95.27%	98.40%	91.52%	84.41%
Covered payroll	\$ 1,085,823	\$ 755,524	\$ 535,941	\$ 662,816	\$ 686,830	\$ 788,808	\$ 739,997	\$ 946,395	\$ 947,070	\$ 965,777
Net pension liability/(asset) as a percentage of covered payroll	50.00%	31.25%	21.34%	-45.03%	-128.37%	100.13%	50.33%	12.04%	61.55%	108.88%

CITY OF SEDALIA

LAGERS (PENSION PLAN) - CITY SCHEDULE OF CONTRIBUTIONS March 31, 2026

	2026	2025	2024	2023	2022
Actuarially determined contribution	\$ 2,609,620	\$ 2,242,151	\$ 1,930,118	\$ 1,734,642	\$ 1,172,012
Contributions in relation to the actuarially determined contribution	2,551,374	2,181,821	1,930,118	1,732,116	1,165,335
Contribution deficiency (excess)	<u>\$ 58,246</u>	<u>\$ 60,330</u>	<u>\$ -</u>	<u>\$ 2,526</u>	<u>\$ 6,677</u>
Covered payroll	\$ 13,789,120	\$ 12,220,054	\$ 11,131,211	\$ 9,998,300	\$ 7,135,632
Contributions as a percentage of covered payroll	18.50%	17.85%	17.34%	17.32%	16.33%
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,150,720	\$ 1,092,953	\$ 1,096,890	\$ 1,125,662	\$ 1,132,767
Contributions in relation to the actuarially determined contribution	1,150,720	1,092,953	1,096,889	1,113,607	1,132,766
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 12,055</u>	<u>\$ 1</u>
Covered payroll	\$ 7,304,056	\$ 6,950,144	\$ 6,829,058	\$ 6,950,588	\$ 7,337,516
Contributions as a percentage of covered payroll	15.75%	15.73%	16.06%	16.02%	15.44%

CITY OF SEDALIA

LAGERS (PENSION PLAN) – LIBRARY SCHEDULE OF CONTRIBUTIONS March 31, 2026

	2026	2025	2024	2023	2022
Actuarially determined contribution	\$ 73,558	\$ 65,219	\$ 59,325	\$ 48,229	\$ 53,418
Contributions in relation to the actuarially determined contribution	73,558	65,218	59,325	48,229	53,418
Contribution deficiency (excess)	\$ -	\$ 1	\$ -	\$ -	\$ -
Covered payroll	\$ 305,219	\$ 259,835	\$ 236,358	\$ 196,851	\$ 209,483
Contributions as a percentage of covered payroll	24.10%	25.10%	25.10%	24.50%	25.50%
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 65,318	\$ 62,494	\$ 60,959	\$ 55,356	\$ 60,515
Contributions in relation to the actuarially determined contribution	65,318	62,494	60,959	52,076	55,510
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 3,280	\$ 5,005
Covered payroll	\$ 246,484	\$ 238,526	\$ 235,363	\$ 205,023	\$ 227,501
Contributions as a percentage of covered payroll	26.50%	26.20%	25.90%	25.40%	24.40%

CITY OF SEDALIA

LAGERS (PENSION PLAN) - WATER SCHEDULE OF CONTRIBUTIONS

March 31, 2026

	2026	2025	2024	2023	2022
Actuarially determined contribution	\$ 323,194	\$ 341,119	\$ 205,807	\$ 163,858	\$ 165,375
Contributions in relation to the actuarially determined contribution	249,037	217,628	150,680	122,894	129,637
Contribution deficiency (excess)	<u>\$ 74,157</u>	<u>\$ 123,491</u>	<u>\$ 55,127</u>	<u>\$ 40,964</u>	<u>\$ 35,738</u>
Covered payroll	\$ 1,106,829	\$ 1,012,222	\$ 735,025	\$ 630,223	\$ 700,740
Contributions as a percentage of covered payroll	22.50%	21.50%	20.50%	19.50%	18.50%
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 168,923	\$ 121,726	\$ 161,121	\$ 186,393	\$ 183,875
Contributions in relation to the actuarially determined contribution	128,529	121,726	161,121	186,392	183,875
Contribution deficiency (excess)	<u>\$ 40,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Covered payroll	\$ 734,449	\$ 737,732	\$ 947,773	\$ 991,450	\$ 938,135
Contributions as a percentage of covered payroll	17.50%	16.50%	17.00%	18.80%	19.60%

