

CITY OF HOLDEN, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2025



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF HOLDEN, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Holden, Missouri

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the City of Holden, Missouri, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Holden, Missouri's basic financial statements as listed in the table of contents.

Adverse Opinion on Proprietary Fund

In our opinion, because of the significance of the matter described in the Matter Giving Rise to Adverse Opinion on Proprietary Fund paragraph below, the financial statements do not present fairly the financial position of the proprietary fund and business-type activities of the City of Holden, Missouri, as of June 30, 2025, or the respective changes in financial position in accordance with the cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the City of Holden, Missouri, as of and for the year ended June 30, 2025, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Adverse and Unmodified 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 Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Holden, Missouri, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on Proprietary Fund

Management has not included the proprietary fund in the City of Holden, Missouri's financial statements. The amount by which this departure would affect the assets, liabilities, net position, receipts, and disbursements of the fund and government-wide financial statements has not been determined.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; and for determining that the cash basis of accounting is an acceptable basis for the presentation of the financial statements in this circumstance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit performed 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 Holden, 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 Holden, Missouri's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Holden, Missouri's basic financial statements. The budgetary schedules on pages 20 - 26 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 20 - 26 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, on our consideration of the City of Holden, 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 Holden, 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 Holden, Missouri's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Overland Park, Kansas
February 12, 2026

CITY OF HOLDEN, MISSOURI
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Functions/programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government					
Governmental activities					
General government	349,579	54,633	24,257		(270,689)
Codes	1,077				(1,077)
Police	824,330	40,521			(783,809)
Fire	92,944				(92,944)
Buildings and grounds	130,091				(130,091)
Streets	253,128				(253,128)
Parks	59,584	10,200	244		(49,140)
Storm water control	42,228				(42,228)
Capital outlay	760,852	40,000		39,095	(681,757)
Debt service - Principal	56,048				(56,048)
Debt service - Interest	18,686				(18,686)
Total governmental activities	2,588,547	145,354	24,501	39,095	(2,379,597)
General receipts					
Property taxes levied for:					
General purposes					186,753
Debt service					58,266
Sales and use tax					1,044,812
Franchise tax					184,241
Fuel and vehicle tax					136,843
Law enforcement tax					178,563
Other tax					10,434
Interest					76,501
Sale of property					15,955
Insurance proceeds					5,314
Miscellaneous					6,691
Total general receipts					1,904,373
Other financing sources					
Bond proceeds					900,000
Lease proceeds					104,023
Total other financing sources					1,004,023
CHANGE IN NET POSITION					528,799
NET POSITION, beginning of year					1,318,360
NET POSITION, end of year					1,847,159
ASSETS					
Cash					1,847,159
NET POSITION					
Restricted					1,304,093
Unrestricted					543,066
Total net position					1,847,159

See accompanying notes to financial statements.

CITY OF HOLDEN, MISSOURI
STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

		Major Funds							
		General	Transportation Sales Tax	Capital Improvement Sales Tax	Storm Water	Park	Capital Projects	Debt Service	Total Governmental Funds
ASSETS									
ASSETS									
	Cash	<u>369,315</u>	<u>241,347</u>	<u>72,582</u>	<u>227,195</u>	<u>173,757</u>	<u>679,123</u>	<u>83,840</u>	<u>1,847,159</u>
FUND BALANCES									
	Restricted	6	241,347	72,582	227,195		679,123	83,840	1,304,093
	Assigned					173,757			173,757
	Unassigned	<u>369,309</u>							<u>369,309</u>
	TOTAL FUND BALANCES	<u>369,315</u>	<u>241,347</u>	<u>72,582</u>	<u>227,195</u>	<u>173,757</u>	<u>679,123</u>	<u>83,840</u>	<u>1,847,159</u>

See accompanying notes to financial statements.

