

Rolla Municipal Utilities

Component Unit Financial Statements
Year Ended September 30, 2024

KPM
CPAS & ADVISORS

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Board of Public Works
Rolla Municipal Utilities
Rolla, Missouri

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rolla Municipal Utilities (RMU), a component unit of the City of Rolla, Missouri, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise RMU'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 financial position of RMU, as of September 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RMU 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 opinion.

Prior Period Financial Statements

The financial statements of RMU as of September 30, 2023, were audited by other auditors whose report dated April 18, 2024, expressed an unmodified opinion on those statements. As more fully described in Note 14, RMU has restated its financial statements during the current year for an accounting correction, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the September 30, 2023, financial statements before the restatement.

As part of our audit of the September 30, 2024, financial statements, we also audited adjustments described in Note 14 that were applied to restate the September 30, 2023, financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the September 30, 2023, financial statements of RMU other than with respect to the adjustments and, accordingly we do not express an opinion or any other form of assurance on the September 30, 2023, financial statements as a whole.

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 RMU's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RMU'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 RMU's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of RMU's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 RMU's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMU's internal control over financial reporting and compliance.

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
March 31, 2026

Management's Discussion and Analysis

Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024 and 2023

Introduction

Rolla Municipal Utilities (RMU) is a component unit of the City of Rolla, Missouri (the City). This discussion and analysis of financial performance and activities of RMU is for the fiscal year ending September 30, 2024.

Since 1945, RMU has provided electric and water services to the City and has been under the direction of the Rolla Board of Public Works (RBPW). Power supply is purchased from the Missouri Public Energy Pool in Columbia, Missouri. RMU also operates thirty-four (34) megawatts of distributed diesel fired generation located throughout the City. RMU derives its water supply from a deep well system. RMU currently services approximately 9,700 active electric meters and 8,000 active water meters.

Financial Highlights

- The assets and deferred outflows of resources of RMU exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending September 30, 2024, by \$69,718,223 (net position). Of this amount, \$32,421,756 (unrestricted net position) may be used to meet RMU's ongoing obligations to citizens and creditors.
- RMU's total net position increased by \$1,102,351 for the year ended September 30, 2024.
- The RBPW is the governing body of RMU and it is their obligation to oversee the operation of RMU and set RMU retail rates. RMU is a "cost of service" utility. Rates are adjusted in order to maintain fiscal stability.

Basic Financial Statements

The discussion and analysis serves as an introduction to RMU's basic financial statements. The Statement of Net Position focuses on resources available for future operations. This statement presents a snapshot view of the assets and deferred outflows of RMU, the liabilities it owes and deferred inflows, and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on gross and net costs of RMU's programs and the extent to which such programs rely upon nonoperating revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by nonoperating revenues.

The Statement of Cash Flows identifies the sources and uses of cash activity for the fiscal year. For fiscal year September 30, 2024, cash and cash equivalents decreased by \$1,526,211 from the September 30, 2023, balance.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found immediately following the basic financial statements.

Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024 and 2023

Financial Analysis

Net Position

The following tables present the condensed Statement of Net Position and Changes in Net Position for RMU as of September 30, 2024, September 30, 2023 (as restated), and September 30, 2022:

	Total	Total	Total	2024 Change	
	September 30, 2024	September 30, 2023	September 30, 2022	Amount	Percent
Assets					
Current and other assets	\$ 41,669,300	\$ 42,434,552	\$ 42,998,653	\$ (765,252)	-2%
Net capital assets	33,419,748	31,726,594	31,303,809	1,693,154	5%
Total Assets	<u>75,089,048</u>	<u>74,161,146</u>	<u>74,302,462</u>	<u>927,902</u>	<u>1%</u>
Deferred Outflow of Resources	<u>2,605,395</u>	<u>1,695,682</u>	<u>617,155</u>	<u>909,713</u>	<u>54%</u>
Liabilities					
Other liabilities	5,811,822	5,609,909	5,375,555	201,913	4%
Long-term liabilities	<u>515,772</u>	<u>522,092</u>	<u>440,535</u>	<u>(6,320)</u>	<u>-1%</u>
Total Liabilities	<u>6,327,594</u>	<u>6,132,001</u>	<u>5,816,090</u>	<u>195,593</u>	<u>3%</u>
Deferred Inflow of Resources	<u>1,648,626</u>	<u>1,108,955</u>	<u>1,962,351</u>	<u>539,671</u>	<u>49%</u>
Net Position					
Net investment in capital assets	33,342,421	31,576,026	31,113,809	1,766,395	6%
Restricted	3,954,046	4,177,546	4,103,397	(223,500)	-5%
Unrestricted	<u>32,421,756</u>	<u>32,862,300</u>	<u>31,923,970</u>	<u>(440,544)</u>	<u>-1%</u>
Total Net Position	<u>\$ 69,718,223</u>	<u>\$ 68,615,872</u>	<u>\$ 67,141,176</u>	<u>\$ 1,102,351</u>	<u>2%</u>

Total Net Position of RMU increased by \$1,102,351 for the year due to current year activities. Total liabilities for RMU have increased \$195,593.

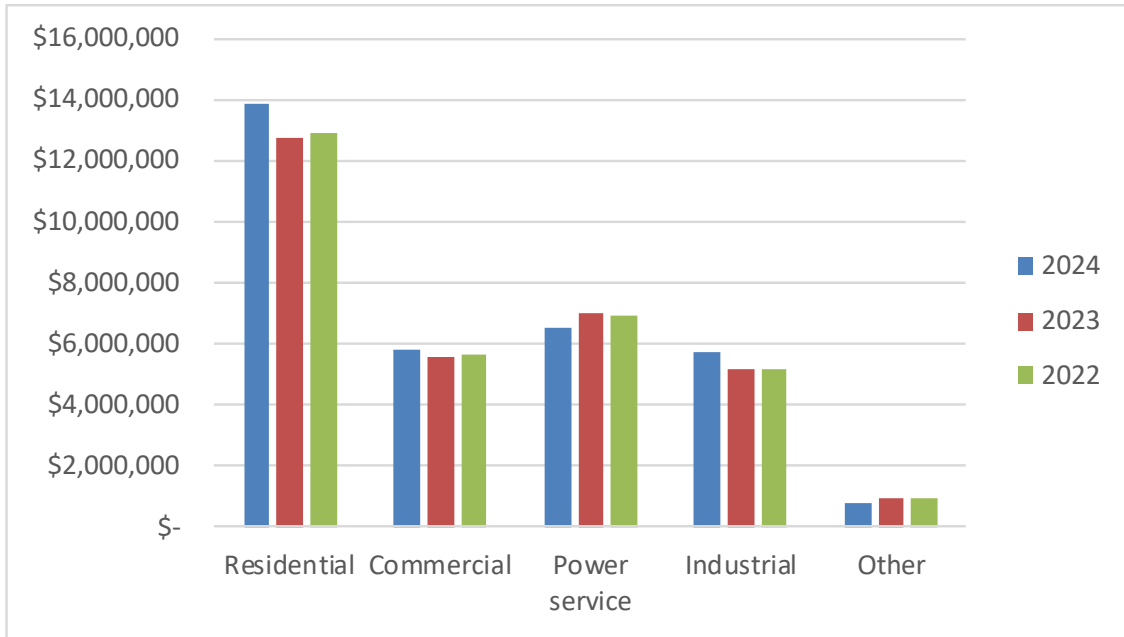
Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024 and 2023

Operating Revenues

	September 30,		
	2024	2023	2022
Residential	\$ 13,916,334	\$ 12,808,094	\$ 12,935,991
Commercial	5,826,640	5,554,594	5,645,144
Power service	6,531,538	7,039,875	6,912,085
Industrial	5,762,246	5,208,046	5,149,532
Other	823,536	970,483	962,614
	<u>\$ 32,860,294</u>	<u>\$ 31,581,092</u>	<u>\$ 31,605,366</u>



