

City of Neosho, Missouri

Basic Financial Statements Year Ended September 30, 2021



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Other Reporting Requirements

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
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Honorable Mayor and City Council
City of Neosho
Neosho, Missouri

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Neosho, Missouri, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), budgetary comparison information, and the pension information be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Neosho, Missouri's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the City of Neosho, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Neosho, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Neosho, Missouri's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and slightly slanted to the right.

KPM CPAs, PC
Springfield, Missouri
February 25, 2022

Management's Discussion and Analysis

City of Neosho

Management's Discussion and Analysis

September 30, 2021

The management's discussion and analysis of the City of Neosho's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$6,034,059 as a result of current year activities. The net position of the City's business activities increased by \$897,790 for the year.

The assets and deferred outflow of resources of the City exceeded liabilities and deferred inflow of resources by \$56.8 million (net position), as of September 30, 2021. Of this amount, \$14.3 million was unrestricted and may be used to meet future obligations of the City, \$8.7 million was restricted and \$33.8 million represents capital assets (net of related debt) of the City.

Total long-term liabilities of the City decreased by \$2,188,031 to a total of \$13.4 million. The decrease was due to the payments of principal during the year. The City made timely payments on all of its debt obligations.

Incoming revenues are monitored to allow for immediate reaction to changes. All budgets and expenses are continually scrutinized by all department heads with every employee diligently participating in cost saving ideas and input to use every dollar wisely and ensuring careful stewardship of all funds. The City continues to ensure we operate on a balanced budget and meet or exceed fund reserve requirements per our bond covenants and the City's fiscal and investment policy.

As stated above, the net position of the City's governmental activities has and continues to increase and improve due to following strict fiscal policies and ensuring the City Council and Administration are fully informed of the City's financial position at all times. Decisions made by the City are always fully investigated and scrutinized in all aspects to ensure the financial stability of the City continues to improve.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

City of Neosho

Management's Discussion and Analysis

September 30, 2021

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two types of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

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 government-wide and fund financial statements.

City of Neosho

Management's Discussion and Analysis

September 30, 2021

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2021 and 2020:

	Governmental Activities	Business-Type Activities	Total September 30, 2021	Total September 30, 2020
Assets				
Current and other assets	\$ 16,044,165	\$ 6,419,135	\$ 22,463,300	\$ 16,519,898
Net pension asset	5,678,884	1,103,160	6,782,044	2,354,906
Capital assets	29,380,316	19,105,962	48,486,278	48,930,334
Total Assets	51,103,365	26,628,257	77,731,622	67,805,138
Deferred Outflow of Resources				
Deferred pension outflow	249,067	16,744	265,811	885,166
Deferred charge on refundings	63,416	-	63,416	73,188
Total Deferred Outflow of Resources	312,483	16,744	329,227	958,354
Liabilities				
Long-term liabilities outstanding	5,329,268	8,051,123	13,380,391	15,568,422
Other liabilities	3,049,932	1,386,353	4,436,285	2,811,774
Total Liabilities	8,379,200	9,437,476	17,816,676	18,380,196
Deferred Inflow of Resources				
Deferred pension inflow	3,006,806	482,455	3,489,261	560,233
Net Position				
Net investment in capital assets	23,482,388	10,281,097	33,763,485	32,062,005
Restricted	8,457,000	250,392	8,707,392	6,509,625
Unrestricted	8,090,454	6,193,581	14,284,035	11,251,433
Total Net Position	\$ 40,029,842	\$ 16,725,070	\$ 56,754,912	\$ 49,823,063

Total Net Position of the City increased by \$6,931,849 for the year due to current year activities. Total liabilities for the City decreased by \$563,520. Net investment in capital assets increased \$1,701,480.

City of Neosho

Management's Discussion and Analysis

September 30, 2021

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2021	Total Year Ended September 30, 2020
Revenues				
Program Revenues				
Charges for services	\$ 1,996,763	\$ 5,424,764	\$ 7,421,527	\$ 6,842,878
Operating grants and contributions	314,659	-	314,659	66,390
Capital grants and contributions	547,944	56,529	604,473	744,344
General Revenues				
Property taxes	476,654	-	476,654	428,297
Sales taxes	8,965,975	-	8,965,975	6,936,370
Motor vehicle and gas taxes	502,254	-	502,254	465,591
Other taxes	494,456	-	494,456	447,239
Franchise fees	672,978	-	672,978	675,683
Interest	37,496	17,827	55,323	50,839
Other revenue	84,387	27,285	111,672	126,020
Special Items				
Gain (loss) on sale of capital assets	44,794	-	44,794	20,000
Insurance proceeds	12,345	-	12,345	104,890
Transfers	(51,299)	51,299	-	-
Total Revenues	14,099,406	5,577,704	19,677,110	16,908,541
Expenses				
Administrative	475,297	-	475,297	412,021
Clerk/council	71,408	-	71,408	87,180
Auditorium	279,804	-	279,804	233,512
Development services	159,398	-	159,398	139,455
Police	1,875,840	-	1,875,840	2,078,454
Fire	1,454,420	-	1,454,420	1,832,664
Emergency management	31,540	-	31,540	34,739
Court	116,171	-	116,171	127,394
Airport	359,338	-	359,338	385,882
Drainage	162,102	-	162,102	176,428
Street	1,258,129	-	1,258,129	1,195,795
Parks	564,120	-	564,120	555,596
Recreation	3,653	-	3,653	56,048
Senior center	69,382	-	69,382	87,911
Recycling center	89,750	-	89,750	98,041
Cemetery	115,716	-	115,716	89,833
Information technology	78,597	-	78,597	120,280
Property control	5,612	-	5,612	40,724
Human resources	64,999	-	64,999	82,417
Golf course	472,590	-	472,590	562,125
Tourism development	40,961	-	40,961	44,496
Communication and events	17,727	-	17,727	36,529
Economic development	58,136	-	58,136	-
Other	8,758	-	8,758	47,520
Debt service	231,899	-	231,899	224,779
Water and sewer	-	4,679,914	4,679,914	4,738,500
Total Expenses	8,065,347	4,679,914	12,745,261	13,488,323
Changes in Net Position	\$ 6,034,059	\$ 897,790	\$ 6,931,849	\$ 3,420,218

City of Neosho

Management's Discussion and Analysis

September 30, 2021

Governmental Activities

Governmental activities increased the net position of the City by \$6,034,059. Tax revenues for the City were \$11,112,317 which represents 79% of the funding of these activities. Program revenues for the functions totaled \$2,767,789 or 20% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Neosho's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administrative	\$ 475,297	\$ 426,033
Clerk/council	71,408	71,408
Auditorium	279,804	250,004
Development services	159,398	(280,511)
Police	1,875,840	1,346,136
Fire	1,454,420	1,001,665
Emergency management	31,540	1,513
Court	116,171	102,497
Airport	359,338	89,924
Drainage	162,102	161,943
Street	1,258,129	1,169,066
Parks	564,120	393,292
Recreation	3,653	3,653
Senior center	69,382	69,182
Recycling center	89,750	(7,862)
Cemetery	115,716	(64,301)
Information technology	78,597	78,597
Property control	5,612	5,612
Human resources	64,999	64,999
Golf course	472,590	(13,571)
Tourism development	40,961	40,961
Communication and events	17,727	(3,052)
Economic development	58,136	58,136
Other	8,758	8,758
Debt service	231,899	231,899
	<u>\$ 8,065,347</u>	<u>\$ 5,205,981</u>

Business-Type Activities

Business-type activities increased the City's net position by \$897,790. This is up from the increase received last year from the City's business-type activities. The increase in the prior year was \$740,414.

City of Neosho

Management's Discussion and Analysis

September 30, 2021

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2021, were \$13,907,670. The combined fund balances are up \$3,688,094 from the prior year. The City continues to take strong measures to ensure the City stays in a position of financial stability. The staff in all City departments strives to bring a level of service the citizens of Neosho expect and deserve.

General Fund Budgetary Highlights

Differences between the original, the final amended budget, and the actual results can be summarized as follows:

The original revenue budget of \$5,967,243 was amended to \$8,741,090.

The original expenditures budget of \$3,907,124 was amended to \$4,011,332.

Budget adjustments were presented and approved by the City Council. Final amended budgeted revenues were \$1,397,589 more than actual revenues, and budgeted expenditures were \$508,760 above actual expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$29,380,316 (net of accumulated depreciation) as of September 30, 2021. This represents a \$208,900 increase from the prior year. The increase is due to the addition of new assets outweighing the current year provisions of depreciation. Capital assets for business-type activities were \$19,105,962 as of September 30, 2021. This represents a decrease of \$652,956 from the prior year. The decrease is due to current year provisions of depreciation outweighing the addition of new assets.

Debt

Total debt of the governmental activities as of September 30, 2021, was \$6,149,156, which is down \$1,329,598 from the prior year. The debt balance is net of deferred losses and premiums on refundings. The decrease is due to principal payments made in the current year.

Total debt of the business-type activities as of September 30, 2021, was \$8,855,841, which is down \$797,978. The decrease is due to principal payments made in the current year.

City of Neosho

Management's Discussion and Analysis

September 30, 2021

Economic Factors and Next Year's Budget

The economic impact on the City from State and National resources appears to be consistent. Sales Tax receipts continued to show slight increase for FY2021. The FY2021 year ended at an increase of 9%. This trend continues into the next Fiscal Year. Our efforts to pursue capital improvement remain focused, but cautious. Growth for Commercial and Residential remains constant at a calm, but steady pace. Revenues are expected to remain steady for FY2022. The City serves 12,590 residents as of the 2020 U.S. Census, a 6.4% increase since the 2010 Census. The City limit population moved from 11,835 in 2010 to an estimated 12,130 in 2020. Although the City's revenues remain fairly consistent, expenses across the board continue to rise. A new fire engine and upgrades to the MOSWIN tower site are capital projects contracted for in FY2022 and scheduled to be paid in FY 2023 under the Public Safety Tax.

With the continued trend of online purchasing, the passing of a Use Tax for the online sales is of significance for the continuation of consistent revenues. The City will place the Use Tax initiative on the ballot for the April 2022 election.

We continue to seek out and apply for grants available to us. The City plans to use the HMV, DWI, DOJ vest grants and MODOT grants again this year. The Police Department has been approved for the Officer Safety Equipment and Technology (OSET) grant for FY2022. In addition, the Police Department is applying for the Local Law Enforcement Block Grant (LLEGB) grant for funding small capital items along with the Local Violent Crime Prevention (LVCP). The contract with the Neosho Area Fire Protection District has been renewed to December 2023. The City has been approved for DED funding for a stormwater mitigation project to begin in FY2022. In addition to other sources of funding, the City received one half of ARPA funds at the end of FY2021, the remainder of which is expected after September 2022.

The combined leadership of the Council and staff remains focused on proper and efficient use of City revenues. The replacement of worn-out equipment including vehicles will continue when appropriate to do so and only when the budget allows for those capital expenditures. Improvements to Big Spring Park, the Bike Trails in Morse Park and the City pool are planned for the upcoming year.

There are current plans in FY2022 for projects to promote tourism and grow revenue. Whenever possible, grant money will be used for these projects.