CITY OF SEDALIA

FIRE PENSION FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

March 31, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ -	\$ -	\$ 37,000	\$ 189,053	\$ 189,377	\$ 180,182	\$ 160,454	\$ 148,232	\$ 138,608	\$ 138,948
Interest on the total pension liability	689,597	699,519	686,268	793,089	779,113	753,900	761,117	750,063	741,030	703,414
Difference between expected and actual experience	290,429	17,109	300,274	(70,714)	19,231	106,307	(82,067)	22,165	(10,253)	(340,276)
Assumption changes	-	(72,483)	(4,534)	16,808	(37,046)	54,086	(23,976)	89,091	(100,970)	696,590
Benefit payments	(860,977)	(710,801)	(874,612)	(788,636)	(712,758)	(774,207)	(1,102,512)	(625,207)	(672,768)	(649,155)
Plan amendment	-	-	-	(1,470,570)	-	-	-	-	-	-
Net change in total pension liability	119,049	(66,656)	144,396	(1,330,970)	237,917	320,268	(286,984)	384,344	95,647	549,521
Total pension liability beginning	10,281,879	10,348,535	10,204,139	11,535,109	11,297,192	10,976,924	11,263,908	10,879,564	10,783,917	10,234,396
Total pension liability ending	<u>\$ 10,400,928</u>	<u>\$ 10,281,879</u>	<u>\$ 10,348,535</u>	<u>\$ 10,204,139</u>	<u>\$ 11,535,109</u>	<u>\$ 11,297,192</u>	<u>\$ 10,976,924</u>	<u>\$ 11,263,908</u>	<u>\$ 10,879,564</u>	<u>\$ 10,783,917</u>
Plan fiduciary net position										
Contributions - employer	\$ 1,253	\$ 18,383	\$ 61,753	\$ 288,965	\$ 295,401	\$ 282,680	\$ 245,427	\$ 328,018	\$ 220,408	\$ 197,176
Contributions - property tax revenues	170,711	155,895	162,223	147,571	147,927	145,891	122,386	122,127	133,018	134,275
Pension plan net investment income	427,230	964,382	(396,809)	470,077	2,508,493	(458,203)	402,513	499,240	605,999	(141,491)
Benefit payments	(860,977)	(710,801)	(874,612)	(788,636)	(712,758)	(774,207)	(1,102,512)	(625,207)	(672,768)	(649,155)
Pension plan administrative expense	<u>(14,857)</u>	<u>(18,825)</u>	<u>(21,363)</u>	<u>(66,500)</u>	<u>(55,524)</u>	<u>(55,673)</u>	<u>(57,757)</u>	<u>(34,704)</u>	<u>(33,340)</u>	<u>(32,548)</u>
Net change in plan fiduciary net position	(276,640)	409,034	(1,068,808)	51,477	2,183,539	(859,512)	(389,943)	289,474	253,317	(491,743)
Plan fiduciary net position beginning	7,854,762	7,445,728	8,514,536	8,463,059	6,279,520	7,139,032	7,528,975	7,239,501	6,986,184	7,477,927
Plan fiduciary net position ending	<u>\$ 7,578,122</u>	<u>\$ 7,854,762</u>	<u>\$ 7,445,728</u>	<u>\$ 8,514,536</u>	<u>\$ 8,463,059</u>	<u>\$ 6,279,520</u>	<u>\$ 7,139,032</u>	<u>\$ 7,528,975</u>	<u>\$ 7,239,501</u>	<u>\$ 6,986,184</u>
Net pension liability	<u>\$ 2,822,806</u>	<u>\$ 2,427,117</u>	<u>\$ 2,902,807</u>	<u>\$ 1,689,603</u>	<u>\$ 3,072,050</u>	<u>\$ 5,017,672</u>	<u>\$ 3,837,892</u>	<u>\$ 3,734,933</u>	<u>\$ 3,640,063</u>	<u>\$ 3,797,733</u>
Plan fiduciary net position as a percentage of the total pension liability	72.86%	76.39%	71.95%	83.44%	73.37%	55.58%	65.04%	66.84%	66.54%	64.78%
Covered payroll	N/A	N/A	N/A	\$ 2,391,280	\$ 2,440,689	\$ 2,311,800	\$ 2,076,144	\$ 2,020,044	\$ 1,906,721	\$ 1,745,386
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	70.66%	125.87%	217.05%	184.86%	184.89%	190.91%	217.59%

