

City of Crestwood, Missouri

Financial Statements

For The Year Ended December 31, 2023

TABLE OF CONTENTS

	<u>Pages</u>
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4a-4f
Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of the Governmental Funds Balance	
Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in	
Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances - Governmental Funds	
to the Statement of Activities - Governmental Funds	10
Notes to Financial Statements	11-27
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	28-29
Budgetary Comparison Schedule - Parks and Stormwater Fund	30
Budgetary Comparison Schedule - Sewer Lateral Fund	31
Notes to Required Supplementary Information	32
Schedule of Changes in Net Pension Liability and Related Ratios	33
Schedule of Contributions	34
Schedule of Changes in Other Than Pension Post Employment	
Benefit Liability and Related Ratios	35
Schedule of Contributions - Other Post Employment Benefit Liability	36
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	37
Notes to the Schedule of Expenditures of Federal Awards	38
OTHER INFORMATION	
Budgetary Comparison Schedule - Capital Improvement Fund	39
FEDERAL COMPLIANCE SECTION	
Independent Auditors' Report on Internal Control over Financial Reporting	
and on Compliance and Other Matters Based on an Audit of the Financial	
Statements Performed In Accordance with <i>Government Auditing Standards</i>	40-41
Independent Auditors' Report on Compliance for Each Major Program and on	
Internal Control Over Compliance Required by the Uniform Guidance	42-43
Schedule of Findings and Questioned Costs	44-45
Schedule of Resolution of Prior Year Audit Findings	45

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Alderman
City of Crestwood, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Crestwood, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Crestwood, Missouri's basic financial statements as listed in the table of contents.

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

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions, schedule of changes in other than pension post employment benefit liability and related ratios, and schedule of contributions - other post employment benefit liability as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Crestwood, Missouri's basic financial statements. The accompanying 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule - Capital Improvement Fund 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 April 19, 2024, on our consideration of the City of Crestwood, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Crestwood, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Crestwood, Missouri's internal control over financial reporting and compliance.

F.E.W. CPAs

F.E.W. CPAs
Saint Louis, Missouri
April 19, 2024

City of Crestwood, Missouri
Management's Discussion and Analysis
December 31, 2023

The discussion and analysis of the City of Crestwood, Missouri's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended December 31, 2023. It should be read in conjunction with the accompanying basic financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Crestwood, Missouri's finances, in a manner similar to a private-sector business. Please note that these government-wide financial statements exclude fiduciary fund activities.

The *statement of net position* presents information on all of the City of Crestwood's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Crestwood, Missouri is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The Government-wide financial statements distinguish functions of the City of Crestwood, Missouri that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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 of Crestwood, Missouri include general government, municipal court, police, fire, parks, and public works. The City does not have any business-type activities.

The government-wide financial statements include only the City of Crestwood, Missouri itself (known as the *primary government*), as the City does not have any component units to be included herein.

The government-wide financial statements can be found on pages 5 through 6 of this report.

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 of Crestwood, Missouri, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Crestwood, Missouri are major governmental funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable 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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and the government-wide *governmental activities*.

The City of Crestwood, Missouri maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Parks and Stormwater Fund, Sewer Lateral Fund, and Capital Improvement Fund, all of which are considered major funds.

The City of Crestwood, Missouri, adopts an annual appropriated budget for its General Fund, Parks and Stormwater Fund, Sewer Lateral Fund, and Capital Improvement Fund. Budgetary comparison statements have been provided for all budgeted funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 7 through 10 of this report.

Notes to the Basic 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 basic financial statements can be found on pages 11 through 27 of this report.

Required Supplementary Information

In addition to the financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the General, Parks and Stormwater, Sewer Lateral, pension trend information, and OPEB information.

The required supplementary information can be found on pages 28 through 36 of this report.

Supplemental Information

The Schedule of Expenditures of Federal Awards can be found on page 37.

Other Information

The budgetary comparison schedule for the Capital Improvement fund can be found on page 39.

Financial Analysis of the City as a Whole

As noted earlier, the City of Crestwood, Missouri uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The City's net position was \$42,321,210 as of December 31, 2023. This analysis focuses on the net position and changes in revenues and expenses of the City's governmental activities.

Statement of Net Position

	2023	2022	Increase (Decrease)
Assets			
Current and other assets	\$ 11,735,586	\$ 11,526,243	\$ 209,343
Noncurrent assets	33,384,866	32,865,616	519,250
Total assets	<u>45,120,452</u>	<u>44,391,859</u>	<u>728,593</u>
Deferred outflow of resources	1,332,408	925,812	406,596
Liabilities			
Current liabilities	1,026,091	2,472,184	(1,446,093)
Noncurrent liabilities	2,704,650	2,641,477	63,173
Total liabilities	<u>3,730,741</u>	<u>5,113,661</u>	<u>(1,382,920)</u>
Deferred inflow of resources	400,909	1,746,019	(1,345,110)
Net position			
Net investment in capital assets	26,020,704	23,852,081	2,168,623
Restricted	2,688,479	2,395,606	292,873
Unrestricted	13,612,027	12,210,304	1,401,723
Total net position	<u>\$ 42,321,210</u>	<u>\$ 38,457,991</u>	<u>\$ 3,863,219</u>

Governmental Activities increased the City's net position by \$3,863,219. The key elements of this increase are as follows:

Statement of Activities			
	2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	\$ 2,301,581	\$ 2,064,376	\$ 237,205
Operating and capital grants	1,395,924	1,102,701	293,223
General revenues			
Taxes	14,018,472	12,237,624	1,780,848
Miscellaneous	1,042,159	2,044,866	(1,002,707)
Investment earnings	325,158	17,999	307,159
Total revenues	<u>19,083,294</u>	<u>17,467,566</u>	<u>1,615,728</u>
Expenses			
General government	2,005,348	1,734,496	270,852
Public works	4,149,815	4,166,594	(16,779)
Public safety - Police	4,038,658	3,133,877	904,781
Public safety - Fire	3,561,090	3,819,580	(258,490)
Parks and recreation	1,465,164	1,938,708	(473,544)
Total expenses	<u>15,220,075</u>	<u>14,793,255</u>	<u>426,820</u>
Change in net position	<u>\$ 3,863,219</u>	<u>\$ 2,674,311</u>	<u>\$ 1,188,908</u>

Governmental Funds

The focus of the City of Crestwood, Missouri's governmental funds is to provide information on inflows and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 2023, the unassigned fund balance of the general fund was \$7,533,325, while the total fund balance was \$10,344,297. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 54.9% of total general fund expenditures.

