CITY OF CUBA, MISSOURI

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED JUNE 30, 2025

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CATLETT & ASSOCIATES
Certified Public Accountants
Imagine...Do...Succeed!

3898 OLD HIGHWAY 94 S., SUITE 2
ST. CHARLES, MISSOURI 63304
O: 636.922.7540
F: 800.603.0587
WWW.CANDACPAS.COM

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Cuba, Missouri

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for 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 the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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's ability to continue as a going concern for twelve months beyond the financial statement date, and shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, and shortly thereafter.

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

Required Supplemental Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and budgetary comparison information 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's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Catlett & Associates, LLC

August 20, 2026

Management's Discussion and Analysis
City of Cuba, Missouri
Year Ended June 30, 2025
(Unaudited)

The City of Cuba, Missouri (the City) presents this narrative to help readers review the accompanying basic financial statements for the year ended June 30, 2025. We have prepared the management's discussion and analysis (MD&A) of the City's financial activities to add additional information to the financial statements and the note disclosures.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by $27,133,606 (net position). Net position is comprised of $20,982,951 net investment in capital assets; $3,238,631 restricted for debt service and other purposes; $286,922 unrestricted and available for governmental activities; and $2,625,102 unrestricted and available for the City's business-type activities.
- The City's total net position decreased $648,035. Of this amount, $84,999 was a decrease from the City's governmental activities, and $563,036 was a decrease from business-type activities.
- The unassigned fund balance for the General Fund was $220,379 or 6.3% of total General Fund expenditures.
- The City's long-term debt (bonds) decreased $139,000 during the current fiscal year. Regular principal payments were made on the waterworks revenue bonds.

OVERVIEW OF THIS REPORT

The MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three major components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplemental information and budgetary comparisons, to provide additional information that readers can use to analyze the City's finances.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with an overview of the City's total finances.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including long-term debt and capital assets. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is 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 is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as transactions occur, regardless of when the related cash flows take place. Therefore, some revenues and expenses included in this statement may reflect cash flows that actually take place in future periods (e.g., accrued vacation leave).

Government-wide financial statements are separated into two major categories: 1) governmental activities that are principally supported by taxes and intergovernmental revenues and 2) business-type activities that are supported with user fees and charges. Governmental activities include general government, public safety, highways and streets, culture and recreation, and airport. Business-type activities include electric, waterworks, and natural gas.

FUND FINANCIAL STATEMENTS

Funds are used in governmental accounting to separate resources that are designated for specific programs or activities. The City, like other state and local governments, uses fund accounting to demonstrate compliance with the laws, regulations, and contractual agreements that establish the authority for the City's programs and services. The City has two categories of funds: governmental and proprietary funds.

1) **Governmental Funds**. Governmental funds are used to account for the City's basic services, the same services that are included in the governmental activities on the government-wide financial statements. However, the information in the fund statements is measured differently. Governmental funds focus on current financial resources rather than total economic resources. Therefore, the statements include the short-term resources, such as cash, investments, and receivables that will be collected within 60 days and liabilities that will be retired with these monies. This information is important for assessing the City's current financial resources.

   The reconciliation in the fund statements explains the difference between the governmental funds in the fund statements and the governmental activities found in the government-wide financial statements. This reconciliation will explain the adjustments necessary to compile the long-term resources and liabilities for the government-wide financial statements with the current picture presented in the fund statements.

   The City uses the following governmental funds:
   a. Major Funds: General and Capital Improvement
   b. Nonmajor Funds: Street, Pool, Park, City Transportation Trust, Airport, Convention and Visitor Center

   The larger funds are presented as major funds while the other funds are presented in the combining statements for nonmajor funds. Both major and nonmajor fund statements include a balance sheet and statement of revenues, expenditures, and changes in fund balances.

   The budgetary comparison for the General Fund is included with the required supplemental information. Budgetary comparisons for all other funds are presented with the supplemental information.

2) **Proprietary funds.** The City maintains three separate Enterprise funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its electric, waterworks, and natural gas operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Fund, Waterworks Fund, and Natural Gas Fund.

NOTES TO FINANCIAL STATEMENTS

Notes provide additional information that is essential to a full understanding of the information included in the basic financial statements. Notes provide additional details about the balances and transactions in the City's basic financial statements.

Management's Discussion and Analysis
City of Cuba, Missouri
Year Ended June 30, 2025
(Unaudited)

SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, certain required supplementary and supplemental information can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The first statement in the government-wide financial statements is the statement of net position. The following table summarizes the statement of net position for the governmental activities and business-type activities as of June 30, 2025, and 2024:

	June 30,					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 3,561,658	$ 3,243,377	$ 5,422,501	$ 6,397,253	$ 8,984,159	$ 9,640,630
Capital assets, net	11,935,184	12,079,151	9,960,767	9,709,572	21,895,951	21,788,723
Total Assets	15,496,842	15,322,528	15,383,268	16,106,825	30,880,110	31,429,353
Deferred Outflows of Resources	769,392	772,159	868,349	717,573	1,637,741	1,489,732
Liabilities						
Current and other liabilities	1,312,202	1,055,561	2,839,691	2,484,709	4,151,893	3,540,270
Non-current liabilities	150,211	126,742	1,082,141	1,435,825	1,232,352	1,562,567
Total Liabilities	1,462,413	1,182,303	3,921,832	3,920,534	5,384,245	5,102,837
Deferred Inflows of Resources	-	23,564	-	11,043	-	34,607
Net Position						
Net investment in capital assets	11,935,184	12,079,151	9,047,767	8,657,572	20,982,951	20,736,723
Restricted	2,581,715	2,811,516	656,916	718,742	3,238,631	3,530,258
Unrestricted	286,922	(1,847)	2,625,102	3,516,507	2,912,024	3,514,660
Total Net Position	$ 14,803,821	$ 14,888,820	$12,329,785	$12,892,821	$ 27,133,606	$ 27,781,641

The statement of net position presents the same information as a balance sheet; it assesses the balance of the City's assets, the resources it can use to provide services and operate, against its liabilities, its obligations to turn over resources to other organizations or individuals. The difference between the City's assets, deferred outflows of resources, liabilities, and its deferred inflows of resources is called net position. In other words, this statement quantifies what the City would have remaining after satisfying its liabilities. The bulk of net position is comprised of capital assets which are not liquid assets.

Assets include $5,043,544 in unrestricted cash and investments and $1,218,687 in restricted cash and investments. Total net position decreased by $648,035.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The second statement in the government-wide financial statements is the statement of activities. This schedule summarizes the City's primary programs or governmental activities and business-type activities. The following table outlines the major components of the statement of activities for the years ended June 30, 2025, and 2024:

	Years Ended June 30,					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 252,806	$ 229,013	$10,844,083	$10,075,786	$ 11,096,889	$ 10,304,799
Operating grants and contributions	166,032	152,967	-	-	166,032	152,967
Capital grants and contributions	49,666	126,001	300,000	-	349,666	126,001
General revenues:						
Taxes	2,152,875	2,161,820	-	-	2,152,875	2,161,820
Other	264,966	131,377	1,120	244,249	266,086	375,626
Transfers	2,190,661	2,048,208	(2,190,661)	(2,048,208)	-	-
Total Revenues	5,077,006	4,849,386	8,954,542	8,271,827	14,031,548	13,121,213
Expenses						
General government	1,944,748	1,975,959	-	-	1,944,748	1,975,959
Public safety	1,655,077	1,482,506	-	-	1,655,077	1,482,506
Highways and streets	804,004	833,398	-	-	804,004	833,398
Culture and recreation	325,530	327,388	-	-	325,530	327,388
Airport	432,646	448,740	-	-	432,646	448,740
Electric	-	-	6,410,423	6,172,825	6,410,423	6,172,825
Waterworks	-	-	1,319,804	1,277,629	1,319,804	1,277,629
Natural gas	-	-	1,787,351	1,492,183	1,787,351	1,492,183
Total Expenses	5,162,005	5,067,991	9,517,578	8,942,637	14,679,583	14,010,628
Change in Net Position	(84,999)	(218,605)	(563,036)	(670,810)	(648,035)	(889,415)
Net Position, July 1	14,888,820	15,107,425	12,892,821	13,563,631	27,781,641	28,671,056
Net Position, June 30	$ 14,803,821	$ 14,888,820	$12,329,785	$12,892,821	$ 27,133,606	$ 27,781,641

Revenues and expenses are presented by major function or program. The City depends on tax revenues to provide funding for governmental services and activities.

Total revenues increased by $910,335. Governmental activities revenues increased $85,167 mainly due to increased interest earned on deposits. Business-type activities revenues increased $825,168 mainly due to increased utilities billing. Transfers from business-type activities to governmental activities increased $142,453. Total expenses increased $668,955. Governmental activities expenses increased $94,014, and business-type activities expenses increased $574,941.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,968,576, an increase of $225,865 in comparison with the prior year.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was $220,379. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 6.3%. The fund balance of the General Fund increased by $220,051 during the fiscal year due to transfers from Proprietary Funds.