CITY OF SEDALIA

FIRE PENSION FUND SCHEDULE OF CONTRIBUTIONS March 31, 2026

	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ 187,563	\$ 196,719	\$ 212,675	\$ 460,030	\$ 461,365
Contributions in relation to the actuarially determined contribution	171,964	174,278	223,975	436,536	443,328
Contribution deficiency (excess)	<u>\$ 15,599</u>	<u>\$ 22,441</u>	<u>\$ (11,300)</u>	<u>\$ 23,494</u>	<u>\$ 18,037</u>
Covered payroll	N/A	N/A	N/A	\$ 2,391,280	\$ 2,440,689
Contributions as a percentage of covered payroll	N/A	N/A	N/A	18.26%	18.16%
	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 417,212	\$ 385,272	\$ 362,295	\$ 439,494	\$ 358,679
Contributions in relation to the actuarially determined contribution	428,571	367,813	450,145	353,426	331,451
Contribution deficiency (excess)	<u>\$ (11,359)</u>	<u>\$ 17,459</u>	<u>\$ (87,850)</u>	<u>\$ 86,068</u>	<u>\$ 27,228</u>
Covered payroll	\$ 2,311,800	\$ 2,076,144	\$ 2,020,044	\$ 1,906,721	\$ 1,745,386
Contributions as a percentage of covered payroll	18.54%	17.72%	22.28%	18.54%	18.99%

SUPPLEMENTARY INFORMATION

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 4,775,703	\$ 4,824,140	\$ 4,824,140	\$ (48,437)
Intergovernmental revenue	330,238	3,212,777	3,212,777	(2,882,539)
Other revenue	1,954,641	6,238,264	6,238,264	(4,283,623)
Total revenues	7,060,582	14,275,181	14,275,181	(7,214,599)
EXPENDITURES				
General government	127,694	39,750	39,750	(87,944)
Capital outlay	11,085,644	37,232,621	38,823,621	27,737,977
Debt service	3,380,377	3,262,904	3,262,904	(117,473)
Total expenditures	14,593,715	40,535,275	42,126,275	27,532,560
Excess (deficiency) of revenues over (under) expenditures	(7,533,133)	(26,260,094)	(27,851,094)	20,317,961
OTHER FINANCING SOURCES (USES)				
Debt proceeds	15,325,000	19,250,000	19,250,000	(3,925,000)
Premium on bonds issued	720,032	-	-	720,032
Transfers in	3,008,820	2,770,318	2,770,318	238,502
Transfers (out)	(60,972)	(60,951)	(60,951)	(21)
Total other financing sources (uses)	18,992,880	21,959,367	21,959,367	(2,966,487)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	\$ 11,459,747	\$ (4,300,727)	\$ (5,891,727)	\$ 17,351,474

CITY OF SEDALIA

COMBINING BALANCE SHEET

NON-MAJOR FUNDS

March 31, 2026

	Special Revenue Funds									
	Special Business District Fund	Fire Academy Fund	Midtown Special Allocation Fund	The Crossings CID Fund	Galaxy West CID Fund	MFA Sales Tax Sharing Fund	Lamy's Sales Tax Sharing Fund	Opioid Settlement Fund	Animal Control Center Fund	Total
ASSETS										
Cash and cash equivalents	\$ 215,451	\$ 13,642	\$ 313,799	\$ 2,701	\$ 47,363	\$ -	\$ -	\$ 273,964	\$ 23,576	\$ 890,496
Accounts receivable	-	-	-	-	-	-	-	-	390	390
Taxes receivable	-	-	-	-	675	-	-	-	-	675
Prepaid expenditures	-	-	-	-	-	-	-	-	6,740	6,740
TOTAL ASSETS	\$ 215,451	\$ 13,642	\$ 313,799	\$ 2,701	\$ 48,038	\$ -	\$ -	\$ 273,964	\$ 30,706	\$ 898,301
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ 4,548	\$ -	\$ -	\$ -	\$ -	\$ 47,205	\$ 11,022	\$ 62,775
Accrued liabilities	-	-	-	-	-	-	-	-	25,148	25,148
Total liabilities	-	-	4,548	-	-	-	-	47,205	36,170	87,923
FUND BALANCES										
Nonspendable:										
Prepaid expenditures	-	-	-	-	-	-	-	-	6,740	6,740
Restricted for:										
Community development	215,451	-	-	-	-	-	-	-	-	215,451
Public safety	-	13,642	-	-	-	-	-	226,759	-	240,401
Economic development	-	-	309,251	2,701	48,038	-	-	-	-	359,990
Unassigned	-	-	-	-	-	-	-	-	(12,204)	(12,204)
Total fund balances	215,451	13,642	309,251	2,701	48,038	-	-	226,759	(5,464)	810,378
TOTAL LIABILITIES AND FUND BALANCES	\$ 215,451	\$ 13,642	\$ 313,799	\$ 2,701	\$ 48,038	\$ -	\$ -	\$ 273,964	\$ 30,706	\$ 898,301