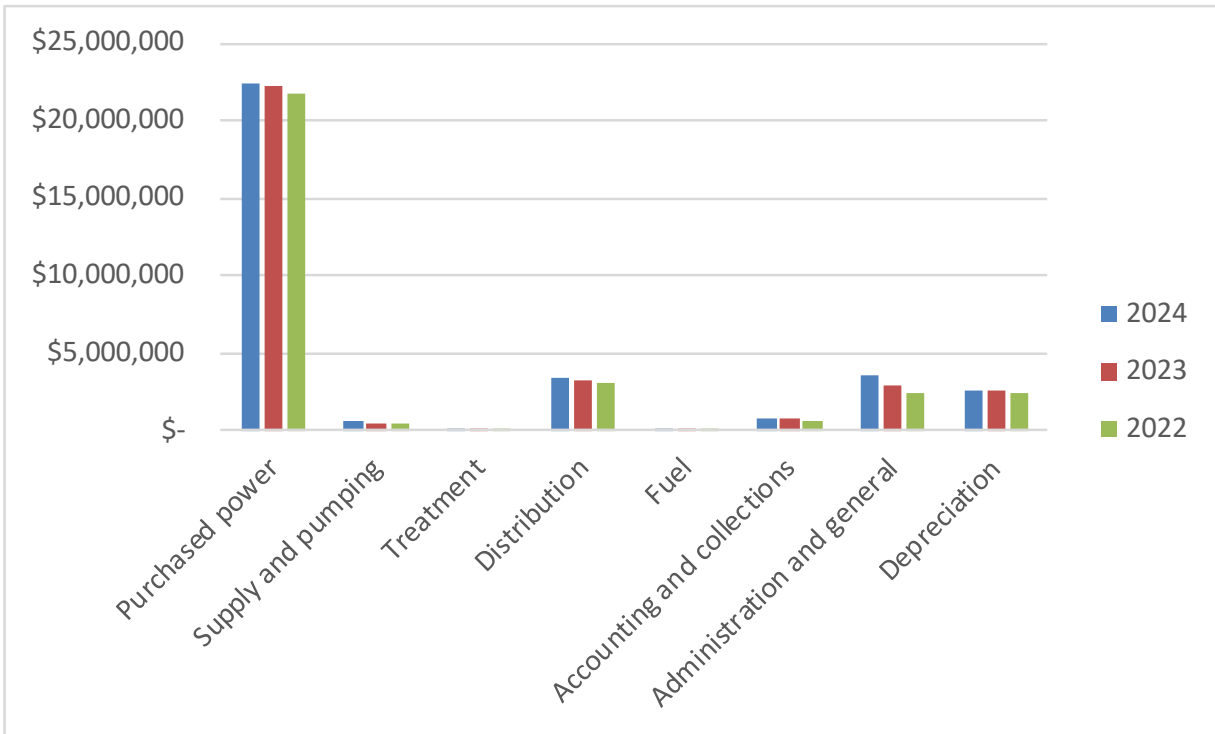
Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024 and 2023

Operating Expenses

	September 30,		
	2024	2023	2022
Purchased power	\$ 22,447,177	\$ 22,191,222	\$ 21,708,758
Source of supply and pumping	611,219	522,778	435,523
Treatment	72,860	73,292	89,192
Distribution	3,363,766	3,286,370	3,064,674
Fuel	27,378	63,432	42,599
Customer accounting and collection	794,710	779,188	596,048
Administration and general	3,530,745	2,866,390	2,444,159
Depreciation	2,647,314	2,554,673	2,477,188
	<u>\$ 33,495,169</u>	<u>\$ 32,337,345</u>	<u>\$ 30,858,141</u>



Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024 and 2023

A condensed version of the statements of revenues, expenses, and change in net position is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024 Change</u>	
				Amount	Percent
Operating Revenues	\$ 32,860,294	\$ 31,581,092	\$ 31,605,366	\$ 1,279,202	4%
Operating Expenses	<u>33,495,169</u>	<u>32,337,345</u>	<u>30,858,141</u>	<u>1,157,824</u>	4%
Operating Income (Loss)	(634,875)	(756,253)	747,225	121,378	-16%
Nonoperating Revenues (Expenses), Net	<u>1,670,572</u>	<u>1,110,886</u>	<u>599,459</u>	<u>559,686</u>	50%
Income Before Capital Contributions	<u>1,035,697</u>	<u>354,633</u>	<u>1,346,684</u>	<u>681,064</u>	192%
Capital Contributions	<u>66,654</u>	<u>373,301</u>	<u>66,654</u>	<u>(306,647)</u>	-82%
Change in Net Position	<u>1,102,351</u>	<u>727,934</u>	<u>1,413,338</u>	<u>374,417</u>	51%
Net Position, Beginning of Year, as restated	<u>68,615,872</u>	<u>67,887,938</u>	<u>65,727,838</u>	<u>727,934</u>	1%
Net Position, End of Year	<u><u>\$ 69,718,223</u></u>	<u><u>\$ 68,615,872</u></u>	<u><u>\$ 67,141,176</u></u>	<u><u>\$ 1,102,351</u></u>	2%

Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024 and 2023

Capital Assets and Debt Administration

Capital Assets

RMU's investment in capital assets as of September 30, 2024, is \$33.4 million (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment, transportation equipment, distribution, and production system. Additional information regarding RMU's capital assets can be found in Notes 1 and 8 in the basic financial statements.

	Capital Assets, Net of Depreciation		
	2024	2023	2022
Land and construction in progress	\$ 3,057,029	\$ 1,942,608	\$ 1,550,047
Buildings and improvements	961,919	1,083,014	1,201,738
Office furniture, fixtures, and equipment	103,296	138,419	189,516
Subscription-based software	148,101	254,749	-
Transportation equipment	1,297,953	1,245,979	1,315,644
Distribution system	27,586,171	26,754,425	26,650,161
Production system	265,279	307,400	396,703
	<u>\$ 33,419,748</u>	<u>\$ 31,726,594</u>	<u>\$ 31,303,809</u>

Debt Administration

As of September 30, 2024, RMU had \$77,327 of outstanding obligations. This was a decrease of \$73,241 from the previous fiscal year. Additional information regarding RMU's long-term debt can be found in Note 5 to the basic financial statements.

	Long-Term Debt		
	2024	2023	2022
SBITA payable	\$ 77,327	\$ 150,568	\$ -
Financed purchase payable	-	-	190,000
	<u>\$ 77,327</u>	<u>\$ 150,568</u>	<u>\$ 190,000</u>

Rolla Municipal Utilities

Management's Discussion and Analysis

September 30, 2024

Currently Known Facts

Power supply cost remains the largest expense in the electric department at 69.3% of total expenses. Overall, electric revenues increased approximately 1.42% or \$398,000 and water revenues increase approximately 11.48% or \$468,000 compared to FY 2023. Overall, water and electric meter count continue to increase due to commercial and residential development. Historically RMU continues to follow an industry trend where energy conservation and efficiency appear to be reducing average energy usage per meter. A similar trend of lower water consumption per meter has occurred in the water department. The Rolla Board of Public Works continues to monitor this trend and has taken proactive steps to insulate RMU from these fluctuations by instituting appropriate Service Availability Fees and adjusting these fees as required. In FY2024 the Rolla Board of Public Works implemented a four year rate increase plan for both departments; this plan was the major contributor to the increased revenues in both electric and water for FY2024.

Contacting RMU's Financial Management

This report is intended to provide our customers, and other interested parties with a general overview of the financial position of RMU and to indicate accountability for the revenues received. If you have questions about this report or requests for additional information, should be directed to Gwen Cresswell, Finance Manager, Rolla Municipal Utilities, PO Box 767, Rolla, MO 65402 (573) 364-1572.

Rolla Municipal Utilities

Statements of Net Position

September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 30,787,380	\$ 32,313,591
Utilities receivable, net	5,604,911	4,115,060
Other receivables	79,945	95,688
Leases receivable	31,581	33,311
Prepaid expenses	350,838	344,473
Inventory	2,568,220	2,063,152
Total current assets	<u>39,422,875</u>	<u>38,965,275</u>
Noncurrent Assets		
Leases receivable	731,721	763,292
Net pension asset	1,514,704	2,705,985
Property, Plant, and Equipment		
Non-depreciable	3,057,029	1,942,608
Depreciable, net	30,362,719	29,783,986
Total Property, Plant, and Equipment	<u>33,419,748</u>	<u>31,726,594</u>
Total Noncurrent Assets	<u>35,666,173</u>	<u>35,195,871</u>
Total Assets	<u>75,089,048</u>	<u>74,161,146</u>
Deferred Outflows of Resources		
Deferred outflow - pension	2,532,061	1,666,605
Deferred outflow - OPEB	73,334	29,077
Total Deferred Outflows of Resources	<u>2,605,395</u>	<u>1,695,682</u>
Liabilities		
Current Liabilities		
Accounts payable	2,441,316	2,212,571
Accrued liabilities	98,744	95,782
Customer deposits	1,948,538	2,011,282
Accrued interest	2,665	2,665
Due to City of Rolla, Missouri	1,042,680	1,003,924
Compensated absences	200,552	210,444
Current portion of long-term debt	77,327	73,241
Total Current Liabilities	<u>5,811,822</u>	<u>5,609,909</u>
Long-Term Liabilities		
Compensated absences	107,989	113,316
SBITA liability	-	77,327
OPEB liability	407,783	331,449
Total Long-Term Liabilities	<u>515,772</u>	<u>522,092</u>
Total Liabilities	<u>6,327,594</u>	<u>6,132,001</u>
Deferred Inflows of Resources		
Deferred inflow - leases	727,015	771,822
Deferred inflow - pension	92,719	195,044
Deferred inflow - OPEB	108,892	142,089
Deferred inflow - rate stabilization	720,000	-
Total Deferred Inflows of Resources	<u>1,648,626</u>	<u>1,108,955</u>
Net Position		
Net investment in capital assets	33,342,421	31,576,026
Restricted net position for:		
Pension benefits	3,954,046	4,177,546
Unrestricted	32,421,756	32,862,300
Total Net Position	<u>\$ 69,718,223</u>	<u>\$ 68,615,872</u>

See accompanying Notes to the Financial Statements.