CITY OF HOLDEN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Major Funds							Total Governmental Funds
	General	Transportation Sales Tax	Capital Improvement Sales Tax	Storm Water	Park	Capital Projects	Debt Service	
RECEIPTS								
Taxes								
Sales	343,708	157,719	157,662	78,859	78,859			816,807
Use	228,005							228,005
Law enforcement	178,563							178,563
Property	186,753						58,266	245,019
Franchise	184,241							184,241
Motor fuel and vehicle sales	136,843							136,843
Cigarette	4,591				5,843			10,434
Charges for services	33,877							33,877
Permits, licenses, and fees	20,756				10,200			30,956
Fines and court costs	40,521							40,521
Interest	76,307						194	76,501
Grants and reimbursements	24,257		64,861			14,234		103,352
Sale of property	15,955							15,955
Insurance proceeds	5,314							5,314
Donations					244			244
Miscellaneous	6,606				85			6,691
Total receipts	<u>1,486,297</u>	<u>157,719</u>	<u>222,523</u>	<u>78,859</u>	<u>95,231</u>	<u>14,234</u>	<u>58,460</u>	<u>2,113,323</u>
DISBURSEMENTS								
Current								
General government	319,679					29,900		349,579
Codes	1,077							1,077
Police	709,380					114,950		824,330
Fire	77,897					15,047		92,944
Buildings and grounds	83,482					46,609		130,091
Streets	253,128							253,128

CITY OF HOLDEN, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Major Funds							Total Governmental Funds
	General	Transportation Sales Tax	Capital Improvement Sales Tax	Storm Water	Park	Capital Projects	Debt Service	
DISBURSEMENTS (Continued)								
Current (Continued)								
Parks					59,584			59,584
Storm water control				42,228				42,228
Capital outlay	331,744	76,463	304,827		19,213	28,605		760,852
Debt service								
Principal	13,048						43,000	56,048
Interest and fees							18,686	18,686
Total disbursements	<u>1,789,435</u>	<u>76,463</u>	<u>304,827</u>	<u>42,228</u>	<u>78,797</u>	<u>235,111</u>	<u>61,686</u>	<u>2,588,547</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	(303,138)	81,256	(82,304)	36,631	16,434	(220,877)	(3,226)	(475,224)
OTHER FINANCING SOURCES (USES)								
Bond proceeds						900,000		900,000
Lease proceeds	104,023							104,023
Transfers - net	40,000		(40,000)					
Total other financing sources	<u>144,023</u>		<u>(40,000)</u>			<u>900,000</u>		<u>1,004,023</u>
NET CHANGE IN FUND BALANCES	(159,115)	81,256	(122,304)	36,631	16,434	679,123	(3,226)	528,799
FUND BALANCES, beginning of year	<u>528,430</u>	<u>160,091</u>	<u>194,886</u>	<u>190,564</u>	<u>157,323</u>		<u>87,066</u>	<u>1,318,360</u>
FUND BALANCES, end of year	<u><u>369,315</u></u>	<u><u>241,347</u></u>	<u><u>72,582</u></u>	<u><u>227,195</u></u>	<u><u>173,757</u></u>	<u><u>679,123</u></u>	<u><u>83,840</u></u>	<u><u>1,847,159</u></u>

See accompanying notes to financial statements.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Holden, Missouri (the City), is an incorporated city located in Johnson County, Missouri. The City operates under a Mayor - City Council form of government and is exempt from federal and state income taxes as a political subdivision of the state of Missouri.

The governmental financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Holden, Missouri, is the basic level of government which has financial accountability and control over all activities related to the City. The City receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the City's reporting entity.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The City utilizes the provisions of Statement 34 of the Government Accounting Standards Board, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements, and the classification of net position into three components - invested in capital assets, net of related debt; restricted; and unrestricted.

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

The statement of net position and statement of activities report information on the City as a whole. They include all funds of the City except for the proprietary fund. The effects of interfund activity have been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental receipts.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS (Continued)

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

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable.

The financial transactions of the City are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and disbursements.

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, receipts, or disbursements of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.

D. FUND TYPES

The accounts of the City are organized on the basis of funds, which are grouped into the following fund types:

Governmental Fund Types

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated to disbursements for specific purposes. The City includes the following special revenue funds as major funds: Transportation Sales Tax Fund, Capital Improvement Sales Tax Fund, Storm Water Fund, and Park Fund.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND TYPES (Continued)

Governmental Fund Types (Continued)

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources used for the payment of principal, interest, and fiscal charges on long-term general obligation debt.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources segregated for the acquisition or construction of major capital facilities. The City includes the capital projects fund as a major fund.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

In the governmental activities of the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting, as defined below.