CITY OF SEDALIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR FUNDS

Year Ended March 31, 2026

	Special Revenue Funds									
	Special Business District Fund	Fire Academy Fund	Midtown Special Allocation Fund	The Crossings CID Fund	Galaxy West CID Fund	MFA Sales Tax Sharing Fund	Lamy's Sales Tax Sharing Fund	Opioid Settlement Fund	Animal Control Center Fund	Total
REVENUES										
Taxes	\$ 43,191	\$ -	\$ 330,762	\$ 31,159	\$ 129,203	\$ -	\$ -	\$ -	\$ -	\$ 534,315
Charges for services	-	-	-	-	-	-	-	-	81,385	81,385
Intergovernmental revenue	435	-	-	-	-	-	-	-	-	435
Other revenue	10,516	603	7,883	-	-	-	-	104,977	17,605	141,584
TOTAL REVENUES	54,142	603	338,645	31,159	129,203	-	-	104,977	98,990	757,719
EXPENDITURES										
Current:										
Community development	44,313	-	-	-	-	-	-	-	-	44,313
Public safety	-	2,316	-	-	-	-	-	187,364	657,686	847,366
Economic development	-	-	79,422	30,847	177,912	18,620	43,297	-	-	350,098
Capital outlay	-	-	-	-	-	-	-	-	45,579	45,579
Total expenditures	44,313	2,316	79,422	30,847	177,912	18,620	43,297	187,364	703,265	1,287,356
Excess (deficiency) of revenues over (under) expenditures	9,829	(1,713)	259,223	312	(48,709)	(18,620)	(43,297)	(82,387)	(604,275)	(529,637)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	6,600	-	50,270	18,620	43,297	-	598,811	717,598
Transfers (out)	-	-	-	(312)	-	-	-	-	-	(312)
Total other financing sources (uses)	-	-	6,600	(312)	50,270	18,620	43,297	-	598,811	717,286
Net change in fund balances	9,829	(1,713)	265,823	-	1,561	-	-	(82,387)	(5,464)	187,649
FUND BALANCES, APRIL 1	205,622	15,355	43,428	2,701	46,477	-	-	309,146	-	622,729
FUND BALANCES, MARCH 31	<u>\$ 215,451</u>	<u>\$ 13,642</u>	<u>\$ 309,251</u>	<u>\$ 2,701</u>	<u>\$ 48,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,759</u>	<u>\$ (5,464)</u>	<u>\$ 810,378</u>

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
SPECIAL BUSINESS DISTRICT FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 43,191	\$ 45,664	\$ 45,664	\$ (2,473)
Intergovernmental revenue	435	-	-	435
Other revenue	10,516	12,645	12,645	(2,129)
Total revenues	<u>54,142</u>	<u>58,309</u>	<u>58,309</u>	<u>(4,167)</u>
EXPENDITURES				
Community development	44,313	101,102	101,102	56,789
Capital outlay	-	57,000	57,000	57,000
Total expenditures	<u>44,313</u>	<u>158,102</u>	<u>158,102</u>	<u>113,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,829</u>	<u>\$ (99,793)</u>	<u>\$ (99,793)</u>	<u>\$ 109,622</u>

CITY OF SEDALIA

BUDGETARY COMPARISON SCHEDULE

FIRE ACADEMY FUND

Year Ended March 31, 2026

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ 17,000	\$ 17,000	\$ (17,000)
Other revenue	603	800	800	(197)
Total revenues	603	17,800	17,800	(17,197)
EXPENDITURES				
Public safety	2,316	13,710	13,710	11,394
Total expenditures	2,316	13,710	13,710	11,394
Excess (deficiency) of revenues over (under) expenditures	\$ (1,713)	\$ 4,090	\$ 4,090	\$ (5,803)

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
MIDTOWN SPECIAL ALLOCATION FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 330,762	\$ 299,028	\$ 299,028	\$ 31,734
Other revenue	7,883	189	189	7,694
Total revenues	<u>338,645</u>	<u>299,217</u>	<u>299,217</u>	<u>39,428</u>
EXPENDITURES				
Economic development	79,422	10,029	10,029	(69,393)
Capital outlay	-	308,236	308,236	308,236
Total expenditures	<u>79,422</u>	<u>318,265</u>	<u>318,265</u>	<u>238,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>259,223</u>	<u>(19,048)</u>	<u>(19,048)</u>	<u>278,271</u>
OTHER FINANCING SOURCES				
Transfers in	<u>6,600</u>	<u>6,190</u>	<u>6,190</u>	<u>410</u>
Total other financing sources	<u>6,600</u>	<u>6,190</u>	<u>6,190</u>	<u>410</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 265,823</u>	<u>\$ (12,858)</u>	<u>\$ (12,858)</u>	<u>\$ 278,681</u>