The Capital Improvement Fund decreased by $158,827.

Proprietary Funds

Changes in net position for the major proprietary funds can be described as follows:

- The Electric Fund decreased by $397,702. At June 30, 2025, total net position was $4,014,415.
- The Waterworks Fund increased by $325,828 to a net position of $7,112,052.
- The Natural Gas Fund decreased by $491,162 to a net position of $1,203,318.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City approved various budget amendments. Significant differences between the original budget and the final budget can be summarized as follows:

- $237,250 increase to general government budgeted expenditures due to greater than anticipated expenses for contract labor, salaries and benefits, and miscellaneous other expenses;
- $110,999 increase to public safety budgeted expenditures due to greater than anticipated salaries and benefits and capital expenditures;
- $315,414 increase to budgeted transfers in other financing sources.

Total revenues were $163,561 greater than the final budgeted amount of $1,127,435. Total expenditures were $567,846 less than the final budgeted amount of $4,064,309. Other financing sources (transfers) were $511,356 less than the final budgeted amount of $2,936,874.

CAPITAL ASSETS

The following table summarizes the capital assets, net of accumulated depreciation, for the governmental and business-type activities as of June 30, 2025, and 2024:

CAPITAL ASSETS (Continued)

	June 30,					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 2,446,834	$ 2,446,834	$ 247,154	$ 247,154	$ 2,693,988	$ 2,693,988
Construction in progress	117,369	73,979	-	-	117,369	73,979
Buildings	2,830,600	2,565,228	-	-	2,830,600	2,565,228
Improvements	2,302,072	2,562,202	-	-	2,302,072	2,562,202
Equipment	478,304	533,953	509,119	493,528	987,423	1,027,481
Infrastructure	3,760,005	3,896,955	9,204,494	8,968,890	12,964,499	12,865,845
Total	$ 11,935,184	$ 12,079,151	$ 9,960,767	$ 9,709,572	$ 21,895,951	$ 21,788,723

Additional information on capital assets can be found in Note C of the financial statements.

LONG-TERM DEBT

The following table summarizes the City's scheduled long-term obligations for the governmental activities and business-type activities as of June 30, 2025, and 2024:

	June 30,					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds	$ -	$ -	$ 913,000	$ 1,052,000	$ 913,000	$ 1,052,000
MMMPEP Loan	-	-	245,093	490,185	245,093	490,185
Asset retirement obligation	-	-	193,720	193,720	193,720	193,720
Compensated absences	300,422	253,484	236,882	168,026	537,304	421,510
Total	$ 300,422	$ 253,484	$ 1,588,695	$ 1,903,931	$ 1,889,117	$ 2,157,415

Additional information on long-term debt can be found in Note D of the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This MD&A 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 its transactions and other events. Questions concerning any of the information contained in the MD&A or in the body of the financial report should be addressed to: City Clerk, City of Cuba, 202 N. Smith Street, P.O. Box K, Cuba, MO 65453.

FINANCIAL STATEMENTS AND RELATED NOTES

City of Cuba, Missouri
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 2,962,054	$ 2,081,490	$ 5,043,544
Receivables, net	374,788	1,498,152	1,872,940
Prepaid items	214,820	-	214,820
Inventory	-	634,168	634,168
Restricted cash and investments	9,996	1,208,691	1,218,687
Capital assets:			
Land and construction in progress	2,564,203	247,154	2,811,357
Other capital assets, net of accumulated depreciation	9,370,981	9,713,613	19,084,594
Total Assets	$ 15,496,842	$ 15,383,268	$ 30,880,110
Deferred Outflows of Resources			
Deferred amounts related to pensions	$ 769,392	$ 707,506	$ 1,476,898
Deferred amounts related to asset retirement obligations	-	160,843	160,843
Total Deferred Outflows of Resources	$ 769,392	$ 868,349	$ 1,637,741
Liabilities			
Accounts payable	$ 282,973	$ 844,784	$ 1,127,757
Accrued wages	48,897	29,027	77,924
Accrued liabilities	33,768	107,803	141,571
Accrued interest payable	-	7,304	7,304
Escrow deposit	9,399	-	9,399
Customer deposits payable	3,225	641,959	645,184
Net pension liability	783,729	700,859	1,484,588
Arbitrage rebate liability	-	1,401	1,401
Noncurrent liabilities:			
Due within one year	150,211	506,554	656,765
Due in more than one year	150,211	1,082,141	1,232,352
Total Liabilities	$ 1,462,413	$ 3,921,832	$ 5,384,245
Net Position			
Net investment in capital assets	$ 11,935,184	$ 9,047,767	$ 20,982,951
Restricted for:			
Debt service	-	650,269	650,269
Highways and streets	671,741	-	671,741
Tourism	142,838	-	142,838
Capital improvements	1,193,301	-	1,193,301
Parks and recreation	573,835	-	573,835
Pension	-	6,647	6,647
Unrestricted	286,922	2,625,102	2,912,024
Total Net Position	$ 14,803,821	$ 12,329,785	$ 27,133,606

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

City of Cuba, Missouri
Statement of Activities
Year ended June 30, 2025

		Program Revenues			Net Revenues (Expenses) And Changes In Net Position – Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary Government							
Governmental Activities							
General government	$1,944,748	$ 81,152	$ -	$ -	$ (1,863,596)		$ (1,863,596)
Public safety	1,655,077	780	-	-	(1,654,297)		(1,654,297)
Highways and streets	804,004	18,028	166,032	-	(619,944)		(619,944)
Culture and recreation	325,530	44,780	-	-	(280,750)		(280,750)
Airport	432,646	108,066	-	49,666	(274,914)		(274,914)
Total Governmental Activities	5,162,005	252,806	166,032	49,666	(4,693,501)		(4,693,501)
Business-type Activities							
Electric	6,410,423	7,329,007	-	-		918,584	918,584
Waterworks	1,319,804	1,588,622	-	300,000		568,818	568,818
Natural gas	1,787,351	1,926,454	-	-		139,103	139,103
Total Business-type Activities	9,517,578	10,844,083	-	300,000		1,626,505	1,626,505
Total Primary Government	14,679,583	11,096,889	166,032	349,666	(4,693,501)	1,626,505	(3,066,996)
General Revenues							
Taxes:							
Sales					2,061,835	-	2,061,835
Franchise					15,466	-	15,466
Other					75,574	-	75,574
Investment income					240,306	1,120	241,426
Miscellaneous income					17,635	-	17,635
Gain (loss) on disposal of capital assets					7,025	-	7,025
Transfers					2,190,661	(2,190,661)	-
Total General Revenues and Transfers					4,608,502	(2,189,541)	2,418,961
Change in Net Position					(84,999)	(563,036)	(648,035)
Net Position, Beginning of Year					14,888,820	12,892,821	27,781,641
Net Position, End of Year					$ 14,803,821	$ 12,329,785	$ 27,133,606

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

City of Cuba, Missouri
Balance Sheet – Governmental Funds
June 30, 2025

	Major Governmental Funds			
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 193,579	$1,115,806	$ 1,652,669	$ 2,962,054
Receivables, net:				
Sales tax	154,989	77,495	132,115	364,599
Grant	-	-	10,189	10,189
Restricted cash	9,996	-	-	9,996
Total Assets	$ 358,564	$1,193,301	$ 1,794,973	$ 3,346,838
Liabilities				
Accounts payable	$ 64,101	$ -	$ 218,872	$ 282,973
Accrued expenses	27,777	-	-	27,777
Wages payable	36,908	-	11,989	48,897
Escrow deposit	9,399	-	-	9,399
Other payables	-	-	5,991	5,991
Customer deposits	-	-	3,225	3,225
Total Liabilities	138,185	-	240,077	378,262
Fund Balances				
Restricted for:				
Highways and streets	-	-	671,741	671,741
Tourism	-	-	142,838	142,838
Capital improvements	-	1,193,301	-	1,193,301
Parks and recreation	-	-	573,835	573,835
Committed for:				
Highways and streets	-	-	64,866	64,866
Airport	-	-	101,616	101,616
Unassigned	220,379	-	-	220,379
Total Fund Balances	220,379	1,193,301	1,554,896	2,968,576
Total Liabilities and Fund Balances	$ 358,564	$1,193,301	$ 1,794,973	$ 3,346,838

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

City of Cuba, Missouri
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds	$	2,968,576
Amounts reported for governmental activities in the statement of position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The carrying value of the assets is $25,231,391 and the accumulated depreciation is $13,296,207.		11,935,184
Prepaid insurance is reported as an expenditure in the governmental funds but the unused economic benefit is reflected as an asset in the statement of net position.		214,820
Certain amounts are not a use of current financial resources and, therefore, are not reported in the governmental funds. These items consist of:		
Net pension liabilities		(783,729)
Deferred outflows related to pensions		769,392
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Accrued compensated absences		(300,422)
Total Net Position of Governmental Activities	$	14,803,821