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

All funds utilize a current financial resources measurement focus on the cash basis of accounting. Only cash, certificates of deposit, and items arising from cash transactions are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the governmental activities of the government-wide statement of net position and statement of activities and the fund financial statements, governmental activities are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, receipts, and disbursements when they result from cash transactions in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting

F. BUDGETS

The City of Holden, Missouri, adopts a budget as required by Missouri Statute. Disbursements in excess of the budget must be approved by Council.

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

In May of each year, City management submits to the City Council a proposed budget.

In June, the Mayor and City Council are responsible for the approval of an annual operating budget for all funds of the City in accordance with Section 67.010 to 67.040, RSMo 1987.

Each fund's appropriated budget is prepared on a detailed line item basis. Receipts are budgeted by source. Disbursements are budgeted by department. This constitutes legal level of control.

Once approved, the Mayor and City Council may amend the legally adopted budget when unexpected modifications are required. Revisions to the budget may be made throughout the year.

G. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Because the funds are presented on a cash basis, encumbrance accounting, under which purchase orders, contracts, and other commitments for the disbursements of resources are recorded to reserve that portion of the applicable appropriation, is not utilized.

H. USE OF ESTIMATES

The preparation of financial statements in conformity with the cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Capital Assets

Capital assets are not recorded as assets on the government-wide or fund financial statements and depreciation is not recognized. Purchases of capital assets are recorded as disbursements in the financial statements.

Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. In governmental funds, the debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements. Debt issue costs are expensed when incurred.

Equity Classification

Government-Wide Financial Statements

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors or laws and regulations of other governments; or (2) through constitutional provision or enabling legislation.

Unrestricted net position - All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ASSETS, LIABILITIES, AND EQUITY (Continued)

Equity Classification (Continued)

Fund Financial Statements

The governmental fund financial statements present fund balances based on 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 the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City currently has no amounts classified in this category.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the Council delegating this responsibility to the City Clerk through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. ASSETS, LIABILITIES, AND EQUITY (Continued)

Equity Classification (Continued)

Fund Financial Statements (Continued)

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

J. RECEIPTS AND DISBURSEMENTS

Sales and Use Tax

Local sales taxes are collected by the Missouri Department of Revenue and remitted to the City in the month following receipt. The Missouri Department of Revenue receives the sales tax approximately one month after collection by vendors.

Property Tax

Each budget year, the City approves a tax rate for the upcoming fiscal year. All taxes are due December 31 of the year levied and are considered delinquent on January 1 following the year levied. Johnson County bills and collects property taxes and remits them to the City on a monthly basis.

Program Receipts

In the statement of activities, cash basis receipts that are derived from each activity or from parties outside of the City's taxpayers are reported as program receipts. The City has the following program receipts in each activity:

General government	Permits, licenses, fees, and other charges for services.
Police	Fines, court cost receipts, and other charges for services.
Codes, Buildings and Grounds, and Parks	Charges for services and event receipts.

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

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. INTERFUND ACTIVITIES

In the process of aggregating the financial information government-wide financial statements, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

NOTE 2. CASH AND CERTIFICATES OF DEPOSIT

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. State law requires all funds in depositories to be fully insured or collateralized. It is the City's policy to require all depositories to fully insure or collateralize all deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. As of June 30, 2025, the City's deposits with financial institutions were fully insured or collateralized.

Investments

As defined by Governmental Accounting Standards Board Statement 3, the City had no investments as of June 30, 2025. The City has no investment policy that would limit its investment choices.

NOTE 3. 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 has purchased commercial insurance to offset these certain risks.

NOTE 4. RESTRICTED NET POSITION

The City has restricted net position for the following purposes as of June 30, 2025:

General (ARPA Funding)	6
Transportation sales tax	241,347
Capital improvements sales tax	72,582
Storm water	227,195
Capital projects	679,123
Debt service	83,840
Total	<u>1,304,093</u>

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 5. PROPERTY TAX

The assessed valuation of the tangible taxable property and the tax levies per \$100 assessed valuation of that property for 2024 were:

Assessed valuation	
Real estate	18,085,463
Personal property	4,777,683
Total	22,863,146
Tax rates per \$100 assessed valuation	
General	0.7095
Debt service fund	0.2760
	0.9855

Property taxes attach as an enforceable lien-on property as of January 1. Taxes are levied on November 1 and payable by December 31.