General Fund Budgetary Highlights

The General Fund finished fiscal year 2023 with a surplus of \$1,154,132, which was better than the budgeted deficit of \$1,586,876. Overall revenue finished \$1,212,172 better than originally projected, and expenditures were \$1,528,836 less than originally projected.

Economic Factors and Next Year's Budget

The City, like many surrounding municipalities, has experienced the impact of economic uncertainty, particularly in the Watson Road business corridor which is a critical area for the City. While the economy has improved over the last couple of years, there are still challenges that the City faces, such as maintaining the balance between the costs of meeting demand for services against limited revenues.

The City has begun the redevelopment of the former Crestwood Court mall site, which represented the largest development opportunity in the City at roughly 47 acres. In 2023, the first phase of the redevelopment project was completed with the opening of a new grocery store, several smaller retailers, as well as the construction of 81 new single-family homes. Future phases of the redevelopment are in progress and targeted for completion in 2024 and 2025.

In 2023, the global economy continued to feel the aftershocks of the COVID-19 pandemic, namely in the form of inflation and labor shortages. Crestwood weathered the economic turbulence. The City's economic base, anchored by groceries and Sam's Club, continues to perform well. The City resumed normal capital spending and staffing. Additionally, allocations of federal assistance via CARES Act and American Rescue Plan Act funds helped the City protect its financial position. Looking ahead, the City anticipates that inflation will continue to rise, albeit at a slower pace. Labor issues have lessened but are not yet back to pre-pandemic levels. The City is well-positioned to operate despite these challenges, thanks to the aforementioned progress on the mall site redevelopment, as well as careful stewardship of city funds.

In April 2024, Crestwood voters approved Proposition A, a major bond issue, which will fund the construction of a new community center, as well as other park-related projects. The completion of this new community center is expected to generate more revenue than the existing community center, and operate in a more financially sustainable way. Construction of the new center is expected to begin in 2025, with completion in 2026.

As a best practice, the City will continue to conservatively forecast revenues (excluding grants) in all of its major funds. Accordingly, the General Fund revenues in 2024 are budgeted at \$14,518,582 and expenditures were estimated at \$14,432,355, yielding a surplus of \$86,226. For the year-end 2024, the City projects a fund balance of \$7,353,087.

The 2024 Capital Improvement Fund budget envisioned revenues of \$1,652,979 along with \$2,242,900 of expenditures, yielding a deficit of \$589,921. This deficit would result in a fund balance of \$580,974 at the end of 2024.

The 2024 Park and Stormwater Fund budget estimated revenues of \$2,902,601 and expenditures of \$3,575,428 yielding a deficit of \$672,827. The estimated fund balance for the Park and Storm water Fund is projected to be \$353,654 at the end of 2024.

The 2024 Sewer Lateral Fund budget estimated revenues of \$145,400 and expenditures of \$152,852 yielding a deficit of \$7,452. The estimated fund balance for the Sewer Lateral Fund would be \$367,626 at the end of 2024.

The City will continue to focus on maintaining fund balances and being fiscally responsible with the assets of the City, while providing a high-quality level of services to the citizens of the City of Crestwood, Missouri. As a standing practice, the City will continue exploring possible options to increase other revenue sources and control expenditures in order to provide adequate long-term funding.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives.

If you have questions about this report or would like additional financial information, please visit our website, or contact the Finance Officer of the City of Crestwood, Missouri, One Detjen Drive, MO 63126.

Basic Financial Statements

CITY OF CRESTWOOD, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 8,413,630
Taxes receivable	3,180,731
Other receivables	18,732
Prepaid expenses	122,493
Total current assets	<u>11,735,586</u>
Noncurrent assets	
Net pension asset	7,364,162
Land and construction in progress	4,218,034
Capital assets, net of depreciation	<u>21,802,670</u>
Total noncurrent assets	<u>33,384,866</u>
TOTAL ASSETS	<u>\$ 45,120,452</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred amounts related to pension	<u>\$ 1,332,408</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	\$ 264,497
Salaries and benefits payable	225,570
Refundable deposits	17,944
Unearned revenue-ARPA receipts	<u>518,080</u>
Total current liabilities	<u>1,026,091</u>
Noncurrent liabilities	
Accrued compensated absences	429,337
Postemployment benefits other than pension liability	<u>2,275,313</u>
Total noncurrent liabilities	<u>2,704,650</u>
TOTAL LIABILITIES	<u>\$ 3,730,741</u>
DEFERRED INFLOW OF RESOURCES	
Deferred amounts related to pension	<u>\$ 400,909</u>
NET POSITION	
Net investment in capital assets	\$ 26,020,704
Restricted for:	
Capital projects	1,232,726
Parks and stormwater	1,062,584
Sewer repairs	393,169
Unrestricted	<u>13,612,027</u>
TOTAL NET POSITION	<u>\$ 42,321,210</u>

The notes to the financial statements are an integral part of this statement

CITY OF CRESTWOOD, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Program Revenues				
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,005,348	\$ 1,215,427	\$ 977,021	\$ -	\$ 187,100
Public works	4,149,815	135,891	-	111,124	(3,902,800)
Public safety					
Police	4,038,658	56,775	18,731	-	(3,963,152)
Fire	3,561,090	29,297	-	-	(3,531,793)
Parks and recreation	1,465,164	864,191	289,048	-	(311,925)
Total governmental activities	<u>\$ 15,220,075</u>	<u>\$ 2,301,581</u>	<u>\$ 1,284,800</u>	<u>\$ 111,124</u>	<u>(11,522,570)</u>
General revenues:					
Property taxes				2,756,047	
Utilities taxes				1,538,629	
Sales/use taxes				9,723,796	
Investment income				325,158	
Other income				836,258	
Gain on sale of assets				<u>205,901</u>	
Total general revenues				<u>15,385,789</u>	
Changes in net position					<u>3,863,219</u>
Net position - beginning					<u>38,457,991</u>
Net position - ending					<u><u>\$ 42,321,210</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF CRESTWOOD, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Major Funds				Total Governmental Funds
	General Fund	Parks and Stormwater Fund	Sewer Lateral Fund	Capital Improvements Fund	
ASSETS					
Cash and cash equivalents	\$ 6,200,461	\$ 839,207	\$ 365,893	\$ 1,008,069	\$ 8,413,630
Receivables					
Property taxes	1,226,917	-	28,907	-	1,255,824
Sales/use taxes	1,203,556	261,827	-	224,796	1,690,179
Utilities taxes and other	234,728	-	-	-	234,728
Other	18,647	85	-	-	18,732
Prepaid expenses	122,493	-	-	-	122,493
Internal balances	16,497	-	-	-	16,497
Total assets	<u>\$ 9,023,299</u>	<u>\$ 1,101,119</u>	<u>\$ 394,800</u>	<u>\$ 1,232,865</u>	<u>\$ 11,752,083</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 247,564	\$ 16,933	\$ -	\$ -	\$ 264,497
Salaries and benefits payable	225,570	-	-	-	225,570
Refundable deposits	11,069	6,875	-	-	17,944
Unearned revenue-ARPA receipts	518,080	-	-	-	518,080
Internal balances	-	14,727	1,631	139	16,497
Total liabilities	<u>1,002,283</u>	<u>38,535</u>	<u>1,631</u>	<u>139</u>	<u>1,042,588</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	365,198	-	-	-	365,198
FUND BALANCES					
Nonspendable	122,493	-	-	-	122,493
Restricted	-	1,062,584	393,169	1,232,726	2,688,479
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	7,533,325	-	-	-	7,533,325
Total fund balances	<u>7,655,818</u>	<u>1,062,584</u>	<u>393,169</u>	<u>1,232,726</u>	<u>10,344,297</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 9,023,299</u>	<u>\$ 1,101,119</u>	<u>\$ 394,800</u>	<u>\$ 1,232,865</u>	<u>\$ 11,752,083</u>