Rolla Municipal Utilities

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2024 and 2023

	2024	2023
Operating Revenues		
Residential	\$ 13,916,334	\$ 12,808,094
Commercial	5,826,640	5,554,594
Power service	6,531,538	7,039,875
Industrial	5,762,246	5,208,046
Interdepartmental sales	191,406	201,351
Power production	437,093	443,536
Late fees	195,037	325,596
Total Operating Revenues	32,860,294	31,581,092
Operating Expenses		
Purchased power	22,447,177	22,191,222
Source of supply and pumping	611,219	522,778
Treatment	72,860	73,292
Distribution	3,363,766	3,286,370
Fuel	27,378	63,432
Customer accounting and collections	794,710	779,188
Administrative and general	3,530,745	2,866,390
Depreciation	2,647,314	2,554,673
Total Operating Expenses	33,495,169	32,337,345
<i>Operating Income (Loss)</i>	(634,875)	(756,253)
Nonoperating Revenues (Expenses)		
Interest income	1,207,744	789,574
Frontage fees	1,236	4,997
Other income	334,701	271,558
Rental income	23,374	24,800
Gain on capital asset disposal	155,663	23,581
Other expenses	(41,487)	-
Interest expense and fees	(10,659)	(3,624)
Total Nonoperating Revenues (Expenses)	1,670,572	1,110,886
<i>Net Income (Loss) Before Capital Contributions</i>	1,035,697	354,633
<i>Capital Contributions</i>	66,654	373,301
<i>Change in Net Position</i>	1,102,351	727,934
Net Position, Beginning of Year, as Previously Reported	68,615,872	67,141,176
Accounting Correction	-	746,762
Net Position, Beginning of Year, as Restated	68,615,872	67,887,938
Net Position, End of Year	\$ 69,718,223	\$ 68,615,872

See accompanying Notes to the Financial Statements.

Rolla Municipal Utilities

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from customers	\$ 32,043,442	\$ 31,369,893
Cash paid to suppliers	(4,872,855)	(7,605,546)
Cash paid to employees	(3,561,632)	(91,603)
Payments for power	(22,447,177)	(22,191,222)
Net Cash Provided by Operating Activities	1,161,778	1,481,522
Cash Flows from Noncapital Financing Activities		
Proceeds from other non-operating activities	305,082	296,358
Net Cash Provided by Noncapital Financing Activities	305,082	296,358
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(4,340,468)	(2,346,106)
Proceeds from sale of fixed assets	155,663	-
Cash received for frontage fees	1,236	4,997
Capital contributions	66,654	-
Interest paid on long-term debt	(10,659)	(14,788)
Principal paid on long-term debt	(73,241)	(273,900)
Net Cash (Used) by Capital and Related Financing Activities	(4,200,815)	(2,629,797)
Cash Flows from Investing Activities		
Interest received on investments	1,207,744	789,574
Net Cash Provided by Investing Activities	1,207,744	789,574
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(1,526,211)	(62,343)
Cash and Cash Equivalents, Beginning of Year	32,313,591	32,375,934
Cash and Cash Equivalents, End of Year	\$ 30,787,380	\$ 32,313,591

See accompanying Notes to the Financial Statements.

Rolla Municipal Utilities

Statements of Cash Flows

Year Ended September 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating income (loss)	\$ (634,875)	\$ (756,253)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	2,647,314	2,554,673
(Increase) decrease in		
Utilities receivable	(1,489,851)	(211,004)
Other accounts receivable	15,743	(70,642)
Prepaid expenses	(6,365)	(34,239)
Inventory	(505,068)	(261,789)
Leases receivable	-	24,525
Net pension asset	1,191,281	1,801,667
Deferred outflows	(909,713)	(1,078,527)
Increase (decrease) in		
Accounts payable	228,745	182,776
Accrued liabilities	2,962	23,192
Due to the City of Rolla, Missouri	38,756	99,156
Customer deposits	(62,744)	81,096
Compensated absences	(15,219)	(36,836)
OPEB liability	76,334	17,123
Deferred inflows of resources	584,478	(853,396)
Net Cash Provided by Operating Activities	\$ 1,161,778	\$ 1,481,522
Noncash capital and related financing activities		
Subscription-based software lease	\$ -	\$ 234,468

See accompanying Notes to the Financial Statements.

Rolla Municipal Utilities

Notes to the Financial Statements

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies

Rolla Municipal Utilities (RMU) provides electric and water services to the citizens of Rolla, Missouri. In accordance with Missouri law, RMU is operated by a Board of Public Works, the members of which are appointed by the Mayor and approved by the City Council. The component unit financial statements reflect the results of certain transactions between the City and RMU under this arrangement. Bonded debt must be authorized by an ordinance of the City Council and approved by a vote of the citizens. There is no bond indebtedness outstanding.

The accounting policies of RMU conform to accounting principles generally accepted in the United States of America as applicable to local governments. The following is a summary of the more significant policies and practices of RMU.

Financial Reporting Entity

The financial statements of RMU include the financial activities of RMU and any component units, entities which are financial accountable to RMU. A component unit is a legally separate organization for which the elected officials of its primary government are financially accountable. RMU is a component unit of the City of Rolla, Missouri, and is included as a component unit in the City of Rolla, Missouri's basic financial statements. These component unit financial statements present only the operations of RMU.

Basis of Accounting

RMU's accounting policies are consistent with enterprise fund accounting. Enterprise funds are established to account for the financing of self-supporting activities, which render services on a user charge basis to the general public.

The accrual basis of accounting is used under which expenses are recorded when the liability is incurred and revenues are recorded when earned.

Net Position

Equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted: This consists of net position that does not meet the definition of restricted or net investment in capital assets.

It is RMU's policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

Capital Assets

Capital assets are recorded at cost or estimated historical cost. Expenditures for maintenance and repairs are charged to current operating expense. Renewals and betterments of existing assets that extend the useful life of the asset are

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capitalized and depreciated. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by RMU as assets with a cost of \$10,000 or greater and an estimated useful life of at least one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Fully depreciated capital assets are included in their respective accounts until their disposal. Depreciation is being computed on the straight-line method, using asset lives as follows:

Electric Plant:

General electric plant	20 years
Transportation equipment	6 2/3 years
Power operated equipment	6 2/3 years
Stores, laboratory, tools, communication, and miscellaneous equipment	10 years

Water Plant:

General water plant	33 1/3 years
Pumping plant	10 years
Chlorination and fluoridation equipment	20 years
Laboratory and general equipment	10 years

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the average cost method.

Capitalization of Costs Related to Construction of Assets

In connection with the construction of assets, RMU capitalizes payroll and overhead directly related to the project. It is RMU's policy not to capitalize general overhead and engineering expenses related to construction projects.

Compensated Absences

Under terms of RMU's personnel policy, employees are granted paid time off (PTO) in varying amounts. All regular full-time employees will earn six hours PTO at regular pay for each pay period worked until they have completed five years of employment and may accumulate up to the maximum of 288 hours. Following their fifth year of continuous employment, they will earn eight hours PTO at regular pay for each pay period worked until they have completed 15 years of employment and may accumulate up to the maximum of 384 hours. Following their fifteenth year of continuous employment, they will earn nine hours PTO at regular pay for each pay period worked until they have completed 20 years of employment and may accumulate up to the maximum of 432 hours. Following their twentieth year of continuous employment, they will earn ten hours PTO at regular pay for each pay period worked and may accumulate up to the maximum of 480 hours. An employee may accumulate PTO to the maximum based on their years of services. If an employee has accumulated the maximum PTO, they will stop earning additional PTO until their balance of PTO accumulated is less than the maximum. In the event of termination or separation, employees are compensated for the accumulated PTO hours up to their maximum PTO hours. Liabilities for PTO are determined at the end of the year based on current salary/hourly rates.

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Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenue and expenses are considered nonoperating.

Deposits and Investments

For purposes of the statement of cash flows, RMU considers all accounts subject to withdrawal by check or on demand to be cash equivalents. All other deposits and certificates of deposit are considered to be investments. Investments are stated at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the custodian.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rate Stabilization Fund

RMU's regulatory credit relating to Rate Stabilization is intended to defer the need for future electric rate increases when costs exceed existing rates. At the discretion of the Board, amounts may be either deferred into this fund (which reduces revenues), or amounts recognized out of this fund (which increases revenues). The Board authorizes Rate Stabilization deferrals on an event driven basis.

Leases

RMU is a lessor for office space and pole attachments to various third parties. RMU recognizes lease receivables and deferred inflows of resources on the financial statements.