Master meters have been installed to monitor the 3 pressure zones established during the last fiscal year. Once high loss areas are determined, concentrated efforts will be made in replacing and repairing mains to reduce the City's high water loss.

A high priority is placed on respecting the budget and our duties to be transparent when considering costs, expenses, repairs, and purchases. The City continues to strive to ensure the Council and the citizens of Neosho are supplied with up-to-date financial information to ensure informed quality decisions are made on behalf of the City.

As stated in prior years, the greatest asset the City has is its staff of well trained, dedicated employees. Gradually increasing staff in vital City departments and improving the quality of staff and services through training and cross-training among positions is a priority to better serve the needs of the City and its citizens.

The contract with Alliance Water Resources for the management of the City's water treatment and wastewater facilities was renewed in 2018. These types of arrangements will ensure the efficient delivery of quality drinking water and treatment of wastewater for the City of Neosho. This relationship will continue to be evaluated to ensure the continued collaboration remains in the best interest of the City.

City of Neosho

Management's Discussion and Analysis

September 30, 2021

By remembering the lessons learned from lean times, we strive to pursue economic growth and embrace new development that benefits our Citizens. The City is encouraging more community involvement in the process of long-term planning, goal setting, and budget preparations.

The debt of the City continues to be a focus of the City Council for the foreseeable future. Debt schedules are included in the notes to the financial statements. In 2021, the 2013 Special Obligation Bonds and the 2014A COPs were refinanced to save approximately \$221,000 in interest without extending the terms of the Debt. The City's overall financial picture will continue to require careful and concise planning to fulfill obligations to both debtors and the citizens. The City continues to maintain very strong reserves.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Neosho
203 East Main
Neosho, Missouri 64850
(417) 451-8050

David Kennedy, City Manager	d.kennedy@neoshomo.org
Leslie Forest, Finance Director	lforest@neoshomo.org
Cheyenne Wright, City Clerk	cwright@neoshomo.org

City of Neosho

Statement of Net Position

September 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 12,335,083	\$ 5,222,637	\$ 17,557,720
Taxes receivable, net	1,497,496	-	1,497,496
Utilities receivable, net	-	459,596	459,596
Other accounts receivable, net	32,897	17,291	50,188
Court fines receivable, net	40,178	-	40,178
Intergovernmental receivable, net	57,270	-	57,270
Inventory	59,387	-	59,387
Prepaid expenses	241,506	98,228	339,734
Noncurrent			
Restricted cash and cash equivalents	1,780,348	621,383	2,401,731
Net pension asset	5,678,884	1,103,160	6,782,044
Capital Assets			
Non-depreciable	10,128,961	309,005	10,437,966
Depreciable, net	19,251,355	18,796,957	38,048,312
Total Assets	51,103,365	26,628,257	77,731,622
Deferred Outflow of Resources			
Deferred pension outflow	249,067	16,744	265,811
Deferred charge on refundings	63,416	-	63,416
Total Deferred Outflow of Resources	312,483	16,744	329,227
Liabilities			
Current			
Accounts payable	566,717	155,350	722,067
Accrued expenses	136,909	21,282	158,191
Accrued interest payable	50,526	34,012	84,538
Deposits held	37,314	-	37,314
Intergovernmental payable	159,000	-	159,000
Meter deposits held	-	69,580	69,580
Unearned revenue	1,216,162	301,411	1,517,573
Current maturities of long-term debt	883,304	804,718	1,688,022
	3,049,932	1,386,353	4,436,285
Noncurrent			
Capital leases payable	774,518	6,253	780,771
Certificates of participation payable	2,036,406	28,594	2,065,000
Bonds payable	2,267,116	7,985,300	10,252,416
Compensated absences payable	251,228	30,976	282,204
	5,329,268	8,051,123	13,380,391
Total Liabilities	8,379,200	9,437,476	17,816,676
Deferred Inflow of Resources			
Deferred pension inflow	3,006,806	482,455	3,489,261
Net Position			
Net investment in capital assets	23,482,388	10,281,097	33,763,485
Restricted	8,457,000	250,392	8,707,392
Unrestricted	8,090,454	6,193,581	14,284,035
Total Net Position	\$ 40,029,842	\$ 16,725,070	\$ 56,754,912

See accompanying notes to the financial statements.

City of Neosho

Statement of Activities

Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administrative	\$ (475,297)	\$ 41,092	\$ 8,172	\$ -	\$ (426,033)	\$ -	\$ (426,033)
Clerk/Council	(71,408)	-	-	-	(71,408)	-	(71,408)
Auditorium	(279,804)	29,800	-	-	(250,004)	-	(250,004)
Development services	(159,398)	439,909	-	-	280,511	-	280,511
Police	(1,875,840)	495,555	24,996	9,153	(1,346,136)	-	(1,346,136)
Fire	(1,454,420)	134,184	3,561	315,010	(1,001,665)	-	(1,001,665)
Emergency management	(31,540)	-	30,027	-	(1,513)	-	(1,513)
Court	(116,171)	13,674	-	-	(102,497)	-	(102,497)
Airport	(359,338)	225,129	44,285	-	(89,924)	-	(89,924)
Drainage	(162,102)	-	159	-	(161,943)	-	(161,943)
Street	(1,258,129)	24,702	1,391	62,970	(1,169,066)	-	(1,169,066)
Parks	(564,120)	9,109	908	160,811	(393,292)	-	(393,292)
Recreation	(3,653)	-	-	-	(3,653)	-	(3,653)
Senior center	(69,382)	-	200	-	(69,182)	-	(69,182)
Recycling center	(89,750)	40,034	57,578	-	7,862	-	7,862
Cemetery	(115,716)	48,700	131,317	-	64,301	-	64,301
Information technology	(78,597)	-	-	-	(78,597)	-	(78,597)
Property control	(5,612)	-	-	-	(5,612)	-	(5,612)
Human resources	(64,999)	-	-	-	(64,999)	-	(64,999)
Golf course	(472,590)	486,161	-	-	13,571	-	13,571
Tourism development	(40,961)	-	-	-	(40,961)	-	(40,961)
Communications and events	(17,727)	8,714	12,065	-	3,052	-	3,052
Economic development	(58,136)	-	-	-	(58,136)	-	(58,136)
Other	(8,758)	-	-	-	(8,758)	-	(8,758)
Debt service	(231,899)	-	-	-	(231,899)	-	(231,899)
Total Governmental Activities	(8,065,347)	1,996,763	314,659	547,944	(5,205,981)	-	(5,205,981)

See accompanying notes to the financial statements.

City of Neosho

Statement of Activities

Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water and Sewer	(4,679,914)	5,424,764	-	56,529	-	801,379	801,379
Total Business-Type Activities	(4,679,914)	5,424,764	-	56,529	-	801,379	801,379
Total Government	\$ (12,745,261)	\$ 7,421,527	\$ 314,659	\$ 604,473	(5,205,981)	801,379	(4,404,602)
General Revenues							
Property taxes					476,654	-	476,654
Sales taxes					8,965,975	-	8,965,975
Motor vehicle and gas taxes					502,254	-	502,254
Other taxes					494,456	-	494,456
Franchise fees					672,978	-	672,978
Interest					37,496	17,827	55,323
Other revenue					84,387	27,285	111,672
Special Items							
Gain on sale of assets					44,794	-	44,794
Insurance proceeds					12,345	-	12,345
Transfers					(51,299)	51,299	-
Total General Revenues, Special Items, and Transfers					11,240,040	96,411	11,336,451
<i>Changes in Net Position</i>					6,034,059	897,790	6,931,849
Net Position, Beginning of year					33,995,783	15,827,280	49,823,063
Net Position, End of year					\$ 40,029,842	\$ 16,725,070	\$ 56,754,912

See accompanying notes to the financial statements.

City of Neosho

Balance Sheet – Governmental Funds

September 30, 2021

	Special Revenue Funds						Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund	Economic Development Sales Tax Fund	Nonmajor Governmental Funds	
Assets							
Cash and cash equivalents	\$ 3,756,593	\$ 1,615,444	\$ 597,708	\$ 2,846,226	\$ 429,329	\$ 3,043,600	\$ 12,288,900
Taxes receivable, net	778,055	179,899	119,892	-	59,946	359,704	1,497,496
Other accounts receivable, net	27,660	-	-	-	-	5,237	32,897
Court fines receivable, net	40,178	-	-	-	-	-	40,178
Intergovernmental receivable	5,783	-	-	51,487	-	-	57,270
Inventory	59,387	-	-	-	-	-	59,387
Due from other funds	22,137	-	-	-	-	-	22,137
Prepaid expenses	97,404	22,172	59,816	-	-	62,114	241,506
Restricted cash and cash equivalents	1,272,292	61,938	-	-	-	446,118	1,780,348
Total Assets	<u>\$ 6,059,489</u>	<u>\$ 1,879,453</u>	<u>\$ 777,416</u>	<u>\$ 2,897,713</u>	<u>\$ 489,275</u>	<u>\$ 3,916,773</u>	<u>\$ 16,020,119</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 44,760	\$ 13,006	\$ 2,533	\$ 10,430	\$ 472,371	\$ 19,964	\$ 563,064
Accrued expenses	83,691	9,076	43,404	-	-	738	136,909
Deposits held	6,511	-	-	-	-	30,803	37,314
Unearned revenue	1,216,162	-	-	-	-	-	1,216,162
Due to other governments	-	-	-	159,000	-	-	159,000
Total Liabilities	<u>1,351,124</u>	<u>22,082</u>	<u>45,937</u>	<u>169,430</u>	<u>472,371</u>	<u>51,505</u>	<u>2,112,449</u>

See accompanying notes to the financial statements.

City of Neosho

Balance Sheet – Governmental Funds

September 30, 2021

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund	Economic Development Sales Tax Fund		
Fund Balance							
Nonspendable							
Parks	-	-	-	-	-	43,135	43,135
Inventory	59,387	-	-	-	-	-	59,387
Prepaid items	97,404	22,172	59,816	-	-	62,114	241,506
Restricted for							
Public safety	-	-	-	-	-	3,267	3,267
Drainage	-	-	-	-	-	871,541	871,541
Parks and recreation	-	-	-	-	-	104,498	104,498
Auditorium	-	-	-	-	-	428,028	428,028
Streets	-	1,835,199	-	-	-	-	1,835,199
Senior center	-	-	-	-	-	113,180	113,180
Street and bridge	-	-	-	-	-	434,720	434,720
Tourism development	-	-	-	-	-	301,606	301,606
TIF	-	-	-	2,728,283	-	-	2,728,283
Federal grants	1,216,162	-	-	-	-	-	1,216,162
Debt service	-	-	-	-	-	420,516	420,516
Assigned to							
Drainage	-	-	-	-	-	32,455	32,455
Public safety	-	-	671,663	-	-	-	671,663
Parks and recreation	-	-	-	-	-	452,752	452,752
Auditorium	-	-	-	-	-	195,655	195,655
Senior center	-	-	-	-	-	62,299	62,299
Economic development	-	-	-	-	16,904	-	16,904
Golf course	-	-	-	-	-	187,640	187,640
Street and bridge	-	-	-	-	-	148,161	148,161
Tourism development	-	-	-	-	-	3,701	3,701
Unassigned	3,335,412	-	-	-	-	-	3,335,412
Total Fund Balances	<u>4,708,365</u>	<u>1,857,371</u>	<u>731,479</u>	<u>2,728,283</u>	<u>16,904</u>	<u>3,865,268</u>	<u>13,907,670</u>
Total Liabilities and Fund Balances	<u>\$ 6,059,489</u>	<u>\$ 1,879,453</u>	<u>\$ 777,416</u>	<u>\$ 2,897,713</u>	<u>\$ 489,275</u>	<u>\$ 3,916,773</u>	<u>\$ 16,020,119</u>

See accompanying notes to the financial statements.

