

# City of Neosho, Missouri

## Basic Financial Statements Year Ended September 30, 2023



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Honorable Mayor and City Council  
City of Neosho  
Neosho, Missouri

## **Report on the Audit of the Financial Statements**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of September 30, 2023, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Neosho, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (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.

### ***Supplementary 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 March 7, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Neosho, Missouri's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
March 7, 2024

## **Management's Discussion and Analysis**

# City of Neosho

## Management's Discussion and Analysis

September 30, 2023

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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, 2023. Please read it in conjunction with the City's financial statements.

### Financial Highlights

The net position of the City's governmental activities increased by \$5,432,538 as a result of current year activities. The net position of the City's business activities increased by \$767,174 for the year.

The assets and deferred outflow of resources of the City exceeded liabilities and deferred inflow of resources by \$70.7 million (net position), as of September 30, 2023. Of this amount, \$21.2 million was unrestricted and may be used to meet future obligations of the City, \$6.3 million was restricted and \$43.3 million represents capital assets (net of related debt) of the City.

Total long-term liabilities of the City decreased by \$1,785,635 to a total of \$9.6 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, 2023

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### 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, 2023

### Government-Wide Financial Analysis

#### Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2023 and 2022:

	Governmental Activities	Business-Type Activities	Total September 30, 2023	Total September 30, 2022
<b>Assets</b>				
Current and other assets	\$ 19,968,391	\$ 6,359,464	\$ 26,327,855	\$ 23,719,740
Leases receivable	113,899	364,752	478,651	493,816
Net pension asset	3,397,996	674,376	4,072,372	5,138,994
Capital assets	34,506,283	19,562,264	54,068,547	52,264,846
<b>Total Assets</b>	<b>57,986,569</b>	<b>26,960,856</b>	<b>84,947,425</b>	<b>81,617,396</b>
<b>Deferred Outflow of Resources</b>				
Deferred pension outflow	674,349	98,694	773,043	250,027
Deferred charge on refundings	46,938	-	46,938	53,644
<b>Total Deferred Outflow of Resources</b>	<b>721,287</b>	<b>98,694</b>	<b>819,981</b>	<b>303,671</b>
<b>Liabilities</b>				
Long-term liabilities outstanding	3,139,859	6,472,712	9,612,571	11,398,206
Other liabilities	3,454,520	1,072,240	4,526,760	4,321,888
<b>Total Liabilities</b>	<b>6,594,379</b>	<b>7,544,952</b>	<b>14,139,331</b>	<b>15,720,094</b>
<b>Deferred Inflow of Resources</b>				
Deferred pension inflow	398,524	18,244	416,768	1,165,351
Deferred leases inflow	117,942	371,160	489,102	513,129
<b>Total Deferred Inflow of Resources</b>	<b>516,466</b>	<b>389,404</b>	<b>905,870</b>	<b>1,678,480</b>
<b>Net Position</b>				
Net investment in capital assets	30,920,540	12,343,564	43,264,104	39,459,435
Restricted	6,068,863	224,051	6,292,914	5,699,499
Unrestricted	14,607,608	6,557,579	21,165,187	19,363,559
<b>Total Net Position</b>	<b>\$ 51,597,011</b>	<b>\$ 19,125,194</b>	<b>\$ 70,722,205</b>	<b>\$ 64,522,493</b>

Total Net Position of the City increased by \$6,199,712 for the year due to current year activities. Total liabilities for the City decreased by \$1,580,763. Net investment in capital assets increased \$3,804,669.

# City of Neosho

## Management's Discussion and Analysis

September 30, 2023

### Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2023	Total Year Ended September 30, 2022
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 1,841,359	\$ 5,670,352	\$ 7,511,711	\$ 7,389,676
Operating grants and contributions	167,198	-	167,198	239,646
Capital grants and contributions	566,327	348,322	914,649	1,012,913
General Revenues				
Property taxes	498,450	-	498,450	481,752
Sales taxes	10,788,965	-	10,788,965	10,210,138
Motor vehicle and gas taxes	630,358	-	630,358	531,806
Other taxes	142,144	-	142,144	1,256,225
Franchise fees	872,621	-	872,621	807,628
Interest	72,502	34,043	106,545	86,949
Other revenue	80,692	39,848	120,540	84,544
Special Items				
Gain on sale of capital assets	76,983	-	76,983	23,550
Insurance proceeds	43,324	-	43,324	43,101
Transfers	(67,002)	67,002	-	-
<b>Total Revenues</b>	<b>15,713,921</b>	<b>6,159,567</b>	<b>21,873,488</b>	<b>22,167,928</b>
<b>Expenses</b>				
Administrative	548,585	-	548,585	457,124
Clerk/council	108,959	-	108,959	93,121
Auditorium	325,233	-	325,233	310,674
Development services	263,351	-	263,351	191,013
Police	2,210,632	-	2,210,632	2,035,951
Fire	2,048,323	-	2,048,323	1,783,271
Emergency management	18,179	-	18,179	31,312
Court	161,005	-	161,005	125,197
Airport	433,340	-	433,340	474,876
Drainage	200,185	-	200,185	189,868
Street	1,799,844	-	1,799,844	1,594,094
Parks	630,959	-	630,959	584,028
Recreation	3,653	-	3,653	3,653
Senior center	103,694	-	103,694	83,677
Recycling center	156,422	-	156,422	96,204
Cemetery	126,880	-	126,880	125,931
Information technology	73,943	-	73,943	85,908
Property control	4,594	-	4,594	6,680
Human resources	86,489	-	86,489	65,926
Golf course	596,905	-	596,905	501,881
Tourism development	77,042	-	77,042	81,399
Communication and events	30,783	-	30,783	32,722
Economic development	193,796	-	193,796	408,309
Other	349	-	349	157
Debt service	78,238	-	78,238	92,338
Water and sewer	-	5,392,393	5,392,393	4,945,033
<b>Total Expenses</b>	<b>10,281,383</b>	<b>5,392,393</b>	<b>15,673,776</b>	<b>14,400,347</b>
<b>Changes in Net Position</b>	<b>\$ 5,432,538</b>	<b>\$ 767,174</b>	<b>\$ 6,199,712</b>	<b>\$ 7,767,581</b>

# City of Neosho

## Management's Discussion and Analysis

September 30, 2023

### Governmental Activities

Governmental activities increased the net position of the City by \$5,432,538. Tax revenues for the City were \$12,932,538 which represents 82% of the funding of these activities. Program revenues for the functions totaled \$2,574,884 or 16% 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

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Administrative	\$ 548,585	\$ 496,297
Clerk/council	108,959	108,959
Auditorium	325,233	285,221
Development services	263,351	125,770
Police	2,210,632	1,658,313
Fire	2,048,323	1,904,560
Emergency management	18,179	18,179
Court	161,005	138,708
Airport	433,340	(77,939)
Drainage	200,185	35,583
Street	1,799,844	1,753,040
Parks	630,959	606,154
Recreation	3,653	3,653
Senior center	103,694	103,694
Recycling center	156,422	56,047
Cemetery	126,880	82,862
Information technology	73,943	73,943
Property control	4,594	4,594
Human resources	86,489	86,489
Golf course	596,905	(3,803)
Tourism development	77,042	77,042
Communication and events	30,783	1,750
Economic development	193,796	88,796
Other	349	349
Debt service	78,238	78,238
	<u>\$ 10,281,383</u>	<u>\$ 7,706,499</u>

### Business-Type Activities

Business-type activities increased the City's net position by \$767,174. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$1,632,950.