At the commencement of the lease, RMU initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured at the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, RMU has two items that qualify for reporting in this category, deferred amounts relating to the retirement plan and OPEB activity.

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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, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. RMU has four items that qualify for reporting in this category, deferred pension inflows relating to the retirement plan, deferred inflows relating to the OPEB plan, deferred lease inflows, and deferred rate stabilization. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension 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. Investments are reported at fair value.

Post-Employment Health Care Benefits

Retiree Benefits – RMU offers post-employment health care benefits to qualifying employees hired prior to July 1, 2008, who have attained 20 years of service and are eligible to receive retirement benefits. RMU pays the monthly group health insurance premium for the retiree electing this benefit and the retiree must reimburse RMU for the full premium to retain coverage. Employees are eligible to retire once they have attained age 55 plus 5 years of service. This benefit terminates when the retiree reaches Medicare eligibility age (65). OPEB liabilities and the related deferred inflows of resources and deferred outflows of resources are discussed more fully in Note 9 - Post-Employment Benefits Other Than Pensions (OPEB).

2. Cash & Cash Equivalents

Custodial risk for deposits is the risk that in the event of a bank failure, RMU's deposits may not be returned or will not be able to recover collateral securities in the possession of an outside party. State statutes require that RMU's deposits be insured or collateralized in the name of RMU by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2024, all bank balances on deposit are entirely insured or collateralized.

3. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	September 30,	
	2024	2023
Utilities receivable including refundable deposits	\$ 3,059,765	\$ 2,127,794
Unbilled utilities receivable	2,605,146	2,047,266
Allowance for uncollectibles	(60,000)	(60,000)
Net accounts receivable	\$ 5,604,911	\$ 4,115,060

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4. Employee Pension Plan – LAGERS

General Information about the Pension Plan

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

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

	<u>2024 Valuation</u>
Benefit Multiplier	2.00% for life
Final Average Salary	3 Years
Member Contributions	0.00%

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

Employees Covered by Benefit Terms. At June 30, 2024, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	10
Active employees	55
	<u>105</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 9.2% of annual covered payroll.

Net Pension Liability (Asset). The employer's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2024.

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Actuarial Assumptions. The total pension liabilities in the February 29, 2024, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses

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.

The actuarial assumptions used in the February 29, 2024, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected 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.

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
General Division			
Balances at Beginning of Year	\$ 24,091,427	\$ 26,797,412	\$ (2,705,985)
Changes for the year			
Service cost	404,487	-	404,487
Interest	1,663,584	-	1,663,584
Difference between expected and actual experience of the total pension liability	989,820	-	989,820
Contributions - employer	-	308,748	(308,748)
Net investment income	-	1,407,982	(1,407,982)
Benefit payments, including refunds	(1,067,597)	(1,067,597)	-
Administrative expenses	-	(14,983)	14,983
Other (net transfer)	-	164,863	(164,863)
Net Changes	1,990,294	799,013	1,191,281
Balances at End of Year	<u>\$ 26,081,721</u>	<u>\$ 27,596,425</u>	<u>\$ (1,514,704)</u>

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

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.00%	7.00%	8.00%
General Division			
Total Pension Liability	\$ 29,551,023	\$ 26,081,721	\$ 23,198,957
Fiduciary Net Position	27,596,425	27,596,425	27,596,425
Net Pension Liability (Asset)	<u>\$ 1,954,598</u>	<u>\$ (1,514,704)</u>	<u>\$ (4,397,468)</u>

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

For the year ended September 30, 2024, the employer recognized pension expense of \$533,455. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Differences in experiences	\$ 1,706,276	\$ -	\$ 1,706,276
Assumption changes	-	(92,719)	(92,719)
Net difference between projected and actual earnings on investments	747,951	-	747,951
Contributions subsequent to the measurement date*	77,834	-	77,834
	<u>\$ 2,532,061</u>	<u>\$ (92,719)</u>	<u>\$ 2,439,342</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability (asset) for the year ending September 30, 2025.

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

<u>Year Ending September 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 207,595
2026	1,138,346
2027	710,921
2028	297,436
2029	7,210
	<u>\$ 2,361,508</u>

Payable to the Pension Plan

At September 30, 2024, RMU had no outstanding contributions reported as payable to the pension plan.

5. Long-Term Debt

Financed Purchase Payable

RMU entered into an agreement during the year ended September 30, 2003, for construction of water towers and other improvements. The agreement calls for varying semi-annual principal payments through 2023 with interest at 3.55%. The lease was paid off during the year ended September 30, 2023.

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Subscription Based Information Technology Agreement

RMU has entered into a lease agreement for software, the terms of which expire in 2025. Payments are based on the lease agreement.

The following is a schedule by year of payments under the agreement as of September 30, 2024:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 77,327	\$ 6,573	\$ 83,900

Long-term debt activity for the year ended September 30, 2024, is summarized as follows:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Amounts Due Within One Year
Subscription-based software	\$ 150,568	\$ -	\$ 73,241	\$ 77,327	\$ 77,327

Long-term debt activity for the year ended September 30, 2023, is summarized as follows:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Amounts Due Within One Year
Financed purchase payable	\$ 190,000	\$ -	\$ 190,000	\$ -	\$ -
Subscription-based software	-	234,468	83,900	150,568	73,241
	\$ 190,000	\$ 234,468	\$ 273,900	\$ 150,568	\$ 73,241

6. Compensated Absences

The following is a summary of the changes in compensated absences for the year ended September 30, 2024:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Amounts Due Within One Year
Compensated Absences Payable	\$ 323,760	\$ -	\$ 15,219	\$ 308,541	\$ 200,552

The following is a summary of the changes in compensated absences for the year ended September 30, 2023:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Amounts Due Within One Year
Compensated Absences Payable	\$ 360,596	\$ -	\$ 36,836	\$ 323,760	\$ 210,444

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7. Rate Stabilization Fund

The Board has taken regulatory action that results in differences between recognition of revenues for ratemaking purposes. These actions resulted in a deferred inflow of resources related to electric charges. Changes to these balances, and their inclusion in rates, occur only at the direction of the Board. At September 30, 2024, RMU has \$720,000 in deferred inflows of resources related to the electric rate stabilization fund.

8. Capital Assets

Net capital assets are as follows at September 30, 2024:

	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024
Non-Depreciable Capital Assets				
Land and land rights	\$ 895,760	\$ -	\$ -	\$ 895,760
Construction in process	1,046,848	2,150,495	1,036,074	2,161,269
Total Non-Depreciable Capital Assets	<u>1,942,608</u>	<u>\$ 2,150,495</u>	<u>\$ 1,036,074</u>	3,057,029
Depreciable Capital Assets				
Buildings and improvements	5,701,755	\$ -	\$ -	5,701,755
Office furniture, fixtures, and equipment	1,191,687	-	48,965	1,142,722
Subscription based software	319,945	-	-	319,945
Transportation equipment	3,004,247	350,617	19,731	3,335,133
Distribution system	67,601,435	2,875,430	271,517	70,205,348
Production system	8,478,268	-	-	8,478,268
Total Depreciable Capital Assets	<u>86,297,337</u>	<u>\$ 3,226,047</u>	<u>\$ 340,213</u>	89,183,171
Less Accumulated Depreciation for:				
Buildings and improvements	4,618,741	\$ 121,095	\$ -	4,739,836
Office furniture, fixtures, and equipment	1,053,268	35,123	48,965	1,039,426
Subscription based software	65,196	106,648	-	171,844
Transportation equipment	1,758,268	298,643	19,731	2,037,180
Distribution system	40,847,010	2,043,684	271,517	42,619,177
Production system	8,170,868	42,121	-	8,212,989
Total Accumulated Depreciation	<u>56,513,351</u>	<u>\$ 2,647,314</u>	<u>\$ 340,213</u>	58,820,452
Depreciable Capital Assets, net	<u>29,783,986</u>			<u>30,362,719</u>
Total Capital Assets, net	<u>\$ 31,726,594</u>			<u>\$ 33,419,748</u>

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Net capital assets are as follows at September 30, 2023:

	Balance September 30, 2022	Additions	Deletions	Balance September 30, 2023
Non-Depreciable Capital Assets				
Land and land rights	\$ 895,760	\$ -	\$ -	\$ 895,760
Construction in process	654,287	392,561	-	1,046,848
Total Non-Depreciable Capital Assets	1,550,047	\$ 392,561	\$ -	1,942,608
Depreciable Capital Assets				
Buildings and improvements	5,699,693	\$ 2,062	\$ -	5,701,755
Office furniture, fixtures, and equipment	1,170,069	21,618	-	1,191,687
Subscription based software	-	319,945	-	319,945
Transportation equipment	2,867,943	197,867	61,563	3,004,247
Distribution system	65,631,284	2,079,223	109,072	67,601,435
Production system	8,478,268	-	-	8,478,268
Total Depreciable Capital Assets	83,847,257	\$ 2,620,715	\$ 170,635	86,297,337
Less Accumulated Depreciation for:				
Buildings and improvements	4,497,955	\$ 120,786	\$ -	4,618,741
Office furniture, fixtures, and equipment	980,553	72,715	-	1,053,268
Subscription based software	-	65,196	-	65,196
Transportation equipment	1,552,299	267,531	61,562	1,758,268
Distribution system	38,981,123	1,939,142	73,255	40,847,010
Production system	8,081,565	89,303	-	8,170,868
Total Accumulated Depreciation	54,093,495	\$ 2,554,673	\$ 134,817	56,513,351
Depreciable Capital Assets, net	29,753,762			29,783,986
Total Capital Assets, net	\$ 31,303,809			\$ 31,726,594

9. Post-employment Benefits Other than Pensions (OPEB)

General Information About the OPEB Plan

Plan Description. RMU's OPEB plan (the Plan) provides OPEB for qualifying full-time employees of RMU. The Plan is a single employer defined OPEB plan administered by RMU. The Plan, as established by RMU resolution, assigned the authority to establish and amend the benefit terms and financing requirements to RMU. No assets are accumulated in a trust for the Plan. The Plan does not issue a stand-alone report.