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

City of Cuba, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended June 30, 2025

	Major Governmental Funds			
	General Fund	**Capital Improvement Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
Revenues				
Taxes	$ 950,752	$ 450,631	$ 931,621	$ 2,333,004
Licenses and permits	20,638	-	-	20,638
Fines and forfeitures	26,726	-	-	26,726
Charges for services	5,410	-	140,684	146,094
Grants and contributions	-	-	49,666	49,666
Investment income	240,306	-	-	240,306
Other	47,164	-	15,722	62,886
Total Revenues	1,290,996	450,631	1,137,693	2,879,320
Expenditures				
Current				
General government	1,773,786	-	-	1,773,786
Public safety	1,480,789	-	-	1,480,789
Highways and streets	-	-	417,567	417,567
Culture and recreation	-	-	120,076	120,076
Airport	-	-	76,686	76,686
Tourism	-	-	65,092	65,092
Capital outlay	241,888	-	675,257	917,145
Total Expenditures	3,496,463	-	1,354,678	4,851,141
Revenues Over (Under) Expenditures	(2,205,467)	450,631	(216,985)	(1,971,821)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	7,025	-	-	7,025
Transfers in	2,418,493	-	686,549	3,105,042
Transfers out	-	(609,458)	(304,923)	(914,381)
Total Other Financing Sources (Uses)	2,425,518	(609,458)	381,626	2,197,686
Net Change in Fund Balances	220,051	(158,827)	164,641	225,865
Fund Balances, Beginning of Year	328	1,352,128	1,390,255	2,742,711
Fund Balances, End of Year	$ 220,379	$ 1,193,301	$ 1,554,896	$ 2,968,576

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

City of Cuba, Missouri
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2025

Net Change in Fund Balances - Governmental Funds	$ 225,865
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays in excess of the capitalization threshold ($831,332) exceeded depreciation expense ($975,299) in the current period.	(143,967)
Governmental funds report expenditures for insurance and similar services extending over more than one accounting period as expenditures in the period of acquisition:	
Prepaid insurance	14,393
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 the governmental funds:	
Accrued compensated absences	(46,938)
Pension expense	(134,352)
Change in Net Position of Governmental Activities	$ (84,999)

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

City of Cuba, Missouri
Statement of Net Position – Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds			
	Electric	Waterworks	Natural Gas	Total
Assets				
Current Assets				
Cash and investments	$ 1,312,205	$ 226,550	$ 542,735	$ 2,081,490
Receivables, net	1,044,344	275,522	178,286	1,498,152
Inventory	387,993	200,046	46,129	634,168
Total Current Assets	$ 2,744,542	$ 702,118	$ 767,150	$ 4,213,810
Noncurrent Assets				
Capital assets:				
Land	$ -	$ 142,936	$ 104,218	$ 247,154
Other capital assets, net of accumulated depreciation	2,138,937	6,873,629	701,047	9,713,613
Restricted cash and investments	357,095	724,994	126,602	1,208,691
Total Noncurrent Assets	2,496,032	7,741,559	931,867	11,169,458
Total Assets	$ 5,240,574	$ 8,443,677	$ 1,699,017	$ 15,383,268
Deferred Outflows of Resources				
Deferred amounts related to pensions	$ 260,619	$ 268,012	$ 178,875	$ 707,506
Deferred amounts related to asset retirement obligations	-	160,843	-	160,843
Total Deferred Outflows of Resources	$ 260,619	$ 428,855	$ 178,875	$ 868,349
Liabilities				
Current Liabilities				
Accounts payable	$ 510,406	$ 214,178	$ 120,200	$ 844,784
Wages payable	9,480	11,119	8,428	29,027
Accrued liabilities	7,543	5,624	94,636	107,803
Accrued interest payable	-	7,304	-	7,304
Compensated absences - current	25,663	32,490	60,308	118,461
Debt payable - current	245,093	143,000	-	388,093
Total Current Liabilities	$ 798,185	$ 413,715	$ 283,572	$ 1,495,472
Noncurrent Liabilities				
Customer deposits payable	$ 404,759	$ 83,700	$ 153,500	$ 641,959
Debt payable	-	770,000	-	770,000
Asset retirement obligation	-	193,720	-	193,720
Compensated absences	25,663	32,450	60,308	118,421
Net pension liability	258,171	265,494	177,194	700,859
Arbitrage rebate liability	-	1,401	-	1,401
Total Noncurrent Liabilities	688,593	1,346,765	391,002	2,426,360
Total Liabilities	$ 1,486,778	$ 1,760,480	$ 674,574	$ 3,921,832
Net Position				
Net investment in capital assets	$ 2,138,937	$ 6,103,565	$ 805,265	$ 9,047,767
Restricted for debt service	-	650,269	-	650,269
Restricted for pension	2,448	2,518	1,681	6,647
Unrestricted	1,873,030	355,700	396,372	2,625,102
Total Net Position	$ 4,014,415	$ 7,112,052	$ 1,203,318	$ 12,329,785

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

City of Cuba, Missouri
Statement of Revenues, Expenses, and Changes in
Fund Net Position – Proprietary Funds
Year ended June 30, 2025

	Business-type Activities - Enterprise Funds			
	Electric	**Waterworks**	**Natural Gas**	**Total**
Operating Revenues				
Charges for services	$ 7,246,700	$ 1,514,143	$ 1,908,417	$ 10,669,260
Other	82,307	374,479	18,037	474,823
Total Operating Revenues	7,329,007	1,888,622	1,926,454	11,144,083
Operating Expenses				
Personnel services	423,918	491,380	380,306	1,295,604
Contracted services	73,375	240,141	34,346	347,862
Utilities	5,350,564	-	1,133,405	6,483,969
Materials and supplies	171,347	30,404	97,828	299,579
Depreciation	162,936	343,115	87,627	593,678
Other	228,283	199,574	53,839	481,696
Total Operating Expenses	6,410,423	1,304,614	1,787,351	9,502,388
Operating Income (Loss)	918,584	584,008	139,103	1,641,695
Nonoperating Revenues (Expenses)				
Investment income	-	1,120	-	1,120
Interest expense and fees	-	(15,190)	-	(15,190)
Total Nonoperating Revenues (Expenses)	-	(14,070)	-	(14,070)
Income (Loss) Before Transfers	918,584	569,938	139,103	1,627,625
Transfers				
Transfers out	(1,316,286)	(244,110)	(630,265)	(2,190,661)
Total Transfers	(1,316,286)	(244,110)	(630,265)	(2,190,661)
Change in Fund Balances	(397,702)	325,828	(491,162)	(563,036)
Net Position, Beginning of Year	4,412,117	6,786,224	1,694,480	12,892,821
Net Position, End of Year	$ 4,014,415	$ 7,112,052	$ 1,203,318	$ 12,329,785

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

City of Cuba, Missouri
Statement of Cash Flows – Proprietary Funds
Year ended June 30, 2025

	Business-type Activities - Enterprise Funds			
	Electric	**Waterworks**	**Natural Gas**	**Total**
Increase (Decrease) in Cash and Cash Equivalents				
Cash flows from operating activities:				
Receipts from customers and users	$ 7,457,360	$ 1,925,632	$ 1,976,121	$ 11,359,113
Payments to suppliers	(5,878,105)	(439,666)	(1,222,830)	(7,540,601)
Payments to employees	(401,582)	(466,226)	(306,511)	(1,174,319)
Net cash provided by (used in) operating activities	1,177,673	1,019,740	446,780	2,644,193
Cash flows from noncapital financing activities:				
Transfers to other funds	(1,316,286)	(244,110)	(630,265)	(2,190,661)
Net cash provided by (used in) noncapital financing activities	(1,316,286)	(244,110)	(630,265)	(2,190,661)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(213,288)	(631,585)	-	(844,873)
Principal payments on long-term debt	(245,092)	(139,000)	-	(384,092)
Interest paid on long-term debt	-	(16,302)	-	(16,302)
Net cash provided by (used in) capital and related financing activities	(458,380)	(786,887)	-	(1,245,267)
Cash flows provided by investing activities:				
Investment income	-	1,120	-	1,120
Net Increase (Decrease) in Cash and Cash Equivalents	(596,993)	(10,137)	(183,485)	(790,615)
Cash and Cash Equivalents, Beginning of Year	2,266,293	961,681	852,822	4,080,796
Cash and Cash Equivalents, End of Year	$ 1,669,300	$ 951,544	$ 669,337	$ 3,290,181

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

City of Cuba, Missouri
Statement of Cash Flows – Proprietary Funds (Continued)
Year ended June 30, 2025