# City of Neosho

## Management's Discussion and Analysis

September 30, 2023

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### Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2023, were \$17,199,743. The combined fund balances are up \$2,198,850 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 \$7,856,965 was amended to \$8,252,761.

The original expenditures budget of \$4,740,530 was amended to \$4,454,928.

Budget adjustments were presented and approved by the City Council. Final amended budgeted revenues were \$449,822 less than actual revenues, and budgeted expenditures were \$531,251 above actual expenditures.

### Capital Asset and Debt Administration

#### Capital Assets

Capital assets of the governmental activities were \$34,506,283 (net of accumulated depreciation) as of September 30, 2023. This represents a \$1,884,464 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 \$19,562,264 as of September 30, 2023. This represents a decrease of \$80,763 from the prior year. The decrease is due to current year provisions of depreciation outweighing the current year addition of new assets.

#### Debt

Total debt of the governmental activities as of September 30, 2023, was \$3,585,743 which is down \$1,199,522 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, 2023, was \$7,218,700, which is down \$801,446. The decrease is due to principal payments made in the current year.

# City of Neosho

## Management's Discussion and Analysis

September 30, 2023

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### **Economic Factors and Next Year's Budget**

The economic impact on the City appears to have slowed from that of the pace witnessed in recent fiscal years. We continue to see peaks and valleys throughout the year in the General Fund (1% sales tax). Sales tax receipts have slowed with a slight increase of 5% for FY2023. Our efforts to pursue capital improvement continue focused, but cautious. In FY2023, a new shopping center housing Eagle Outfitters was completed and opened. This will bring in additional sales tax and property tax revenue to the City. Growth for commercial and residential remains constant at a calm, but steady pace. Revenues are expected to remain steady for FY2024. 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 12,590 in 2020. While the City's revenues remain fairly consistent, expenses across the board continue to rise.

We continue to seek out and apply for grants available to us. The City plans to apply and use MODOT grants again in 2024. The Police Department is applying for the Local Law Enforcement Block Grant (LLEGB) grant for funding small capital items. In addition the Police Department is applying for other grants available to local law enforcement. The City plans to renew the contract with the Neosho Area Fire Protection District and the Neosho YMCA. The City has been approved for DED funding for a stormwater mitigation project which begin in FY2023. In addition, the City received approval from DNR using an ARPA grant to complete two additional drainage projects to begin FY2024.

The combined leadership of the Council and staff continue to look toward the future through proper planning, budgeting and efficiency of all City staff and resources. The City's fleet and equipment are continually updated and properly maintained. The City Administration has worked hard to properly budget for the replacement of worn-out equipment including vehicles and will continue when appropriate to do so and only when the budget allows for those capital expenditures. Replacement of the roofing material at City Hall and the auditorium began December 2023 and October 2023 respectively. Improvements at Scenic Park, and the Bike Trails in Morse Park are planned. In addition, resurfacing of roads, alleyways and IOOF Cemetery are planned for the upcoming year. The City is in the beginning stages for the planning and design of the long anticipated Public Safety Center.

For FY2024, the City has looked into a management contract for the Neosho Golf Course. This will be similar to the agreement utilized under the City's water and wastewater treatment facilities. This arrangement will ensure the efficient operations of the golf course. This new relationship will continue to be evaluated to ensure the continued collaboration remains in the best interest of the City.

There are current and ongoing plans in FY2024 for projects to promote tourism and grow revenue. A Hotel Feasibility study is being conducted and will be finalized in FY2024. Whenever possible, grant money will be used for these projects.

Additional master meters are budgeted for purchase and will be installed to monitor the pressure zone established to be a high loss area. As isolation continues within the high loss areas, concentrated efforts are being 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.

# City of Neosho

## Management's Discussion and Analysis

September 30, 2023

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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 October 2020. 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.

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. 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	<a href="mailto:d.kennedy@neoshomo.gov">d.kennedy@neoshomo.gov</a>
Leslie Forest, Finance Director	<a href="mailto:lforest@neoshomo.gov">lforest@neoshomo.gov</a>
Cheyenne Wright, City Clerk	<a href="mailto:cwright@neoshomo.gov">cwright@neoshomo.gov</a>

# City of Neosho

## Statement of Net Position

September 30, 2023

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current			
Cash and cash equivalents - unrestricted	\$ 15,105,889	\$ 5,381,725	\$ 20,487,614
Taxes receivable	2,022,423	-	2,022,423
Utilities receivable, net	-	509,249	509,249
Other accounts receivable	33,648	17,291	50,939
Court fines receivable, net	27,897	-	27,897
Intergovernmental receivable	366,095	-	366,095
Interest receivable	506	7,364	7,870
Leases receivable - current	1,132	14,031	15,163
Inventory	85,790	-	85,790
Prepaid expenses	279,559	133,763	413,322
Noncurrent			
Restricted cash and cash equivalents	2,045,452	296,041	2,341,493
Leases receivable - noncurrent	113,899	364,752	478,651
Net pension asset	3,397,996	674,376	4,072,372
Capital Assets			
Non-depreciable	11,818,329	210,677	12,029,006
Depreciable, net	22,687,954	19,351,587	42,039,541
<b>Total Assets</b>	<b>57,986,569</b>	<b>26,960,856</b>	<b>84,947,425</b>
<b>Deferred Outflow of Resources</b>			
Deferred pension outflow	674,349	98,694	773,043
Deferred charge on refundings	46,938	-	46,938
<b>Total Deferred Outflow of Resources</b>	<b>721,287</b>	<b>98,694</b>	<b>819,981</b>
<b>Liabilities</b>			
Current			
Accounts payable	995,270	162,730	1,158,000
Accrued expenses	168,493	27,969	196,462
Accrued interest payable	38,408	27,251	65,659
Deposits held	14,958	-	14,958
Meter deposits held	-	71,990	71,990
Unearned revenue	1,559,237	-	1,559,237
Current maturities of long-term debt	678,154	782,300	1,460,454
	<b>3,454,520</b>	<b>1,072,240</b>	<b>4,526,760</b>
Noncurrent			
Certificates of participation payable	1,655,000	-	1,655,000
Bonds payable	1,299,527	6,436,400	7,735,927
Compensated absences payable	185,332	36,312	221,644
	<b>3,139,859</b>	<b>6,472,712</b>	<b>9,612,571</b>
<b>Total Liabilities</b>	<b>6,594,379</b>	<b>7,544,952</b>	<b>14,139,331</b>

See accompanying Notes to the Financial Statements.