Benefits Provided. The plan provides healthcare benefits to qualifying employees hired prior to July 1, 2008, who have attained 20 years of service and are eligible to receive retirement benefits. Employees are eligible to retire once they have attained age 55 plus 5 years of service. This benefit terminates when retiree reaches Medicare eligibility age (65). RMU

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pays the monthly group health insurance premium for the retiree electing this benefit and the retiree must reimburse RMU for the full premium to retain coverage.

Employees Covered by Benefit Terms

As of September 30, 2024, the following employees were covered by the benefit terms:

Active employees	26
Retirees	1
Spouses of retirees	0
	27
	27

Total OPEB Liability

RMU's total OPEB liability was measured as of September 30, 2024, and was determined by an actuarial valuation as of September 30, 2024, calculated based on the discount rate and actuarial assumptions below.

Actuarial Assumptions and other inputs: The total OPEB liability was determined by the September 30, 2024, actuarial valuation, based on the following assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified:

Actuarial Cost Method: Entry Age Normal

Inflation: 2.30%

Salary Increases Including Inflation: 3.00% per anum

Discount Rate: 3.81% per annum based on the 20 Year Bond GO Index. The rate for the prior fiscal year was 4.09%.

Healthcare Cost Trend Rates: Medical cost trend rate of 6.6% for 2024, gradually decreasing to an ultimate rate of 3.7% for 2072 and beyond.

Retirement: 30% of employees who retire prior to age 65 are assumed to elect medical coverage under the plan.

Mortality: Pub-2010 General Mortality Tables for Employees, Healthy Annuitants, and Contingent Survivors, with generational projection per Scale MP-2021.

Changes in the Total OPEB Liability

	September 30, 2024	September 30, 2023
Balance at beginning of year	\$ 331,449	\$ 314,326
Changes for the year		
Service cost	7,186	7,212
Interest on total OPEB liability	13,667	12,906
Effect of economic/demographic gains or losses	56,004	-
Effect of assumptions changes or inputs	8,515	(1,974)
Benefit payments	(9,038)	(1,021)
Balance at end of year	\$ 407,783	\$ 331,449

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Sensitivity Analysis

The following presents the total OPEB liability of RMU, calculated using the discount rate of 3.81%, as well as what RMU's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.81%) or 1% point higher (4.81%) than the current discount rate.

	1% Decrease 2.81%	Discount Rate 3.81%	1% Increase 4.81%
Total OPEB Liability	\$ 439,446	\$ 407,783	\$ 378,107

The following presents the total OPEB liability of RMU, calculated using the healthcare cost trend rates as well as what the Utility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 371,445	\$ 407,783	\$ 448,709

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, RMU recognized OPEB expense of \$7,918. Deferred outflows and inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 47,348	\$ (73,519)	\$ (26,171)
Changes of assumptions	25,986	(35,373)	(9,387)
	\$ 73,334	\$ (108,892)	\$ (35,558)

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

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources
2025	\$ (12,135)
2026	(12,573)
2027	(10,390)
2028	(8,429)
2029	3,373
Thereafter	4,596
	\$ (35,558)

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September 30, 2024 and 2023

Risk Management

RMU is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. RMU has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

RMU retains the risk of loss for medical and prescription claims. RMU has purchased a specific excess insurance policy that covers medical, and prescription claims up to an individual claim limit to \$30,000 with an aggregate maximum of \$1,000,000. The claims are administered by a third party administrator. RMU has recorded an estimated liability for claims payable as of September 30, 2024 and 2023.

	<u>Beginning of Year</u>	<u>Claims Incurred</u>	<u>Payments/ Adjustments</u>	<u>End of Year</u>
2024	\$ 49,153	\$ 714,435	\$ 682,695	\$ 80,893
2023	77,999	710,082	738,928	49,153

10. Commitments & Contingencies

The City of Rolla (the City) is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). RMU represents the City with respect to MJMEUC matters. MJMEUC manages a power pool known as Missouri Public Energy Pool #1 (MoPEP). The City is a member of MoPEP. All MoPEP members (including the City) have an agreement (the MoPEP Agreement) with MJMEUC for the purchase of electric capacity and energy from MJMEUC. The MoPEP Agreement requires MJMEUC to supply the full energy requirements of the City and includes a procedure for the City to dedicate its capacity to MoPEP.

MoPEP operations are governed by a committee (Pool Committee) consisting of one representative from each MoPEP member and is currently comprised of thirty-five (35) members. The Pool Committee is charged with setting rates for all services provided by MJMEUC to MoPEP members. These rates include recovery of all MJMEUC's costs (the Direct Costs) incurred in connection with acquiring, providing, arranging, or financing the provision of full requirements service to MoPEP members. Such rates are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make, or reserves, or coverage MJMEUC is required to maintain, pursuant to any bond indenture, financing lease or loan agreement or other financial contract in order to procure, deliver or finance resources intended to provide full requirements service, without regard to whether any particular resource is available to or used by any particular MoPEP member. Direct costs also include amounts required to fund MoPEP capital and/or operating reserves as may be established from time to time by the Pool Committee.

The rates are established so as to charge each MoPEP member (including the City) its proportionate share of all costs associated with MJMEUC's performance under the MoPEP Agreement. Charges based on such rates are assessed and billed monthly. Rates are required to be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months.

To meet the power and energy requirements of the City and the other MoPEP members, MJMEUC presently obtains power and energy from the following sources: 1) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts; 2) MJMEUC owned generation; 3) member capacity; and 4) spot market purchases.

Rolla Municipal Utilities

Notes to the Financial Statements

September 30, 2024 and 2023

The City purchases its full energy requirements from MJMEUC pursuant to the MoPEP Agreement but does not have any ownership interest in MJMEUC's resources.

11. Incentives

RMU entered into an incentive agreement with Hartmann US Inc. (the Company). RMU will provide Utility Cost Assistance discounts to the Company based on utility rates in effect at the given time. Electric energy and water consumption and wastewater utility charges will be discounted during the first 5 years of the facility's operation. Year one for the discounts began as of the first day of the month in which the Company began operating the facility. As of September 30, 2024, and 2023, RMU has discounted \$115,546 and \$91,547, respectively.

12. Leases Receivable

RMU, as a lessor has entered into lease agreements for pole attachments and office space to various third parties, the terms of which expire 2025 through 2050. Lease and interest revenue recognized under the lease agreements during the year ended September 30, 2024, was \$33,311 and \$32,464, respectively. Lease and interest revenue for the year ended September 30, 2023, was \$47,459 and \$32,080, respectively. RMU also records deferred inflows of resources associated with these leases that will be recognized as revenue over the terms of the leases.

Below is a schedule of future payments that are included in the measurement of the lease receivable:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 31,581	\$ 31,194	\$ 62,775
2026	32,867	29,908	62,775
2027	34,206	28,569	62,775
2028	35,600	27,175	62,775
2029	22,384	25,991	48,375
2030-2034	127,296	115,419	242,715
2035-2039	158,130	86,445	244,575
2040-2044	190,083	49,992	240,075
2045-2049	130,218	10,917	141,135
2050	937	38	975
	<u>\$ 763,302</u>	<u>\$ 405,648</u>	<u>\$ 1,168,950</u>

RMU's leases receivable activity for the year ended September 30, 2024, is as follows:

	<u>Balance September 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2024</u>	<u>Amounts Due Within One Year</u>
Leases Receivable	<u>\$ 796,603</u>	<u>\$ -</u>	<u>\$ 33,301</u>	<u>\$ 763,302</u>	<u>\$ 31,581</u>

Rolla Municipal Utilities

Notes to the Financial Statements

September 30, 2024 and 2023

13. Related Party Transactions

RMU provides water and electric services to the City of Rolla. It also provides billing and collection services to the City for PILOT, sewer and sanitation services which are not recorded as revenue on RMU's financial statements. RMU recorded a Due to City of Rolla liability for the amounts owed to the City for these collections in the amounts of \$1,042,680 and \$1,003,924 for the years ended September 30, 2024 and 2023, respectively. The City of Rolla paid RMU \$607,258 and \$701,466 for water and electric services, \$191,406 and \$201,351, for billing services, and contributed \$66,654 and \$373,301 for capital expenses for the years ended September 30, 2024 and 2023, respectively.