NOTE 6. PENSION PLAN

Plan Description

The City of Holden, Missouri, participates in the Missouri Local Government Employees Retirement System (LAGERS), 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 express intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operation and administration of LAGERS is vested in the seven-member Board of Trustees. LAGERS issues a publicly available financial report, including financial statements and required supplementary information. That 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 five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five 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 five years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index, and is limited to 4% per year.

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLAN (Continued)

Benefits Provided (Continued)

Employees covered by benefit terms:

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

Inactive employees/beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>15</u>
Total	<u><u>35</u></u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the accrued liability. The City's employees do not contribute to the pension plan. The City's cash contributions to LAGERS during the year ended June 30, 2025, was \$26,146.

NOTE 7. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended June 30, 2025, consisted of the following:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due in One Year
General Obligation Bonds	67,000	900,000	43,000	924,000	49,000
Direct borrowings					
Financing leases	<u>44,528</u>	<u>104,023</u>	<u>13,048</u>	<u>135,503</u>	<u>39,727</u>
	<u><u>111,528</u></u>	<u><u>1,004,023</u></u>	<u><u>56,048</u></u>	<u><u>1,059,503</u></u>	<u><u>88,727</u></u>

General Obligation Bonds

In 2016, the City issued Series 2016, Refunding and Improvement Bonds. Principal is due each year on March 1 through the maturity date of March 1, 2026, with an interest rate of 2.23%.

34,000

In 2024, the City issued Series 2024, General Obligation Bonds. Principal is due each year on March 1 through the maturity date of March 1, 2044, with an interest rate of 4.63%.

890,000

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Financing Leases

The City has the following financing leases with stated terms:

Central Bank of Warrensburg, dump truck, interest at 4.5%, final maturity August 1, 2026.	32,311
Kansas State Bank, mower, tractor, loader, interest at 5.7%, final maturity October 10, 2028.	33,453
Central Bank of Warrensburg, firefighting gear, interest at 4.5%, final maturity July 30, 2025. This was paid in full during the year ended June 30, 2025.	- 0 -
F&C Bank, police car, interest at 3.800%, final maturity July 15, 2026.	8,766
F&C Bank, fire vehicle, interest at 7.250%, final maturity July 19, 2028.	22,473
F&C Bank, police car, interest at 7.250%, final maturity July 26, 2029.	<u>38,500</u>
Total	<u>1,059,503</u>

Aggregate annual principal and interest payments are:

Year Ending June 30,	GO Bonds		Financing Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	15,000	41,207	73,727	8,906	88,727	50,113
2027	20,000	40,513	41,400	5,975	61,400	46,488
2028	25,000	39,587	22,045	3,677	47,045	43,264
2029	25,000	38,429	23,516	2,207	48,516	40,636
2030	30,000	37,272	8,815	639	38,815	37,911
2031 - 2035	185,000	163,902			185,000	163,902
2036 - 2040	280,000	112,509			280,000	112,509
2041 - 2044	310,000	37,040			310,000	37,040
	<u>890,000</u>	<u>510,459</u>	<u>169,503</u>	<u>21,404</u>	<u>1,059,503</u>	<u>531,863</u>

CITY OF HOLDEN, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE 8. TRANSFERS

	Transfers In General Fund
Transfers Out	
Capital Improvement	40,000

A transfer to the General Fund in the amount of \$40,000 was provided by the Capital Improvement Fund for the Evergy Settlement for costs associated with street damage/repair.