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
THE CROSSINGS CID FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 31,159	\$ 29,537	\$ 29,537	\$ 1,622
Total revenues	31,159	29,537	29,537	1,622
EXPENDITURES				
Economic development	30,847	-	-	(30,847)
Total expenditures	30,847	-	-	(30,847)
Excess (deficiency) of revenues over (under) expenditures	312	29,537	29,537	(29,225)
OTHER FINANCING (USES)				
Transfers (out)	(312)	(29,537)	(29,537)	29,225
Total other financing (uses)	(312)	(29,537)	(29,537)	29,225
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	\$ -	\$ -	\$ -	\$ -

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
GALAXY WEST CID FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	\$ 129,203	\$ 135,878	\$ 135,878	\$ (6,675)
Total revenues	129,203	135,878	135,878	(6,675)
EXPENDITURES				
Economic development	177,912	188,072	188,072	10,160
Total expenditures	177,912	188,072	188,072	10,160
Excess (deficiency) of revenues over (under) expenditures	(48,709)	(52,194)	(52,194)	3,485
OTHER FINANCING SOURCES				
Transfers in	50,270	52,194	52,194	(1,924)
Total other financing sources	50,270	52,194	52,194	(1,924)
Excess of revenues and other financing sources over expenditures	\$ 1,561	\$ -	\$ -	\$ 1,561

CITY OF SEDALIA

BUDGETARY COMPARISON SCHEDULE

MFA SALES TAX SHARING FUND

Year Ended March 31, 2026

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
EXPENDITURES				
Economic development	\$ 18,620	\$ 15,226	\$ 15,226	\$ (3,394)
Total expenditures	18,620	15,226	15,226	(3,394)
OTHER FINANCING SOURCES				
Transfers in	18,620	15,226	15,226	3,394
Total other financing sources	18,620	15,226	15,226	3,394
Excess (deficiency) of other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -

CITY OF SEDALIA

**BUDGETARY COMPARISON SCHEDULE
LAMY'S SALES TAX SHARING FUND
Year Ended March 31, 2026**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
EXPENDITURES				
Economic development	\$ 43,297	\$ 43,297	\$ 43,297	\$ -
Total expenditures	43,297	43,297	43,297	-
OTHER FINANCING SOURCES				
Transfers in	43,297	43,297	43,297	-
Total other financing sources	43,297	43,297	43,297	-
Excess (deficiency) of other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -

CITY OF SEDALIA
BUDGETARY COMPARISON SCHEDULE
OPIOID SETTLEMENT FUND
Year Ended March 31, 2026

	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance Favorable/ (Unfavorable)</u>
REVENUES				
Other revenue	<u>\$ 104,977</u>	<u>\$ 150,000</u>	<u>\$ 192,202</u>	<u>\$ (87,225)</u>
Total revenues	<u>104,977</u>	<u>150,000</u>	<u>192,202</u>	<u>(87,225)</u>
EXPENDITURES				
Public safety	<u>187,364</u>	<u>-</u>	<u>-</u>	<u>(187,364)</u>
Total expenditures	<u>187,364</u>	<u>-</u>	<u>-</u>	<u>(187,364)</u>
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ (82,387)</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ 192,202</u></u>	<u><u>\$ (274,589)</u></u>

CITY OF SEDALIA
BUDGETARY COMPARISON SCHEDULE
ANIMAL CONTROL CENTER FUND
Year Ended March 31, 2026

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Charges for services	\$ 81,385	\$ -	\$ -	\$ 81,385
Other revenue	17,605	-	-	17,605
Total revenues	98,990	-	-	98,990
EXPENDITURES				
Public safety	657,686	745,191	745,191	87,505
Capital outlay	45,579	170,000	170,000	124,421
Total expenditures	703,265	915,191	915,191	211,926
Excess (deficiency) of revenues over (under) expenditures	(604,275)	(915,191)	(915,191)	310,916
OTHER FINANCING SOURCES				
Transfers in	598,811	-	-	598,811
Total other financing sources	598,811	-	-	598,811
Excess (deficiency) of revenues and other financing sources over (under) expenditures	\$ (5,464)	\$ (915,191)	\$ (915,191)	\$ 909,727

SINGLE AUDIT REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sedalia (the City), as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 21, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2026-001 and 2026-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

William F. Keefe UC

Columbia, Missouri
September 21, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sedalia's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended March 31, 2026. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