The notes to the financial statements are an integral part of this statement

CITY OF CRESTWOOD, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balance - governmental funds	\$ 10,344,297
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,020,704
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	365,198
Certain amounts are not a use of financial resources and, therefore, are not reported in the governmental funds. These items consist of:	
Net pension asset	7,364,162
Deferred outflows - pension related	1,332,408
Deferred inflows - pension related	<u>(400,909)</u> 8,295,661
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the statement of net position.	
Accrued compensated absences	(429,337)
Postemployment benefits other than pension liability	<u>(2,275,313)</u> (2,704,650)
Net position of governmental activities	<u><u>\$ 42,321,210</u></u>

The notes to the financial statements are an integral part of this statement

CITY OF CRESTWOOD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Major Funds				Total Governmental Funds
	Parks and Stormwater Fund		Sewer Lateral Fund	Capital Improvements Fund	
	General Fund	General Fund	General Fund	General Fund	
Revenues:					
Taxes	\$ 11,127,342	\$ 1,443,408	\$ -	\$ 1,239,292	\$ 13,810,042
Licenses and permits	1,215,427	-	-	-	1,215,427
Fines and forfeitures	56,775	-	-	-	56,775
Grants	1,393,572	-	-	-	1,393,572
Charges for services	29,297	864,191	135,891	-	1,029,379
Investment income	257,350	28,551	9,583	29,674	325,158
Other income	807,702	30,907	-	255,901	1,094,510
 Total revenues	 14,887,465	 2,367,057	 145,474	 1,524,867	 18,924,863
 Expenditures:					
Current					
General government	2,007,216	-	-	-	2,007,216
Public works	3,996,834	482,683	121,441	-	4,600,958
Public safety					
Police	3,743,129	-	-	-	3,743,129
Fire	3,986,154	-	-	-	3,986,154
Parks and recreation	-	1,885,635	-	-	1,885,635
Capital outlay	-	-	-	1,254,766	1,254,766
 Total expenditures	 13,733,333	 2,368,318	 121,441	 1,254,766	 17,477,858
 Revenues over (under) expenditures	 1,154,132	 (1,261)	 24,033	 270,101	 1,447,005
 Fund balances - beginning	 6,501,686	 1,063,845	 369,136	 962,625	 8,897,292
 Fund balances - ending	 \$ 7,655,818	 \$ 1,062,584	 \$ 393,169	 \$ 1,232,726	 \$ 10,344,297

The notes to the financial statements are an integral part of this statement

CITY OF CRESTWOOD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds		\$ 1,447,005
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	4,207,203	
Depreciation expense	<u>(1,988,581)</u>	2,218,622
Disposal of capital assets		
Disposals	<u>(50,000)</u>	(50,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Deferred revenue	<u>208,431</u>	208,431
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 accrued compensated absences	(63,172)	
Change in postemployment benefits other than pension liability	-	
Change in net pension asset	(1,649,373)	
Change in deferred outflows - pension related	406,596	
Change in deferred inflows - pension related	<u>1,345,110</u>	39,161
Change in net assets of governmental activities		<u>\$ 3,863,219</u>

The notes to the financial statements are an integral part of this statement

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Crestwood, Missouri is a charter city governed by a mayor and an eight member Board of Aldermen.

The accounting and financial reporting policies of the City of Crestwood, Missouri (the City) conform to U.S. generally accepted accounting principles (GAAP) as applied to government entities. The following is a summary of the more significant policies.

Reporting Entity

The City defines its financial reporting entity in accordance with GASB Statements No. 14 and No. 39. The criteria for including a potential component unit within the reporting entity includes the governing body's ability to exercise financial accountability. Financial accountability includes control or dependence over budget adoption, taxing authority, funding, and appointment of the respective board. Based upon the application of these criteria, the City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately as business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements of the City are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The emphasis is placed on major funds. Each major fund is presented in a separate column while nonmajor funds, if applicable, are aggregated and presented in a single column. The City reports the following major governmental funds:

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except for those that are required to be accounted for in another fund.

The Park and Stormwater Fund is used to account for financial resources to be used for the operations of park and stormwater activities as well as the acquisition, construction, or maintenance of major capital items related to parks and stormwater projects.

The Sewer Lateral Fund is used to account for financial resources collected for sewer lateral repairs.

The Capital Improvement Fund is used to account for resources accumulated for the purchase of capital items.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

Governmental fund financial statements are reported using the 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 measurable and available when they are collectible 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, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

GASB 33 groups non-exchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed non-exchange revenues, government mandated non-exchange transactions, and voluntary non-exchange transactions.

The City recognizes assets derived from tax revenue transactions (such as sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred.

Resources received in advance are reported as deferred revenues until the period of the exchange.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City recognizes assets from imposed non-exchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated uncollectible amounts, in the period for which the taxes are levied. Imposed non-exchange revenues also include permits and court fines and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues. Charges for services in the governmental funds, which are exchange transactions and are therefore not subject to the provisions of GASB 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Cash, Cash Equivalents, and Certificates of Deposit

The City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Certificates of deposits held at banks with an original maturity in excess of three months are reported at cost and reported as certificates of deposit in the financial statements.

Missouri State Statute requires that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Allowance for Doubtful Accounts

Management believes there are no significant uncollectible receivables, therefore, no allowance for doubtful accounts has been recorded.