NOTE 9. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 3.02.341.2 became effective on August 28, 2013. These amendments to the statute now require municipalities to report an accounting of the percent of annual general operating revenue from fines and costs for traffic violations as follows:

Fines and costs for traffic violations	27,869
Annual general operating revenue	1,120,774
Fines and costs for traffic violations as a percentage of annual general operating revenue	2.49%

NOTE 10. SUBSEQUENT EVENT

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 12, 2026, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF HOLDEN, MISSOURI
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original and Final	Actual	Variance Positive (Negative)
RECEIPTS			
Taxes	1,215,600	1,262,704	47,104
Charges for services	39,500	33,877	(5,623)
Permits, licenses, and fees	16,540	20,756	4,216
Fines and court costs	21,000	40,521	19,521
Grants and reimbursements	19,971	29,571	9,600
Sale of property		15,955	15,955
Energy proceeds	40,000		(40,000)
Interest	45,000	76,307	31,307
Miscellaneous	13,225	6,606	(6,619)
Transfers - net	85,000	40,000	45,000
Total receipts	<u>1,495,836</u>	<u>1,526,297</u>	<u>120,461</u>
DISBURSEMENTS			
General government and codes	322,587	320,756	1,831
Police	722,500	709,843	12,657
Fire	77,650	78,366	(716)
Buildings and grounds	84,390	83,482	908
Streets	261,350	260,250	1,100
Capital outlay	180,500	323,690	(143,190)
Debt service	16,000	13,048	2,952
Total disbursements	<u>1,664,977</u>	<u>1,789,435</u>	<u>(124,458)</u>
NET CHANGE IN FUND BALANCES		(263,138)	
OTHER FINANCING SOURCES			
Lease proceeds		<u>104,023</u>	
FUND BALANCE, beginning of year		<u>528,430</u>	
FUND BALANCE, end of year		<u><u>369,315</u></u>	

See accompanying notes to supplementary information.

CITY OF HOLDEN, MISSOURI
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - CASH BASIS - BUDGET AND ACTUAL
TRANSPORTATION SALES TAX FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original and Final	Actual	Variance Positive (Negative)
RECEIPTS			
Taxes	158,000	157,719	(281)
Lease purchase repayment	<u>8,000</u>	<u> </u>	<u>(8,000)</u>
Total receipts	<u>166,000</u>	<u>157,719</u>	<u>(8,281)</u>
DISBURSEMENTS			
Streets	<u>85,000</u>	<u>76,463</u>	<u>8,537</u>
NET CHANGE IN FUND BALANCES		81,256	
FUND BALANCE, beginning of year		<u>160,091</u>	
FUND BALANCE, end of year		<u>241,347</u>	

See accompanying notes to supplementary information.

CITY OF HOLDEN, MISSOURI
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - CASH BASIS - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS SALES TAX FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original and Final	Actual	Variance Positive (Negative)
RECEIPTS			
Taxes	158,000	157,662	(338)
Grants		24,861	
Energy proceeds	<u>40,000</u>	<u>40,000</u>	
Total receipts	<u>198,000</u>	<u>222,523</u>	<u>(338)</u>
DISBURSEMENTS			
Capital outlay	<u>317,175</u>	<u>304,827</u>	<u>12,348</u>
RECEIPTS UNDER DISBURSEMENTS BEFORE OTHER FINANCING SOURCES		(82,304)	
OTHER FINANCING SOURCES			
Operating transfers out		<u>(40,000)</u>	
NET CHANGE IN FUND BALANCES		(122,304)	
FUND BALANCE, beginning of year		<u>194,886</u>	
FUND BALANCE, end of year		<u>72,582</u>	

See accompanying notes to supplementary information.

CITY OF HOLDEN, MISSOURI
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - CASH BASIS - BUDGET AND ACTUAL
STORM WATER FUND
YEAR ENDED JUNE 30, 2025

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	<u>77,000</u>	<u>77,000</u>	<u>78,859</u>	<u>1,859</u>
DISBURSEMENTS				
Storm water control	<u>23,000</u>	<u>60,000</u>	<u>42,228</u>	<u>17,772</u>
NET CHANGE IN FUND BALANCES			36,631	
FUND BALANCE, beginning of year			<u>190,564</u>	
FUND BALANCE, end of year			<u>227,195</u>	

See accompanying notes to supplementary information.

CITY OF HOLDEN, MISSOURI
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - CASH BASIS - BUDGET AND ACTUAL
PARK FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original and Final	Actual	Variance Positive (Negative)
RECEIPTS			
Taxes	84,000	84,702	702
Permits, licenses, and fees	5,130	10,200	5,070
Donations	150	244	94
Grants	500		(500)
Miscellaneous		85	85
Total receipts	<u>89,780</u>	<u>95,231</u>	<u>5,451</u>
DISBURSEMENTS			
Parks	61,434	59,584	1,850
Capital outlay	20,000	19,213	787
Total disbursements	<u>81,434</u>	<u>78,797</u>	<u>2,637</u>
NET CHANGE IN FUND BALANCES		16,434	
FUND BALANCE, beginning of year		<u>157,323</u>	
FUND BALANCE, end of year		<u>173,757</u>	

See accompanying notes to supplementary information.