William F. Keefe UC

Columbia, Missouri
September 21, 2026

CITY OF SEDALIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2026

	Assistance Listing Number	Pass Through Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Treasury:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	\$ -	\$ 949,755
Passed through the Missouri Department of Economic Development:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP 4542-34418096 SLFRP 4542-34184583	-	851,100
Passed through the Missouri Department of Natural Resources:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	587111D06756	-	27,340
Total U.S. Department of Treasury			-	1,828,195
U.S. Department of Transportation:				
Passed through the Missouri Department of Transportation:				
Airport Improvement Program	20.106	24-020A TAP-5700(512)	-	286,015
Highway Planning and Construction	20.205	TEAP - (096)	-	33,320
		26-ENF-03-062 26-ENF-03-046 26-PT-02-061 26-PT-02-016 25-PT-02-071 25-ENF-03-068		
Hazardous Moving Violations (Highway Safety Cluster)	20.600	25-M5HVE-03-001	-	72,965
Total U.S. Department of Transportation			-	392,300
U.S. Department of Homeland Security:				
Passed through the Federal Emergency Management Agency:				
Assistance to Firefighters Grant	97.044	EMW-2024-FG-06871	-	59,909
Passed through the Missouri Department of Public Safety:				
		EMW-2022-SS-00094 EMW-2024-SS-05013-28 EMW-2023-SS-00085-29		
Homeland Security Grant Program	97.067		-	14,755
Total U.S. Department of Homeland Security			-	74,664
U.S. Department of Justice:				
Passed through the Bureau of Justice Assistance:				
Bulletproof Vest Partnership Program	16.607	FY24 Regular Fund	-	4,892
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-23-GG-03538-JAGX	-	10,231
Total U.S. Department of Justice			-	15,123
U.S. Department of the Interior, National Park Service:				
Passed through the Missouri Department of Natural Resources:				
		P22AP01483-00 P23AF008910-007		
Historic Preservation Fund Grant	15.904		197,274	217,274
Total U.S. Department of the Interior, National Park Service			197,274	217,274
The Institute of Museum and Library Services:				
Grants to the States (LSTA)	45.310	2025-LSM5-LAM25-089	-	16,230
Total The Institute of Museum and Library Services			-	16,230
Total expenditures of federal awards			\$ 197,274	\$ 2,543,786

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes only the current year federal grant activity of the City and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Amounts presented in this schedule as expenditures may differ from amounts presented in, or used in the preparation of, the basic financial statements, although such differences are not material.

2. INDIRECT COST RATE

The City has elected not to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF SEDALIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2026**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with GAAP.
2. Significant deficiencies relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." These are not considered material weaknesses.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion on the major federal programs.
6. The audit did not disclose any audit findings that the auditor is required to report under 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major federal programs include:

	Assistance Listing Number
Coronavirus State and Local Fiscal Recovery Funds	<u>21.027</u>

8. The dollar threshold used to distinguish between Type A and B programs was \$1,000,000.
9. The City did not qualify as a low-risk auditee for the year ended March 31, 2026.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2026-001: Preparation of Financial Statements

Condition: Management is responsible for establishing and maintaining internal control, which includes internal control over the selection and application of accounting principles, adjustment of the underlying general ledger, and preparation of the financial statements. In our capacity as external auditors, we cannot also be considered to be part of an entity's system of internal control. If management does not have the means to accomplish its responsibilities other than by having the auditors handle some or all these responsibilities, the City is deemed to have a significant deficiency under auditing standards. During the fiscal year 2026 audit, the auditors prepared the financial statements, including the note disclosures, and proposed adjustments to the underlying general ledger.

Cause: The City's personnel, though trained in accounting and reporting standards, do not necessarily keep current with governmental accounting standards related to financial statement preparation.

Effect: The auditors prepared the financial statements, including the note disclosures, and submitted them to management for review and approval. The auditors also proposed adjustments to the underlying general ledger.

Recommendation: Because we feel the process of us, as auditors, preparing the financial statements at the conclusion of the audit, followed by management review and acceptance, is an efficient and cost-effective process overall, we are not recommending the City make other arrangements. We do, however, recommend the City ensure all significant adjustments are made to the financial statements prior to the financial statement audit going forward.

City's Response: Going forward, the Finance Director will continue to ensure all significant adjustments are made to the financial statements prior to the financial statement audit.

Finding 2026-002: Segregation of Duties

Condition: Management is responsible for establishing and maintaining internal control, which includes maintaining segregation of duties. When one individual is responsible for the preparation, review, approval, and/or posting of transactions, there is an increased risk that error or inappropriate entries could be recorded without detection, which could affect the reliability of financial reporting.

Cause: The City's current segregation of duties procedures do not address manual journal entries and although those procedures address other transactions, they were not consistently maintained during the year.