City of Neosho

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2021

Fund balance - total governmental funds	\$ 13,907,670
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	65,424,399
Less accumulated depreciation	<u>(36,044,083)</u>
	29,380,316
Internal Service Funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	20,393
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	5,678,884
Deferred outflows due to pensions	249,067
Deferred inflows due to pensions	<u>(3,006,806)</u>
	2,921,145
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(50,526)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(6,149,156)</u>
Net Position of Governmental Activities	<u>\$ 40,029,842</u>

See accompanying notes to the financial statements.

City of Neosho

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2021

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund	Economic Development Sales Tax Fund			
Revenues								
Taxes	\$ 5,711,936	\$ 1,617,301	\$ 743,262	\$ 344,962	\$ 371,631	\$ 2,323,225	\$	11,112,317
Licenses and permits	530,269	-	-	-	-	-	-	530,269
Intergovernmental revenues	144,232	37,576	318,571	51,487	-	175,813	-	727,679
Charges for services	461,239	-	134,184	-	-	529,646	-	1,125,069
Fines and forfeitures	239,812	-	-	-	-	-	-	239,812
Donations and other contributions	131,317	-	-	-	-	16,344	-	147,661
Miscellaneous	124,696	21,860	4,280	9,899	1,040	24,284	-	186,059
Total Revenues	7,343,501	1,676,737	1,200,297	406,348	372,671	3,069,312		14,068,866
Expenditures								
Current								
Administrative	467,516	-	-	-	-	-	-	467,516
Clerk/Council	79,263	-	-	-	-	-	-	79,263
Auditorium	-	-	-	-	-	122,055	-	122,055
Development services	179,233	-	-	-	-	-	-	179,233
Police	1,984,666	-	-	-	-	33,148	-	2,017,814
Fire	-	-	1,821,402	-	-	-	-	1,821,402
Emergency management	17,818	-	-	-	-	-	-	17,818
Court	126,361	-	-	-	-	-	-	126,361
Airport	260,050	-	-	-	-	-	-	260,050
Drainage	-	-	-	-	-	128,901	-	128,901
Street	-	764,694	-	-	-	-	-	764,694
Parks and recreation	-	-	-	-	-	497,153	-	497,153
Senior center	-	-	-	-	-	44,522	-	44,522
Recycling center	92,446	-	-	-	-	-	-	92,446
Information technology	83,310	-	-	-	-	-	-	83,310
Property control	5,612	-	-	-	-	-	-	5,612
Human resources	72,854	-	-	-	-	-	-	72,854
Golf course	-	-	-	-	-	428,846	-	428,846
Tourism development	-	-	-	-	-	40,961	-	40,961
Communications and events	17,727	-	-	-	-	-	-	17,727
Cemetery	115,716	-	-	-	-	-	-	115,716
Economic development	-	-	-	-	1,477,510	-	-	1,477,510
Other	-	-	-	111,344	-	388	-	111,732
Debt Service								
Principal and interest	-	-	-	-	-	4,619,841	-	4,619,841
Total Expenditures	3,502,572	764,694	1,821,402	111,344	1,477,510	5,915,815		13,593,337

See accompanying notes to the financial statements.

City of Neosho

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2021

	Special Revenue Funds						
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund	Economic Development Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<i>Excess (Deficit) of Revenues Over Expenditures</i>	3,840,929	912,043	(621,105)	295,004	(1,104,839)	(2,846,503)	475,529
Other Financing Sources (Uses)							
Operating transfers in (out)	(1,488,763)	(71,535)	914,600	(51,299)	759,936	(114,238)	(51,299)
Sale of assets	36,499	12,257	-	-	-	-	48,756
Insurance proceeds	9,878	-	-	-	-	2,467	12,345
Bond proceeds	-	-	-	-	-	3,202,763	3,202,763
Total Other Financing Sources (Uses)	<u>(1,442,386)</u>	<u>(59,278)</u>	<u>914,600</u>	<u>(51,299)</u>	<u>759,936</u>	<u>3,090,992</u>	<u>3,212,565</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	2,398,543	852,765	293,495	243,705	(344,903)	244,489	3,688,094
Fund Balance, October 1	2,309,822	1,004,606	437,984	2,484,578	361,807	3,620,779	10,219,576
Fund Balance, September 30	<u><u>\$ 4,708,365</u></u>	<u><u>\$ 1,857,371</u></u>	<u><u>\$ 731,479</u></u>	<u><u>\$ 2,728,283</u></u>	<u><u>\$ 16,904</u></u>	<u><u>\$ 3,865,268</u></u>	<u><u>\$ 13,907,670</u></u>

See accompanying notes to the financial statements.

City of Neosho

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2021

Net change in fund balances - total governmental funds	\$ 3,688,094
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Amounts reported for governmental activities in the Statement of Activities are different because:

Internal Service Fund receipts and disbursements are included in the Statement of Activities	(30,763)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation for the year.

Capital outlay	1,579,653
Depreciation	(1,366,791)
Disposal of capital assets, net	(3,962)
	<u>208,900</u>

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.

Repayment of principal on bonds, leases and loans	4,557,274
Bond proceeds	(3,202,763)
Change in accrued interest payable	34,724
	<u>1,389,235</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in pension related costs	803,506
Change in compensated absences	(24,913)
	<u>778,593</u>
Change in Net Position of Governmental Activities	<u><u>\$ 6,034,059</u></u>

See accompanying notes to the financial statements.

City of Neosho

Statement of Net Position – Proprietary Funds

September 30, 2021

	Water and Sewer Fund	Internal Service Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,222,637	\$ 46,183
Utilities receivable, net	459,596	-
Other accounts receivable, net	17,291	-
Prepaid expenses	98,228	-
Total Current Assets	5,797,752	46,183
Noncurrent Assets		
Restricted cash and cash equivalents	621,383	-
Net pension asset	1,103,160	-
Capital assets		
Nondepreciable	309,005	-
Depreciable, net	18,796,957	-
Total Noncurrent Assets	20,830,505	-
Total Assets	26,628,257	46,183
Deferred Outflow of Resources		
Deferred pension outflow	16,744	-
Total Assets and Deferred Outflow of Resources	26,645,001	46,183
Liabilities		
Current Liabilities		
Accounts payable	155,350	3,653
Accrued expenses	21,282	-
Accrued interest payable	34,012	-
Meter deposits payable	69,580	-
Unearned revenue	301,411	-
Due to other funds	-	22,137
Current maturities of long-term debt	804,718	-
Total Current Liabilities	1,386,353	25,790
Long-Term Liabilities		
Certificates of participation	28,594	-
Revenue bonds payable	7,985,300	-
Capital leases payable	6,253	-
Compensated absences payable	30,976	-
Total Long-Term Liabilities	8,051,123	-
Total Liabilities	9,437,476	25,790
Deferred Inflow of Resources		
Deferred pension inflow	482,455	-
Net Position		
Net investment in capital assets	10,281,097	-
Restricted for debt service	250,392	-
Unrestricted	6,193,581	20,393
Total Net Position	\$ 16,725,070	\$ 20,393

See accompanying notes to the financial statements.

City of Neosho

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

Year Ended September 30, 2021

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
Operating Revenues		
Charges for services		
Water and sewer	\$ 5,424,764	\$ -
Employer insurance contributions	-	702,513
Employee insurance contributions	-	141,355
Total Operating Revenues	<u>5,424,764</u>	<u>843,868</u>
Operating Expenses		
Personnel services	785,880	-
Contractual services	1,723,912	-
Repairs and maintenance	340,201	-
Supplies	95,008	-
Utilities	577,695	-
Insurance	94,773	-
Depreciation	860,357	-
Miscellaneous	8,229	-
Insurance claims and premiums	-	874,631
Total Operating Expenses	<u>4,486,055</u>	<u>874,631</u>
<i>Operating Income (Loss)</i>	938,709	(30,763)
Nonoperating Revenues (Expenses)		
Interest income	17,827	-
Other revenue	27,285	-
Intergovernmental revenues	56,529	-
Interest expense	(193,859)	-
Total Nonoperating Revenues (Expenses)	<u>(92,218)</u>	<u>-</u>
<i>Income (Loss) Before Operating Transfers</i>	846,491	(30,763)
Net Operating Transfers In	<u>51,299</u>	<u>-</u>
<i>Net Income (Loss)</i>	897,790	(30,763)
Net Position, October 1	15,827,280	51,156
Net Position, September 30	<u><u>\$ 16,725,070</u></u>	<u><u>\$ 20,393</u></u>

See accompanying notes to the financial statements.

City of Neosho

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2021

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 5,727,268	\$ 843,868
Cash paid to suppliers	(2,850,041)	(797,685)
Cash paid to employees	(866,802)	-
Other cash received for nonoperating revenues	27,285	-
Net Cash Provided by Operating Activities	<u>2,037,710</u>	<u>46,183</u>
Cash Flows from Noncapital Financing Activities		
Operating transfers from other funds	51,299	-
Net Cash Provided by Noncapital Financing Activities	<u>51,299</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of fixed assets	(207,401)	-
Payment of principal on leases	(53,525)	-
Payment of principal on bonds	(737,500)	-
Grant proceeds	56,529	-
Payment of interest expense	(197,288)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,139,185)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest received on investments	17,827	-
Net Cash Provided by Investing Activities	<u>17,827</u>	<u>-</u>
<i>Net Increase in Cash and Cash Equivalents</i>	967,651	46,183
Cash and Cash Equivalents, Beginning of year	4,876,369	-
Cash and Cash Equivalents, End of year	<u>5,844,020</u>	<u>46,183</u>
Less Restricted Cash and Cash Equivalents	(621,383)	-
Unrestricted Cash and Cash Equivalents	<u>\$ 5,222,637</u>	<u>\$ 46,183</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 938,709	\$ (30,763)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	860,357	-
(Increase) decrease in		
Utilities receivable	(5,329)	-
Prepaid expenses	(6,722)	76,946
Net pension asset	(659,386)	-
Deferred pension outflow	101,682	-
Increase (decrease) in		
Accounts payable	(3,501)	-
Accrued expenses	1,280	-
Meter deposits payable	6,422	-
Deferred pension inflow	482,455	-
Unearned revenue	301,411	-
Compensated absences	(6,953)	-
Other cash received for nonoperating revenues	27,285	-
Net Cash Provided by Operating Activities	<u>\$ 2,037,710</u>	<u>\$ 46,183</u>

See accompanying notes to the financial statements.

City of Neosho

Notes to the Financial Statements

September 30, 2021

1. Summary of Significant Accounting Policies

The City of Neosho, Missouri, (the City) adopted a home rule charter in 1973 and operates under the Council/City Manager form of government. The City provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public works, planning, and general administrative services. Other services include water and sewer operations and golf course.