	Business-type Activities - Enterprise Funds			
	Electric	Waterworks	Natural Gas	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	$ 918,584	$ 584,008	$ 139,103	$ 1,641,695
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	162,936	343,115	87,627	593,678
(Increase) decrease in:				
Utility receivables	99,919	33,630	42,055	175,604
Inventory	(13,760)	(52,977)	75,270	8,533
Deferred outflows related to pensions	(49,339)	(80,500)	(21,338)	(151,177)
Deferred inflows related to asset retirement obligations	-	401	-	401
Increase (decrease) in:				
Accounts payable	(40,862)	83,581	(14,789)	27,930
Accrued wages	(5,098)	(5,975)	865	(10,208)
Accrued compensated absences	3,571	10,294	54,991	68,856
Accrued expenses	85	(551)	36,108	35,642
Customer deposits payable	28,434	3,380	7,612	39,426
Net pension liability	77,397	105,056	42,403	224,856
Deferred inflows related to pensions	(4,194)	(3,722)	(3,127)	(11,043)
Total Adjustments	259,089	435,732	307,677	1,002,498
Net Cash Provided By (Used In) Operating Activities	$ 1,177,673	$ 1,019,740	$ 446,780	$ 2,644,193
Reconciliation of Cash and Cash Equivalents to Specific Assets on the Statement of Net Position				
Cash and investments	$ 1,312,205	$ 226,550	$ 542,735	$ 2,081,490
Restricted cash and investments	357,095	724,994	126,602	1,208,691
Total Cash and Cash Equivalents	$ 1,669,300	$ 951,544	$ 669,337	$ 3,290,181

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cuba, Missouri (the "City") was founded in 1884. The City operates under a Mayor – Board of Aldermen form of government. The City provides services to residents in many areas, including law enforcement, fire protection, animal control, electrical, water, wastewater, natural gas, airport, community enrichment and development, recreation, and various social services. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. **Reporting Entity**

   The financial statements of the City include all financial activities of the City. The City does not currently have any component units.

   Related organizations excluded from the reporting entity: the City's officials are also responsible for appointing the members of the Cuba Industrial Development Authority (the IDA). The City's accountability for this organization does not extend beyond making the appointments. The IDA is excluded from the accompanying financial statements because the IDA is an autonomous corporation over which the City has no accountability for fiscal matters.

2. **Government-Wide and Fund Financial Statements**

   Government-Wide Financial Statements

   The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the economic activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

   Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

3. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

   The government-wide financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenues are recorded when they occur 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be 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, claims, and judgments, are recorded only when payment is due (i.e., matured).

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

The City reports the following major governmental funds:

- **General Fund –** This fund is the main operating fund of the City. It is used to account for all financial resources except those accounted for in another fund.
- **Capital Improvement Fund –** This fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities.

The City reports the following major enterprise funds:

- **Electric Fund –** This fund is used to account for the acquisition, operation, and maintenance of the City's power and light utility facilities and services.
- **Waterworks Fund –** This fund is used to account for the acquisition, operation, and maintenance of the City's water and wastewater utility facilities and services.
- **Natural Gas Fund –** This fund is used to account for the operations of the City's natural gas services.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility funds and various other functions of the City, if any. Elimination of these charges would distort the direct costs and program revenues reported for the applicable functions.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include the cost of services, administration expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash, Cash Equivalents, and Investments

The City pools the cash of all funds, except for monies in certain restricted and special funds. The cash and investments balance in each fund represents the fund's equity share of the City's cash and investment pool. Interest income earned on pooled cash and investments is allocated to the various funds based on their respective participation. Interest income on restricted cash and investments is credited directly to the related fund.

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

5. Allowance for Uncollectible Accounts

The allowance for uncollectible receivables is as follows:

	June 30, 2025
Electric Fund	$ 208,908
Waterworks Fund	54,363
Natural Gas Fund	36,729
	$ 300,000

6. Inventory and Prepaid Items

Inventories of the enterprise funds consist of electric, waterworks, and natural gas utility materials. They are stated at cost using the average cost method.

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items on the consumption method. Prepaid items are recorded as expenditures when consumed rather than when purchased.

7. Restricted Assets

Certain cash and investments are restricted as to use for court bonds, debt service, bond reserves, and system replacement and extension as provided by bond covenants.

8. Customer Deposits

The City collects a refundable deposit from customers prior to initiating metered utility service. Customer deposits are reported in restricted assets and as liabilities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Interfund Activities

The City has the following types of activities among funds:

Transfers – Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

Due To/From Other Funds – Current portions of long-term interfund loans receivable/payable are considered "available spendable resources" and are reported as assets and liabilities of the appropriate funds.

10. Capital Assets

Capital assets, which include buildings, other improvements, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

The City has determined that all works of art and historical treasures, other than certain sculptures, meet the definition of a collection but has not capitalized these assets because they are viewed as long-term resources for public service, not for economic benefit in the traditional sense. A collection is defined as items which are:

- Held for public exhibition and education;
- Protected, cared for, and preserved; and
- Subject to an organizational policy that requires the proceeds from the sale to be used to acquire other items for the collection.

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

Assets	Years
Buildings	10-50
Improvements	10-20
Equipment	5-15
Infrastructure	10-50

11. Compensated Absences

City employees are granted vacation and sick leave in varying amounts, based on length of service. Vacation time cannot be carried forward. Upon termination of employment from the City, an employee is entitled to payment for vacation accrued up to the date of separation. Sick leave can be accumulated at the rate of one day per month, up to 120 days. Upon the employee's retirement, the employee will be compensated for the number of unused sick days.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Compensated Absences (Continued)

All vacation pay and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements.

12. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount, if any.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amounts of debt issued are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has deferred outflows of resources related to the pension and asset retirement obligations reported on the statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has deferred inflows of resources related to the pension reported on the statement of net position.

14. Fund Balance Categories

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balances 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 (ordinance) of the Board of Aldermen, the highest level of decision-making authority. Action by the Board of Aldermen must occur prior to year-end.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose, as determined by the applicable designated officials to which the Board of Aldermen has designated authority. Intent can be expressed by the Board of Aldermen in the form of a resolution.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Fund Balance Categories (Continued)

Unassigned -- Amounts that are available for any purpose; only positive amounts are reported in the General Fund. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are reported as nonspendable, restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in these funds.

When an expenditure is incurred in governmental funds which may be paid using either restricted or unrestricted resources, the City's policy is to pay the expenditures from restricted fund balance and then from less restrictive classifications - committed, assigned, and then unassigned fund balances.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a rolling beginning fund balance of not less than 17% of annual operating expenditures for the current fiscal year.

15. Use of Estimates

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

16. Pensions

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

17. Net Position Classification

Net position is made up of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources and is shown in the entity-wide and proprietary fund financial statements. Net position is required to be classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets or related debt also would be included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Net Position Classification (Continued)

Restricted – This component of net position consists of restricted assets, reduced by liabilities related to those assets, with constraints placed on their use through external parties such as creditors (debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports $3,238,631 of restricted net position.

Unrestricted – This component consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the "restricted" or "net investment in capital assets" components of net position.

When both restricted and unrestricted resources are available for use, it is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE B – CASH AND INVESTMENTS

1. Deposits

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

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

2. Investments

Investment Policies

Legally Allowed Investments – The City's investment policy conforms to the investment policy guidelines set forth by the State of Missouri. The City's investment policy authorizes the City to invest in the following instruments: insured or collateralized certificates of deposit, certain collateralized repurchase agreements, direct obligations of any state in the United States and certain Missouri governmental entities (as outlined in the policy) that are rated "AAA" by Standard & Poor's Corporation and/or "Aaa" by Moody's Investor Service at the time of purchase, direct obligations of the United States of America and obligations issued or guaranteed by certain agencies of the United States of America (as outlined in the policy). During the year ended June 30, 2025, the City held no such investments.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Although the City has no formal investment policy regarding credit risk, the portfolio is diversified to reduce potential losses on individual securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City has no formal investment policy regarding interest rate risk, but interest rate risk is minimized by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, therefore avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

NOTE B – CASH AND INVESTMENTS (CONTINUED)

2. Investments (Continued)

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has no formal investment policy relating to concentration of credit risk, but concentration of credit risk is minimized by diversifying the investment portfolio.

3. Fair Value Measurements

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. The City only has money market funds as of June 30, 2025, which are not subject to fair value level classification.