Effect: Manual journal entries were reviewed, approved, and posted by the same individual (the Finance Director). One (noted) instance of an accounts payable entry was prepared and approved by the same individual (the Accounting Technician); however, the City's procedures require such entries to be approved by the Accounting Manager.

Recommendation: We recommend the City strengthen segregation of duties by ensuring that no one individual has responsibility for the preparation, review, approval, and/or posting of transactions.

City's Response: Going forward, the City will review the current segregation of duties procedures and implement additional controls to ensure that no one individual has responsibility for the preparation, review, approval, and/or posting of transactions.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF SEDALIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended March 31, 2026

Finding 2025-001: Preparation of Financial Statements

Condition: Management is responsible for establishing and maintaining internal control, which includes internal control over the selection and application of accounting principles, adjustment of the underlying general ledger, and preparation of the financial statements. In our capacity as external auditors, we cannot also be considered to be part of an entity's system of internal control. If management does not have the means to accomplish its responsibilities other than by having the auditors handle some or all these responsibilities, the City is deemed to have a significant deficiency under auditing standards. During the fiscal year 2025 audit, the auditors prepared the financial statements, including the note disclosures, and proposed adjustments to the underlying general ledger.

Recommendation: Because we feel the process of us, as auditors, preparing the financial statements at the conclusion of the audit, followed by management review and acceptance, is an efficient and cost-effective process overall, we are not recommending the City make other arrangements. We do, however, recommend the City ensure all significant adjustments are made to the financial statements prior to the financial statement audit going forward.

Status: See the continuing finding (Finding 2026-001 in the current year).

Finding 2025-002: Segregation of Duties

Condition: Management is responsible for establishing and maintaining internal control, which includes maintaining segregation of duties. When one individual is responsible for the preparation, review, approval, and/or posting of transactions, there is an increased risk that error or inappropriate entries could be recorded without detection, which could affect the reliability of financial reporting.

Recommendation: We recommend the City strengthen segregation of duties by ensuring that no one individual has responsibility for the preparation, review, approval, and/or posting of transactions.

Status: See the continuing finding (Finding 2026-002 in the current year).

There were no audit findings relative to the federal awards in the prior year.

OTHER INFORMATION

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity or Other Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Homeland Security				
Passed through State of Missouri Emergency Management Agency				
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-159-U596W-PW-00760	\$ -	\$ 14,917
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-159-U596W-PW-00673	-	777,339
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-159-U596W-PW-00586	-	1,304,684
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-159-U596W-PW-00761	-	160,576
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-159-U596W-PW-00758	-	439,977
			<u>\$ -</u>	<u>\$ 2,697,493</u>

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Notes to the Schedule of Expenditures of Federal Awards
Year Ended May 31, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bothwell Regional Health Center (the Health Center) under programs of the federal government for the year ended May 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health Center, it is not intended to and does not present the financial position, changes in net position or cash flows of the Health Center.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Health Center has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. FEMA Funding

Non-federal entities must record expenditures for Federal Emergency Management Agency (FEMA) projects on the Schedule when 1) FEMA has approved the non-federal entity's project worksheet and 2) the non-federal entity has incurred the eligible expenditures. The 2025 expenditures for Federal Assistance Listing Number 97.036 include \$2,697,493 of expenditures that were incurred by the Health Center prior to 2025, while the project worksheet was approved in 2025.

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

Independent Auditor's Report

Board of Trustees
Bothwell Regional Health Center
Sedalia, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary activities of Bothwell Regional Health Center (the "Health Center"), collectively a component unit of the City of Sedalia, Missouri (the City) as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Health Center's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Health Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Health Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Health Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of This Report

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

Forvis Mazars, LLP

**Kansas City, Missouri
December 17, 2025**

**Report on Compliance for the Major Federal Program,
Report on Internal Control Over Compliance and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of Trustees
Bothwell Regional Health Center
Sedalia, Missouri

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Bothwell Regional Health Center's (the "Health Center"), collectively a component unit of the City of Sedalia, Missouri (the City), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Health Center's major federal program for the year ended May 31, 2025. The Health Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Health Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect its major federal program for the year ended May 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Health Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Health Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Health Center's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Health Center's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Health Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Health Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Health Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Health Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of the Health Center, as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Health Center's basic financial statements. We have issued our report thereon dated December 17, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

**Kansas City, Missouri
March 23, 2026**

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Schedule of Findings and Questioned Costs
Year Ended May 31, 2025

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
- Material weaknesses(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards program:
- Material weaknesses(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
5. Type of auditor’s report issued on compliance for major federal program:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No
7. Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
97.036	COVID-19 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Schedule of Findings and Questioned Costs
Year Ended May 31, 2025

(Continued)