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

Financial Reporting Entity

The City is organized under laws of the State of Missouri and is a primary government, which is governed by an elected council. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Basis of Presentation

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories. Governmental resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The emphasis in fund financial statements is on the major funds.

Governmental Fund Types: The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This means that the emphasis is on near-term inflows and outflows of resources and does not present the long-term impact of transactions. It is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

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

Street Sales Tax Fund: The Street Sales Tax Fund accounts for sales tax revenues that are restricted, committed, or assigned for the purpose of funding street maintenance, improvements, and indebtedness.

Fire Sales Tax Fund: The Fire Sales Tax Fund accounts for sales tax revenues that are restricted, committed, or assigned for the purpose of funding fire department operations.

Tax Increment Financing Fund: The Tax Increment Financing Fund accounts for activities associated with infrastructure improvements within the identified redevelopment area.

Economic Development Sales Tax Fund: The Economic Development Sales Tax Fund accounts for sales tax revenues that are restricted, committed, or assigned for the purpose of funding economic development.

Proprietary Fund Types: The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses, and depreciation on capital assets.

The City reports the following major proprietary funds:

Water and Sewer Fund: The Water and Sewer Fund is an enterprise fund and accounts for the activities and capital improvements of the City's water and sewer system which provides services to the residents of the City.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Internal Service Fund: The Internal Service Fund is used to account for the accumulation of resources used to fund claims under the City's health insurance plan.

Unearned Revenue

This is future grant revenue received in advance of corresponding grant expenses. These revenues will be recognized as income when the grant expenses are incurred.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the city elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Major moveable equipment	2-10 years
Sewer mains, lines and treatment plant	30-50 years
Water wells, mains and lines	15-40 years
Buildings and improvements	10-50 years
Streets	25 years
Bridges	50 years
Traffic lights and signals	25 years
Land improvements	25 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing accounts.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Revenue Recognition

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Compensated Absences

The City's vacation policy grants an employee two weeks of vacation after one year of service and three weeks of vacation after ten years. Vacations not taken within one year are forfeited unless written permission is granted to carry unused vacation forward. Unused vacation at termination of employment is paid to the terminated employee provided proper notice was given by the employee.

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.

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Net Position

In the government-wide and proprietary fund financial statements, 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.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

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 revenues and expenses are considered nonoperating.

Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has two items that qualify for reporting in this category, deferred amounts relating to the retirement plan and deferred amounts relating to debt refunding.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category, deferred pension inflow relating to the retirement plan. These amounts are recognized as an inflow of resources in the period that the amounts become available.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Pensions

For purposes of measuring the net pension asset, deferred outflow of resources and deferred inflow 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.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2021, all bank balances on deposit were entirely insured or collateralized.

3. Restricted Cash & Cash Equivalents

Cash and cash equivalents have been restricted in the following funds as of September 30, 2021:

	Restricted Cash and Cash Equivalents
General Fund	
Court bonds	\$ 16,330
Police evidence	13,457
Deposits held	6,511
Donated police rewards	19,832
Unearned revenue	1,216,162
	<u>\$ 1,272,292</u>
Street Sales Tax Fund	
TDD Funds	<u>\$ 61,938</u>
Nonmajor Governmental Funds	
Auditorium deposits held	\$ 30,480
Golf donations	9,191
Police donations	2,086
2012A/B COP reserve trust fund	1,500
2016 COP reserve trust fund	402,861
	<u>\$ 446,118</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

Water and Sewer Fund

Restricted assets and restricted net position consist of the following at September 30, 2021:

	Cash and Cash Equivalents	Restricted Net Position
Water and Sewer Fund		
Meter deposits	\$ 69,580	\$ -
Unearned revenue	301,411	-
2009B Bond principal and interest trust funds	81,932	81,932
2011 Bond principal and interest trust funds	137,954	137,954
2012A COP reserve trust fund	30,506	30,506
	<u>\$ 621,383</u>	<u>\$ 250,392</u>

4. Assessed Valuation, Tax Levy, & Legal Debt Margin

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

	2020
Assessed Valuation	
Real estate	\$ 123,410,177
Personal property	40,073,241
Total	<u>\$ 163,483,418</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund (Real Property)	<u>\$.3639</u>

The legal debt margin at September 30, 2021, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 16,348,342	\$ 16,348,342	\$ 32,696,684
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	<u>\$ 16,348,342</u>	<u>\$ 16,348,342</u>	<u>\$ 32,696,684</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

City of Neosho

Notes to the Financial Statements

September 30, 2021

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

5. Accounts Receivable

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

	Gross Receivable	Allowance	Net Receivable
Taxes Receivable			
General Fund	\$ 778,055	\$ -	\$ 778,055
Street Sales Tax Fund	179,899	-	179,899
Fire Sales Tax Fund	119,892	-	119,892
Economic Development Sales Tax Fund	59,946	-	59,946
Nonmajor Governmental Funds	359,704	-	359,704
	<u>\$ 1,497,496</u>	<u>\$ -</u>	<u>\$ 1,497,496</u>
Utilities Receivable			
Water and Sewer Fund	<u>\$ 460,628</u>	<u>\$ 1,032</u>	<u>\$ 459,596</u>
Other Accounts Receivable			
General Fund	\$ 27,660	\$ -	\$ 27,660
Golf Fund	5,237	-	5,237
Water and Sewer Fund	17,291	-	17,291
	<u>\$ 50,188</u>	<u>\$ -</u>	<u>\$ 50,188</u>
Court Fines Receivable			
General Fund	<u>\$ 422,087</u>	<u>\$ 381,909</u>	<u>\$ 40,178</u>
Intergovernmental Receivable			
General Fund	\$ 5,783	\$ -	\$ 5,783
Tax Increment Financing Fund	51,487	-	51,487
	<u>\$ 57,270</u>	<u>\$ -</u>	<u>\$ 57,270</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

6. Long-Term Debt – Business-Type Activities

The business-type activities long-term debt at September 30, 2021, consists of the Series 2009B and 2011 revenue bond issues, a portion of the 2012A certificates of participation, a portion of a capital lease, and compensated absences payable.

Waterworks Refunding and Improvement Revenue Bonds – Direct Loan Program

On December 19, 2011, the City approved issuing the Series 2011 waterworks refunding and improvement revenue bonds (State of Missouri - Direct Loan Program) in the maximum principal of \$9,425,000 for the purpose of refunding the Series 2010A revenue bonds and to fund waterworks system improvements. Bonds were issued as the project progressed, and prior to September 30, 2021, all of the bonds have been issued. In the event of default, after 60 days, Owners of not less than 10% may take legal action. Any amounts paid on the Bonds to the Owners will be applied first to interest and second to principal. Bonds outstanding at September 30, 2021, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
2022	\$ 464,000	\$ 88,056	\$ 552,056
2023	474,000	81,012	555,012
2024	484,000	73,816	557,816
2025	493,000	66,478	559,478
2026	503,000	58,996	561,996
2027	513,000	51,363	564,363
2028	524,000	43,571	567,571
2029	535,000	35,621	570,621
2030	545,000	27,504	572,504
2031	557,000	19,230	576,230
2032	567,000	10,781	577,781
2033	288,000	2,174	290,174
	<u>\$ 5,947,000</u>	<u>\$ 558,602</u>	<u>\$ 6,505,602</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

Sewerage System Refunding and Improvement Revenue Bonds – ARRA Direct Loan Program

On November 10, 2009, the City approved issuing the Series 2009B sewerage system refunding and improvement revenue bonds (State of Missouri - Direct Loan Program - ARRA) in the maximum principal of \$5,488,800 for the purpose of refunding the Series 2009A revenue bonds and to provide funding for sewerage system improvements. The bonds bear interest at 1.51%. Principal and interest payments are due January 1 and July 1 of each year. In the event of default, after 60 days, Owners of not less than 10% may take legal action. Any amounts paid on the Bonds to the Owners will be applied first to interest and second to principal. The bonds outstanding at September 30, 2021, are due as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 287,000	\$ 41,040	\$ 328,040
2023	292,600	36,685	329,285
2024	298,300	32,246	330,546
2025	304,100	27,720	331,820
2026	310,100	23,105	333,205
2027	316,100	18,400	334,500
2028	322,300	13,604	335,904
2029	328,600	8,714	337,314
2030	330,200	3,727	333,927
	<u>\$ 2,789,300</u>	<u>\$ 205,241</u>	<u>\$ 2,994,541</u>

Certificates of Participation

In 2012, the City issued \$320,000 in Certificates of Participation, Series 2012A for the purpose of refunding a portion of the Series 2003 Certificates of Participation. \$305,000 of the \$320,000 outstanding certificates was recorded as long-term debt within the business-type activities and \$15,000 was recorded in the governmental activities of the City. The Certificates of Participation bear interest at various rates ranging from 2.125% to 3.250% with principal payments due each May 1, and interest payments due May 1 and November 1 of each year. The certificates outstanding at September 30, 2021, are due as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 50,000	\$ 2,600	\$ 52,600
2023	30,000	975	30,975
	<u>\$ 80,000</u>	<u>\$ 3,575</u>	<u>\$ 83,575</u>

Amount recorded in:

Water and Sewer Fund/Business-Type Activities	\$ 76,250
Governmental Activities	3,750
Total	<u><u>\$ 80,000</u></u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

Capital Lease

On July 5, 2018, the City entered into a lease agreement to finance the purchase of public safety equipment. Of the \$559,674 issued, \$29,988 was recorded as long-term debt within the business-type activities and \$529,686 in the governmental activities of the City. The agreement requires annual lease payments of \$120,588 with interest at 3.20%. In the event of default, the Lessor may declare all rental payments immediately due and payable and/or retake possession of the equipment at the expense of the Lessee. The following is a schedule of future minimum lease payments under the lease agreement:

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 113,129	\$ 7,459	\$ 120,588
2023	116,714	3,874	120,588
	<u>\$ 229,843</u>	<u>\$ 11,333</u>	<u>\$ 241,176</u>

Amount recorded in:

Water and Sewer Fund/Business-Type Activities	\$ 12,315
Governmental Activities	<u>217,528</u>
Total	<u><u>\$ 229,843</u></u>

Although the lease agreement provides for the cancellation of the lease if the City should fail to appropriate funds at the annual renewal date, the City does not foresee exercising its options to cancel. Therefore, the lease is accounted for as noncancellable capital lease in accordance with GASB Section L20, "Leases."