## City of Neosho

### Statement of Net Position

September 30, 2023

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflow of Resources</b>			
Deferred lease inflow	117,942	371,160	489,102
Deferred pension inflow	398,524	18,244	416,768
<b>Total Deferred Inflow of Resources</b>	<u>516,466</u>	<u>389,404</u>	<u>905,870</u>
<b>Net Position</b>			
Net investment in capital assets	30,920,540	12,343,564	43,264,104
Restricted	6,068,863	224,051	6,292,914
Unrestricted	14,607,608	6,557,579	21,165,187
<b>Total Net Position</b>	<u><u>\$ 51,597,011</u></u>	<u><u>\$ 19,125,194</u></u>	<u><u>\$ 70,722,205</u></u>

See accompanying Notes to the Financial Statements.



# City of Neosho

## Statement of Activities

Year Ended September 30, 2023

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	\$ (548,585)	\$ 52,288	\$ -	\$ -	\$ (496,297)	\$ -	\$ (496,297)
Clerk/Council	(108,959)	-	-	-	(108,959)	-	(108,959)
Auditorium	(325,233)	40,012	-	-	(285,221)	-	(285,221)
Development services	(263,351)	137,581	-	-	(125,770)	-	(125,770)
Police	(2,210,632)	528,382	23,937	-	(1,658,313)	-	(1,658,313)
Fire	(2,048,323)	126,093	40	17,630	(1,904,560)	-	(1,904,560)
Emergency management	(18,179)	-	-	-	(18,179)	-	(18,179)
Court	(161,005)	22,297	-	-	(138,708)	-	(138,708)
Airport	(433,340)	241,257	-	270,022	77,939	-	77,939
Drainage	(200,185)	-	37,731	126,871	(35,583)	-	(35,583)
Street	(1,799,844)	-	-	46,804	(1,753,040)	-	(1,753,040)
Parks	(630,959)	8,316	16,489	-	(606,154)	-	(606,154)
Recreation	(3,653)	-	-	-	(3,653)	-	(3,653)
Senior center	(103,694)	-	-	-	(103,694)	-	(103,694)
Recycling center	(156,422)	31,542	68,833	-	(56,047)	-	(56,047)
Cemetery	(126,880)	40,000	4,018	-	(82,862)	-	(82,862)
Information technology	(73,943)	-	-	-	(73,943)	-	(73,943)
Property control	(4,594)	-	-	-	(4,594)	-	(4,594)
Human resources	(86,489)	-	-	-	(86,489)	-	(86,489)
Golf course	(596,905)	600,708	-	-	3,803	-	3,803
Tourism development	(77,042)	-	-	-	(77,042)	-	(77,042)
Communications and events	(30,783)	12,883	16,150	-	(1,750)	-	(1,750)
Economic development	(193,796)	-	-	105,000	(88,796)	-	(88,796)
Other	(349)	-	-	-	(349)	-	(349)
Debt service	(78,238)	-	-	-	(78,238)	-	(78,238)
<b>Total Governmental Activities</b>	<b>(10,281,383)</b>	<b>1,841,359</b>	<b>167,198</b>	<b>566,327</b>	<b>(7,706,499)</b>	<b>-</b>	<b>(7,706,499)</b>

See accompanying Notes to the Financial Statements.

# City of Neosho

## Statement of Activities

Year Ended September 30, 2023

Functions/Programs	Program Revenues				Net (Expenses), Revenues, and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water and Sewer	(5,392,393)	5,670,352	-	348,322	-	626,281	626,281
<b>Total Business-Type Activities</b>	<u>(5,392,393)</u>	<u>5,670,352</u>	<u>-</u>	<u>348,322</u>	<u>-</u>	<u>626,281</u>	<u>626,281</u>
<b>Total Government</b>	<u>\$ (15,673,776)</u>	<u>\$ 7,511,711</u>	<u>\$ 167,198</u>	<u>\$ 914,649</u>	<u>(7,706,499)</u>	<u>626,281</u>	<u>(7,080,218)</u>
General Revenues							
Property taxes					498,450	-	498,450
Sales taxes					10,788,965	-	10,788,965
Motor vehicle and gas taxes					630,358	-	630,358
Other and delinquent taxes					142,144	-	142,144
Franchise fees					872,621	-	872,621
Interest					72,502	34,043	106,545
Other revenue					80,692	39,848	120,540
Special Items							
Gain on sale of assets					76,983	-	76,983
Insurance proceeds					43,324	-	43,324
Transfers					(67,002)	67,002	-
<b>Total General Revenues, Special Items, and Transfers</b>					<u>13,139,037</u>	<u>140,893</u>	<u>13,279,930</u>
<i>Changes in Net Position</i>					5,432,538	767,174	6,199,712
Net Position, Beginning of year					46,164,473	18,358,020	64,522,493
<b>Net Position, End of year</b>					<u>\$ 51,597,011</u>	<u>\$ 19,125,194</u>	<u>\$ 70,722,205</u>

See accompanying Notes to the Financial Statements.

## City of Neosho

### Balance Sheet – Governmental Funds

September 30, 2023

	Special Revenue Funds					
	General	Street	Fire	Economic	Nonmajor	Total
	Fund	Sales Tax	Sales Tax	Development	Governmental	Governmental
	Fund	Fund	Fund	Sales Tax	Funds	Funds
	Fund	Fund	Fund	Fund	Funds	Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 7,125,257	\$ 2,138,480	\$ 477,932	\$ 536,108	\$ 4,797,812	\$ 15,075,589
Taxes receivable	1,250,137	193,128	128,696	64,348	386,114	2,022,423
Leases receivable	115,031	-	-	-	-	115,031
Interest receivable	506	-	-	-	-	506
Other accounts receivable	28,411	-	-	-	5,237	33,648
Court fines receivable, net	27,897	-	-	-	-	27,897
Intergovernmental receivable	276,877	-	-	-	89,218	366,095
Inventory	85,790	-	-	-	-	85,790
Prepaid expenses	108,649	15,264	72,261	-	83,385	279,559
Restricted cash and cash equivalents	1,587,880	116,936	-	-	340,636	2,045,452
<b>Total Assets</b>	<u>\$10,606,435</u>	<u>\$ 2,463,808</u>	<u>\$ 678,889</u>	<u>\$ 600,456</u>	<u>\$ 5,702,402</u>	<u>\$ 20,051,990</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>						
Liabilities						
Accounts payable	\$ 419,774	\$ 42,308	\$ 21,637	\$ 445,940	\$ 61,958	\$ 991,617
Accrued expenses	100,937	12,994	53,714	-	848	168,493
Deposits held	6,800	-	-	-	8,158	14,958
Unearned revenue	1,559,237	-	-	-	-	1,559,237
<b>Total Liabilities</b>	<u>2,086,748</u>	<u>55,302</u>	<u>75,351</u>	<u>445,940</u>	<u>70,964</u>	<u>2,734,305</u>
<b>Deferred Inflow of Resources</b>						
Deferred inflow - leases	117,942	-	-	-	-	117,942

See accompanying Notes to the Financial Statements.