Prepaid Item

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at original or estimated original cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more, as purchase and construction outlay occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Buildings and other structures	40 years
Infrastructure	20-40 years
Improvements other than buildings	3-15 years
Machinery, equipment and vehicles	3-15 years

General infrastructure assets acquired after July 1, 2002, were recorded as capital assets and consist of the road network assets that were acquired or that received substantial improvements and are reported at historical cost. The costs of normal maintenance and repairs that do not add value to the assets or materially extend the assets' lives are not capitalized.

Compensated Absences

Under terms of the City's personnel policy, vacations accrue immediately after employment and employees are eligible for vacation time after six months of employment with the City. Upon termination, the employee is entitled to payment for accrued vacation benefits and comp time. Sick leave is accumulated based upon length of service and is available only to provide compensation during periods of illness. No portion of sick leave is payable to the employee upon termination. The entire accrued benefit liability related to the City's compensated absences in the amount of \$429,337 has been recorded in the government-wide financial statements.

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. This item is deferred amounts related to pension reported in the government-wide statement of net position. The deferred amounts related to pension are differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes of assumptions.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only two types of items, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The item, deferred amounts related to pension reported in the government-wide statement of net position. The deferred amounts related to pension are differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and changes of assumptions. These amounts are deferred and amortized over five years. Accordingly, the item, unavailable revenue, is reported only in the governmental fund's balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balances

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows.

Nonspendable – The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted – The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

Committed – The portion of fund balance with constraints or limitations by formal action of the Board of Aldermen, the highest level of decision-making authority.

Assigned – The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

Unassigned – Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

The City would typically use restricted fund balance first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City adopted a fund balance policy which established a minimum unrestricted reserve requirement goal of 45% at the end of any fiscal year. The reserve is calculated as the amount of available unrestricted reserves (committed, assigned, and unassigned fund balance categories) divided by the operating expenditures of the General Fund. \$7,533,325 of the ending fund balance at December 31, 2023 was classified as unrestricted reserves, which was 55% of expenditures.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

NOTE 2 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the City.

The assessed valuation of the tangible real, personal taxable and state assessed railroad and utilities property for the calendar year 2023 for purposes of local taxation was \$414,831,979. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2023 for purposes of local taxation was:

	Real Estate		Personal
	Residential	Commercial	Property
General Fund	\$ 0.516	\$ 0.697	\$ 0.728

NOTE 3 - DEPOSITS AND INVESTMENTS

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Deposits - At year-end, the carrying amount of the City's deposits totaled \$8,413,630 and bank balances totaled \$8,604,547.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy for custodial credit risk that follows Missouri Statutes for deposits. The deposits were not exposed to custodial credit risk for the year ended December 31, 2023.

Missouri Securities Investment Program (MOSIP) - The City has \$7,258,343 invested in the MOSIP money market as of December 31, 2023. All funds in the program are invested in accordance with Section 165.051 Missouri Revised Statutes. Each entity owns a pro-rata share of each investment or deposit which is held in the name of the Fund. Since the Fund has the characteristics of a mutual fund, it is not reported by risk category in accordance with the Governmental Accounting Standards Board.

Investments

State statutes and City policy authorize the investment in obligations of the U.S. Treasury, agencies and instrumentalities, time deposit certificates, and repurchase agreements. The City's investments are all categorized as: uninsured and unregistered for which the securities are held by the counter party's trust department or agent in the City's name.

Interest Rate Risk

The City minimizes the risk that the market values of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter- term securities. Investments are limited to maturities of five years or less from the date of purchase. The weighted average of maturities should not exceed three years.

Custodial Credit Risk

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City does business and diversifying the portfolio so that potential losses on individual securities are minimized.

Concentration of Credit Risk

It is the City's policy to limit investments to the maximum percentages as follows:

U.S. Treasuries and securities having principal and/or interest guaranteed by the US government	100%
Collateralized time and demand deposits	100%
Collateralized repurchase agreements	50%

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES

The composition of interfund balances as of December 31, 2023 is as follows:

	Net Interfund Receivable	Net Interfund Payable
General Fund	\$ 16,497	\$ -
Sewer Lateral Fund	-	1,631
Parks and Stormwater Fund	-	14,727
Capital Improvement Fund	-	139

The outstanding balances between funds result from the time lag between the dates that the reimbursable expenditures occur and the payments are made. The balances are expected to be repaid within one year.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Land	\$ 1,908,702	\$ -	\$ -	\$ 1,908,702
Construction in Progress	1,790,096	3,470,044	2,950,808	2,309,332
Total capital assets not being depreciated	<u>3,698,798</u>	<u>3,470,044</u>	<u>2,950,808</u>	<u>4,218,034</u>
<i>Capital assets being depreciated:</i>				
Machinery and equipment	2,579,931	148,729	13,446	2,715,214
Infrastructure	13,843,353	2,176,799	-	16,020,152
Buildings and other structures	23,111,280	792,297	-	23,903,577
Vehicles	3,221,023	570,142	433,946	3,357,219
Total capital assets being depreciated	<u>42,755,587</u>	<u>3,687,967</u>	<u>447,392</u>	<u>45,996,162</u>
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	1,778,905	240,688	13,446	2,006,147
Infrastructure	5,416,537	770,483	-	6,187,020
Buildings and other structures	13,162,357	571,951	-	13,734,308
Vehicles	2,244,505	405,458	383,946	2,266,017
Total accumulated depreciation	<u>22,602,304</u>	<u>1,988,580</u>	<u>397,392</u>	<u>24,193,492</u>
Total net capital assets being depreciated	<u>20,153,283</u>	<u>1,699,387</u>	<u>50,000</u>	<u>21,802,670</u>
Governmental activity capital assets, net	<u>\$23,852,081</u>	<u>\$5,169,431</u>	<u>\$3,000,808</u>	<u>\$26,020,704</u>

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	\$ 267,830
Parks and recreation	290,155
Public works	995,087
Police	185,488
Fire	250,021
Total	<u><u>\$ 1,988,581</u></u>

NOTE 6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the St. Louis Area Insurance Trust (SLAIT), which is a not-for-profit, self-insurance risk pool formed by various St. Louis County municipalities.

In order to operate as a group self-insurer of workers' compensation, SLAIT was formed in August 1986. In addition to insurance protection, the program provides risk management services with an emphasis on loss control, claims administration, and management information services. The trust is also able to provide the required excess reinsurance at a discount based on volume and the existence of the loss control program. Coverage is provided by the trust for general and auto liability subject to a \$500 deductible per occurrence. SLAIT is fully funded by its member participants and employs an outside service company to process all claims.

The trust requires an annual premium payment by members to cover estimated claims payable and reserves for claims. The members of the trust have no legal interest in the assets, liabilities, or fund balances of the insurance trust. However, the City retains a contingent liability to fund its pro-rata share of any deficit incurred by the trust should the trust cease operation at some future date. The City's 2023 expenditures for the trust totaled \$506,564 to SLAIT.