14. Restatement of Beginning Balances

During the year ended September 30, 2024, the City implemented a new software program. Items that were expensed in previous years, were recaptured by the new software as inventory, restating the beginning Net Position for the accounting correction as follows:

	<u>Net Position</u>
September 30, 2023, as previously reported	\$ 67,869,110
Accounting Correction	
Inventory	746,762
September 30, 2023, as restated	<u>\$ 68,615,872</u>

15. Subsequent Events

On March 14, 2025, Rolla, Missouri was hit by an EF-2 tornado. This tornado caused extensive damage to the electric distribution system which is not covered by insurance. Total cost of this tornado to RMU is approximately \$1,476,000. RMU has applied for FEMA reimbursement to cover 75% of the costs.

In December 2025, The Rolla Board of Public Works approved a project to remodel and expand the RMU Service Department. This will allow the Business Office personnel to be housed with the service department in one building. The cost of the expansion remodel was awarded to Trigent Solutions, Inc., in the amount of \$6,077,700.

Subsequent to year end, RMU started the Nagogami Pressure Zone water pump station project with an estimated cost of \$4.5 million. The University of Missouri, Rolla has agreed to pay half of all costs and RMU was awarded \$1.1 million in ARPA grant funds. RMU has approved the following agreements subsequent to year end related to the project: Build Tech Construction in the amount of \$576,664; Municipal Equipment Company, Inc., in the amount of \$403,106; UDT, LLC in the amount of \$842,654; and EFI-Solutions in the amount of \$492,846.

Required Supplementary Information

Rolla Municipal Utilities

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended September 30, 2024

Missouri Local Government Employees Retirement System (LAGERS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 404,487	\$ 366,137	\$ 328,075	\$ 312,217	\$ 314,129	\$ 308,026	\$ 297,977	\$ 282,768	\$ 279,195	\$ 277,593
Interest on total pension liability	1,663,584	1,524,001	1,443,659	1,451,327	1,387,469	1,336,991	1,287,095	1,239,270	1,186,863	1,147,696
Difference between expected and actual experience	989,820	1,142,574	367,476	261,486	136,278	(80,718)	(133,869)	(93,049)	(432,027)	(118,542)
Changes of assumptions	-	-	-	(454,647)	-	-	-	-	449,770	-
Benefit payments and refunds	(1,067,597)	(1,047,783)	(973,823)	(971,409)	(941,381)	(803,132)	(733,934)	(818,192)	(709,110)	(823,502)
Net Change in Total Pension Liability	1,990,294	1,984,929	1,165,387	598,974	896,495	761,167	717,269	610,797	774,691	483,245
Total Pension Liability, Beginning	24,091,427	22,106,498	20,941,111	20,342,137	19,445,642	18,684,475	17,967,206	17,356,409	16,581,718	16,098,473
Total Pension Liability, Ending	26,081,721	24,091,427	22,106,498	20,941,111	20,342,137	19,445,642	18,684,475	17,967,206	17,356,409	16,581,718
Plan Fiduciary Net Position										
Contributions - employer	308,748	285,882	230,480	188,678	190,305	200,539	222,677	376,115	747,730	775,627
Net investment income	1,407,982	921,301	20,309	6,097,877	283,935	1,385,210	2,374,937	2,198,821	(19,957)	361,988
Benefit payments and refunds	(1,067,597)	(1,047,783)	(973,823)	(971,409)	(941,381)	(803,132)	(733,934)	(818,192)	(709,110)	(823,502)
Pension plan administrative expenses	(14,983)	(16,744)	(11,491)	(10,991)	(13,579)	(11,953)	(8,024)	(7,838)	(7,570)	(8,575)
Other	164,863	40,606	10,607	93,780	(7,139)	105,540	(51,027)	28,333	(332,935)	(362,570)
Net Change in Plan Fiduciary Net Position	799,013	183,262	(723,918)	5,397,935	(487,859)	876,204	1,804,629	1,777,239	(321,842)	(57,032)
Plan Fiduciary Net Position, Beginning	26,797,412	26,614,150	27,338,068	21,940,133	22,427,992	21,551,788	19,747,159	17,969,920	18,291,762	18,348,794
Plan Fiduciary Net Position, Ending	27,596,425	26,797,412	26,614,150	27,338,068	21,940,133	22,427,992	21,551,788	19,747,159	17,969,920	18,291,762
Employer Net Pension (Asset)	\$ (1,514,704)	\$ (2,705,985)	\$ (4,507,652)	\$ (6,396,957)	\$ (1,597,996)	\$ (2,982,350)	\$ (2,867,313)	\$ (1,779,953)	\$ (613,511)	\$ (1,710,044)
Plan fiduciary net position as a percentage of the total pension liability	105.81%	111.23%	120.39%	130.55%	107.86%	115.34%	115.35%	109.91%	103.53%	110.31%
Covered payroll	\$ 3,555,510	\$ 3,368,145	\$ 2,955,537	\$ 2,719,253	\$ 2,578,115	\$ 2,672,909	\$ 2,592,834	\$ 2,547,770	\$ 2,355,439	\$ 2,326,138
Employer's net pension liability (asset) as a percentage of covered payroll	-42.60%	-80.34%	-152.52%	-235.25%	-61.98%	-111.58%	-110.59%	-69.86%	-26.05%	-73.51%

Rolla Municipal Utilities

Schedule of Contributions

Year Ended September 30, 2024

Year Ending September 30,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 372,878	\$ 372,878	\$ -	\$ 2,390,242	15.60%
2016	294,725	294,725	-	2,415,780	12.20%
2017	265,919	265,919	-	2,556,915	10.40%
2018	208,711	208,711	-	2,576,683	8.10%
2019	198,540	198,540	-	2,647,193	7.50%
2020	189,034	189,034	-	2,739,622	6.90%
2021	189,278	189,278	-	2,825,034	6.70%
2022	251,828	242,384	9,444	3,147,846	7.70%
2023	313,552	306,506	7,046	3,523,056	8.70%
2024	305,080	305,080	-	3,720,484	8.20%

See accompanying Notes to the Schedule of Contributions.

Rolla Municipal Utilities

Notes to the Schedule of Contributions

September 30, 2024

Valuation Date: February 29, 2024

Notes: The roll-forward of total pension liability from February 29, 2024, to June 30, 2024, 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 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: 7 to 15 years

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.

Other Information: None

Rolla Municipal Utilities

Schedule of Changes in Total OPEB Liability and Related Ratios

September 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service costs	\$ 7,186	\$ 7,212	\$ 10,899	\$ 11,490	\$ 9,735	\$ 8,721	\$ 9,218
Interest on total OPEB liability	13,667	12,906	9,884	9,488	13,044	17,742	16,109
Economic/demographic gains (losses)	56,004	-	(80,010)	-	(85,902)	-	-
Changes in assumptions	8,515	(1,974)	(52,908)	(1,721)	18,941	58,952	(20,464)
Benefit payments	(9,038)	(1,021)	-	(21,136)	(16,116)	(24,746)	(20,240)
Net change in total OPEB liability	<u>76,334</u>	<u>17,123</u>	<u>(112,135)</u>	<u>(1,879)</u>	<u>(60,298)</u>	<u>60,669</u>	<u>\$ (15,377)</u>
Total OPEB liability - beginning of year	331,449	314,326	426,461	428,340	488,638	427,969	443,346
Total OPEB liability - end of year	<u><u>\$ 407,783</u></u>	<u><u>\$ 331,449</u></u>	<u><u>\$ 314,326</u></u>	<u><u>\$ 426,461</u></u>	<u><u>\$ 428,340</u></u>	<u><u>\$ 488,638</u></u>	<u><u>427,969</u></u>
 Covered payroll	 \$ 3,878,292	 \$ 3,326,959	 \$ 3,165,031	 \$ 3,072,387	 \$ 2,857,037	 \$ 2,742,351	 \$ 2,654,896
 OPEB liability as a percentage of covered payroll	 10.51%	 9.96%	 9.93%	 13.88%	 14.99%	 17.82%	 16.12%