NOTE C – CAPITAL ASSETS

Capital asset activity for governmental activities was as follows:

Governmental Activities	June 30, 2024	Additions	Reductions	June 30, 2025
Capital assets, nondepreciable:				
Land	$ 2,446,834	$ -	$ -	$ 2,446,834
Construction in progress	73,979	43,390	-	117,369
Total capital assets, nondepreciable	2,520,813	43,390	-	2,564,203
Capital assets, depreciable:				
Buildings	6,255,734	412,225	-	6,667,959
Improvements	3,726,686	53,122	-	3,779,808
Equipment	2,019,100	81,905	(32,950)	2,068,055
Infrastructure	9,910,676	240,690	-	10,151,366
Total capital assets, depreciable	21,912,196	787,942	(32,950)	22,667,188
Less accumulated depreciation for:				
Buildings	3,690,506	146,853	-	3,837,359
Improvements	1,164,484	313,252	-	1,477,736
Equipment	1,485,147	137,554	(32,950)	1,589,751
Infrastructure	6,013,721	377,640	-	6,391,361
Total accumulated depreciation	12,353,858	975,299	(32,950)	13,296,207
Total capital assets, net	$ 12,079,151	$ (143,967)	$ -	$ 11,935,184

Depreciation expense during the year ended June 30, 2025, was charged to functions/programs of the governmental activities as follows:

NOTE C – CAPITAL ASSETS (CONTINUED)

Governmental Activities

General government	$	47,069
Public safety		82,912
Highways and streets		367,693
Culture and recreation		118,792
Airport		356,040
Tourism		2,793
	$	975,299

Capital asset activity for business-type activities was as follows:

Business-type Activities	June 30, 2024	Additions	Reductions	June 30, 2025
Capital assets, nondepreciable:				
Land	$ 247,154	$ -	$ -	$ 247,154
Total capital assets, nondepreciable	247,154	-	-	247,154
Capital assets, depreciable:				
Buildings	50,000	-	-	50,000
Equipment	1,824,258	88,780	-	1,913,038
Infrastructure	25,366,985	771,093	-	26,138,078
Total capital assets, depreciable	27,241,243	859,873	-	28,101,116
Less accumulated depreciation for:				
Buildings	50,000	-	-	50,000
Equipment	1,330,730	73,189	-	1,403,919
Infrastructure	16,398,095	535,489	-	16,933,584
Total accumulated depreciation	17,778,825	608,678	-	18,387,503
Total capital assets, net	$ 9,709,572	$ 251,195	$ -	$ 9,960,767

Depreciation expense during the year ended June 30, 2025, was charged to business-type activities as follows:

Business-type Activities

Electric	$	162,936
Waterworks		343,115
Natural gas		87,627
	$	593,678

NOTE D – LONG-TERM DEBT

A summary of long-term debt is as follows:

	Balance July 01, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Governmental Activities					
Compensated absences	$ 253,484	$ 46,938	$ -	$ 300,422	$ 150,211
Totals	$ 253,484	$ 46,938	$ -	$ 300,422	$ 150,211
Business-type Activities					
Revenue bonds	$ 1,052,000	$ -	$ 139,000	$ 913,000	$ 143,000
MMMPEP loan	490,185	-	245,092	245,093	245,093
Asset retirement obligation	193,720	-	-	193,720	-
Compensated absences	168,026	68,856	-	236,882	118,461
Totals	$ 1,903,931	$ 68,856	$ 384,092	$ 1,588,695	$ 506,554

Compensated absences are generally liquidated within the General Fund and within the appropriate related enterprise fund.

Combined Waterworks and Sewerage System Revenue Bonds, Series 2011

On June 22, 2011, the City issued Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program), Series 2011 (the "Bond") in the aggregate amount of $2,460,000 for the purpose of extending and improving the City's combined waterworks and sewerage system. The issuance of the Bond was authorized pursuant to elections duly held in the City and an ordinance duly passed by the governing body of the City. The Bond is payable in semi-annual installments of principal and interest from July 1, 2012, through January 1, 2031. Annual payments range from $139,960 to $167,000. The annual interest rate is 1.6% per annum.

The Bond is a special obligation of the City payable solely from and secured as to the payment of principal and interest by a pledge of the net revenues of the City's waterworks and sewerage system. The taxing power of the City is not pledged to the payment of the Bond either as to principal or interest. As such, the Bond does not constitute a general obligation of the City, nor does the Bond constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Debt service requirements to maturity are as follows:

NOTE D – LONG-TERM DEBT (Continued)

Combined Waterworks and Sewerage System Revenue Bonds, Series 2011 (Continued)

Year Ending June 30,	Principal	Interest	Total
2026	$ 143,000	$ 12,896	$ 155,896
2027	146,000	10,568	156,568
2028	149,000	8,200	157,200
2029	153,000	5,768	158,768
2030	157,000	3,272	160,272
2031	165,000	680	165,680
	$ 913,000	$ 41,384	$ 954,384

Interest expense incurred to service the Bonds totaled $15,168 during the year ended June 30, 2025.

MMMPEP Loan

During February 2021, the effects of winter storm Uri drove market demand and significantly increased wholesale electric costs resulting in additional charges of $1,528,733 to the City. In response, Missouri Joint Municipal Electric Utility Commission (the "Energy Pool") deferred payment of additional charges incurred and approved a payback schedule consisting of monthly payments ranging from $28,871 to $20,424 at 0% interest from March 2021 until June 2026. During February 2022 the Energy Pool resettled additional charges caused by this winter storm resulting in a reduction of $66,439. The MMMPEP Loan is liquidated within the Electric Fund using receipts for electric utility services.

Debt service requirements for the MMMPEP Loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 245,093	$ -	$ 245,093
	$ 245,093	$ -	$ 245,093

NOTE E – EMPLOYEE PENSION PLAN

Plan Description

The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt.

NOTE E – EMPLOYEE PENSION PLAN (Continued)

Plan Description (Continued)

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 supplemental 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) 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 receive a reduced allowance.

	2025 Valuation
Benefit multiplier:	2% for life
Final average salary:	3 years
Member contributions:	Noncontributory for employees

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, 2025, the City had 40 active employees covered by the benefit terms, 47 inactive employees or beneficiaries currently receiving benefits, and 28 inactive employees entitled to but not yet receiving benefits.

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. The City contribution rates are 24.9% (General), and 20.0% (Police) of annual covered payroll.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2025. The pension liability was then rolled forward to the measurement date of June 30, 2025, utilizing procedures incorporating the actuarial assumptions.

Actuarial Assumptions

The total pension liability in the February 28, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE E – EMPLOYEE PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Inflation:	2.75% wage inflation; 2.25% price inflation
Salary increases:	2.75% to 6.75% including wage inflation
Investment rate of return:	7.00%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of general groups and 75% of the PubS-2010 Employee Mortality Table for males and females 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 actuarial assumptions used in the February 28, 2025, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 28, 2020.

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

Asset class	Allocation	Weighted Average Real Rate of Return
Alpha	5.00%	2.37%
Equity	39.00%	5.37%
Fixed Income	23.00%	1.47%
Real Assets	33.00%	3.45%
Strategic Assets	7.00%	3.46%
Cash/Leverage	-7.00%	-0.26%

Discount Rate

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

NOTE E – EMPLOYEE PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2024	$16,022,053	$ 14,917,468	$ 1,104,585
Changes in the year:			
Service cost	288,146	-	288,146
Interest on total pension liability	1,097,973	-	1,097,973
Difference between expected and actual experience	531,873	-	531,873
Benefit payments, including refunds	(973,175)	(973,175)	-
Contributions - employer	-	546,320	(546,320)
Net investment income	-	913,767	(913,767)
Pension plan administrative expense	-	(13,211)	13,211
Other (net transfer)	-	91,114	(91,114)
Net changes	944,817	564,815	380,002
Balances at June 30, 2025	$16,966,870	$ 15,482,283	$ 1,484,587

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

The following presents the Net Pension Liability of the City, calculated using the discount rate of 7.00%, as well as what the City'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.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability (TPL):	$19,229,688	$ 16,966,870	$ 15,097,315
Plan fiduciary net position	15,482,283	15,482,283	15,482,283
Net pension liability (NPL)	$ 3,747,405	$ 1,484,587	$ (384,968)

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

For the year ended June 30, 2025, the City recognized pension expense of $743,308. Reported deferred outflows and inflows of resources are related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows	Net
Differences in experience:	$ 824,879	$ -	$ 824,879
Net difference between projected and actual earnings on pension plan investments:	652,019	-	652,019
	$ 1,476,898	$ -	$ 1,476,898

NOTE E – EMPLOYEE PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year ending June 30:		
2026	$	844,484
2027		442,842
2028		165,882
2029		23,690
2030		-
Thereafter		-
	$	1,476,898

Payable to the Pension Plan

At June 30, 2025, the City had $41,011 of required contributions payable to the pension plan.

NOTE F – INTERFUND TRANSFERS

Individual interfund transfers during the year ended June 30, 2025, are as follows:

Transfers In	Transfers Out		Amount
General Fund	Electric Fund	$	1,316,286
General Fund	Water Fund	$	244,110
General Fund	Natural Gas Fund	$	630,265
General Fund	Capital Improvement Fund	$	193,478
General Fund	Parks Fund	$	34,354
Pool Fund	Parks Fund	$	41,222
Pool Fund	Capital Improvement Fund	$	6,499
Street Fund	City Transportation Trust Fund	$	229,347
Parks Fund	Capital Improvement Fund	$	409,481

Interfund transfers were used to: 1) use revenues collected to finance other funds in accordance with budgetary authorization or 2) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

NOTE G – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting in these risks have not exceeded coverage in the past three years.