The City also purchases commercial insurance to cover risks related to travel, public official liability, earthquakes, and employee blanket bonds. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 19, 2024, the date which the financial statements were available for issue, and noted no reportable events.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - PENSION PLAN

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

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

<u>2023 Valuation</u>	
Benefit multiplier:	1.50%
Final average salary:	3 years
Member contributions:	0%

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

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

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	55
Active employees	<u>75</u>
	<u><u>234</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 15.4% of annual covered payroll.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - PENSION PLAN (continued)

Net Pension Liability. The employer's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2023.

Actuarial assumptions. The total pension liability in the February 28, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75% to 6.75% including inflation
Investment rate of return	7.00%

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table of General groups and 75% of the PubS-2010 Employee Mortality Table of Police, Fire, and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

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

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

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

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - PENSION PLAN (continued)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/2022	<u>\$ 32,379,397</u>	<u>\$ 41,392,932</u>	<u>\$ (9,013,535)</u>
Changes for the year:			
Service Cost			
Interest	569,156	-	569,156
Difference between expected and actual experience	2,220,794	-	2,220,794
Contributions - employer	262,472	-	262,472
Net investment income	-	308,872	(308,872)
Benefit payments, including refunds	-	1,451,192	(1,451,192)
Administrative expense/other changes	(1,899,192)	(1,899,192)	-
Net changes	<u>-</u>	<u>(357,015)</u>	<u>357,015</u>
Balances at 6/30/2023	<u>\$ 33,532,627</u>	<u>\$ 40,896,789</u>	<u>\$ (7,364,162)</u>

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

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	6.00%	7.00%	8.00%
General	\$ (1,347,488)	\$ (2,590,569)	\$ (3,634,260)
Police	(455,523)	(1,972,926)	(3,233,187)
Fire	<u>(1,453,520)</u>	<u>(2,800,667)</u>	<u>(3,931,228)</u>
	<u>\$ (3,256,531)</u>	<u>\$ (7,364,162)</u>	<u>\$ (10,798,675)</u>

For the year ended June 30, 2023, the employer recognized pension expense of \$210,296. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflow of Resources
Differences in experience	\$ 697,641	\$ (215,240)	\$ 482,401
Differences in assumptions	-	(185,669)	(185,669)
Excess (deficit) investment returns	475,597	-	475,597
Contributions subsequent to the measurement date*	<u>159,170</u>	<u>-</u>	<u>159,170</u>
Total	<u>\$ 1,332,408</u>	<u>\$ (400,909)</u>	<u>\$ 931,499</u>

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - PENSION PLAN (continued)

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ended December 31, 2023.

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

Year Ending June 30	Net Deferred Outflows of Resources
2024	\$ (88,045)
2025	(449,069)
2026	966,566
2027	338,252
2028	4,625
Thereafter	-
Total	<u><u>\$ 772,329</u></u>

NOTE 9 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is available to employees at termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the assets and liabilities of the deferred compensation plan are not included in the accompanying basic financial statements.

NOTE 10 - TAX ABATEMENTS

Saint Louis County has granted tax abatements through the Advance Industrial Manufacturing Zones Act Program, Industrial Development Bonds Program, Enhanced Enterprise Zone Initiative Program, and the Urban Development Corporations Program. These programs are under Chapters 68, 100, 135, and 353 of the Local Code in the tax jurisdiction of the District. Chapter 68 encourages industrial development through the issuance of bonds by the Port Authority. Chapter 100 encourages industrial development through the issuance of bonds by the County or Municipality. Chapter 135 encourages the expansion or development of new businesses in an Enhanced Enterprise Zone (EEZ), and Chapter 353 encourages the redevelopment of blighted areas by way of a Redevelopment Corporation. For calendar year 2023, the total amount of property tax abated was \$6,101.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 - MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

Missouri State statutes require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. All fines and costs from traffic violations in excess of 20% of the City’s “annual general operating revenue” is required to be remitted to the director of the department of revenue for annual distribution to the schools of the county. “Annual general operating revenue of the City” is defined by the Missouri State Auditor as revenue that is not required by the enacting ordinance law or Constitution to be used only for a designated purpose and can be used to pay any bill or obligation of the City. This includes, but is not limited to, general sales tax, general property tax, and fees from certain licenses and permits, interest, fines, and penalties. “General Operation Revenues” does not include, among other items, designated sales or use taxes, user fees, grant funds, or other revenue designated by law, ordinance, or Constitution, for a specific purpose.

Total court fines and costs (all case types)	\$36,234
Total general operating revenue of the City	\$12,557,201
Court fines and costs as a percentage of total general operating revenues	0.29%

NOTE 12 - COMMITMENTS AND CONTINGENCIES

From time to time, the City is a party to various pending claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the City.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The City of Crestwood, Missouri administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members until the retiree reaches the age of 65.

The City Administrator makes a recommendation to the Board of Aldermen, who then approves benefit provisions and costs to both the City and to plan members. The Retiree Health Plan does not issue a publicly available financial report. The plan is required to have bi-annual actuarial valuations performed. The last valuation performed was for the year ending December 31, 2022.

Funding Policy. The Board of Aldermen determines contribution requirements. The City contributes a percentage of the cost of current-year premiums for eligible retired plan members and their spouses. The percentage is different depending on the level of coverage the retiree chooses.

For fiscal year 2022, the City contributed \$183,794 to the plan. Plan members receiving benefits contribute the remainder of their premium costs.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Annual OPEB Cost and OPEB Liability. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members. The most recent ARC calculation was performed December 31, 2022. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

At December 31, 2022, the Plan covered the following number of participants for medical coverage:

Active	78
Retired	8
	<hr/> <hr/> <hr/> 86

Methods and Assumptions Valuations are performed using the Entry Age Normal (Alternative Measurement Method). Under the Entry Age Normal Method the projected benefits of each active participant is allocated on a level basis over the earnings of the individual over the participant's period of service.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

Marital status - 30% of active employees are assumed to be married and elect spousal coverage upon retirement.

Mortality - Public Safety: PubS.H-2010 Mortality Table – Safety with Mortality Improvement using Scale MP-2020; All Others: PubG.H-2010 Mortality Table – General with Mortality Improvement using Scale MP-2020

Turnover - Table T-5 from the Pension Actuary's Handbook was used for turnover rates.

Healthcare cost trend rate - A rate of 7.4 percent initially, reduced to an ultimate rate of 4.5 percent after 14 years, was used.

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Inflation rate - The expected long-term inflation assumption was 2.75%.

