Finance Committee Report
2024 Annual Audit
November 17, 2025

1. **Introduction:**

This report will present the City of Joplin in a good financial position based on liquidity, cash balances and reserves, city debt position or load, tax revenue stability and growth, along with favorable reviews of pension liabilities, sewer system, and other observations apparent in this audit by the outside accounting/audit firm of Allen, Gibbs & Houlik, CPAs.

An accounting firm's audit of a city aims to independently verify that the City's financial statements are accurate, complete, and comply with accounting standards. It checks whether public funds are properly managed, internal controls are effective, and financial reporting is transparent and reliable for officials, citizens, and oversight agencies.

This report and review process is different from a state audit, which is more concerned with proper processes, procedures, accounting controls, adherence to laws and regulations, etc. and studied over a one-to-two year period. Our Committee is basically reviewing the audit as presented by our independent auditing firm. Moreover, in five meetings or 8 hours of review, it is not meant to be a forensic audit.

2. **Liquidity and Cash Availability Analysis:**

- General Fund Balance

At 10/31/24	$30.3m
At 9/25/25	$32.3m
Reserved	($5.9)m
(unaudited)	$26.4m Unrestricted

- % of General Fund annual operating expenses in Reserve or General Fund Balance

Joplin	Springfield	St. Joseph
83%	46%	55%

10/31/24 – Total General Fund expenditures of $36.6 million as compared to year end General Fund balance of $30.3 million – 83% reserve to expenditures or 10 months of operating expenditures on hand.

Research says bond rating agencies desire reserves of a minimum of 25%- or 3-months reserves to 50% for high performing or high growth phase cities (6 months or

more). Other factors must be considered such as tax growth and stability in economic cycles, debt load of City, etc.

Mrs. Haase will be working on a report in 2026 guided by the Government Finance Officers Association (GFOA) to better address the issue and how much fund balance should be reserved.

3. **Key Question:**
   Do cities' major capital expenditures such as fire trucks, police cars, public works equipment, etc. come out of the General Fund unrestricted reserve balances or is it separated as restricted for capital expenditures? Should Joplin consider this for these larger items? Our Committee believes we should consider and possibly implement a restriction showing these major expenses for the next 3-5 years, so we have a better picture of the true available cash for day-to-day operations, cash cushion, growth, emergencies, etc.

Other Fund Balances:	Annual Expense 2024	10/31/24 Fund Balance	9/30/25 Fund Balance (unaudited)
Parks/Stormwater	$5.8m	$10m	$8m
Transportation Fund	$7.3m	$20m	$22m
Capital Improvement Fund	$5.5m	$25m	$20m
Public Safety Fund	$9.7m	$7.3m	$6.5m

Summary of Cash Position:
The City of Joplin appears to have strong and adequate cash reserves and liquidity in all major funds. A clearer picture of major capital expenditures coming out of the General Fund in the next 3-5 years would help us all better understand true spending flexibility.

4. **Historical General Fund Year End Balances:**

YEAR	FUND BALANCE	YEAR	FUND BALANCE
2004	$6.2 million	2005	$7.3 million
2006	$8.7 million	2007	$12.3 million
2008	$19.7 million	2009	$21.9 million
2010	$25.7 million	2011	$25.6 million
2012	$28.1 million	2013	$22.7 million
2014	$22.7 million	2015	$21.6 million
2016	$21.4 million	2017	$18.6 million
2018	$21.2 million	2019**	$14.8 million
2020	$16.7 million	2021	$19.7 million
2022	$22.7 million	2023	$29.5 million
2024	$30.3 million	As of 9/30/25 (unaudited)	$32.3 million

**Note: Public Safety Sales Tax Fund separated from General Fund in fiscal year 2019.

5. **City Debt Load and Leverage:**

$2.0m Leases
$18.0m Sewer Bonds

Summary

City is in a very low debt position, which is a strong and conservative position, and difficult to criticize. However, we suggest the Council always consider using leases and debt on capital expenditures versus using our cash reserves, much like any business or consumer uses debt prudently to preserve cash. This is especially true during times of low interest rates and projected economic growth and stability in our tax base. We still recommend a below average debt position for our city.

Note:

Internet searches, assuming somewhat accurate, estimate up to 75%-90% of cities finance or lease with an option to purchase fire trucks.

6. **See Financial Benefits of Leasing Fire Apparatus Attached**

7. **Tax Revenue Stability and Growth Trend:**
   - See attached reference page 104 of the audit "Tax Revenues by Source."
     - Good – Overall tax revenue up 5.5%
     - Good – Main sales tax up 5.0% (with Marijuana and Use Tax)

- Note – We are always concerned about sales taxes stagnating, but the use tax and marijuana tax have so far helped offset other areas of slowing growth.
- With regard to the use tax, most of those funds are committed to new projects, promised to pass the use tax originally.

- Tax Revenue Per Citizen

Joplin	Springfield	St. Joseph
$1,457	$1,323	$1,441

  - Comment: Joplin is predominantly funded by sales tax, with only $1.3 million in property tax revenue. Springfield has $28m in property tax revenue and a lower sales tax rate. St. Joseph has property tax revenue of $17.5 million and a lower sales tax rate, also. This comparison is not meant to infer our committee is currently recommending a property tax.

- The City is very conservative with our budgets and forecasting the future.
  - In the past, the City had extra year end general fund balances when employees budgeted for are not hired, sometimes with $1m+ per year of expense that is not incurred, as planned.
  - Interest on cash deposits has been a big bonus in recent years with the increase in interest rates, but interest rates appear to be coming down. We must do the best job possible to bid out our excess funds to maximize interest.

8. **Summary of tax revenue:**
   Our tax revenue has shown modest growth in the last one-year fiscal period. Moreover, tax revenue has been up very adequately over the last 5 to 10 years, with the addition of the pension tax, use tax, and marijuana tax, as you know. We probably cannot expect this kind of growth in the future, as our sales tax percentage is relatively high compared to many cities in SW Missouri. On the other hand, our city property tax is very low compared to other cities. The real growth in sales tax could come from economic and population growth in SW Missouri. Plus, renewal of the "Prop B" sales tax as a more general tax would provide the city with revenue for other city priorities.

9. **Miscellaneous Comments & Observations:**
   - At some point in the next few years, we should consider hiring a consultant and determine the "pros and cons" of owning our own sewer system. The argument could be made, we don't own water, electric, or gas utilities, so why do we need to own an expensive to maintain sewer system? What is it worth? Could we deploy that money to improve our city and be in better position for the next 75 years? What are the possible projects and trade-offs?
   - Pensions are all funded adequately and appear financially sound.

- Emergency communications: As with the sewer, what are the "pros & cons," costs of managing people and buying expensive technology? Many cities our size partner with or use the county systems. Can we partner with the county to reduce our expenses and deploy those funds into more police and fire personnel or other public safety priorities? Has the County's ability to run emergency operations improved over the years since we last analyzed this? Is it worth forming a committee to study and do an in-depth review, and possibly including county representatives?

10. **Conclusion:**

Overall, our committee believes the City is in a strong financial position and the 10/31/24 city audit report is a good report. However, as with all audit reviews, we can learn from them and improve.

Respectfully submitted,

Russ Alcorn, Committee Chair
Doug Doll
Troy Hill
Cheryl Glass
Phil Stinnett
Sandra Claypool
Mark Hensley
Brian Nichols