City of Neosho

Notes to the Financial Statements

September 30, 2021

A summary of the changes in long-term debt of the business-type activities for the year ended September 30, 2021, is as follows:

	Balance September 30, 2020	Additions	Retirements	Balance September 30, 2021	Amounts Due Within One Year
Direct Placements					
Revenue Bonds					
2009B Revenue Bonds - ARRA					
Direct Loan Program	\$ 3,070,800	\$ -	\$ 281,500	\$ 2,789,300	\$ 287,000
2011 Revenue Bonds - Direct Loan Program	6,403,000	-	456,000	5,947,000	464,000
Certificates of Participation					
2012A Certificates of Participation	123,906	-	47,656	76,250	47,656
Direct Borrowing					
Capital Lease Equipment	18,184	-	5,869	12,315	6,062
Compensated Absences Payable	37,929	-	6,953	30,976	-
Total	<u>\$ 9,653,819</u>	<u>\$ -</u>	<u>\$ 797,978</u>	<u>\$ 8,855,841</u>	<u>\$ 804,718</u>

7. Long-Term Debt – Governmental Activities

Long-term debt for governmental activities at September 30, 2021, consists of a portion of the 2012A certificates of participation; the 2016 certificates of participation; the 2021 special obligation refunding bonds; a portion of a capital lease; two capital leases; and compensated absences payable.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Certificates of Participation

On February 5, 2016, the City issued \$4,040,000 in Certificates of Participation, Series 2016 for the purpose of providing funds to advance refund the Series 2006A and 2006B Certificates of Participation. The Certificates of Participation bear interest between 2.00% and 3.00% with principal payments due May 1 and interest payments due May 1 and November 1 of each year. In the event of default, the Trustee may declare all payments to be due; sell, lease, or take possession of the property; or take whatever action at law or in equity deemed necessary. The certificates outstanding at September 30, 2021, are due as follows:

Year Ended September 30,	Principal	Interest	Total
2022	\$ 220,000	\$ 63,800	\$ 283,800
2023	190,000	57,200	247,200
2024	190,000	51,500	241,500
2025	190,000	46,987	236,987
2026	185,000	42,475	227,475
2027	200,000	37,387	237,387
2028	205,000	31,888	236,888
2029	215,000	26,250	241,250
2030	225,000	19,800	244,800
2031	435,000	13,050	448,050
	<u>\$ 2,255,000</u>	<u>\$ 390,337</u>	<u>\$ 2,645,337</u>

Bonds

On February 9, 2021, the City issued \$3,075,000 in Series 2021 Special Obligation Refunding Bonds for the purpose of refunding the 2014A Certificates of Participation and the 2013 Special Obligation Refunding Bonds. The bonds bear interest at 2.0% with principal payments due April 1 and interest payments due April 1 and October 1 each year. In the event of default, after 60 days, Owners of not less than 10% may take legal action. The bonds outstanding at September 30, 2021, are due as follows:

Year Ended September 30,	Principal	Interest	Total
2022	\$ 450,000	\$ 47,500	\$ 497,500
2023	455,000	38,450	493,450
2024	470,000	29,200	499,200
2025	480,000	19,700	499,700
2026	505,000	9,850	514,850
2027	240,000	2,400	242,400
	<u>\$ 2,600,000</u>	<u>\$ 147,100</u>	<u>\$ 2,747,100</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

Capital Leases

In April 2019, the City entered into a lease obligation to purchase mower equipment for the golf course in the amount of \$126,055. The lease requires monthly payments of \$2,351 through April 2024. The stated interest rate on the lease is 4.5%. In the event of default, the lender may declare all remaining payments immediately due and payable, retake possession of the leased equipment, or sell, lease, or sublease the leased equipment with the City remaining liable for the full remaining lease payments. The capital lease outstanding at September 30, 2021, is due as follows:

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 25,645	\$ 2,564	\$ 28,209
2023	26,823	1,386	28,209
2024	16,212	244	16,456
	<u>\$ 68,680</u>	<u>\$ 4,194</u>	<u>\$ 72,874</u>

In May 2019, the City entered into a lease obligation to purchase a fire truck in the amount of \$859,595. The lease requires annual payments of \$100,205 through December 2028. The stated interest rate on the lease is 3.14%. In the event of default, the lessor may declare all remaining payments through the end of the then-current budget year to be due, and any remaining amounts shall thereafter bear interest at a rate of 12% or the maximum rate permitted by law, whichever is less. The lessor may also retake possession of the equipment at the lessee's expense. The capital lease outstanding at September 30, 2021, is due as follows:

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 78,248	\$ 21,957	\$ 100,205
2023	80,704	19,501	100,205
2024	83,239	16,966	100,205
2025	85,852	14,353	100,205
2026	88,548	11,657	100,205
2027	91,329	8,876	100,205
2028	94,196	6,009	100,205
2029	97,154	3,051	100,205
	<u>\$ 699,270</u>	<u>\$ 102,370</u>	<u>\$ 801,640</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

A summary of the changes in long-term debt – governmental activities for the year ended September 30, 2021, is as follows:

	Balance September 30, 2020	Additions	Retirements	Balance September 30, 2021	Amounts Due Within One Year
Direct Borrowings					
Capital Lease Obligations					
Equipment	\$ 321,196	\$ -	\$ 103,668	\$ 217,528	\$ 107,067
Golf Course Mowers	93,202	-	24,522	68,680	25,645
Ladder Truck	775,135	-	75,865	699,270	78,248
	<u>1,189,533</u>	<u>-</u>	<u>204,055</u>	<u>985,478</u>	<u>210,960</u>
Certificates of Participation					
Series 2012A	6,094	-	2,344	3,750	2,344
Series 2014A	1,840,000	-	1,840,000	-	-
Series 2016	2,460,000	-	205,000	2,255,000	220,000
	<u>4,306,094</u>	<u>-</u>	<u>2,047,344</u>	<u>2,258,750</u>	<u>222,344</u>
Less: Deferred loss on debt refundings	<u>(73,188)</u>	<u>-</u>	<u>(9,772)</u>	<u>(63,416)</u>	<u>-</u>
	<u>4,232,906</u>	<u>-</u>	<u>2,037,572</u>	<u>2,195,334</u>	<u>222,344</u>
Special Obligation Refunding Bonds					
Series 2013	1,830,000	-	1,830,000	-	-
Series 2021	-	3,075,000	475,000	2,600,000	450,000
Premium on Series 2021	-	127,763	10,647	117,116	-
	<u>1,830,000</u>	<u>3,202,763</u>	<u>2,315,647</u>	<u>2,717,116</u>	<u>450,000</u>
Compensated absences payable	226,315	24,913	-	251,228	-
Total	<u>\$ 7,478,754</u>	<u>\$ 3,227,676</u>	<u>\$ 4,557,274</u>	<u>\$ 6,149,156</u>	<u>\$ 883,304</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

8. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance September 30, 2020	Additions	Deletions	Balance September 30, 2021
Governmental Activities				
Non-Depreciable Capital Assets				
Land	\$ 9,560,163	\$ -	\$ -	\$ 9,560,163
Construction in progress	1,601,321	192,638	1,225,161	568,798
Total Non-Depreciable Capital Assets	11,161,484	<u>\$ 192,638</u>	<u>\$ 1,225,161</u>	10,128,961
Depreciable Capital Assets				
Land improvements	655,867	\$ -	\$ -	655,867
Building and improvements	10,425,544	-	-	10,425,544
Machinery and equipment	7,989,060	737,535	201,568	8,525,027
Golf course infrastructure	3,373,207	129,483	-	3,502,690
Infrastructure	30,441,152	1,745,158	-	32,186,310
Total Depreciable Capital Assets	52,884,830	<u>\$ 2,612,176</u>	<u>\$ 201,568</u>	55,295,438
Less Accumulated Depreciation	34,874,898	<u>\$ 1,366,791</u>	<u>\$ 197,606</u>	36,044,083
Total Depreciable Capital Assets, Net	18,009,932			19,251,355
Total Capital Assets - Governmental Activities, Net	<u>\$ 29,171,416</u>			<u>\$ 29,380,316</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

Depreciation expense for governmental activities was charged to functions as follows:

Administration	\$ 22,487
Auditorium	160,695
Police	72,520
Fire	155,431
Emergency management	13,722
Recycling	5,749
Senior center	25,646
Golf course	79,432
Court	1,200
Airport	121,058
Parks	97,636
Recreation	3,653
Drainage	50,166
Street	557,396
	<u>\$ 1,366,791</u>

	Balance September 30, 2020	Additions	Deletions	Balance September 30, 2021
Business-Type Activities				
Water and Sewer				
Non-Depreciable Capital Assets				
Land	\$ 176,297	\$ -	\$ -	\$ 176,297
Construction in progress	-	132,708	-	132,708
Total Non-Depreciable Capital Assets	<u>176,297</u>	<u>\$ 132,708</u>	<u>\$ -</u>	<u>309,005</u>
Depreciable Capital Assets				
Buildings	163,900	\$ -	\$ -	163,900
Water plant and equipment	14,359,662	74,693	-	14,434,355
Sewer plant and equipment	27,736,432	-	-	27,736,432
Total Depreciable Capital Assets	<u>42,259,994</u>	<u>\$ 74,693</u>	<u>\$ -</u>	<u>42,334,687</u>
Less Accumulated Depreciation	<u>22,677,373</u>	<u>\$ 860,357</u>	<u>\$ -</u>	<u>23,537,730</u>
Total Depreciable Capital Assets, Net	<u>19,582,621</u>			<u>18,796,957</u>
Total Capital Assets - Business-Type Activities, Net	<u>\$ 19,758,918</u>			<u>\$ 19,105,962</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

9. Employee Pension Plan

General Information about the Pension Plan

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

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

2021 Valuation

Benefit Multiplier	1.50% for life, plus 0.50% to age 65
Final Average Salary	3 years
Member Contributions	0%

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

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	56	18	15	89
Inactive employees entitled to but not yet receiving benefits	37	19	11	67
Active employees	55	25	26	106
	<u>148</u>	<u>62</u>	<u>52</u>	<u>262</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 3.2% (General), 5.7% (Police), and 9.5% (Fire) of annual covered payroll.

City of Neosho

Notes to the Financial Statements

September 30, 2021

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions. The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation 2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police); 2.75% to 7.15% including wage inflation (Fire)
Salary Increase	
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 28, 2021, 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	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

City of Neosho

Notes to the Financial Statements

September 30, 2021

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.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 7,929,925	\$ 9,235,144	\$ (1,305,219)
Changes for the year			
Service cost	190,568	-	190,568
Interest	568,063	-	568,063
Difference between expected and actual experiences	(219,569)	-	(219,569)
Contributions - employer	-	48,443	(48,443)
Net investment income	-	2,429,552	(2,429,552)
Changes of assumptions	(170,233)	-	(170,233)
Benefits paid, including refunds	(383,082)	(383,082)	-
Administrative expenses	-	(13,867)	13,867
Other changes	-	(155,930)	155,930
Net Changes	(14,253)	1,925,116	(1,939,369)
Balances at end of year	7,915,672	11,160,260	(3,244,588)

City of Neosho

Notes to the Financial Statements

September 30, 2021

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
Police Division			
Balances at beginning of year	3,630,438	4,122,691	(492,253)
Changes for the year			
Service cost	124,457	-	124,457
Interest	264,152	-	264,152
Difference between expected and actual experiences	(75,335)	-	(75,335)
Contributions - employer	-	60,296	(60,296)
Net investment income	-	1,116,961	(1,116,961)
Changes of assumptions	(28,659)	-	(28,659)
Benefits paid, including refunds	(97,906)	(97,906)	-
Administrative expenses	-	(4,829)	4,829
Other changes	-	10,334	(10,334)
Net Changes	186,709	1,084,856	(898,147)
Balances at end of year	3,817,147	5,207,547	(1,390,400)
Fire Division			
Balances at beginning of year	5,523,894	6,081,328	(557,434)
Changes for the year			
Service cost	148,510	-	148,510
Interest	397,868	-	397,868
Difference between expected and actual experiences	(94,014)	-	(94,014)
Contributions - employer	-	118,879	(118,879)
Net investment income	-	1,778,033	(1,778,033)
Changes of assumptions	(75,597)	-	(75,597)
Benefits paid, including refunds	(221,927)	(221,927)	-
Administrative expenses	-	(5,035)	5,035
Other changes	-	74,512	(74,512)
Net Changes	154,840	1,744,462	(1,589,622)
Balances at end of year	5,678,734	7,825,790	(2,147,056)
Total Plan Balances at end of year	\$ 17,411,553	\$ 24,193,597	\$ (6,782,044)