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

Other Information

Rolla Municipal Utilities

Schedule of Operations by Department

September 30, 2024 and 2023

	2024			2023		
	Electric	Water	Total	Electric	Water	Total
Operating Revenues:						
Residential	\$ 11,292,908	\$ 2,623,426	\$ 13,916,334	\$ 10,783,050	\$ 2,025,044	\$ 12,808,094
Commercial	5,119,339	707,301	5,826,640	4,841,389	713,205	5,554,594
Power service	6,050,190	481,348	6,531,538	6,513,084	526,791	7,039,875
Industrial	5,405,377	356,869	5,762,246	4,924,411	283,635	5,208,046
Interdepartmental sales	122,500	68,906	191,406	151,013	50,338	201,351
Power production	437,093	-	437,093	443,536	-	443,536
Late fees	195,037	-	195,037	325,596	-	325,596
Total Operating Revenues	28,622,444	4,237,850	32,860,294	27,982,079	3,599,013	31,581,092
Operating Expenses:						
Purchased power	22,447,177	-	22,447,177	22,191,222	-	22,191,222
Source of supply and pumping	-	611,219	611,219	-	522,778	522,778
Treatment	-	72,860	72,860	-	73,292	73,292
Distribution	2,435,333	928,433	3,363,766	2,551,507	734,863	3,286,370
Fuel	27,378	-	27,378	63,432	-	63,432
Customer accounting and collections	503,878	290,832	794,710	569,834	209,354	779,188
Administrative and general	2,561,918	968,827	3,530,745	2,145,960	720,430	2,866,390
Depreciation	1,640,399	1,006,915	2,647,314	1,574,303	980,370	2,554,673
Total Operating Expenses	29,616,083	3,879,086	33,495,169	29,096,258	3,241,087	32,337,345
<i>Operating income (loss)</i>	\$ (993,639)	\$ 358,764	\$ (634,875)	\$ (1,114,179)	\$ 357,926	\$ (756,253)

Rolla Municipal Utilities

Schedule of Operating Expenses – Electric Department

Years Ended September 30, 2024 and 2023

	2024	2023
Purchased Power	\$ 22,447,177	\$ 22,191,222
Distribution		
Miscellaneous	463,947	611,304
Maintenance of warehouse building	19,044	20,682
Operation and maintenance - station equipment	45,653	24,118
Operation and maintenance - overhead lines	1,256,305	1,271,075
Operation and maintenance - underground lines	165,163	86,239
Maintenance of line transformers	65,613	61,176
Operation and maintenance - streetlights	236,047	206,536
Operation and maintenance - meters	116,572	123,570
Operation and maintenance - equipment	-	-
Cost of electric plant removal	66,989	146,807
Total Distribution	2,435,333	2,551,507
Fuel	27,378	63,432
Customer Accounting and Collection		
Meter reading	68,497	60,933
Customer records and collection expenses	431,083	473,253
Uncollectible accounts	4,298	35,648
Total Customer Accounting and Collections	503,878	569,834
Administrative and General		
Salaries	203,010	329,458
Office supplies	189,009	219,332
Interest on customer meter deposits	10,171	10,751
Electric and water consumed in-house	31,291	36,313
Outside services employed	36,920	19,058
Insurance	329,616	293,342
Employee benefits	1,641,611	1,085,312
Miscellaneous general	91,952	116,651
Maintenance of general plant	28,338	35,743
Total General and Administrative	2,561,918	2,145,960
Depreciation	1,640,399	1,574,303
Total Operating Expenses	\$ 29,616,083	\$ 29,096,258

Rolla Municipal Utilities

Schedule of Operating Expenses – Water Department

Years Ended September 30, 2024 and 2023

	2024	2023
Source of Supply and Pumping		
Operation and maintenance of wells and well houses	\$ 167,647	\$ 126,034
Fuel or power for pumping	443,572	394,645
Operation and maintenance of pumps and pump houses	-	2,099
Total Source of Supply and Pumping	611,219	522,778
Treatment		
Chemical	10,462	15,165
Operation and maintenance	62,398	58,127
Total Treatment	72,860	73,292
Distribution		
Miscellaneous	246,843	172,662
Operation and maintenance - towers	7,980	7,289
Operation and maintenance - mains	531,247	439,467
Operation and maintenance - service lines	56,842	66,318
Operation and maintenance - meters	13,445	6,744
Maintenance of warehouse building	7,759	0
Maintenance of hydrants	64,317	42,383
Total Distribution	928,433	734,863
Customer Accounting and Collection		
Meter reading	55,996	42,141
Customer records and collection expenses	232,830	158,912
Uncollectible accounts	2,006	8,301
Total Customer Accounting and Collections	290,832	209,354
Administrative and General		
Salaries	102,020	110,014
Office supplies	63,678	74,668
Interest on customer meter deposits	1,562	1,636
Electric and water consumed in-house	13,988	10,573
Outside services employed	9,375	6,353
Insurance	120,641	103,305
Employee benefits	629,898	341,993
Miscellaneous general	13,031	60,001
Maintenance of general plant	14,634	11,887
Total General and Administrative	968,827	720,430
Depreciation	1,006,915	980,370
Total Operating Expenses	\$ 3,879,086	\$ 3,241,087

Rolla Municipal Utilities

Schedule of Capital Assets – Electric Department

Year Ended September 30, 2024

	Assets			Ending Balance
	Beginning Balance	Increases	Decreases	
Transmission Plant				
Land and land rights	\$ 3,537	\$ -	\$ -	\$ 3,537
Station equipment 34KV	80,571	-	-	80,571
Poles and fixtures	1,388,073	826	-	1,388,899
O/H conductors and devices	1,434,106	-	-	1,434,106
Total Transmission Plant	2,906,287	826	-	2,907,113
Distribution Plant				
Land and land rights	282,123	-	-	282,123
Structure and improvements	2,777,262	-	-	2,777,262
Station equipment	7,751,172	-	-	7,751,172
Pole, towers, and fixtures	2,441,556	71,759	753	2,512,562
O/H conductors and devices	2,600,248	130,329	-	2,730,577
Underground conduits	1,561,795	272,710	2,937	1,831,568
Underground conductors	2,041,245	145,708	-	2,186,953
Line transformers	5,412,146	1,794,141	-	7,206,287
Services	481,803	3,253	-	485,056
Meters	985,742	11,133	-	996,875
Rental property	143,969	-	-	143,969
Street lights and signals	1,664,391	31,269	1,498	1,694,162
Total Distribution Plant	28,143,452	2,460,302	5,188	30,598,566
General Plant				
Land and land rights	210,418	-	-	210,418
Fiber optic-land and land rights	19,948	-	-	19,948
Structure and improvements	1,997,522	-	-	1,997,522
Office furniture and equipment	1,511,632	-	48,965	1,462,667
Transportation equipment	3,004,247	350,618	19,731	3,335,134
Tools and work equipment	205,697	-	-	205,697
Laboratory	84,875	-	-	84,875
Communication equipment	77,508	-	-	77,508
Power operated equipment	1,537,273	-	163,005	1,374,268
Construction in progress	1,046,848	2,150,494	1,036,074	2,161,268
Fiber optic-electric and water	1,126,919	30,715	-	1,157,634
Total General Plant	10,822,887	2,531,827	1,267,775	12,086,939
Bulk Station				
Land and land rights	254,906	-	-	254,906
Meters	12,867	-	-	12,867
Station equipment	6,701,759	186,935	-	6,888,694
Total Bulk Station	6,969,532	186,935	-	7,156,467
Total Assets	\$ 48,842,158	\$ 5,179,890	\$ 1,272,963	\$ 52,749,085

Rolla Municipal Utilities

Schedule of Capital Assets – Electric Department

Year Ended September 30, 2024

	Accumulated Depreciation			Ending Balance
	Beginning Balance	Increases	Decreases	
Transmission Plant				
Station equipment 34KV	\$ 2,859	\$ 4,038	\$ -	\$ 6,897
Poles and fixtures	964,982	53,277	-	1,018,259
O/H conductors and devices	1,078,707	44,076	-	1,122,783
Total Transmission Plant	2,046,548	101,391	-	2,147,939
Distribution Plant				
Structure and improvements	2,334,735	54,485	-	2,389,220
Station equipment	6,326,905	193,294	-	6,520,199
Pole, towers, and fixtures	1,595,599	79,664	752	1,674,511
O/H conductors and devices	1,813,129	77,062	-	1,890,191
Underground conduits	901,627	59,720	2,937	958,410
Underground conductors	1,407,029	61,994	-	1,469,023
Line transformers	3,723,616	171,262	-	3,894,878
Services	357,645	10,413	-	368,058
Meters	670,346	47,337	-	717,683
Rental property	128,971	2,298	-	131,269
Street lights and signals	1,206,553	62,515	1,498	1,267,570
Total Distribution Plant	20,466,155	820,044	5,187	21,281,012
General Plant				
Structure and improvements	1,666,350	47,175	-	1,713,525
Office furniture and equipment	1,118,464	141,771	48,965	1,211,270
Transportation equipment	1,758,268	298,643	19,731	2,037,180
Tools and work equipment	171,441	7,223	-	178,664
Laboratory	33,583	5,944	-	39,527
Communication equipment	54,751	2,754	-	57,505
Power operated equipment	1,259,277	89,689	163,006	1,185,960
Fiber optic-electric and water	673,068	26,855	-	699,923
Total General Plant	6,735,202	620,054	231,702	7,123,554
Bulk Station				
Meters	3,718	316	-	4,034
Station equipment	2,865,535	163,122	-	3,028,657
Total Bulk Station	2,869,253	163,438	-	3,032,691
Total Accumulated	\$ 32,117,158	\$ 1,704,927	\$ 236,889	\$ 33,585,196