Section II – Financial Statement Findings

Reference Number	Finding
2025-001	Criteria: Management is responsible for establishing and maintaining effective financial control over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the financial statements on a timely basis. Condition: During our procedures, we noted certain year-end reconciliations were not prepared and reviewed timely resulting in audit adjustments in various financial statement areas. Cause: The Health Center experienced turnover of finance personnel. Effect or Potential Effect: There were significant financial statement adjustments proposed during the audit process. The lack of proper procedures and controls in place over the preparation of the financial statements could also potentially result in material misstatements of the financial statements and material departures from generally accepted accounting principles. Recommendation: We recommend that the Health Center evaluate the financial statement close process to identify processes that could improve the timeliness of the month-end and year-end reconciliations and increase resources within the accounting department to ensure the accounting and finance reports are accurate, timely, and in accordance with applicable standards. View of Responsible Official and Planned Corrective Actions: The Health Center will evaluate the financial statement close process to identify processes that could improve the timeliness and accuracy of month-end reconciliations.

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Schedule of Findings and Questioned Costs
Year Ended May 31, 2025

(Continued)

Reference Number	Finding
2025-002	Criteria: Management is responsible for establishing and maintaining effective financial control over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the financial statements on a timely basis. Condition: During our procedures, we noted year-end reconciliations related to patient accounts receivable and allowances were not prepared and reviewed timely resulting in multiple material audit adjustments. Cause: The Health Center experienced turnover of finance personnel. Effect or Potential Effect: There were significant financial statement adjustments proposed during the audit process specifically related to patient accounts receivable and allowance accounts. The lack of proper procedures and controls in place over the preparation of the financial statements could also potentially result in material misstatements of the financial statements and material departures from generally accepted accounting principles. Recommendation: We recommend that the Health Center evaluate the financial statement close process to identify processes that could improve the timeliness and accuracy of the month-end and year-end accounts receivable and allowance reconciliations. View of Responsible Official and Planned Corrective Actions: The Health Center will evaluate the financial statement close process to identify processes that could improve the timeliness and accuracy of month-end reconciliations.

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Schedule of Findings and Questioned Costs
Year Ended May 31, 2025

(Continued)

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Bothwell Regional Health Center
A Component Unit of the City of Sedalia, Missouri
Summary Schedule of Prior Audit Findings
Year Ended May 31, 2025

Reference Number	Summary of Finding	Status
2024-001	U.S. Department of Health and Human Services, passed through the Curators of the University of Missouri ALN 93.680 - Medical Student Education PTE Federal Award No: C00084599-1 Criteria or Specific Requirement: Suspension and Debarment and Significant Deficiency In accordance with 2 CFR 200.214, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR Section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR Section 180.215. Per 2 CFR 200.303, the non-Federal entities receiving federal awards (i.e., auditee management) establish and maintain internal control design to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Condition: Suspension and debarment checks were not completed for the vendors that received federal funds. Cause: Bothwell Regional Health Center did not have suspension and debarment controls in place prior to purchases with the vendors. Effect or Potential Effect: Federal funds could be paid to entities that are suspended or debarred. Questioned Costs: None noted. Context: Only one vendor was subject to the suspension and debarment requirement in 2024 and was selected for testing. The Health Center purchased \$961,978 in goods/services from this vendor in 2024. During our testing, we noted the vendor utilized by the Health Center was not evaluated for suspension and debarment. Upon subsequent check, the vendor was not suspended or debarred. Identification of Prior Year Finding: N/A Recommendation: Policies and procedures should be modified to ensure that suspension and debarment checks are performed on vendors and subrecipients alike prior to making purchases with federal funds. When newly established programs include vendors, we also recommend the contracts include suspension and debarment language. View of Responsible Official and Planned Corrective Actions: Management implemented a control process to ensure that suspension and debarment checks are performed on vendors/contracts funded with grants.	Resolved

Finding 2025-001

Financial Statement Reconciliations

Management's Response:

We concur.

Views of Responsible Officials and Corrective Action:

Management will perform a detailed review of the month-end close process, the year-end close process and preparation of the financial statements to address the concerns raised by the auditor. This review will be performed by January 31, 2026.

Responsible Official:



Lori Wightman

Chief Executive Officer

Bothwell Regional Health

Finding 2025-002

Patient Accounts Receivable and Allowances

Management's Response:

We concur.

Views of Responsible Officials and Corrective Action:

Management will perform a detailed review of the month-end close process, the year-end close process and preparation of the financial statements related to patient accounts receivable and allowances to address the concerns raised by the auditor. This review will be performed by January 31, 2026.

Responsible Official:



Lori Wightman

Chief Executive Officer

Bothwell Regional Health