NOTE H – MMMPEP AGREEMENT

The City is a member of the Missouri Electric Commission ("MEC"). The City of Cuba Public Works represents the City with respect to MEC matters. MEC manages a power pool known as Mid-Missouri Municipal Power Energy Pool ("MMMPEP"), of which the City is a member. All MMMPEP members (including the City) have an agreement (the "MMMPEP Agreement") with MEC for the purchase of electric capacity and energy and transmission from MEC. The MMMPEP Agreement requires MEC to supply the full energy requirements of the City under the terms of a long-term agreement. These contracts were set to expire on May 31, 2028, but were amended during November 2022. The amended contracts now do not have an established termination date. Instead, the contracts will remain in effect until cancelled as to all MMMPEP members.

MMMPEP operations are governed by a committee ("Pool Committee") consisting of one representative from each MMMPEP member and is comprised of 14 members. The Pool Committee is charged with determining policy within the scope of the agreement, including setting rates for all services provided by MEC to MMMPEP members. These rates must include recovery of all MEC's costs incurred in connection with acquiring, providing, arranging or financing the provision of full requirements service to MMMPEP members. These rates include capacity and energy charges MEC incurs under supply and transmission agreements and MEC's related administrative costs.

The rates are established to charge each MMMPEP member its proportionate share of all costs associated with MEC's performance under the MMMPEP Agreement. Charges based on such rates are assessed and billed monthly.

To meet the power and energy requirements of the City and the other MMMPEP members, MEC presently obtains power and energy from the following resources: (i) power purchased under long-term energy contracts, unit-contingent energy contracts and interruptible contracts; (ii) spot market purchases; and (iii) MEC owned power generation dedicated to MMMPEP.

In the event an MMMPEP member would cancel or default on the MMMPEP Agreement without first assigning its rights and interest to a new member accepted by MEC, the member would remain responsible for the unavoidable costs owed by MEC under supply and transmission service agreements, including its share of all remaining fixed costs and its share of must-take or minimum-take energy (MTE). If possible, MEC would utilize or sell the member's MTE in exchange for providing the member with credit or offset equal to the fair value of the MTE up to the amount of the member's obligation.

As a result, the member would have a financial obligation after cancellation or default if the fair value of the MTE is less than the member's allocated share of MEC's unavoidable costs with respect to the resource obligations at the time of cancellation or default. Since the amount of the cancelling or defaulting member's obligation would depend on MEC's unavoidable costs after cancellation or default and the fair value of the MTE at such times in the future, the amount of the obligation is not reasonably determinable. Currently, the City has no plans or intentions to begin cancellation proceedings or expects to default on its obligation.

NOTE I – CONTINGENCIES AND COMMITMENTS

The City is subject to various litigation. Although the outcomes of these lawsuits are not presently determinable, the City believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE J – ASSET RETIREMENT OBLIGATIONS

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells ranges from 7 to 90 years. The City had $193,720 in asset retirement obligations and $160,843 in deferred outflows as of June 30, 2025 for the business-type activities.

NOTE K – CUSTOMER REFUND

During the year ended June 30, 2025, the City discovered it had inadvertently overbilled a natural gas customer a total of $92,489 from September 2021 until January 2025, most of which occurred during the year ended June 30, 2024. The amount of the overbilling will be ratably refunded to the customer by crediting monthly charges due from the customers over a forty-one month period, which approximates the period over which the overbilling occurred. At June 30, 2025, the overbilling totaled $92,489 and was reported in accrued liabilities of the Natural Gas Fund.

REQUIRED SUPPLEMENTARY INFORMATION

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	**Final**	**Actual**	**Budget**
Revenues				
Sales tax	$ 964,700	$ 969,100	$ 935,286	$ (33,814)
Gross receipts tax	21,000	21,000	15,466	(5,534)
Licenses and permits	19,700	20,800	20,638	(162)
Fines and forfeitures	38,900	38,900	26,726	(12,174)
Charges for services	8,100	8,100	5,410	(2,690)
Grants and contributions	1,600	1,600	-	(1,600)
Investment income	9,000	1,300	240,306	239,006
Other	31,600	66,635	47,164	(19,471)
Total Revenues	1,094,600	1,127,435	1,290,996	163,561
Expenditures				
General Government				
Administration:				
Salaries and benefits	462,180	463,320	361,718	(101,602)
Contract labor	128,100	152,654	101,767	(50,887)
Supplies and materials	9,800	9,800	4,970	(4,830)
Repairs and maintenance	1,800	33,800	26,925	(6,875)
Refuse collection	194,700	194,700	187,529	(7,171)
Other	511,900	554,415	514,348	(40,067)
Capital outlay	24,000	128,032	89,799	(38,233)
Total Administration	1,332,480	1,536,721	1,287,056	(249,665)
City Collector:				
Commissions and taxes	16,500	16,500	10,545	(5,955)
Supplies and materials	600	600	112	(488)
Other	600	650	856	206
Total City Collector	17,700	17,750	11,513	(6,237)
Code Enforcement:				
Salaries and benefits	22,660	22,660	16,016	(6,644)
Supplies and materials	-	50	17	(33)
Other	-	100	-	(100)
Total Code Enforcement	22,660	22,810	16,033	(6,777)
Emergency Preparedness:				
Salaries and benefits	12,920	12,920	9,440	(3,480)
Contract labor	200	1,800	-	(1,800)
Other	600	1,550	1,567	17
Total Emergency Preparedness	13,720	16,270	11,007	(5,263)

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund (Continued)
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Expenditures (Continued)				
General Government (Continued)				
Mechanic Shop:				
Salaries and benefits	80,530	80,530	78,346	(2,184)
Contract labor	-	100	15	(85)
Supplies and materials	8,400	8,400	5,914	(2,486)
Repairs and maintenance	400	900	653	(247)
Other	8,000	9,500	2,486	(7,014)
Capital outlay	-	6,306	6,306	-
Total Mechanic Shop	97,330	105,736	93,720	(12,016)
Animal Control:				
Salaries and benefits	117,700	117,950	101,828	(16,122)
Contract labor	35,800	35,800	32,142	(3,658)
Supplies and materials	4,200	4,200	2,208	(1,992)
Repairs and maintenance	1,900	1,900	568	(1,332)
Other	11,600	12,040	4,903	(7,137)
Capital outlay	12,500	12,500	-	(12,500)
Total Animal Control	183,700	184,390	141,649	(42,741)
Municipal Division:				
Salaries and benefits	83,870	83,870	79,295	(4,575)
Supplies and materials	2,400	2,400	1,099	(1,301)
Repairs and maintenance	-	1,500	1,127	(373)
Other	7,100	8,100	4,728	(3,372)
Contract Labor	12,700	12,700	92	(12,608)
Total Municipal Division	106,070	108,570	86,341	(22,229)
Property Management:				
Salaries and benefits	65,450	73,283	59,463	(13,820)
Contract labor	100	100	-	(100)
Supplies and materials	800	800	363	(437)
Repairs and maintenance	600	600	297	(303)
Other	3,300	3,300	1,196	(2,104)
Total Property Management	70,250	78,083	61,319	(16,764)
Inventory Control:				
Salaries and benefits	3,200	-	-	-
Contract labor	4,600	4,600	2,887	(1,713)
Supplies and materials	9,800	22,300	20,579	(1,721)
Repairs and maintenance	5,200	5,200	85	(5,115)
Other	26,700	26,700	20,295	(6,405)
Total Inventory Control	49,500	58,800	43,846	(14,954)

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund (Continued)
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	**Final**	**Actual**	**Budget**
Expenditures (Continued)				
General Government (Continued)				
Grounds and Maintenance				
Salaries and benefits	165,660	166,160	107,964	(58,196)
Supplies and materials	2,400	2,400	2,520	120
Repairs and maintenance	3,100	3,100	1,520	(1,580)
Capital outlay	-	230	230	-
Other	7,400	8,200	5,403	(2,797)
Total Grounds and Maintenance	178,560	180,090	117,637	(62,453)
Total General Government	2,071,970	2,309,220	1,870,121	(439,099)
Public Safety				
Police Department:				
Salaries and benefits	1,274,190	1,344,854	1,308,093	(36,761)
Contract labor	57,900	59,400	61,021	1,621
Supplies and materials	31,900	31,900	10,176	(21,724)
Repairs and maintenance	20,000	30,000	21,197	(8,803)
Capital outlay	164,000	186,635	145,553	(41,082)
Other	96,100	102,300	80,302	(21,998)
Total Police Department	1,644,090	1,755,089	1,626,342	(128,747)
Total Expenditures	3,716,060	4,064,309	3,496,463	(567,846)
Revenues Under (Over) Expenditures	(2,621,460)	(2,936,874)	(2,205,467)	731,407
Other Financing Sources				
Proceeds from sale of capital assets	-	-	7,025	7,025
Transfers in	2,621,500	2,936,874	2,418,493	(518,381)
Total Other Financing Sources	2,621,500	2,936,874	2,425,518	(511,356)
Net Change in Fund Balance	$ 40	$ -	220,051	$ 220,051
Fund balance, beginning of year			328	
Fund balance, end of year			$ 220,379	

Budgetary Data

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

a. Prior to July 1, the City Clerk, submits to the Board of Aldermen a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Total actual expenditures may not legally exceed total budgeted expenditures.

b. Public hearings and open Board of Aldermen meetings are held to obtain taxpayer comments.

c. Prior to July 1, the budget is adopted by the Board of Aldermen.

d. Budgets are adopted on a basis generally consistent with accounting principles generally accepted in the United States of America except for the Enterprise Fund, which includes capital outlay but does not include depreciation.

e. Current year budget includes amendments. Budget amendments must be approved by the Board of Aldermen.

f. Unused appropriations lapse at the end of the year.