## City of Neosho

### Balance Sheet – Governmental Funds

September 30, 2023

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Economic Development Sales Tax Fund		
Fund Balance						
Nonspendable						
Permanent - Parks	-	-	-	-	48,637	48,637
Inventory	85,790	-	-	-	-	85,790
Prepaid items	108,649	15,264	72,261	-	83,385	279,559
Restricted for						
Public safety	-	-	-	-	14,189	14,189
Drainage	-	-	-	-	1,298,503	1,298,503
Auditorium	-	-	-	-	815,208	815,208
Streets	-	2,393,242	-	-	-	2,393,242
Senior center	-	-	-	-	167,385	167,385
Street and bridge	-	-	-	-	776,601	776,601
Tourism development	-	-	-	-	287,043	287,043
Debt service	-	-	-	-	316,692	316,692
Assigned to						
Drainage	-	-	-	-	98,995	98,995
Public safety	-	-	531,277	-	-	531,277
Parks and recreation	-	-	-	-	653,100	653,100
Auditorium	-	-	-	-	296,389	296,389
Senior center	-	-	-	-	61,174	61,174
Economic development	-	-	-	154,516	-	154,516
Golf course	-	-	-	-	555,339	555,339
Street and bridge	-	-	-	-	152,799	152,799
Tourism development	-	-	-	-	5,999	5,999
Unassigned	8,207,306	-	-	-	-	8,207,306
<b>Total Fund Balances</b>	<u>8,401,745</u>	<u>2,408,506</u>	<u>603,538</u>	<u>154,516</u>	<u>5,631,438</u>	<u>17,199,743</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$10,606,435</u>	<u>\$ 2,463,808</u>	<u>\$ 678,889</u>	<u>\$ 600,456</u>	<u>\$ 5,702,402</u>	<u>\$ 20,051,990</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, 2023

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Fund balance - total governmental funds	\$ 17,199,743
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	73,196,587
Less accumulated depreciation	<u>(38,690,304)</u>
	34,506,283
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.	26,647
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	3,397,996
Deferred outflows due to pensions	674,349
Deferred inflows due to pensions	<u>(398,524)</u>
	3,673,821
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(38,408)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(3,771,075)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 51,597,011</u></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, 2023

		Special Revenue Funds				
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Economic Development Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 7,190,126	\$ 1,884,757	\$ 838,036	\$ 418,017	\$ 2,601,603	\$ 12,932,539
Licenses and permits	228,782	-	-	-	-	228,782
Intergovernmental revenues	370,239	28,039	17,630	-	158,461	574,369
Charges for services	395,048	-	126,093	-	654,330	1,175,471
Fines and forfeitures	354,081	-	-	-	-	354,081
Donations and other contributions	4,018	-	-	105,000	33,948	142,966
Miscellaneous	160,289	22,834	17,641	1,491	38,752	241,007
Total Revenues	8,702,583	1,935,630	999,400	524,508	3,487,094	15,649,215
Expenditures						
Current						
Administrative	536,698	-	-	-	-	536,698
Clerk/Council	106,805	-	-	-	-	106,805
Auditorium	-	-	-	-	147,060	147,060
Development services	251,191	-	-	-	-	251,191
Police	2,093,833	-	-	-	23,489	2,117,322
Fire	-	-	2,090,120	-	-	2,090,120
Emergency management	15,352	-	-	-	-	15,352
Court	155,439	-	-	-	-	155,439
Airport	303,598	-	-	-	-	303,598
Drainage	-	-	-	-	141,688	141,688
Street	-	1,635,381	-	-	-	1,635,381
Parks and recreation	-	-	-	-	507,613	507,613
Senior center	-	-	-	-	65,181	65,181
Recycling center	143,258	-	-	-	-	143,258
Information technology	72,546	-	-	-	-	72,546
Property control	4,594	-	-	-	-	4,594
Human resources	84,044	-	-	-	-	84,044
Golf course	-	-	-	-	583,595	583,595
Tourism development	-	-	-	-	77,042	77,042
Communications and events	30,783	-	-	-	-	30,783
Cemetery	125,536	-	-	-	-	125,536
Economic development	-	-	-	3,567,935	-	3,567,935
Other	-	-	-	-	349	349
Debt Service						
Principal and interest	-	-	-	-	743,769	743,769
Total Expenditures	3,923,677	1,635,381	2,090,120	3,567,935	2,289,786	13,506,899

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, 2023

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Economic Development Sales Tax Fund		
<i>Excess (Deficit) of Revenues Over Expenditures</i>	4,778,906	300,249	(1,090,720)	(3,043,427)	1,197,308	2,142,316
<b>Other Financing Sources (Uses)</b>						
Operating transfers in (out)	(3,372,549)	(188,395)	1,053,184	2,686,707	(245,949)	(67,002)
Sale of assets	14,639	37,073	-	28,500	-	80,212
Insurance proceeds	23,324	-	-	-	20,000	43,324
<b>Total Other Financing Sources (Uses)</b>	<u>(3,334,586)</u>	<u>(151,322)</u>	<u>1,053,184</u>	<u>2,715,207</u>	<u>(225,949)</u>	<u>56,534</u>
<i>Net Change in Fund Balances</i>	1,444,320	148,927	(37,536)	(328,220)	971,359	2,198,850
Fund Balance, October 1	6,957,425	2,259,579	641,074	482,736	4,660,079	15,000,893
<b>Fund Balance, September 30</b>	<u><u>\$ 8,401,745</u></u>	<u><u>\$ 2,408,506</u></u>	<u><u>\$ 603,538</u></u>	<u><u>\$ 154,516</u></u>	<u><u>\$ 5,631,438</u></u>	<u><u>\$ 17,199,743</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, 2023

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Net change in fund balances - total governmental funds	\$ 2,198,850
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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	(6,703)
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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	3,568,951
Depreciation	(1,658,476)
Disposal of capital assets, net	(26,011)
	1,884,464

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 debt	1,199,522
Change in accrued interest payable	4,536
	1,204,058

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	120,717
Change in compensated absences	31,152
	151,869
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 5,432,538</b>

See accompanying Notes to the Financial Statements.



# City of Neosho

## Statement of Net Position – Proprietary Funds

September 30, 2023

	Water and Sewer Fund	Internal Service Fund
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 5,381,725	\$ 30,300
Utilities receivable, net	509,249	-
Leases receivable -current	14,031	-
Interest receivable	7,364	-
Other accounts receivable	17,291	-
Prepaid expenses	133,763	-
<b>Total Current Assets</b>	<b>6,063,423</b>	<b>30,300</b>
Noncurrent Assets		
Restricted cash and cash equivalents	296,041	-
Net pension asset	674,376	-
Leases receivable - noncurrent	364,752	-
Capital assets		
Nondepreciable	210,677	-
Depreciable, net	19,351,587	-
<b>Total Noncurrent Assets</b>	<b>20,897,433</b>	<b>-</b>
<b>Total Assets</b>	<b>26,960,856</b>	<b>30,300</b>
<b>Deferred Outflow of Resources</b>		
Deferred pension outflow	98,694	-
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	162,730	3,653
Accrued expenses	27,969	-
Accrued interest payable	27,251	-
Meter deposits payable	71,990	-
Current maturities of long-term debt	782,300	-
<b>Total Current Liabilities</b>	<b>1,072,240</b>	<b>3,653</b>
Long-Term Liabilities		
Revenue bonds payable	6,436,400	-
Compensated absences payable	36,312	-
<b>Total Long-Term Liabilities</b>	<b>6,472,712</b>	<b>-</b>
<b>Total Liabilities</b>	<b>7,544,952</b>	<b>3,653</b>
<b>Deferred Inflow of Resources</b>		
Deferred lease inflow	371,160	-
Deferred pension inflow	18,244	-
	<b>389,404</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	12,343,564	-
Restricted for debt service	224,051	-
Unrestricted	6,557,579	26,647
<b>Total Net Position</b>	<b>\$ 19,125,194</b>	<b>\$ 26,647</b>