Payroll growth rate - The expected long-term payroll growth rate was assumed to be 3.00%.

Discount rate - The discount rate used to measure the total OPEB liability was 4.31%, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2022.

OPEB Liability

The following schedule shows the OPEB liability as of December 31, 2022, the date of the last actuarial valuation:

Balances at 12/31/20	\$ 2,871,257
Changes for the year:	
Service Cost	204,286
Interest	62,536
Difference between expected and actual experience	(294,569)
Changes of assumptions and other inputs	(384,403)
Benefit payments, including refunds	(183,794)
Net changes	(595,944)
Balances at 12/31/22	\$ 2,275,313

Discount Rate Sensitivity- The following presents the OPEB liability of the City, calculated using the discount rate of 4.31%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
Discount Rate Sensitivity	\$ 2,425,554	\$ 2,275,313	\$ 2,137,344

Healthcare Trend Rate Sensitivity- The following presents the OPEB liability of the City, calculated using the healthcare trend rate of 7.4% decreasing to 4.5% after 14 years, as well as what the City's OPEB liability would be if it were calculated using a trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
Trend Rate Sensitivity	\$ 2,094,023	\$ 2,275,313	\$ 2,487,057

CITY OF CRESTWOOD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Other Post Employment Benefit Expense And Deferred Outflows of Resources and Deferred Inflows Of Resources Related to the Pension.

For the year-ended December 31, 2022, the City recognized OPEB pension expense of (\$412,150). At December 31, 2022, the City reported no deferred outflow or deferred inflows of resources related to the OPEB Plan. Therefore, no deferred inflows of resources will be reflected in the future years' pension expense.

**Required Supplementary Information
(Other than Management's Discussion and Analysis)**

CITY OF CRESTWOOD, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes				
Property taxes	\$ 2,740,345	\$ 2,740,345	\$ 2,547,616	\$ (192,729)
Utility taxes	1,357,581	1,357,581	1,538,629	181,048
Sales/use taxes	5,924,523	5,924,523	6,377,311	452,788
Other	585,167	585,167	663,786	78,619
Total taxes	<u>10,607,616</u>	<u>10,607,616</u>	<u>11,127,342</u>	<u>519,726</u>
Licenses, permits, fines and fees				
Licenses and permits	1,076,562	1,076,562	1,215,427	138,865
Charges for services	100,000	100,000	29,297	(70,703)
Fines and forfeitures	70,200	70,200	56,775	(13,425)
Total licenses, permits, fines and fees	<u>1,246,762</u>	<u>1,246,762</u>	<u>1,301,499</u>	<u>54,737</u>
Grants	1,100,900	1,100,900	1,393,572	292,672
Investment income	13,000	13,000	257,350	244,350
Other income	<u>707,015</u>	<u>707,015</u>	<u>807,702</u>	<u>100,687</u>
Total revenues	<u>13,675,293</u>	<u>13,675,293</u>	<u>14,887,465</u>	<u>1,212,172</u>
Expenditures				
General government				
Mayor's office	15,553	15,553	12,106	3,447
Board of Aldermen	42,219	42,219	42,418	(199)
Municipal court	111,488	111,488	124,656	(13,168)
City clerk's office	192,604	192,604	195,497	(2,893)
Finance department	230,818	230,818	209,652	21,166
City administrator	445,521	445,521	475,162	(29,641)
MIS	159,000	159,000	149,782	9,218
General supporting services	<u>667,095</u>	<u>667,095</u>	<u>797,943</u>	<u>(130,848)</u>
Total general government	<u>1,864,298</u>	<u>1,864,298</u>	<u>2,007,216</u>	<u>(142,918)</u>

(continued on next page)

CITY OF CRESTWOOD, MISSOURI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
Expenditures (continued)				
Public works				
General public work services	603,493	603,493	508,608	94,885
Administration services	2,210,670	2,210,670	1,123,552	1,087,118
Maintenance services	1,610,683	1,610,683	1,572,172	38,511
Mechanical services	172,562	172,562	167,815	4,747
Capital improvements	805,106	805,106	624,687	180,419
Total public works	5,402,514	5,402,514	3,996,834	1,405,680
Public safety - police	3,906,499	3,906,499	3,743,129	163,370
Public safety - fire	4,088,858	4,088,858	3,986,154	102,704
Total expenditures	15,262,169	15,262,169	13,733,333	1,528,836
Excess (deficiency) of revenues over expenditures	\$ (1,586,876)	\$ (1,586,876)	1,154,132	\$ 2,741,008
Fund balance, beginning of year			6,501,686	
Fund balance, end of year			\$ 7,655,818	

CITY OF CRESTWOOD, MISSOURI
BUDGETARY COMPARISON SCHEDULE
PARKS AND STORMWATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales/use taxes	\$ 1,350,002	\$ 1,350,002	\$ 1,443,408	\$ 93,406
Charges for services	718,850	718,850	864,191	145,341
Investment income	600	600	28,551	27,951
Grant income	35,000	35,000	-	(35,000)
Other income	12,500	12,500	30,907	18,407
Total revenues	2,116,952	2,116,952	2,367,057	250,105
Expenditures				
Public works				
Stormwater maintenance services	9,500	9,500	8,741	759
Parks maintenance services	492,379	492,379	473,942	18,437
Parks and recreation				
Recreation services	1,175,617	1,175,617	1,038,509	137,108
Aquatic center	706,972	706,972	788,069	(81,097)
Historic facilities	50,600	50,600	59,057	(8,457)
Total expenditures	2,435,068	2,435,068	2,368,318	66,750
Net change in fund balance	\$ (318,116)	\$ (318,116)	(1,261)	\$ 316,855
Fund balance, beginning of year			1,063,845	
Fund balance, end of year			\$ 1,062,584	

CITY OF CRESTWOOD, MISSOURI
BUDGETARY COMPARISON SCHEDULE
SEWER LATERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 138,000	\$ 138,000	\$ 135,891	\$ (2,109)
Investment income	700	700	9,583	8,883
Total revenues	<u>138,700</u>	<u>138,700</u>	<u>145,474</u>	<u>6,774</u>
Expenditures				
Public works	138,093	138,093	121,441	16,652
Total expenditures	<u>138,093</u>	<u>138,093</u>	<u>121,441</u>	<u>16,652</u>
Net change in fund balance	<u><u>\$ 607</u></u>	<u><u>\$ 607</u></u>	<u><u>24,033</u></u>	<u><u>\$ 23,426</u></u>
Fund balance, beginning of year			<u><u>369,136</u></u>	
Fund balance, end of year	<u><u>\$ 393,169</u></u>			

CITY OF CRESTWOOD, MISSOURI
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City prepares and legally adopts an annual budget for the General Fund, Capital Improvement Fund, Parks and Stormwater Fund and the Sewer Lateral Fund.