City of Cuba, Missouri
Schedule of Changes in the Employer's Net Pension Liability (Asset) and Related Ratios
Years ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	$ 288,146	$ 260,592	$ 248,600	$ 252,324	$ 254,847	$ 232,713	$ 210,509	$ 209,553	$ 196,203	$ 198,557
Interest on total pension liability	1,097,973	1,026,957	963,083	882,741	920,077	846,572	777,407	761,425	687,370	652,809
Differences between expected and actual experience of the total pension liability	531,873	593,049	488,067	782,244	(332,698)	475,397	503,817	(231,789)	652,712	(132,036)
Changes of assumptions	-	-	-	-	(278,068)	-	-	-	-	320,086
Benefit payments, including refunds of employee contributions	(973,175)	(789,197)	(796,961)	(739,509)	(549,602)	(553,720)	(543,748)	(495,533)	(546,365)	(576,223)
Net change in total pension liability	944,817	1,091,401	902,789	1,177,800	14,556	1,000,962	947,985	243,656	989,920	463,193
Total pension liability, beginning of plan	16,022,053	14,930,652	14,027,863	12,850,063	12,835,507	11,834,545	10,886,560	10,642,904	9,652,984	9,189,791
Total pension liability, end of year	$16,966,870	$16,022,053	$14,930,652	$14,027,863	$12,850,063	$12,835,507	$11,834,545	$10,886,560	$10,642,904	$9,652,984
Plan fiduciary net position:										
Contributions - employer	$ 546,320	$ 466,245	$ 423,216	$ 390,104	$ 364,983	$ 327,229	$ 300,057	$ 269,047	$ 262,207	$ 256,883
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	913,767	731,215	526,427	10,466	3,266,357	143,142	739,319	1,268,657	1,103,946	(34,040)
Benefit payments, including refunds of employee contributions	(973,175)	(789,197)	(796,961)	(739,509)	(549,602)	(553,720)	(543,748)	(495,533)	(546,365)	(576,223)
Pension plan administrative expense	(13,211)	(14,180)	(15,220)	(10,827)	(9,962)	(12,906)	(11,349)	(7,597)	(7,585)	(7,402)
Other (net transfer)	91,114	(131,287)	122,580	70,263	228,972	23,007	15,800	(92,490)	691	52,483
Net change in total pension liability	564,815	262,796	260,042	(279,503)	3,300,748	(73,248)	500,079	942,084	812,894	(308,299)
Plan fiduciary net position, beginning of year	14,917,468	14,654,672	14,394,630	14,674,133	11,373,385	11,446,633	10,946,554	10,004,470	9,191,576	9,499,875
Plan fiduciary net position, end of year	$15,482,283	$14,917,468	$14,654,672	$14,394,630	$14,674,133	$11,373,385	$11,446,633	$10,946,554	$10,004,470	$9,191,576
Net pension liability (asset)	$ 1,484,587	$ 1,104,585	$ 275,980	$ (366,767)	$ (1,824,070)	$ 1,462,122	$ 387,912	$ (59,994)	$ 638,434	$ 461,408
Plan fiduciary net position as a percentage of the total pension liability	91.25%	93.11%	98.15%	102.61%	114.20%	88.61%	96.72%	100.55%	94.00%	95.22%
Covered employee payroll	$ 2,273,404	$ 2,110,112	$ 1,916,794	$ 1,898,174	$ 1,958,596	$ 1,944,288	$ 1,737,103	$ 1,586,937	$ 1,668,882	$1,527,778
Net pension liability as a percentage of covered employee payroll	65.30%	52.35%	14.40%	-19.32%	-93.13%	75.20%	22.33%	-3.78%	38.26%	30.20%

City of Cuba, Missouri
Schedule of Employer Pension Contributions
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Actuarially determined contribution:	$ 656,582	$ 534,569	$ 459,714	$ 468,291	$ 420,778
Contributions in relation to the actuarially determined contribution:	(546,320)	(466,245)	(423,216)	(390,104)	(364,983)
Contribution deficiency (excess)	$ 110,262	$ 68,324	$ 36,498	$ 78,187	$ 55,795

	2020	2019	2018	2017	2016
Actuarially determined contribution:	$ 360,586	$ 356,261	$ 269,046	$ 259,675	$ 258,513
Contributions in relation to the actuarially determined contribution:	(327,229)	(300,057)	(269,046)	(259,675)	(258,513)
Contribution deficiency (excess)	$ 33,357	$ 56,204	$ -	$ -	$ -

Notes to Schedule of Contributions:

Valuation date: February 28, 2025

Notes: The roll-forward of total pension liability from February 28, 2025 to June 30, 2025 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method: Entry Age Normal and Modified Terminal Funding

Amortization method: A level percentage of payroll amortization method is used to amortize the unfunded actuarial accrued liability (UAAL) over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining amortization period: Multiple bases from 4 to 15 years (General Division) and 6 to 15 years (Police Division)

Asset valuation method: 5-Year smoothed market: 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary increases: 2.75% to 6.75% including wage inflation

Investment rate of return: 7.00%, net of investment expenses

Retirement age: Experience-based table of rates that are specific to the type of eligibility condition

Mortality: 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 for males and females. 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 for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females 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.

SUPPLEMENTARY INFORMATION

City of Cuba, Missouri
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds						
	Street Fund	Pool Fund	Park Fund	City Transportation Trust Fund	Airport Fund	Convention and Visitor Center Fund	Total
Assets							
Cash and investments	$ 67,378	$ 162,220	$ 585,675	$ 601,417	$ 91,774	$ 144,205	$ 1,652,669
Receivables, net:							
Sales tax	15,874	-	38,747	77,494	-	-	132,115
Grant	-	-	-	-	10,189	-	10,189
Total Assets	$ 83,252	$ 162,220	$ 624,422	$ 678,911	$ 101,963	$ 144,205	$ 1,794,973
Liabilities							
Accounts payable	$ 6,286	$ 19,864	$ 184,670	$ 7,170	$ 347	$ 535	$ 218,872
Wages payable	6,109	5,048	-	-	-	832	11,989
Other payables	5,991	-	-	-	-	-	5,991
Customer deposits	-	-	3,225	-	-	-	3,225
Total Liabilities	18,386	24,912	187,895	7,170	347	1,367	240,077
Fund Balances							
Restricted for:							
Highways and streets	-	-	-	671,741	-	-	671,741
Tourism	-	-	-	-	-	142,838	142,838
Parks and recreation	-	137,308	436,527	-	-	-	573,835
Committed for:							
Highways and streets	64,866	-	-	-	-	-	64,866
Airport	-	-	-	-	101,616	-	101,616
Total Fund Balances	64,866	137,308	436,527	671,741	101,616	142,838	1,554,896
Total Liabilities and Fund Balances	$ 83,252	$ 162,220	$ 624,422	$ 678,911	$ 101,963	$ 144,205	$ 1,794,973

City of Cuba, Missouri
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds
Year ended June 30, 2025