Rolla Municipal Utilities

Schedule of Capital Assets – Water Department

Year Ended September 30, 2024

	Assets			Ending Balance
	Beginning Balance	Increases	Decreases	
Source of Supply				
Land and land rights	\$ 100,714	\$ -	\$ -	\$ 100,714
Structures and improvements	773,399	-	-	773,399
Water wells	851,291	-	-	851,291
Total Source Of Supply	1,725,404	-	-	1,725,404
Pumping Plant				
Land and land rights	5,000	-	-	5,000
Structure and improvements	153,573	-	-	153,573
Electric pumping equipment	2,352,833	127,729	103,324	2,377,238
Total Pumping Plant	2,511,406	127,729	103,324	2,535,811
Water Treatment				
Chlorination equipment	130,583	-	-	130,583
Fluoridation equipment	20,986	-	-	20,986
Total Water Treatment	151,569	-	-	151,569
Distribution				
Land and land rights	19,114	-	-	19,114
Reservoirs and standpipes	3,191,376	-	-	3,191,376
Distribution mains	19,486,619	65,423	-	19,552,042
Meters	2,033,960	3,500	-	2,037,460
Fire hydrants	1,772,998	-	-	1,772,998
Total Distribution	26,504,067	68,923	-	26,572,990
General				
Laboratory equipment	27,073	-	-	27,073
Total Assets	\$ 30,919,519	\$ 196,652	\$ 103,324	\$ 31,012,847

Rolla Municipal Utilities

Schedule of Capital Assets – Water Department

Year Ended September 30, 2024

	Accumulated Depreciation			Ending Balance
	Beginning Balance	Increases	Decreases	
Source of Supply				
Structures and improvements	\$ 475,380	\$ 17,708	\$ -	\$ 493,088
Water wells	667,875	13,961	-	681,836
Total Source Of Supply	1,143,255	31,669	-	1,174,924
Pumping Plant				
Structure and improvements	142,276	1,727	-	144,003
Electric pumping equipment	2,095,927	89,887	103,324	2,082,490
Total Pumping Plant	2,238,203	91,614	103,324	2,226,493
Water Treatment				
Chlorination equipment	101,141	4,287	-	105,428
Fluoridation equipment	20,914	51	-	20,965
Total Water Treatment	122,055	4,338	-	126,393
Distribution				
Reservoirs and standpipes	2,182,365	72,371	-	2,254,736
Distribution mains	8,636,452	531,917	-	9,168,369
Meters	963,301	120,516	-	1,083,817
Fire hydrants	912,621	47,841	-	960,462
Total Distribution	12,694,739	772,645	-	13,467,384
General				
Laboratory equipment	27,073	-	-	27,073
Total Accumulated	<u>\$ 16,225,325</u>	<u>\$ 900,266</u>	<u>\$ 103,324</u>	<u>\$ 17,022,267</u>

Rolla Municipal Utilities

Schedule of Capital Assets –Electric Department – Power Production

Year Ended September 30, 2024

	Assets			Ending Balance
	Beginning Balance	Increases	Decreases	
Power Production				
Generators	\$ 7,504,947	\$ -	\$ -	\$ 7,504,947
Accessories	234,032	-	-	234,032
Equipment and transformers	739,289	-	-	739,289
Total Assets	\$ 8,478,268	\$ -	\$ -	\$ 8,478,268
Power Production	Accumulated Depreciation			Ending Balance
Generators	\$ 7,212,220	\$ 32,891	\$ -	\$ 7,245,111
Accessories	226,920	1,669	-	228,589
Equipment and transformers	731,728	7,561	-	739,289
Total Accumulated	\$ 8,170,868	\$ 42,121	\$ -	\$ 8,212,989

Rolla Municipal Utilities

Schedule of Electric Sales – Total Kilowatt Hours

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Kilowatt hours sold:		
October	21,414,335	23,406,272
November	21,667,597	20,513,833
December	26,979,723	26,074,549
January	25,130,154	31,640,973
February	33,973,200	28,702,663
March	25,924,794	24,602,403
April	19,689,896	27,530,553
May	31,056,673	19,856,960
June	17,187,645	22,908,098
July	24,750,351	28,092,705
August	27,636,177	24,562,344
September	25,141,160	31,227,665
	<u>300,551,705</u>	<u>309,119,018</u>

Rolla Municipal Utilities

Schedule of Water Sales – Total Gallons

Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Gallons sold:		
October	63,256,000	62,004,000
November	64,423,000	53,082,000
December	61,321,000	49,012,000
January	43,460,000	49,396,000
February	56,334,000	49,616,000
March	56,148,000	48,072,000
April	47,664,000	57,512,000
May	78,395,000	51,460,000
June	42,417,000	61,892,000
July	61,344,000	69,765,000
August	71,932,000	60,476,000
September	70,294,000	77,620,000
	<u>716,988,000</u>	<u>689,907,000</u>

Rolla Municipal Utilities

Schedule of Electric Purchased, Sales, and Losses
Year Ended September 30, 2024

	Total Kilowatt Hours Sold Or Used	Total Kilowatt Hours Purchased	Kilowatt Hours (Loss) Or Gain	Percent Of (Loss) Or Gain	Average Cost Per Kilowatt	Amount of (Loss) Or Gain
October	21,414,335	23,284,400	(1,870,065)	-8.03%	\$ 0.075475	\$ (141,143)
November	21,667,597	24,909,500	(3,241,903)	-13.01%	0.072613	(235,404)
December	26,979,723	27,757,100	(777,377)	-2.80%	0.062504	(48,589)
January	25,130,154	36,696,500	(11,566,346)	-31.52%	0.071203	(823,559)
February	33,973,200	25,917,600	8,055,600	31.08%	0.069019	555,989
March	25,924,794	24,899,400	1,025,394	4.12%	0.073474	75,340
April	19,689,896	22,749,500	(3,059,604)	-13.45%	0.074061	(226,597)
May	31,056,673	23,994,800	7,061,873	29.43%	0.074225	524,168
June	17,187,645	26,827,100	(9,639,455)	-35.93%	0.068600	(661,267)
July	24,750,351	28,151,700	(3,401,349)	-12.08%	0.066500	(226,190)
August	27,636,177	29,034,600	(1,398,423)	-4.82%	0.068300	(95,512)
September	25,141,160	24,888,400	252,760	1.02%	0.074300	18,780
Total	300,551,705	319,110,600	(18,558,895)	-5.82%	\$ 0.070856	\$ (1,283,984)

Rolla Municipal Utilities

Schedule of Insurance Coverage

Year Ended September 30, 2024

Insurer	Expiration Date	Description of Property	Coverage	Amount of Limit
Missouri Intergovernmental Risk Management Association	7/1/2025	All utility property	Buildings and contents	100% replacement
		Equipment	Heavy Equipment	\$1,713,104
		Equipment	Boiler and machinery	100% replacement
		Manufacturers and contractors	Liability	\$3,000,000
		Owners, tenants, landlords	Liability	\$3,000,000
		Contractual	Liability	\$3,000,000
		Fire damage	Liability	\$3,000,000
		Products	Liability	\$3,000,000
		Completed operations	Liability	\$3,000,000
		Liquor	Liability	\$3,000,000
		Public officials	Liability	\$3,000,000
		Police professional liability	Liability	\$3,000,000
		Special events	Liability	\$3,000,000
		Sewer back-up	Liability	\$3,000,000
		Employees	Workers' compensation	Statutory
		Employment practice	Liability	\$1,000,000
		Employees	Employer's liability	\$3,000,000
		Employees	Money and Securities and Theft	\$100,000
		Automobiles	Bodily injury and property damage	\$4,500,000
		Automobiles	Physical damage	Actual cash value
Uninsured motorist	Liability	\$ 25,000/50,000		
Cyber	Liability	\$1,000,000		

Other Reporting Requirements



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

Board of Public Works
Rolla Municipal Utilities
Rolla, Missouri

We have audited, 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, the financial statements of Rolla Municipal Utilities (RMU) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise RMU's basic financial statements, and have issued our report thereon, dated March 31, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RMU'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 RMU's internal control. Accordingly, we do not express an opinion on the effectiveness of RMU'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 RMU'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 the 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether RMU’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 RMU’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RMU’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, LLC

KPM CPAs, LLC
Springfield, Missouri
March 31, 2026