City of Neosho

Notes to the Financial Statements

September 30, 2021

The Net Pension (Asset) is allocated as follows:

	Net Pension (Asset)
Governmental Activities	\$ (5,678,884)
Business-Type Activities	(1,103,160)
	<u>\$ (6,782,044)</u>

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following present the Net Pension Asset of the employer, calculated using the discount rate of 7.00%, as well as what the employer's Net Pension 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 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 9,039,558	\$ 7,915,672	\$ 6,994,304
Fiduciary Net Position	11,160,260	11,160,260	11,160,260
Net Pension (Asset)	<u>(2,120,702)</u>	<u>(3,244,588)</u>	<u>(4,165,956)</u>
Police Division			
Total Pension Liability	4,464,779	3,817,147	3,296,766
Fiduciary Net Position	5,207,547	5,207,547	5,207,547
Net Pension (Asset)	<u>(742,768)</u>	<u>(1,390,400)</u>	<u>(1,910,781)</u>
Fire Division			
Total Pension Liability	6,515,833	5,678,734	4,992,971
Fiduciary Net Position	7,825,790	7,825,790	7,825,790
Net Pension (Asset)	<u>(1,309,957)</u>	<u>(2,147,056)</u>	<u>(2,832,819)</u>
Total Net Pension (Asset)	<u>\$ (4,173,427)</u>	<u>\$ (6,782,044)</u>	<u>\$ (8,909,556)</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

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

For the year ended 2021, the employer recognized pension credits of \$177,788 in the general division, \$125,739 in the police division and \$348,044 in the fire division. The employer reported deferred outflows and inflows of resources to be recognized in future pension expenses from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
General Division			
Differences in experiences	\$ 36,687	\$ (153,863)	\$ (117,176)
Assumption changes	-	(119,291)	(119,291)
Differences in investment returns	-	(1,145,831)	(1,145,831)
Contributions subsequent to the measurement date*	12,560	-	12,560
	<u>49,247</u>	<u>(1,418,985)</u>	<u>(1,369,738)</u>
Police Division			
Differences in experiences	71,772	(110,954)	(39,182)
Assumption changes	-	(22,504)	(22,504)
Differences in investment returns	-	(534,556)	(534,556)
Contributions subsequent to the measurement date*	15,551	-	15,551
	<u>87,323</u>	<u>(668,014)</u>	<u>(580,691)</u>
Fire Division			
Differences in experiences	53,029	(431,233)	(378,204)
Assumption changes	44,512	(65,009)	(20,497)
Differences in investment returns	-	(906,020)	(906,020)
Contributions subsequent to the measurement date*	31,700	-	31,700
	<u>129,241</u>	<u>(1,402,262)</u>	<u>(1,273,021)</u>
Total	<u>\$ 265,811</u>	<u>\$ (3,489,261)</u>	<u>\$ (3,223,450)</u>

City of Neosho

Notes to the Financial Statements

September 30, 2021

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred (Inflows) of Resources
Governmental Activities	\$ 249,067	\$ (3,006,806)	\$ (2,757,739)
Business-Type Activities	16,744	(482,455)	(465,711)
	<u>\$ 265,811</u>	<u>\$ (3,489,261)</u>	<u>\$ (3,223,450)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition in the Net Pension Asset for the year ending September 30, 2022.

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

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources			
	General	Police	Fire	Total
2022	\$ (397,079)	\$ (176,916)	\$ (342,380)	\$ (916,375)
2023	(345,787)	(112,963)	(290,388)	(749,138)
2024	(283,838)	(128,032)	(279,225)	(691,095)
2025	(355,594)	(178,331)	(330,373)	(864,298)
2026	-	-	(38,519)	(38,519)
Thereafter	-	-	(23,836)	(23,836)
Total	<u>\$ (1,382,298)</u>	<u>\$ (596,242)</u>	<u>\$ (1,304,721)</u>	<u>\$ (3,283,261)</u>

10. Risk Management

The City 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. The City 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.

City of Neosho

Notes to the Financial Statements

September 30, 2021

11. Interfund Transfers

Interfund transfers for the year ended September 30, 2021, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 8,060	\$ 1,496,823
Hotel/Motel Tax Fund	-	2,400
Golf Fund	426,643	426,643
Street Sales Tax Fund	-	71,535
Fire Sales Tax Fund	1,245,361	330,761
Tax Increment Financing Fund	-	51,299
Drainage Sales Tax Fund	-	145,330
Parks Sales Tax Fund	32,850	229,104
Auditorium Fund	-	218,924
Senior Center Sales Tax Fund	-	68,823
Economic Development Sales Tax Fund	1,085,824	325,888
Street/Bridge Sales Tax Fund	-	242,079
Police Grants Fund	1,941	-
2021 Bond Fund	509,542	3,123,835
2016 COP Fund	276,398	-
2014 COP Fund	1,566,418	1,053
2013 Bond Fund	1,560,486	-
2012 COP Fund	3,552	1,027
Abbot Brothers Fund	-	32,850
Water and Sewer Fund	51,299	-
	<u>\$ 6,768,374</u>	<u>\$ 6,768,374</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts in the Enterprise Funds and General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

12. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of September 30, 2021, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

City of Neosho

Notes to the Financial Statements

September 30, 2021

13. Debt Refunding Loss

On June 14, 2012, the City issued \$730,000 in Series 2012A and 2012B Certificates of Participation with interest rates ranging from 2.00% to 3.250%. The City issued the certificates to refund \$735,000 of the outstanding Series 2003 Certificates of Participation with interest rates ranging from 3.40% to 5.0%. The advanced refunding resulted in the recognition of a deferred loss of \$30,664 in the governmental activities. The deferred loss is being amortized as an adjustment to interest expense over a period of 10 years.

On February 5, 2016, the City issued \$4,040,000 in Series 2016 Refunding Certificates of Participation with interest rates ranging from 2.00% to 3.00%. The City issued the certificates to refund \$4,420,000 of outstanding Series 2006A Refunding Certificates of Participation and \$290,000 of outstanding Series 2006B Refunding Certificates of Participation with interest rates ranging from 4.375% to 6.625%. The advance refunding resulted in the recognition of a deferred loss of \$122,048, which is the remaining deferred loss from the 2006 refunding, in the governmental activities. The deferred loss is amortized as an adjustment to interest expense through 2031.

A summary of the deferred loss on bond refunding is listed below:

	Balance September 30, 2020	Additions	Current Amortization	Balance September 30, 2021
Governmental Activities	\$ 73,188	\$ -	\$ (9,772)	\$ 63,416

14. Internal Balances

Internal balances as of September 30, 2021, consisted of the following:

	General Fund	Internal Service Fund
Internal balances	\$ 22,137	\$ (22,137)

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2021, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

15. Current Year Debt Refunding

On February 9, 2021, the City issued \$3,075,000 in Series 2021 Special Obligation Refunding Bonds with interest at 2.0%. The City used the proceeds to refund the remaining \$1,840,000 of the Series 2014A Certificates of Participation with interest from 2.00% to 3.25% and to refund the remaining \$1,830,000 of the Series 2013 Special Obligation Refunding Bonds with interest from 2.00% to 3.25% on April 1, 2021.

As a result of the refunding, the City reduced its debt service requirements by \$221,290, which resulted in an economic gain (difference between the present value of the debt service payments of the old and new debt) of \$214,727.

City of Neosho

Notes to the Financial Statements

September 30, 2021

16. Commitments

At September 30, 2021, the City had the following commitments:

- Branco Enterprises in the amount of \$58,000 for the new parks building.
- Southard Construction Co of Joplin Inc. in the amount of \$203,590 for the Master Water Meter Installation Project.
- Quality Fence Co. in the amount of \$22,133 for construction improvements at Scenic Park.

17. Pledged Revenues

The City has pledged future water and sewer customer revenues to repay the Series 2009B and 2011 Revenue Bonds issued to improve and expend the system. The bonds are payable solely from customers net revenues and are payable through 2033. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$9,500,143. Principal and interest paid for the current year and total customer net revenues were \$877,783 and \$1,799,066, respectively.

Required Supplementary Information

City of Neosho

Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended September 30, 2021

	Missouri Local Government Employees Retirement System (LAGERS)						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability							
Service cost	\$ 463,535	\$ 434,528	\$ 422,542	\$ 414,136	\$ 395,107	\$ 391,139	\$ 399,461
Interest on the total pension liability	1,230,083	1,153,185	1,105,875	1,069,610	1,047,617	1,004,497	974,376
Difference between expected and actual experience	(388,918)	217,265	(111,545)	(293,652)	(508,438)	(609,884)	(294,998)
Changes of assumptions	(274,489)	-	-	-	-	462,449	-
Benefit payments including refunds	(702,915)	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
<i>Net Change in Total Pension Liability</i>	327,296	992,689	687,281	530,431	312,706	560,184	447,269
Total Pension Liability, Beginning	17,084,257	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966	13,553,697
Total Pension Liability, Ending	17,411,553	17,084,257	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966
Plan Fiduciary Net Position							
Contributions - employer	227,618	222,362	245,465	264,039	261,400	293,632	317,093
Pension plan net investment income	5,324,546	249,192	1,289,199	2,118,438	1,860,492	(31,596)	323,289
Benefit payments, including refunds	(702,915)	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
Pension plan administrative expense	(23,731)	(31,328)	(28,254)	(19,379)	(18,290)	(17,749)	(19,946)
Other	(71,084)	(113,221)	(64,456)	(2,249)	(137,249)	16,467	(270,346)
<i>Net Change in Plan Fiduciary Net Position</i>	4,754,434	(485,284)	712,363	1,701,186	1,344,773	(427,263)	(281,480)
Plan Fiduciary Net Position, Beginning	19,439,163	19,924,447	19,212,084	17,510,898	16,166,125	16,593,388	16,874,868
Plan Fiduciary Net Position, Ending	24,193,597	19,439,163	19,924,447	19,212,084	17,510,898	16,166,125	16,593,388
Employer Net Pension (Asset)	<u>\$ (6,782,044)</u>	<u>\$ (2,354,906)</u>	<u>\$ (3,832,879)</u>	<u>\$ (3,807,797)</u>	<u>\$ (2,637,042)</u>	<u>\$ (1,604,975)</u>	<u>\$ (2,592,422)</u>
Plan fiduciary net position as a percentage of the total pension liability	138.95%	113.78%	123.82%	124.72%	117.73%	111.02%	119%
Covered payroll	\$ 4,116,999	\$ 3,891,193	\$ 3,633,974	\$ 3,619,993	\$ 3,527,826	\$ 3,364,217	\$ 3,553,838
Employer's net pension asset as a percentage of covered payroll	164.73%	60.52%	105.47%	105.19%	74.75%	47.71%	72.95%

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

City of Neosho

Schedule of Contributions Year Ended September 30, 2021

Missouri Local Government Employees Retirement System (LAGERS)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 243,440	\$ 221,368	\$ 244,224	\$ 270,089	\$ 259,473	\$ 294,052	\$ 312,806	\$ 327,508	\$ 350,617	\$ 312,365
Contributions in relation to the actuarially determined contribution	<u>227,647</u>	<u>221,368</u>	<u>234,819</u>	<u>265,974</u>	<u>259,473</u>	<u>294,052</u>	<u>312,806</u>	<u>327,508</u>	<u>350,617</u>	<u>308,288</u>
Contribution deficiency	<u>\$ 15,793</u>	<u>\$ -</u>	<u>\$ 9,405</u>	<u>\$ 4,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,077</u>
Covered payroll	\$ 4,148,421	\$ 3,878,259	\$ 3,809,377	\$ 3,730,002	\$ 3,632,303	\$ 3,606,430	\$ 3,682,580	\$ 3,694,022	\$ 3,398,859	\$ 2,852,638
Contributions as a percentage of covered payroll	5.49%	5.71%	6.16%	7.13%	7.14%	8.15%	8.49%	8.87%	10.32%	10.81%

See accompanying notes to the Schedule of Contributions.