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

The Board of Aldermen follow the procedures outlined below in establishing the budgetary data reflected in the accompanying basic financial statements:

- 1) Department heads prepare departmental operating budgets and the Finance Officer makes revenue projections on or before September 15. The Finance Department edits and assembles the data for review.
- 2) The City Administrator and Finance Officer review and revise departmental operating budgets based upon estimated revenue projections and operational priorities.
- 3) At least forty-five days prior to the beginning of each fiscal year, the City Administrator shall submit to the Board of Aldermen a proposed final budget and accompanying written narrative.
- 4) The Ways and Means Committee reviews a preliminary budget approximately three months prior to the new fiscal year to discuss revenue and fund balance projections, and proposed expenditures for all
- 5) Following any recommendations by the Ways and Means Committee, the Board of Aldermen conducts budget work sessions in which board members express their opinions on the proposed budget.
- 6) Based on the Board's recommendations, a budget ordinance is prepared. After a fifteen-day public notice, the Board of Aldermen holds a public hearing to hear taxpayer comments on the proposed
- 7) The budget is then adopted by ordinance.
- 8) Budgeted expenditures cannot legally exceed appropriations at the department level. Revenue estimates are adjusted to reflect any unencumbered or undesignated balance from the previous year.
- 9) During the year, the City Administrator may transfer all or any part of any unencumbered appropriation balance among accounts within a department. The Board of Aldermen may, by motion of the Board, transfer part or all of any unencumbered appropriation balance from one department to another.
- 10) At the end of each budget period, all appropriated balances lapse and may be reappropriated in the next budget period.

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

Last 10 Calendar Years

Fiscal year ending June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 569,156	\$ 554,234	\$ 529,404	\$ 500,618	\$ 492,840	\$ 468,014	\$ 454,524	\$ 431,543	\$ 416,778	
Interest on the total pension liability	2,220,794	2,119,366	2,158,435	2,095,836	2,084,455	1,999,228	1,944,646	1,836,833	1,792,291	
Difference between expected and actual results	262,472	553,115	337,326	(101,550)	(904,500)	216,104	(235,574)	(348,568)	(315,549)	
Assumption changes	-	-	(776,598)	-	-	-	-	879,304	-	
Benefit payments and refunds	(1,899,192)	(1,674,760)	(1,833,084)	(1,464,583)	(1,572,792)	(1,469,021)	(1,367,485)	(1,280,699)	(1,291,903)	
Net change in total pension liability	1,153,230	1,551,955	415,483	1,030,321	100,003	1,214,325	796,111	1,518,413	601,617	
Total pension liability - beginning	32,379,397	30,827,442	30,411,959	29,381,638	29,281,635	28,067,310	27,271,199	25,752,786	25,151,169	
Total pension liability - ending (a)	\$ 33,532,627	\$ 32,379,397	\$ 30,827,442	\$ 30,411,959	\$ 29,381,638	\$ 29,281,635	\$ 28,067,310	\$ 27,271,199	\$ 25,752,786	
Plan Fiduciary Net Position										
Contributions - employer	\$ 308,872	\$ 288,937	\$ 273,931	\$ 249,490	\$ 217,642	\$ 194,954	\$ 212,684	\$ 263,271	\$ 301,492	
Contributions - member	-	-	-	-	-	-	-	36,318	-	
Pension plan net investment income	1,451,192	30,113	9,460,955	451,713	2,243,419	3,992,982	3,479,077	(88,524)	597,101	
Benefit payments and refunds	(1,899,192)	(1,674,760)	(1,833,084)	(1,464,583)	(1,572,792)	(1,469,021)	(1,367,485)	(1,280,699)	(1,291,903)	
Administrative expenses	(33,179)	(24,195)	(21,564)	(28,498)	(24,383)	(17,072)	(15,760)	(15,728)	(16,963)	
Other	(323,836)	(91,102)	233,499	(78,943)	(434,863)	89,975	(94,477)	362,878	(566,884)	
Net change in plan fiduciary net position	(496,143)	(1,471,007)	8,113,737	(870,821)	429,023	2,791,818	2,214,039	(722,484)	(977,157)	
Plan fiduciary net position - beginning	41,392,932	42,863,939	34,750,202	35,621,023	35,192,000	32,400,182	30,186,143	30,908,627	31,885,784	
Plan fiduciary net position - ending (b)	\$ 40,896,789	\$ 41,392,932	\$ 42,863,939	\$ 34,750,202	\$ 35,621,023	\$ 35,192,000	\$ 32,400,182	\$ 30,186,143	\$ 30,908,627	
Net pension liability(asset) - ending (a) - (b)	\$ (7,364,162)	\$ (9,013,535)	\$ (12,036,497)	\$ (4,338,243)	\$ (6,239,385)	\$ (5,910,365)	\$ (4,332,872)	\$ (2,914,944)	\$ (5,155,841)	
Net position as a percentage of pension liability	121.96%	114.26%	114.26%	121.24%	120.18%	115.44%	110.69%	120.02%		
Covered-employee payroll	5,339,000	\$ 5,476,812	\$ 5,084,980	\$ 4,782,626	\$ 4,877,977	\$ 4,501,219	\$ 4,491,703	\$ 4,228,937		
Net pension liability as a percentage of payroll	-137.93%	-85.31%	-85.31%	-130.46%	-121.16%	-96.26%	-64.90%	-121.92%		

Notes to schedule:

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

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 312,630	\$ 312,962	\$ 266,120	\$ 259,511	\$ 260,595	\$ 220,408	\$ 187,895	\$ 233,947	\$ 302,490	\$ 297,328
Contributions in relation to the actuarially determined contribution	312,630	312,962	266,120	259,511	243,206	207,121	187,895	233,947	296,525	297,328
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 17,389	\$ 13,287	\$ -	\$ -	\$ 5,965	\$ -
Covered-employee payroll	\$ 6,020,676	\$ 5,677,920	\$ 5,392,287	\$ 5,176,973	\$ 5,076,050	\$ 4,703,011	\$ 4,535,160	\$ 4,647,296	\$ 4,418,069	\$ 4,214,510
Contributions as a percentage of covered-employee payroll	5.19%	5.51%	4.94%	5.01%	4.79%	4.40%	4.14%	5.03%	6.71%	7.05%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of February 28, 2023 prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percent of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5 years smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% - 6.75%; including wage inflation
Investment rate of return	7.00%, net of investment and administrative expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	PubG-2010 Retiree Mortality Table
<i>Other information:</i>	
Notes	None