CITY OF HOLDEN, MISSOURI
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - CASH BASIS - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Variance
	Original and Final	Actual	Positive (Negative)
RECEIPTS			
Grants	<u> </u>	<u>14,234</u>	<u>14,234</u>
DISBURSEMENTS			
Bond issuing costs and fees	29,900	29,900	
Capital outlay	<u>820,267</u>	<u>205,211</u>	<u>615,056</u>
Total disbursements	<u>850,167</u>	<u>235,111</u>	<u>615,056</u>
RECEIPTS UNDER DISBURSEMENTS BEFORE OTHER FINANCING SOURCES		(220,877)	
OTHER FINANCING SOURCES			
Bond proceeds	<u>900,000</u>	<u>900,000</u>	<u> </u>
NET CHANGE IN FUND BALANCES		679,123	
FUND BALANCE, beginning of year		<u> </u>	
FUND BALANCE, end of year		<u>679,123</u>	

See accompanying notes to supplementary information.

CITY OF HOLDEN, MISSOURI
NOTES TO SUPPLEMENTARY INFORMATION

NOTE 1. SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL

Basis of Accounting

The accompanying schedule of receipts, disbursements, and changes in fund balance - cash basis - budget and actual is presented on the cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the basic financial statements. All unexpended appropriations lapse at the end of the budget year.

Budget Law

The City is required by state law to hold public hearings and adopt annual budgets for all funds. Total disbursements may not exceed the total budgeted disbursements for each fund. Disbursements in excess of the budget must be approved by Council. Appropriations for disbursements lapse at year end. Any revisions to the adopted budget of total disbursements to any fund require a public hearing.

NOTE 2. BUDGETARY DISCLOSURE

Actual disbursements exceeded budgeted amounts in the City's General Fund by \$124,458. General Fund exceeded budgeted amounts due to the following purchases made during the fiscal year: acquisition of land, a mower, a tractor, a loader, a police vehicle, and a fire vehicle. All disbursements were approved by the board.



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and
Members of the City Council
City of Holden, 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 Holden, Missouri, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Holden, Missouri's basic financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Holden, 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 the City of Holden, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Holden, 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001, 2025-002 and 2025-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Holden, Missouri's financial statements are free of 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2025-004.

City of Holden, Missouri's Response to Findings

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

Purpose of this Report

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

Dana F Cole + Company, LLP

Overland Park, Kansas
February 12, 2026

CITY OF HOLDEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025

2025-001 SEGREGATION OF DUTIES

Criteria

Internal controls should be in place to safeguard against the possible loss or misuse of funds and to provide reasonable assurance that all transactions are accounted for properly and that all assets are adequately safeguarded.

Condition

Due to the number of personnel and the size of the City, there is limited segregation of duties over accounting functions. Two individuals reconcile the bank statements, records deposit, disburse payments, and manage the general ledger functions.

Cause

The City has a limited number of personnel involved in the accounting function, thus limiting its internal control procedures.

Possible Effect

Inadequate segregation of duties could lead to the misappropriation of assets or improper reporting.

Recommendations

We recommend that the City monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations.

City's Response

The City, within the constraints of existing time and cost considerations, will continue to review the situation and make improvements as deemed appropriate. Additional procedures have been implemented between the City Administrator, Treasurer, City Clerk, and Department Heads to review and segregate duties.

2025-002 RELIANCE ON THE AUDITOR FOR THE FINANCIAL REPORTING PROCESSES

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements in conformity with the cash basis of accounting.

CITY OF HOLDEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025

2025-002 RELIANCE ON THE AUDITOR FOR THE FINANCIAL REPORTING PROCESSES (Continued)

Condition

The City has limited experience necessary to prepare the financial statements and note disclosures on the cash basis of accounting. In addition, the City has limited experience over the selection of accounting procedures and principles. The City utilizes the expertise of the auditor to propose adjustments, reclassifications, and disclosures and to draft the financial statements.