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, 2023

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
<b>Operating Revenues</b>		
Charges for services		
Water and sewer	\$ 5,670,352	\$ -
Employer insurance contributions	-	764,758
Employee insurance contributions	-	141,248
<b>Total Operating Revenues</b>	<u>5,670,352</u>	<u>906,006</u>
<b>Operating Expenses</b>		
Personnel services	974,485	-
Contractual services	2,043,304	-
Repairs and maintenance	401,164	-
Supplies	143,415	-
Utilities	628,907	-
Insurance	91,171	-
Depreciation	944,093	-
Miscellaneous	10,010	-
Insurance claims and premiums	-	912,709
<b>Total Operating Expenses</b>	<u>5,236,549</u>	<u>912,709</u>
<i>Operating Income (Loss)</i>	433,803	(6,703)
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	34,043	-
Other revenue	39,848	-
Intergovernmental revenues	348,322	-
Interest expense	(155,844)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>266,369</u>	<u>-</u>
<i>Income (Loss) Before Operating Transfers</i>	700,172	(6,703)
Net Operating Transfers In	<u>67,002</u>	<u>-</u>
<i>Net Income (Loss)</i>	767,174	(6,703)
Net Position, October 1	18,358,020	33,350
<b>Net Position, September 30</b>	<u><u>\$ 19,125,194</u></u>	<u><u>\$ 26,647</u></u>

See accompanying Notes to the Financial Statements.

# City of Neosho

## Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2023

	<b>Water and Sewer Fund</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 5,621,892	\$ 906,006
Cash paid to suppliers	(3,597,897)	(912,711)
Cash paid to employees	(1,055,791)	-
Other cash received for nonoperating revenues	39,848	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,008,052</b>	<b>(6,705)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating transfers from other funds	67,002	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>67,002</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of fixed assets	(863,330)	-
Payment of principal on debt	(34,846)	-
Payment of principal on bonds	(766,600)	-
Grant proceeds	348,322	-
Payment of interest expense	(159,125)	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(1,475,579)</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	34,043	-
<b>Net Cash Provided by Investing Activities</b>	<b>34,043</b>	<b>-</b>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<i>(366,482)</i>	<i>(6,705)</i>
Cash and Cash Equivalents, Beginning of year	6,044,248	37,005
<b>Cash and Cash Equivalents, End of year</b>	<b>5,677,766</b>	<b>30,300</b>
Less Restricted Cash and Cash Equivalents	(296,041)	-
<b>Unrestricted Cash and Cash Equivalents</b>	<b>\$ 5,381,725</b>	<b>\$ 30,300</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating income (loss)	\$ 433,803	\$ (6,703)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	944,093	-
(Increase) decrease in		
Utilities receivable	(4,252)	-
Other accounts receivable	14,304	-
Prepaid expenses	(16,216)	-
Net pension asset	113,424	-
Deferred pension outflow	(91,130)	-
Increase (decrease) in		
Accounts payable	(242,143)	(2)
Accrued expenses	3,622	-
Meter deposits payable	995	-
Deferred pension inflow	(106,554)	-
Deferred lease inflow	(21,567)	-
Unearned revenue	(59,507)	-
Compensated absences	(668)	-
Other cash received for nonoperating revenues	39,848	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,008,052</b>	<b>\$ (6,705)</b>

See accompanying Notes to the Financial Statements.

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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### 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, 2023

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### *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.

*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 of capital 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.

*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.

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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### 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:

Machinery and equipment	2-25 years
Water plant and equipment	5-50 years
Sewer plant and equipment	5-50 years
Buildings and improvements	10-50 years
Golf course infrastructure	5-40 years
Infrastructure	20-50 years
Land improvements	25-50 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.

### 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.

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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### 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, 2023

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### 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 two types of this item that qualify for reporting in this category, deferred pension inflow relating to the retirement plan and deferred lease inflows. Deferred pension inflows are amounts are recognized as an inflow of resources in the period that the amounts become available. Deferred lease inflows 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, 2023

### 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, 2023, 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, 2023:

	<b>Restricted Cash and Cash Equivalents</b>
<b>General Fund</b>	
Court bonds	\$ 7,792
Police evidence	14,051
Deposits held	6,800
Grant proceeds	1,559,237
	<u>\$ 1,587,880</u>
<b>Street Sales Tax Fund</b>	
TDD Funds	<u>\$ 116,936</u>
<b>Nonmajor Governmental Funds</b>	
Auditorium deposits held	\$ 7,835
Golf donations	12,258
Police donations	3,851
2016 COP reserve trust fund	314,376
2021 Bond debt service	2,316
	<u>\$ 340,636</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### Water and Sewer Fund

Restricted assets and restricted net position consist of the following at September 30, 2023:

	Restricted Cash and Cash Equivalents	Restricted Net Position
<b>Water and Sewer Fund</b>		
Meter deposits	\$ 71,990	\$ -
2009B Bond principal and interest trust funds	83,324	83,324
2011 Bond principal and interest trust funds	140,727	140,727
	<u>\$ 296,041</u>	<u>\$ 224,051</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:

	2022
Assessed Valuation	
Real estate	\$ 134,506,340
Personal property	47,293,440
<b>Total</b>	<u>\$ 181,799,780</u>
Tax Rate Per \$100 of Assessed Valuation	
<b>General Fund (Real Property)</b>	<u>\$ .3523</u>

The legal debt margin at September 30, 2023, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 18,179,978	\$ 18,179,978	\$ 36,359,956
General Obligation Bonds Payable	-	-	-
<b>Legal Debt Margin</b>	<u>\$ 18,179,978</u>	<u>\$ 18,179,978</u>	<u>\$ 36,359,956</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.