City of Neosho

Notes to Schedule of Contributions

Year Ended September 30, 2021

Valuation Date: February 28, 2021.

Notes: The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, 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: 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: Multiple bases from 14 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 (General)

2.75% to 6.55% including wage inflation (Police)

2.75% to 7.15% including wage inflation (Fire)

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

City of Neosho

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes				
Property tax	\$ 413,000	\$ 473,000	\$ 476,654	\$ 3,654
City sales tax	2,595,282	3,059,844	3,059,845	1
Financial institution tax	1,000	1,000	265	(735)
Utility franchise tax	750,000	750,000	672,978	(77,022)
Cigarette tax	54,000	54,000	55,790	1,790
Public safety tax	981,800	1,446,103	1,446,404	301
	<u>4,795,082</u>	<u>5,783,947</u>	<u>5,711,936</u>	<u>(72,011)</u>
Licenses and Permits				
Occupational licenses	36,000	36,000	41,091	5,091
Building permits	100,500	439,382	439,909	527
Animal licenses and fees	500	500	569	69
Cemetery fees	33,000	47,500	48,700	1,200
	<u>170,000</u>	<u>523,382</u>	<u>530,269</u>	<u>6,887</u>
Intergovernmental Revenues				
Grants	194,544	1,460,216	144,232	(1,315,984)
Charges for Services				
Sanitation	55,000	55,000	67,877	12,877
Airport fuel sales	103,500	143,500	139,537	(3,963)
Recycling center fees	20,000	20,000	40,034	20,034
Other	220,844	220,844	213,791	(7,053)
	<u>399,344</u>	<u>439,344</u>	<u>461,239</u>	<u>21,895</u>
Fines and Forfeitures				
City court fines	271,700	271,700	237,533	(34,167)
Police training fees	4,500	4,500	2,279	(2,221)
	<u>276,200</u>	<u>276,200</u>	<u>239,812</u>	<u>(36,388)</u>
Miscellaneous				
Leases and rent income	85,573	85,573	86,742	1,169
Interest	6,500	6,500	12,224	5,724
Donations and other contributions	4,500	130,928	131,317	389
Other	35,500	35,000	25,730	(9,270)
	<u>132,073</u>	<u>258,001</u>	<u>256,013</u>	<u>(1,988)</u>
Total Revenues	<u>5,967,243</u>	<u>8,741,090</u>	<u>7,343,501</u>	<u>(1,397,589)</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Expenditures				
Current				
Administrative	525,495	531,548	467,516	64,032
Clerk/council	92,576	94,327	79,263	15,064
Development services	177,656	226,303	179,233	47,070
Police	2,244,396	2,246,495	1,984,666	261,829
Emergency management	18,082	18,459	17,818	641
Court	136,296	137,446	126,361	11,085
Airport	260,544	284,716	260,050	24,666
Recycling center	121,301	121,485	92,446	29,039
Information technology	95,700	101,443	83,310	18,133
Fleet maintenance	8,000	8,000	5,612	2,388
Human resources	77,492	78,421	72,854	5,567
Communications and events	30,000	30,000	17,727	12,273
Cemetery	119,586	132,689	115,716	16,973
Total Expenditures	3,907,124	4,011,332	3,502,572	508,760
<i>Excess of Revenues Over Expenditures</i>	<i>2,060,119</i>	<i>4,729,758</i>	<i>3,840,929</i>	<i>(888,829)</i>
Other Financing Sources (Uses)				
Operating transfers in	8,060	8,060	8,060	-
Operating transfers (out)	(1,808,858)	(1,813,131)	(1,496,823)	316,308
Sale of assets	-	70,000	36,499	(33,501)
Insurance proceeds	-	-	9,878	9,878
Total Other Financing Sources (Uses)	(1,800,798)	(1,735,071)	(1,442,386)	292,685
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	<i>259,321</i>	<i>2,994,687</i>	<i>2,398,543</i>	<i>(596,144)</i>
Fund Balance, October 1	1,950,624	2,309,822	2,309,822	-
Fund Balance, September 30	\$ 2,209,945	\$ 5,304,509	\$ 4,708,365	\$ (596,144)

See accompanying notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Street Sales Tax Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Street sales taxes	\$ 932,306	\$ 1,115,047	\$ 1,115,047	\$ -
Motor vehicle taxes	474,000	474,000	502,254	28,254
Intergovernmental revenues	24,025	24,025	37,576	13,551
Miscellaneous	13,550	13,550	21,860	8,310
Total Revenues	<u>1,443,881</u>	<u>1,626,622</u>	<u>1,676,737</u>	<u>50,115</u>
Expenditures				
Current				
Street	1,304,058	1,320,123	764,694	555,429
Total Expenditures	<u>1,304,058</u>	<u>1,320,123</u>	<u>764,694</u>	<u>555,429</u>
<i>Excess of Revenues Over Expenditures</i>	139,823	306,499	912,043	605,544
Other Financing Sources (Uses)				
Operating transfers (out)	(86,202)	(86,212)	(71,535)	14,677
Sale of property	-	-	12,257	12,257
Total Other Financing Sources (Uses)	<u>(86,202)</u>	<u>(86,212)</u>	<u>(59,278)</u>	<u>26,934</u>
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	53,621	220,287	852,765	632,478
Fund Balance, October 1	1,112,473	1,004,606	1,004,606	-
Fund Balance, September 30	<u><u>\$ 1,166,094</u></u>	<u><u>\$ 1,224,893</u></u>	<u><u>\$ 1,857,371</u></u>	<u><u>\$ 632,478</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Fire Sales Tax Fund

Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Fire sales taxes	\$ 621,204	\$ 743,261	\$ 743,262	\$ 1
Charges for services	126,689	126,689	134,184	7,495
Intergovernmental revenues	325,806	325,806	318,571	(7,235)
Miscellaneous	-	-	4,280	4,280
Total Revenues	<u>1,073,699</u>	<u>1,195,756</u>	<u>1,200,297</u>	<u>4,541</u>
Expenditures				
Current				
Fire	1,986,381	1,989,463	1,821,402	168,061
Total Expenditures	<u>1,986,381</u>	<u>1,989,463</u>	<u>1,821,402</u>	<u>168,061</u>
<i>(Deficit) of Revenues Over Expenditures</i>	(912,682)	(793,707)	(621,105)	172,602
Other Financing Sources (Uses)				
Operating transfers in	1,246,434	1,246,434	1,245,361	(1,073)
Operating transfers (out)	(333,752)	(333,752)	(330,761)	2,991
Total Other Financing Sources (Uses)	<u>912,682</u>	<u>912,682</u>	<u>914,600</u>	<u>1,918</u>
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	-	118,975	293,495	174,520
Fund Balance, October 1	371,946	437,984	437,984	-
Fund Balance, September 30	<u><u>\$ 371,946</u></u>	<u><u>\$ 556,959</u></u>	<u><u>\$ 731,479</u></u>	<u><u>\$ 174,520</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Tax Increment Financing Fund

Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 300,000	\$ 300,000	\$ 344,962	\$ 44,962
Intergovernmental revenues	-	-	51,487	51,487
Miscellaneous	6,000	6,000	9,899	3,899
Total Revenues	<u>306,000</u>	<u>306,000</u>	<u>406,348</u>	<u>100,348</u>
Expenditures				
Current				
Other	-	150,000	111,344	38,656
Total Expenditures	<u>-</u>	<u>150,000</u>	<u>111,344</u>	<u>38,656</u>
<i>Excess of Revenues Over Expenditures</i>	306,000	156,000	295,004	139,004
Other Financing (Uses)				
Operating transfers (out)	(49,562)	(51,300)	(51,299)	1
Total Other Financing (Uses)	<u>(49,562)</u>	<u>(51,300)</u>	<u>(51,299)</u>	<u>1</u>
<i>Excess of Revenues Over Expenditures and Other (Uses)</i>	256,438	104,700	243,705	139,005
Fund Balance, October 1	2,512,007	2,484,578	2,484,578	-
Fund Balance, September 30	<u><u>\$ 2,768,445</u></u>	<u><u>\$ 2,589,278</u></u>	<u><u>\$ 2,728,283</u></u>	<u><u>\$ 139,005</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Economic Development Sales Tax Fund

Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes	\$ 310,741	\$ 371,630	\$ 371,631	\$ 1
Miscellaneous	800	800	1,040	240
Total Revenues	<u>311,541</u>	<u>372,430</u>	<u>372,671</u>	<u>241</u>
Expenditures				
Economic development	1,546,109	1,546,109	1,477,510	68,599
Total Expenditures	<u>1,546,109</u>	<u>1,546,109</u>	<u>1,477,510</u>	<u>68,599</u>
<i>(Deficit) of Revenues Over Expenditures</i>	(1,234,568)	(1,173,679)	(1,104,839)	68,840
Other Financing Sources (Uses)				
Operating transfers in	1,546,109	1,550,382	1,085,824	(464,558)
Operating transfers (out)	(375,477)	(375,477)	(325,888)	49,589
Total Other Financing Sources (Uses)	<u>1,170,632</u>	<u>1,174,905</u>	<u>759,936</u>	<u>(414,969)</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	(63,936)	1,226	(344,903)	(346,129)
Fund Balance, October 1	298,704	361,807	361,807	-
Fund Balance, September 30	<u><u>\$ 234,768</u></u>	<u><u>\$ 363,033</u></u>	<u><u>\$ 16,904</u></u>	<u><u>\$ (346,129)</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Neosho

Notes to the Budgetary Comparison Schedules

Year Ended September 30, 2021

Budgets and Budgetary Accounting

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

1. Prior to October, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late August or early September to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to October 1, ordinances are passed by Council which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.