Cause

City personnel do not possess the experience necessary to provide the auditors with a draft of the year end financial statements, supplementary information, and notes to the financial statements.

Possible Effect

Errors in the financial statements or disclosures could occur and not be detected by City management.

Recommendations

City management should carefully review the financial statements including disclosures and understand the relationship to the underlying data. All proposed adjustments should be understood and approved.

City's Response

The City relies on the auditor to propose the adjustments necessary to prepare the financial statements including the related disclosures. The City reviews such financial statements.

2025-003 RECONCILIATION PROCEDURES OVER GENERAL LEDGER ACCOUNTS

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements in conformity with the cash basis of accounting.

Condition

Certain general ledger accounts of the City were not fully reconciled including, but not limited to, fund balances, payroll related accounts and filings with taxing agencies.

CITY OF HOLDEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025

2025-003 RECONCILIATION PROCEDURES OVER GENERAL LEDGER ACCOUNTS (Continued)

Cause

City personnel did not possess the experience necessary to properly utilize the software maintained for accounting records and to ensure that balances are properly reported and reconciled to other information.

Possible Effect

Errors in the financial statements or disclosures could occur and not be detected by City management. Lack of reconciliation procedures over general ledger accounts could lead to misappropriation of assets or improper reporting.

Recommendations

City management should carefully review the internal financial reports and establish procedures to ensure that necessary general ledger accounts are properly reconciled and reviewed.

City's Response

The City has made changes to its staff and implemented additional procedures to ensure accounting records are properly recorded and reconciled.

2025-004 BUDGETARY CONTROLS

Criteria

As reported in the notes to the supplementary information, the City's actual disbursements exceeded budgeted disbursements in the General Fund. The budget was not amended to include them prior to the end of the fiscal year.

Condition

Section 67.010, RSMo, requires that a budget present a complete financial plan for the ensuing budget year. Additionally, Section 67.080, RSMo, states that no disbursement of public monies should be made unless it is authorized within the budget and Section 67.040, RSMo, allows for budget increases if the governing body adopts a resolution detailing the facts and circumstances for the budget amendment.

CITY OF HOLDEN, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025

2025-004 BUDGETARY CONTROLS (Continued)

Cause

The City monitored actual disbursements to budgeted amounts, but budget was not amended from its original form.

Possible Effect

The potential effect could result in the City to be noncompliant with state statutes and overspending could allow for a fund to result in a deficit balance.

Recommendations

We recommend that the City amend its budget when determined necessary to allow for additional disbursements for the original established budget for each fund.

City's Response

The City will continue to monitor its actual disbursements compared to the established budget and will amend the budget when determined necessary if actual disbursements for the fiscal year will exceed the original budget.

CITY OF HOLDEN, MISSOURI
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2025

2024-001 SEGREGATION OF DUTIES

Due to the number of personnel and the size of the City, there is limited segregation of duties over accounting functions. A limited number of individuals reconcile the bank statements, record deposits, disburse payments, and manage the general ledger functions. We recommended that the City monitor and evaluate its internal controls with the use of limited personnel and to provide as much segregation of duties as determined to be feasible within its operations. This is a continued finding as noted in item 2025-001.

2024-002 RELIANCE ON THE AUDITOR FOR THE FINANCIAL REPORTING PROCESSES

The City has limited experience necessary to prepare the financial statements and note disclosures on the cash basis of accounting. In addition, the City has limited experience over the selection of accounting procedures and principles. The City utilizes the expertise of the auditor to propose adjustments, reclassifications, and disclosures and to draft the financial statements. We recommended that City management carefully review the financial statements including disclosures and understand the relationship to the underlying data. In addition, all proposed adjustments should be understood and approved. This is a continued finding as noted in item 2025-002.

2024-003 BUDGETARY CONTROLS

As reported in the notes to the supplementary information, the City's actual disbursements exceeded budgeted disbursements in the Capital Improvement Sales Tax Fund. The budget was not amended to include them prior to the end of the fiscal year. We recommend that the City amend its budget when determined necessary to allow for additional disbursements for the original established budget for each fund. In addition, all proposed adjustments should be understood and approved. This is a continued finding as noted in item 2025-004.