(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

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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:

	<b>Gross Receivable</b>	<b>Allowance</b>	<b>Net Receivable</b>
<b>Taxes Receivable</b>			
General Fund	\$ 1,250,137	\$ -	\$ 1,250,137
Street Sales Tax Fund	193,128	-	193,128
Fire Sales Tax Fund	128,696	-	128,696
Economic Development Sales Tax Fund	64,348	-	64,348
Nonmajor Governmental Funds	386,114	-	386,114
	<u>\$ 2,022,423</u>	<u>\$ -</u>	<u>\$ 2,022,423</u>
<b>Utilities Receivable</b>			
Water and Sewer Fund	<u>\$ 510,282</u>	<u>\$ 1,033</u>	<u>\$ 509,249</u>
<b>Other Accounts Receivable</b>			
General Fund	\$ 28,411	\$ -	\$ 28,411
Nonmajor Governmental Funds	5,237	-	5,237
Water and Sewer Fund	17,291	-	17,291
	<u>\$ 50,939</u>	<u>\$ -</u>	<u>\$ 50,939</u>
<b>Court Fines Receivable</b>			
General Fund	<u>\$ 453,156</u>	<u>\$ 425,259</u>	<u>\$ 27,897</u>
<b>Intergovernmental Receivable</b>			
General Fund	\$ 276,877	\$ -	\$ 276,877
Nonmajor Governmental Funds	89,218	-	89,218
	<u>\$ 366,095</u>	<u>\$ -</u>	<u>\$ 366,095</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### 6. Long-Term Debt – Business-Type Activities

The business-type activities long-term debt at September 30, 2023, consists of the Series 2009B and 2011 revenue bond issues 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, 2023, 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, 2023, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
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>\$ 5,009,000</u>	<u>\$ 389,534</u>	<u>\$ 5,398,534</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### 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, 2023, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
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>\$ 2,209,700</u>	<u>\$ 127,516</u>	<u>\$ 2,337,216</u>

A summary of the changes in long-term debt of the business-type activities for the year ended September 30, 2023, is as follows:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Amounts Due Within One Year
<b>Direct Placements</b>					
Revenue Bonds					
2009B Revenue Bonds - ARRA Direct Loan Program	\$ 2,502,300	\$ -	\$ 292,600	\$ 2,209,700	\$ 298,300
2011 Revenue Bonds - Direct Loan Program	5,483,000	-	474,000	5,009,000	484,000
<b>Certificates of Participation</b>					
2012A Certificates of Participation	28,594	-	28,594	-	-
<b>Direct Borrowing</b>					
Financed Purchase					
Equipment	6,252	-	6,252	-	-
<b>Compensated Absences Payable</b>	36,980	-	668	36,312	-
<b>Total</b>	<u>\$ 8,057,126</u>	<u>\$ -</u>	<u>\$ 802,114</u>	<u>\$ 7,255,012</u>	<u>\$ 782,300</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### 7. Long-Term Debt – Governmental Activities

Long-term debt for governmental activities at September 30, 2023, consists of the 2016 certificates of participation; the 2021 special obligation refunding bonds; a financed purchase; and compensated absences payable.

#### 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, 2023, are due as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 1,845,000</u>	<u>\$ 269,337</u>	<u>\$ 2,114,337</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, 2023, are due as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 1,695,000</u>	<u>\$ 61,150</u>	<u>\$ 1,756,150</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### Financed Purchase

In April 2019, the City entered into a financed purchase obligation to purchase mower equipment for the golf course in the amount of \$126,055. The financed purchase 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 seller may declare all remaining payments immediately due and payable, retake possession of the equipment, or sell, lease, or sublease the equipment with the City remaining liable for the full remaining financed purchase payments. The financed purchase outstanding at September 30, 2023, is due as follows:

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2024	\$ 18,154	\$ 652	\$ 18,806

A summary of the changes in long-term debt – governmental activities for the year ended September 30, 2023, is as follows:

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Amounts Due Within One Year
<b>Direct Borrowings</b>					
Financed Purchase Obligations					
Motorola Equipment	\$ 402,633	\$ -	\$ 402,633	\$ -	\$ -
Equipment	110,440	-	110,440	-	-
Golf Course Mowers	43,608	-	25,454	18,154	18,154
	556,681	-	538,527	18,154	18,154
<b>Certificates of Participation</b>					
Series 2012A	1,406	-	1,406	-	-
Series 2016	2,035,000	-	190,000	1,845,000	190,000
	2,036,406	-	191,406	1,845,000	190,000
Less: Deferred loss on debt refundings	(53,644)	-	(6,706)	(46,938)	-
	1,982,762	-	184,700	1,798,062	190,000
<b>Special Obligation Refunding Bonds</b>					
Series 2021	2,150,000	-	455,000	1,695,000	470,000
Premium on Series 2021	95,822	-	21,295	74,527	-
	2,245,822	-	476,295	1,769,527	470,000
<b>Compensated Absences Payable</b>	216,484	-	31,152	185,332	-
<b>Total</b>	<u>\$ 5,001,749</u>	<u>\$ -</u>	<u>\$ 1,230,674</u>	<u>\$ 3,771,075</u>	<u>\$ 678,154</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### 8. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance September 30, 2022	Additions	Deletions	Balance September 30, 2023
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets				
Land	\$ 9,560,163	\$ 220,345	\$ -	\$ 9,780,508
Construction in progress	3,151,482	668,511	1,782,172	2,037,821
<b>Total Non-Depreciable Capital Assets</b>	<b>12,711,645</b>	<b>\$ 888,856</b>	<b>\$ 1,782,172</b>	<b>11,818,329</b>
Depreciable Capital Assets				
Land improvements	655,867	\$ -	\$ -	655,867
Building and improvements	10,831,091	352,935	-	11,184,026
Machinery and equipment	9,035,549	1,630,531	329,361	10,336,719
Golf course infrastructure	3,502,690	140,534	-	3,643,224
Infrastructure	33,220,155	2,338,267	-	35,558,422
<b>Total Depreciable Capital Assets</b>	<b>57,245,352</b>	<b>\$ 4,462,267</b>	<b>\$ 329,361</b>	<b>61,378,258</b>
Less Accumulated Depreciation	37,335,178	\$ 1,658,476	\$ 303,350	38,690,304
<b>Total Depreciable Capital Assets, Net</b>	<b>19,910,174</b>			<b>22,687,954</b>
<b>Total Capital Assets - Governmental Activities, Net</b>	<b>\$ 32,621,819</b>			<b>\$ 34,506,283</b>



# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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

Administration	\$ 31,319
Auditorium	177,474
Development services	6,455
Police	149,841
Fire	224,365
Emergency management	2,827
Recycling	9,962
Senior center	38,397
Golf course	35,678
IOOF cemetery	1,344
Court	1,200
Airport	142,664
Parks	126,466
Recreation	3,653
Drainage	58,773
Street	648,058
	<u>\$ 1,658,476</u>

	Balance September 30, 2022	Additions	Deletions	Balance September 30, 2023
<b>Business-Type Activities</b>				
Water and Sewer				
Non-Depreciable Capital Assets				
Land	\$ 157,577	\$ -	\$ -	\$ 157,577
Construction in progress	1,132,109	53,100	1,132,109	53,100
<b>Total Non-Depreciable Capital Assets</b>	<u>1,289,686</u>	<u>\$ 53,100</u>	<u>\$ 1,132,109</u>	<u>210,677</u>
Depreciable Capital Assets				
Buildings	163,900	\$ 30,950	\$ -	194,850
Water plant and equipment	14,870,676	811,167	-	15,681,843
Sewer plant and equipment	27,742,582	1,100,222	-	28,842,804
<b>Total Depreciable Capital Assets</b>	<u>42,777,158</u>	<u>\$ 1,942,339</u>	<u>\$ -</u>	<u>44,719,497</u>
Less Accumulated Depreciation	24,423,817	\$ 944,093	\$ -	25,367,910
<b>Total Depreciable Capital Assets, Net</b>	<u>18,353,341</u>			<u>19,351,587</u>
<b>Total Capital Assets - Business-Type Activities, Net</b>	<u>\$ 19,643,027</u>			<u>\$ 19,562,264</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### 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](http://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.