Other Financial Information

City of Neosho

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2021

	Special Revenue Funds									
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Street/ Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
Assets										
Cash and cash equivalents	\$ 643	\$ -	\$ 819,920	\$ 465,923	\$ 543,068	\$ 147,728	\$ 522,935	\$ 305,307	\$ 178,248	\$ 538
Sales tax receivable	-	-	84,620	95,219	89,939	29,980	59,946	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	5,237	-
Prepaid expenses	-	-	3,204	28,070	13,894	3,195	-	-	13,751	-
Cash and cash equivalents - restricted	-	2,086	-	-	30,480	-	-	-	9,191	-
Total Assets	\$ 643	\$ 2,086	\$ 907,744	\$ 589,212	\$ 677,381	\$ 180,903	\$ 582,881	\$ 305,307	\$ 206,427	\$ 538
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 382	\$ 3,372	\$ 9,279	\$ 2,218	\$ -	\$ -	\$ 4,713	\$ -
Accrued expenses	-	-	162	520	45	11	-	-	-	-
Deposits held	-	-	-	-	30,480	-	-	-	323	-
Total Liabilities	-	-	544	3,892	39,804	2,229	-	-	5,036	-

City of Neosho

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2021

	Special Revenue Funds									
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Street/ Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
Fund Balance										
Nonspendable										
Permanent	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	3,204	28,070	13,894	3,195	-	-	13,751	-
Restricted for										
Public safety	643	2,086	-	-	-	-	-	-	-	538
Drainage	-	-	871,541	-	-	-	-	-	-	-
Parks and recreation	-	-	-	104,498	-	-	-	-	-	-
Auditorium	-	-	-	-	428,028	-	-	-	-	-
Senior center	-	-	-	-	-	113,180	-	-	-	-
Street and bridge	-	-	-	-	-	-	434,720	-	-	-
Tourism development	-	-	-	-	-	-	-	301,606	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Assigned to										
Drainage	-	-	32,455	-	-	-	-	-	-	-
Parks and recreation	-	-	-	452,752	-	-	-	-	-	-
Auditorium	-	-	-	-	195,655	-	-	-	-	-
Senior center	-	-	-	-	-	62,299	-	-	-	-
Golf course	-	-	-	-	-	-	-	-	187,640	-
Street and bridge	-	-	-	-	-	-	148,161	-	-	-
Tourism development	-	-	-	-	-	-	-	3,701	-	-
Total Fund Balances	643	2,086	907,200	585,320	637,577	178,674	582,881	305,307	201,391	538
Total Liabilities and Fund Balance	\$ 643	\$ 2,086	\$ 907,744	\$ 589,212	\$ 677,381	\$ 180,903	\$ 582,881	\$ 305,307	\$ 206,427	\$ 538

City of Neosho

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2021

	Debt Service Funds					Permanent Funds		Total
	2014 COP Fund	2013 Bond Fund	2012 COP Fund	2016 COP Fund	2021 Bond Fund	Abbot Brothers Fund	Morse Park Fund	Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ 150	\$ 11,542	\$ 1,662	\$ -	\$ 2,801	\$ 39,494	\$ 3,641	\$ 3,043,600
Sales tax receivable	-	-	-	-	-	-	-	359,704
Other accounts receivable	-	-	-	-	-	-	-	5,237
Prepaid expenses	-	-	-	-	-	-	-	62,114
Cash and cash equivalents - restricted	-	-	1,500	402,861	-	-	-	446,118
Total Assets	<u>\$ 150</u>	<u>\$ 11,542</u>	<u>\$ 3,162</u>	<u>\$ 402,861</u>	<u>\$ 2,801</u>	<u>\$ 39,494</u>	<u>\$ 3,641</u>	<u>\$ 3,916,773</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,964
Accrued expenses	-	-	-	-	-	-	-	738
Deposits held	-	-	-	-	-	-	-	30,803
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,505</u>

City of Neosho

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2021

	Debt Service Funds					Permanent Funds		Total
	2014 COP Fund	2013 Bond Fund	2012 COP Fund	2016 COP Fund	2021 Bond Fund	Abbot Brothers Fund	Morse Park Fund	Nonmajor Governmental Funds
Fund Balances								
Nonspendable								
Permanent	-	-	-	-	-	39,494	3,641	43,135
Prepaid items	-	-	-	-	-	-	-	62,114
Restricted for								
Public safety	-	-	-	-	-	-	-	3,267
Drainage	-	-	-	-	-	-	-	871,541
Parks and recreation	-	-	-	-	-	-	-	104,498
Auditorium	-	-	-	-	-	-	-	428,028
Senior center	-	-	-	-	-	-	-	113,180
Street and bridge	-	-	-	-	-	-	-	434,720
Tourism development	-	-	-	-	-	-	-	301,606
Debt service	150	11,542	3,162	402,861	2,801	-	-	420,516
Assigned to								
Drainage	-	-	-	-	-	-	-	32,455
Parks and recreation	-	-	-	-	-	-	-	452,752
Auditorium	-	-	-	-	-	-	-	195,655
Senior center	-	-	-	-	-	-	-	62,299
Golf course	-	-	-	-	-	-	-	187,640
Street and bridge	-	-	-	-	-	-	-	148,161
Tourism development	-	-	-	-	-	-	-	3,701
Total Fund Balances	<u>150</u>	<u>11,542</u>	<u>3,162</u>	<u>402,861</u>	<u>2,801</u>	<u>39,494</u>	<u>3,641</u>	<u>3,865,268</u>
Total Liabilities and Fund Balances	<u>\$ 150</u>	<u>\$ 11,542</u>	<u>\$ 3,162</u>	<u>\$ 402,861</u>	<u>\$ 2,801</u>	<u>\$ 39,494</u>	<u>\$ 3,641</u>	<u>\$ 3,916,773</u>

City of Neosho

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds

Year Ended September 30, 2021

	Special Revenue Funds									
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Street/Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
Revenues										
Taxes	\$ -	\$ -	\$ 445,958	\$ 668,936	\$ 557,446	\$ 185,815	\$ 371,631	\$ 93,439	\$ -	\$ -
Intergovernmental revenues	13,635	-	159	161,819	-	200	-	-	-	-
Charges for services	-	-	-	13,685	29,800	-	-	-	486,161	-
Donations and other contributions	-	16,344	-	-	-	-	-	-	-	-
Miscellaneous	-	13	3,070	5,121	1,591	405	1,584	951	7,225	1
Total Revenues	13,635	16,357	449,187	849,561	588,837	186,420	373,215	94,390	493,386	1
Expenditures										
Current										
Police	16,345	16,803	-	-	-	-	-	-	-	-
Drainage	-	-	128,901	-	-	-	-	-	-	-
Parks and recreation	-	-	-	497,153	-	-	-	-	-	-
Auditorium	-	-	-	-	122,055	-	-	-	-	-
Senior center	-	-	-	-	-	44,522	-	-	-	-
Golf course	-	-	-	-	-	-	-	-	428,846	-
Tourism development	-	-	-	-	-	-	-	40,961	-	-
Other	-	-	-	-	-	-	-	-	-	-
Debt Service										
Principal and interest	-	-	-	-	-	-	-	-	-	-
Total Expenditures	16,345	16,803	128,901	497,153	122,055	44,522	-	40,961	428,846	-

City of Neosho

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds

Year Ended September 30, 2021

	Special Revenue Funds									
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Street/Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,710)	(446)	320,286	352,408	466,782	141,898	373,215	53,429	64,540	1
Other Financing Sources (Uses)										
Operating transfers in	1,941	-	-	32,850	-	-	-	-	426,643	-
Operating transfers (out)	-	-	(145,330)	(229,104)	(218,924)	(68,823)	(242,079)	(2,400)	(426,643)	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	2,467	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,941</u>	<u>-</u>	<u>(145,330)</u>	<u>(193,787)</u>	<u>(218,924)</u>	<u>(68,823)</u>	<u>(242,079)</u>	<u>(2,400)</u>	<u>-</u>	<u>-</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	(769)	(446)	174,956	158,621	247,858	73,075	131,136	51,029	64,540	1
Fund Balance, October 1	<u>1,412</u>	<u>2,532</u>	<u>732,244</u>	<u>426,699</u>	<u>389,719</u>	<u>105,599</u>	<u>451,745</u>	<u>254,278</u>	<u>136,851</u>	<u>537</u>
Fund Balance, September 30	<u><u>\$ 643</u></u>	<u><u>\$ 2,086</u></u>	<u><u>\$ 907,200</u></u>	<u><u>\$585,320</u></u>	<u><u>\$637,577</u></u>	<u><u>\$ 178,674</u></u>	<u><u>\$582,881</u></u>	<u><u>\$305,307</u></u>	<u><u>\$ 201,391</u></u>	<u><u>\$ 538</u></u>

City of Neosho

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds

Year Ended September 30, 2021

	Debt Service Funds					Permanent Funds		Total Nonmajor Governmental Funds
	2014 COP Fund	2013 Bond Fund	2012 COP Fund	2016 COP Fund	2021 Bond Fund	Abbot Brothers Fund	Morse Park Fund	
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,323,225
Intergovernmental revenues	-	-	-	-	-	-	-	175,813
Charges for services	-	-	-	-	-	-	-	529,646
Donations and other contributions	-	-	-	-	-	-	-	16,344
Miscellaneous	-	391	-	-	6	3,913	13	24,284
Total Revenues	-	391	-	-	6	3,913	13	3,069,312
Expenditures								
Current								
Police	-	-	-	-	-	-	-	33,148
Drainage	-	-	-	-	-	-	-	128,901
Parks and recreation	-	-	-	-	-	-	-	497,153
Auditorium	-	-	-	-	-	-	-	122,055
Senior center	-	-	-	-	-	-	-	44,522
Golf course	-	-	-	-	-	-	-	428,846
Tourism development	-	-	-	-	-	-	-	40,961
Other	-	-	-	-	-	388	-	388
Debt Service								
Principal and interest	1,896,279	1,859,051	2,542	276,294	585,675	-	-	4,619,841
Total Expenditures	1,896,279	1,859,051	2,542	276,294	585,675	388	-	5,915,815
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(1,896,279)	(1,858,660)	(2,542)	(276,294)	(585,669)	3,525	13	(2,846,503)
Other Financing Sources (Uses)								
Operating transfers in	1,566,418	1,560,486	3,552	276,398	509,542	-	-	4,377,830
Operating transfers (out)	(1,053)	-	(1,027)	-	(3,123,835)	(32,850)	-	(4,492,068)
Bond proceeds	-	-	-	-	3,202,763	-	-	3,202,763
Insurance proceeds	-	-	-	-	-	-	-	2,467
Total Other Financing Sources (Uses)	1,565,365	1,560,486	2,525	276,398	588,470	(32,850)	-	3,090,992
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	(330,914)	(298,174)	(17)	104	2,801	(29,325)	13	244,489
Fund Balance, October 1	331,064	309,716	3,179	402,757	-	68,819	3,628	3,620,779
Fund Balance, September 30	<u>\$ 150</u>	<u>\$ 11,542</u>	<u>\$ 3,162</u>	<u>\$ 402,861</u>	<u>\$ 2,801</u>	<u>\$ 39,494</u>	<u>\$ 3,641</u>	<u>\$ 3,865,268</u>

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*

Honorable Mayor and City Council
City of Neosho
Neosho, 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Neosho, Missouri's basic financial statements and have issued our report thereon dated February 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Neosho, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Neosho, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "KPM CPAs, PC". The letters are cursive and fluid, with the "K" and "P" being particularly prominent.

KPM CPAs, PC
Springfield, Missouri
February 25, 2022