	Special Revenue Funds						
	Street Fund	Pool Fund	Park Fund	City Transportation Trust Fund	Airport Fund	Convention and Visitor Center Fund	Total
Revenues							
Taxes	$ 180,500	$ -	$ 225,311	$ 450,606	$ -	$ 75,204	$ 931,621
Charges for services	-	27,822	14,795	-	98,067	-	140,684
Grants and contributions	-	-	-	-	49,666	-	49,666
Miscellaneous	3,559	1,495	668	-	10,000	-	15,722
Total Revenues	184,059	29,317	240,774	450,606	157,733	75,204	1,137,693
Expenditures							
Current							
Highways and streets	378,422	-	-	39,145	-	-	417,567
Culture and recreation	-	74,409	45,667	-	-	-	120,076
Airport	-	-	-	-	76,686	-	76,686
Tourism	-	-	-	-	-	65,092	65,092
Capital outlay	431	6,601	427,536	240,689	-	-	675,257
Total Expenditures	378,853	81,010	473,203	279,834	76,686	65,092	1,354,678
Revenues Over (Under) Expenditures	(194,794)	(51,693)	(232,429)	170,772	81,047	10,112	(216,985)
Other Financing Sources (Uses)							
Transfers in	229,347	47,721	409,481	-	-	-	686,549
Transfers out	-	-	(75,576)	(229,347)	-	-	(304,923)
Total Other Financing Sources (Uses)	229,347	47,721	333,905	(229,347)	-	-	381,626
Net Change in Fund Balances	34,553	(3,972)	101,476	(58,575)	81,047	10,112	164,641
Fund Balances, Beginning of Year	30,313	141,280	335,051	730,316	20,569	132,726	1,390,255
Fund Balances, End of Year	$ 64,866	$ 137,308	$ 436,527	$ 671,741	$ 101,616	$ 142,838	$ 1,554,896

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	**Final**	**Actual**	**Budget**
Revenues				
Sales tax	$ 172,000	$ 177,750	$ 180,500	$ 2,750
Miscellaneous	1,700	4,150	3,559	(591)
Total Revenues	173,700	181,900	184,059	2,159
Expenditures				
Current				
Salaries and benefits	370,710	386,829	339,677	(47,152)
Supplies and materials	12,100	12,100	5,463	(6,637)
Repairs and maintenance	26,200	26,200	17,023	(9,177)
Other	20,800	23,300	16,259	(7,041)
Capital outlay	500	1,000	431	(569)
Total Expenditures	430,310	449,429	378,853	(70,576)
Revenues Under (Over) Expenditures	(256,610)	(267,529)	(194,794)	72,735
Other Financing Sources				
Transfers in	256,700	271,779	229,347	(42,432)
Total Other Financing Sources	256,700	271,779	229,347	(42,432)
Net Change in Fund Balance	$ 90	$ 4,250	34,553	$ 30,303
Fund balance, beginning of year			30,313	
Fund balance, end of year			$ 64,866	

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Pool Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Charges for services	$ 30,900	$ 30,900	$ 27,822	$ (3,078)
Investment	-	3,320	-	(3,320)
Miscellaneous	800	1,500	1,495	(5)
Total Revenues	31,700	35,720	29,317	(6,403)
Expenditures				
Current				
Salaries and benefits	71,600	71,957	45,021	(26,936)
Contract labor	1,100	2,100	1,746	(354)
Supplies and materials	8,000	10,000	18,669	8,669
Repairs and maintenance	3,000	3,000	503	(2,497)
Other	11,900	13,525	8,470	(5,055)
Capital outlay	20,400	20,400	6,601	(13,799)
Total Expenditures	116,000	120,982	81,010	(39,972)
Revenues Under (Over) Expenditures	(84,300)	(85,262)	(51,693)	33,569
Other Financing Sources				
Transfers in	84,300	86,400	47,721	(38,679)
Total Other Financing Sources	84,300	86,400	47,721	(38,679)
Net Change in Fund Balance	$ -	$ 1,138	(3,972)	$ (5,110)
Fund balance, beginning of year			141,280	
Fund balance, end of year			$ 137,308	

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Park Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	**Final**	**Actual**	**Budget**
Revenues				
Sales tax	$ 272,800	$ 272,800	$ 225,311	$ (47,489)
Charges for services	15,400	24,900	14,795	(10,105)
Investment	-	8,900	-	(8,900)
Miscellaneous	1,900	1,900	668	(1,232)
Total Revenues	290,100	308,500	240,774	(67,726)
Expenditures				
Current				
Contract labor	3,800	4,800	4,754	(46)
Supplies and materials	9,200	9,200	5,646	(3,554)
Repairs and maintenance	5,000	6,500	6,217	(283)
Other	30,900	42,900	29,050	(13,850)
Capital outlay	57,000	499,750	427,536	(72,214)
Total Expenditures	105,900	563,150	473,203	(89,947)
Revenues Under (Over) Expenditures	184,200	(254,650)	(232,429)	22,221
Other Financing Sources				
Transfers in	39,500	439,500	409,481	(30,019)
Transfers out	(121,500)	(123,600)	(75,576)	48,024
Total Other Financing Sources	(82,000)	315,900	333,905	18,005
Net Change in Fund Balance	$ 102,200	$ 61,250	101,476	$ 40,226
Fund balance, beginning of year			335,051	
Fund balance, end of year			$ 436,527	

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual – City Transportation Trust Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Sales tax	$ 485,000	$ 485,000	$ 450,606	$ (34,394)
Investment	9,100	23,444	-	(23,444)
Total Revenues	494,100	508,444	450,606	(57,838)
Expenditures				
Current				
Repairs and maintenance	55,000	62,111	39,145	(22,966)
Capital outlay	250,300	243,189	240,689	(2,500)
Total Expenditures	305,300	305,300	279,834	(25,466)
Revenues Under (Over) Expenditures	188,800	203,144	170,772	(32,372)
Other Financing Sources				
Transfers out	(256,700)	(271,779)	(229,347)	42,432
Total Other Financing Sources	(256,700)	(271,779)	(229,347)	42,432
Net Change in Fund Balance	$ (67,900)	$ (68,635)	(58,575)	$ 10,060
Fund balance, beginning of year			730,316	
Fund balance, end of year			$ 671,741	

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Airport Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	**Final**	**Actual**	**Budget**
Revenues				
Charges for services	$ 138,700	$ 138,700	$ 98,067	$ (40,633)
Grants and contributions	32,000	32,000	49,666	17,666
Investment	-	176	-	(176)
Miscellaneous	-	10,000	10,000	-
Total Revenues	170,700	180,876	157,733	(23,143)
Expenditures				
Current				
Contract labor	35,200	35,200	25,056	(10,144)
Supplies and materials	400	570	453	(117)
Repairs and maintenance	7,100	7,300	3,758	(3,542)
Other	95,500	96,850	47,419	(49,431)
Capital outlay	32,000	32,000	-	(32,000)
Total Expenditures	170,200	171,920	76,686	(95,234)
Revenues Under (Over) Expenditures	500	8,956	81,047	72,091
Net Change in Fund Balance	$ 500	$ 8,956	81,047	$ 72,091
Fund balance, beginning of year			20,569	
Fund balance, end of year			$ 101,616	

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Convention and Visitor Center Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	**Final**	**Actual**	**Budget**
Revenues				
Tourism tax	$ 86,900	$ 86,900	$ 75,204	$ (11,696)
Charges for services	-	575	-	(575)
Investment	-	3,944	-	(3,944)
Total Revenues	86,900	91,419	75,204	(16,215)
Expenditures				
Current:				
Salaries and benefits	31,200	31,200	30,619	(581)
Contract labor	12,200	18,200	17,181	(1,019)
Supplies and materials	500	500	-	(500)
Repairs and maintenance	300	300	25	(275)
Other	8,900	19,550	17,267	(2,283)
Capital outlay	1,300	1,300	-	(1,300)
Total Expenditures	54,400	71,050	65,092	(5,958)
Revenues Under (Over) Expenditures	32,500	20,369	10,112	(10,257)
Net Change in Fund Balance	$ 32,500	$ 20,369	10,112	$ (10,257)
Fund balance, beginning of year			132,726	
Fund balance, end of year			$ 142,838	

City of Cuba, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual – Capital Improvement Fund
Year ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Sales tax	$ 544,700	$ 544,700	$ 450,631	$ (94,069)
Investment	-	45,620	-	(45,620)
Total Revenues	544,700	590,320	450,631	(139,689)
Expenditures				
Total Expenditures	-	-	-	-
Revenues Under (Over) Expenditures	544,700	590,320	450,631	(139,689)
Other Financing Sources				
Transfers out	(223,500)	(734,135)	(609,458)	124,677
Total Other Financing Sources	(223,500)	(734,135)	(609,458)	124,677
Net Change in Fund Balance	$ 321,200	$ (143,815)	(158,827)	$ (15,012)
Fund balance, beginning of year			1,352,128	
Fund balance, end of year			$ 1,193,301	

GOVERNMENT AUDITING STANDARDS SECTION

Catlett & Associates
Certified Public Accountants
Imagine...Do...Succeed!

3898 Old Highway 94 S., Suite 2
St. Charles, Missouri 63304
O: 636.922.7540
F: 800.603.0587
www.candacpas.com

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

The City Council
City of Cuba
Cuba, Missouri 65453

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cuba, Missouri (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the City of Cuba, Missouri's basic financial statements, and have issued our report thereon dated August 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Catlett & Associates, LLC

August 20, 2026