	2023 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, 2023, the following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	57	17	18	92
Inactive employees entitled to but not yet receiving benefits	38	22	13	73
Active employees	53	19	25	97
	<u>148</u>	<u>58</u>	<u>56</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 5.2% (General), 7.7% (Police), and 9.4% (Fire) of annual covered payroll.

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

*Net Pension Asset.* The employer's net pension asset was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2023.

*Actuarial Assumptions.* The total pension liability in the February 28, 2023, 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
Salary Increase	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

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 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, 2023

*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)
<b>General Division</b>			
Balances at beginning of year	\$ 8,224,592	\$ 10,749,592	\$ (2,525,000)
Changes for the year			
Service cost	203,010	-	203,010
Interest	566,591	-	566,591
Difference between expected and actual experiences	170,885	-	170,885
Contributions - employer	-	112,750	(112,750)
Net investment income	-	380,315	(380,315)
Benefits paid, including refunds	(468,361)	(468,361)	-
Administrative expenses	-	(20,854)	20,854
Other changes	-	(113,279)	113,279
Net Changes	472,125	(109,429)	581,554
<b>Balances at end of year</b>	<b>8,696,717</b>	<b>10,640,163</b>	<b>(1,943,446)</b>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
<b>Police Division</b>			
Balances at beginning of year	4,177,401	5,165,046	(987,645)
Changes for the year			
Service cost	121,703	-	121,703
Interest	292,716	-	292,716
Difference between expected and actual experiences	(114,359)	-	(114,359)
Contributions - employer	-	85,340	(85,340)
Net investment income	-	180,401	(180,401)
Benefits paid, including refunds	(113,046)	(113,046)	-
Administrative expenses	-	(7,764)	7,764
Other changes	-	(54,845)	54,845
Net Changes	187,014	90,086	96,928
<b>Balances at end of year</b>	<b>4,364,415</b>	<b>5,255,132</b>	<b>(890,717)</b>
<b>Fire Division</b>			
Balances at beginning of year	5,919,579	7,545,928	(1,626,349)
Changes for the year			
Service cost	147,804	-	147,804
Interest	409,976	-	409,976
Difference between expected and actual experiences	249,822	-	249,822
Contributions - employer	-	119,627	(119,627)
Net investment income	-	272,035	(272,035)
Benefits paid, including refunds	(275,535)	(275,535)	-
Administrative expenses	-	(8,069)	8,069
Other changes	-	35,869	(35,869)
Net Changes	532,067	143,927	388,140
<b>Balances at end of year</b>	<b>6,451,646</b>	<b>7,689,855</b>	<b>(1,238,209)</b>
<b>Total Plan Balances at end of year</b>	<b>\$ 19,512,778</b>	<b>\$ 23,585,150</b>	<b>\$ (4,072,372)</b>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

The Net Pension (Asset) is allocated as follows:

	Net Pension (Asset)
Governmental Activities	\$ (3,397,996)
Business-Type Activities	(674,376)
	<u>\$ (4,072,372)</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%
<b>General Division</b>			
Total Pension Liability	\$ 9,925,519	\$ 8,696,717	\$ 7,689,242
Fiduciary Net Position	10,640,163	10,640,163	10,640,163
Net Pension (Asset)	<u>(714,644)</u>	<u>(1,943,446)</u>	<u>(2,950,921)</u>
<b>Police Division</b>			
Total Pension Liability	5,082,755	4,364,415	3,785,774
Fiduciary Net Position	5,255,132	5,255,132	5,255,132
Net Pension (Asset)	<u>(172,377)</u>	<u>(890,717)</u>	<u>(1,469,358)</u>
<b>Fire Division</b>			
Total Pension Liability	7,419,618	6,451,646	5,662,903
Fiduciary Net Position	7,689,855	7,689,855	7,689,855
Net Pension (Asset)	<u>(270,237)</u>	<u>(1,238,209)</u>	<u>(2,026,952)</u>
<b>Total Net Pension (Asset)</b>	<u>\$ (1,157,258)</u>	<u>\$ (4,072,372)</u>	<u>\$ (6,447,231)</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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

For the year ended June 30, 2023, the employer recognized pension expense of \$89,558 in the general division and \$100,144 in the police division and a pension credit of \$81,341 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
<b>General Division</b>			
Differences in experiences	\$ 118,946	\$ (35,168)	\$ 83,778
Assumption changes	-	(17,407)	(17,407)
Differences in investment returns	140,444	-	140,444
Contributions subsequent to the measurement date*	25,030	-	25,030
	<u>284,420</u>	<u>(52,575)</u>	<u>231,845</u>
<b>Police Division</b>			
Differences in experiences	46,962	(110,959)	(63,997)
Assumption changes	-	(10,194)	(10,194)
Differences in investment returns	78,977	-	78,977
Contributions subsequent to the measurement date*	18,944	-	18,944
	<u>144,883</u>	<u>(121,153)</u>	<u>23,730</u>
<b>Fire Division</b>			
Differences in experiences	259,553	(199,207)	60,346
Assumption changes	-	(43,833)	(43,833)
Differences in investment returns	57,632	-	57,632
Contributions subsequent to the measurement date*	26,554	-	26,554
	<u>343,739</u>	<u>(243,040)</u>	<u>100,699</u>
<b>Total</b>	<u>\$ 773,042</u>	<u>\$ (416,768)</u>	<u>\$ 356,274</u>

## City of Neosho

### Notes to the Financial Statements

September 30, 2023

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows of Resources
Governmental Activities	\$ 674,349	\$ (398,524)	\$ 275,825
Business-Type Activities	98,694	(18,244)	80,450
	<u>\$ 773,043</u>	<u>\$ (416,768)</u>	<u>\$ 356,275</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, 2024.

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
2024	\$ (16,607)	\$ (33,507)	\$ (76,351)	\$ (126,465)
2025	(85,694)	(83,806)	(127,499)	(296,999)
2026	238,055	86,490	164,355	488,900
2027	71,061	35,609	76,279	182,949
2028	-	-	37,361	37,361
<b>Total</b>	<u>\$ 206,815</u>	<u>\$ 4,786</u>	<u>\$ 74,145</u>	<u>\$ 285,746</u>

#### Payable to the Pension Plan

At September 30, 2023, the City had outstanding contributions reported as payable to the pension plan in the amount of \$23,203.

## 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.

## 11. Lease Receivable

The City, as a Lessor, has entered into two lease agreements for tower and land usage and three leases for hangar land rentals, the terms of which expire between 2039 through 2071. The City recognizes a lease receivable and a deferred inflow of resources. Lease and interest revenue recognized under the agreements during the year ended September 30, 2023, was \$24,027 and \$15,203, respectively.