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CHANGES IN OTHER THAN PENSION POST EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

Fiscal year ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	\$ -	\$ 204,286	\$ -	\$ 126,532	\$ 126,173					
Interest on the total pension liability	-	62,536	-	29,694	19,024					
Difference between expected and actual experience	-	(294,569)	-	1,671,475	(17,573)					
Changes of assumptions and other inputs	-	(384,403)	-	317,917						
Benefit payments and refunds	-	(183,794)	-	(189,255)	(64,850)					
Net change in total OPEB liability	-	(595,944)	-	1,956,363	62,774					
Total OPEB liability - beginning	2,275,313	2,871,257	2,871,257	914,894	852,120					
Total OPEB liability - ending	\$ 2,275,313	\$ 2,275,313	\$ 2,871,257	\$ 2,871,257	\$ 914,894					
Plan Fiduciary Net Position										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 64,850					
Benefit payments and refunds	-	-	-	-	(64,850)					
Net change in plan fiduciary net position	-	-	-	-	-					
Plan fiduciary net position - beginning	-	-	-	-	-					
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -					
Covered-employee payroll	N/A	\$ 5,380,518	N/A	\$ 4,972,545	\$ 5,116,350					
Net OPEB liability as a percentage of payroll	N/A	42.29%	N/A	57.74%	17.88%					

Notes to schedule:

The December 31, 2022 valuation is the last valuation performed.

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

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF CONTRIBUTIONS
OTHER POST EMPLOYMENT BENEFIT LIABILITY
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ -	\$ 340,864	\$ -	\$ 253,503	\$ -	\$ 126,173	\$ 136,188	\$ 76,416	\$ 76,416	\$ 76,416
Contributions in relation to the actuarially determined contribution										
	-	183,794	-	189,255	-	64,850	53,719	56,210	67,667	82,415
Contribution deficiency (excess)	\$ -	\$ 157,070	\$ -	\$ 64,248	\$ -	\$ 61,323	\$ 82,469	\$ 20,206	\$ 8,749	\$ (5,999)
Covered-employee payroll	\$ -	\$ 5,380,518	\$ -	\$ 4,972,545	\$ -	\$ 5,390,184	\$ 4,856,641	\$ 4,743,794	\$ 4,783,533	\$ 4,561,789
Contributions as a percentage of covered-employee payroll	N/A	3.42%	N/A	3.81%	N/A	1.20%	1.11%	1.18%	1.41%	1.81%

Notes to Schedule

Valuation date: December 31, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	No assets
Inflation	2.75%
Health care inflation	7.40%
Salary increases	3.00%
Discount rate	4.31%
Retirement age	62 years of age
Mortality	Public Safety - 2010 Mortality Table

Other information:

Notes None

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

Supplementary Information

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR	FEDERAL	PASS-THROUGH	FEDERAL
PASS-THROUGH GRANTOR	CFDA	GRANTOR'S	PROGRAM
PROGRAM TITLE	NUMBER	NUMBER	EXPENDITURES

DEPARTMENT OF TRANSPORTATION:

Passed-through-Missouri Department of Transportation	20.205	N/A	\$ 96,131
Highway Planning and Construction	20.205	N/A	<u>96,131</u>
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			<u>96,131</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>96,131</u>

US DEPARTMENT OF THE TREASURY:

Passed-through-St. Louis County, Missouri	21.027	N/A	\$ 977,021
Coronavirus State and Local Fiscal Recovery Funds (m)	21.027	N/A	<u>977,021</u>
TOTAL US DEPARTMENT OF THE TREASURY			<u>977,021</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,073,152</u>

(m) - Program audited as a major program.

CITY OF CRESTWOOD, MISSOURI
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR DECEMBER 31, 2023

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Crestwood, Missouri, and has been prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles. The information in this schedule is also 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

None of the federal expenditures presented in the schedule were provided to sub-recipients.

NOTE 3 - DESCRIPTIONS OF MAJOR FEDERAL PROGRAM

The objectives of the Coronavirus State and Local Fiscal Recovery Funds is to provide direct payments to local governments to respond to the public health emergency, respond to workers performing essential work during the public health emergency, provide government services, and make necessary investments in water, sewer, or broadband infrastructure.

NOTE 4 - NON-CASH ASSISTANCE

The City received no non-cash assistance.

NOTE 5 - INSURANCE

The federal programs presented in the previous schedule did not have separate program-specific insurance policies.

NOTE 6 - LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

The federal programs presented in the previous schedule did not have any loans, loan guarantees, or interest subsidies associated with them.

NOTE 7 - DE MINIMIS COST RATE

The City has not elected to use the 10% de minimis indirect cost rate allocation.

Other Information

CITY OF CRESTWOOD, MISSOURI
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,147,503	\$ 1,147,503	\$ 1,239,292	\$ 91,789
Investment income	5,000	5,000	29,674	24,674
Other	115,000	115,000	255,901	140,901
Total revenues	1,267,503	1,267,503	1,524,867	257,364
Expenditures				
Public works				
Street maintenance services	1,536,500	1,536,500	1,133,358	403,142
Public safety				
Police	117,000	117,000	121,408	(4,408)
Total expenditures	1,653,500	1,653,500	1,254,766	398,734
Net change in fund balance	\$ (385,997)	\$ (385,997)	270,101	\$ 656,098
Fund balance, beginning of year			962,625	
Fund balance, end of year			\$ 1,232,726	

Federal Compliance
Section

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

To the Board of Alderman
City of Crestwood, 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, the financial statements of the governmental activities and each major fund of the City of Crestwood, Missouri, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Crestwood, Missouri's basic financial statements, and have issued our report thereon dated April 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Crestwood, Missouri'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Crestwood, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Crestwood, Missouri'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

F.E.W. CPAs

F.E.W. CPAs
Saint Louis, Missouri
April 19, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Alderman
City of Crestwood, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Crestwood, Missouri's 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 of Crestwood, Missouri's major federal programs for the year ended December 31, 2023. The City of Crestwood, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Crestwood, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Crestwood, Missouri 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 of Crestwood, Missouri'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 of Crestwood, Missouri's federal programs.

Auditors' 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 City of Crestwood, Missouri'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 generally accepted auditing standards, *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 of Crestwood, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 City of Crestwood, Missouri'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 of Crestwood, Missouri'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 of Crestwood, Missouri'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 Auditors' 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.

F.E.W. CPAs

F.E.W. CPAs
Saint Louis, Missouri
April 19, 2024

CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section II - Financial Statement Findings

There are no reportable conditions to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

**CITY OF CRESTWOOD, MISSOURI
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

There were no prior year audit findings.