# City of Neosho

## Notes to the Financial Statements

September 30, 2023

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

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 15,631	\$ 15,020	\$ 30,651
2025	19,146	14,544	33,690
2026	19,770	13,962	33,732
2027	20,413	13,361	33,774
2028	21,077	12,740	33,817
2029-2033	116,100	53,657	169,757
2034-2038	136,146	34,819	170,965
2039-2043	61,067	16,091	77,158
2044-2048	10,959	12,199	23,158
2049-2053	12,730	10,427	23,157
2054-2058	14,787	8,370	23,157
2059-2063	17,177	5,980	23,157
2064-2068	19,954	3,204	23,158
2069-2071	8,857	406	9,263
	<u>\$ 493,814</u>	<u>\$ 214,780</u>	<u>\$ 708,594</u>

Amount recovered in:

Water and Sewer Fund/Business-Type Activities	\$ 378,783
General Fund/Governmental-Type Activities	115,031
<b>Total</b>	<u>\$ 493,814</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2023

### 12. Interfund Transfers

Interfund transfers for the year ended September 30, 2023, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 32,036	\$ 3,404,585
Hotel/Motel Tax Fund	-	32,832
Golf Fund	509,179	413,242
Street Sales Tax Fund	-	188,395
Fire Sales Tax Fund	2,139,582	1,086,398
Drainage Sales Tax Fund	-	284,956
Parks Sales Tax Fund	508,610	503,454
Auditorium Fund	-	285,314
Senior Center Sales Tax Fund	-	177,786
Economic Development Sales Tax Fund	2,938,659	251,952
Street/Bridge Sales Tax Fund	-	260,980
Police Grants Fund	4,200	-
2021 Bond Fund	493,450	-
2016 COP Fund	247,088	-
2014 COP Fund	-	150
2013 Bond Fund	-	11,582
2012 COP Fund	-	38,180
Water and Sewer Fund	67,002	-
	<u>\$ 6,939,806</u>	<u>\$ 6,939,806</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.

### 13. 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, 2023, 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, 2023

### 14. Debt Refunding Loss

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, 2022	Additions	Current Amortization	Balance September 30, 2023
Governmental Activities	\$ 53,644	\$ -	\$ (6,706)	\$ 46,938

### 15. Commitments

At September 30, 2023, the City had the following commitments:

- Allgeier, Martin & Associates in the amount of \$840,575 for the Hatchery Branch and Lower HSB Stormwater Improvements project.
- Emery Sapp & Sons, Inc. in the amount of \$124,413 for the T-Hangar Taxilanes project.

### 16. Subsequent Event

In January 2024, the City approved an agreement with Jeff Asbell Excavating & Trucking Inc., for construction services related to stormwater improvements in the area of Stratford Place and Freeman Road in the amount of \$1,915,660.

### 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 \$7,735,750. Principal and interest paid for the current year and total customer net revenues were \$854,297 and \$1,377,896, respectively.

## **Required Supplementary Information**

# City of Neosho

## Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended September 30, 2023

	Missouri Local Government Employees Retirement System (LAGERS)								
	June 30, 2023	30-Jun 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
<b>Total Pension Liability</b>									
Service cost	\$ 472,517	\$ 469,833	\$ 463,535	\$ 434,528	\$ 422,542	\$ 414,136	\$ 395,107	\$ 391,139	\$ 399,461
Interest on the total pension liability	1,269,283	1,206,167	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	306,348	71,261	(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	(856,942)	(8,374,242)	(702,915)	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
<i>Net Change in Total Pension Liability</i>	1,191,206	910,019	327,296	992,689	687,281	530,431	312,706	560,184	447,269
Total Pension Liability, Beginning	18,321,572	17,411,553	17,084,257	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966	13,553,697
<b>Total Pension Liability, Ending</b>	19,512,778	18,321,572	17,411,553	17,084,257	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966
<b>Plan Fiduciary Net Position</b>									
Contributions - employer	317,717	260,157	227,618	222,362	245,465	264,039	261,400	293,632	317,093
Pension plan net investment income	832,751	18,802	5,324,546	249,192	1,289,199	2,118,438	1,860,492	(31,596)	323,289
Benefit payments, including refunds	(856,942)	(837,242)	(702,915)	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
Pension plan administrative expense	(36,687)	(26,189)	(23,731)	(31,328)	(28,254)	(19,379)	(18,290)	(17,749)	(19,946)
Other	(132,255)	(148,559)	(71,084)	(113,221)	(64,456)	(2,249)	(137,249)	16,467	(270,346)
<i>Net Change in Plan Fiduciary Net Position</i>	124,584	(733,031)	4,754,434	(485,284)	712,363	1,701,186	1,344,773	(427,263)	(281,480)
Plan Fiduciary Net Position, Beginning	23,460,566	24,193,597	19,439,163	19,924,447	19,212,084	17,510,898	16,166,125	16,593,388	16,874,868
<b>Plan Fiduciary Net Position, Ending</b>	23,585,150	23,460,566	24,193,597	19,439,163	19,924,447	19,212,084	17,510,898	16,166,125	16,593,388
<b>Employer Net Pension (Asset)</b>	<u>\$ (4,072,372)</u>	<u>\$ (5,138,994)</u>	<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	120.87%	128.05%	138.95%	113.78%	123.82%	124.72%	117.73%	111.02%	119%
Covered payroll	\$ 4,377,710	\$ 3,903,520	\$ 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	93.03%	131.65%	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, 2023

### Missouri Local Government Employees Retirement System (LAGERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 332,207	\$ 322,590	\$ 243,478	\$ 221,368	\$ 244,224	\$ 270,089	\$ 259,473	\$ 294,052	\$ 312,806	\$ 327,508
Contributions in relation to the actuarially determined contribution	313,403	275,216	227,685	221,368	234,819	265,974	259,473	294,052	312,806	327,508
Contribution deficiency	\$ 18,804	\$ 47,374	\$ 15,793	\$ -	\$ 9,405	\$ 4,115	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,522,915	\$ 4,236,129	\$ 4,148,421	\$ 3,878,259	\$ 3,809,377	\$ 3,730,002	\$ 3,632,303	\$ 3,606,430	\$ 3,682,580	\$ 3,694,022
Contributions as a percentage of covered payroll	6.93%	6.50%	5.49%	5.71%	6.16%	7.13%	7.14%	8.15%	8.49%	8.87%

See accompanying Notes to the Schedule of Contributions.

# City of Neosho

## Notes to Schedule of Contributions

Year Ended September 30, 2023

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**Valuation Date:** February 28, 2023

**Notes:** The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, 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 12 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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes				
Property tax	\$ 426,000	\$ 848,910	\$ 498,450	\$ (350,460)
City sales tax	2,753,336	3,484,768	4,104,440	619,672
Financial institution tax	300	300	82	(218)
Utility franchise tax	673,000	866,253	872,621	6,368
Cigarette tax	54,200	48,536	48,535	(1)
Public safety tax	1,376,668	1,665,997	1,665,998	1
	<u>5,283,504</u>	<u>6,914,764</u>	<u>7,190,126</u>	<u>275,362</u>
Licenses and Permits				
Occupational licenses	33,200	52,287	52,288	1
Building permits and fees	93,400	136,311	136,311	-
Animal licenses and fees	500	500	183	(317)
Cemetery fees	48,000	48,000	40,000	(8,000)
	<u>175,100</u>	<u>237,098</u>	<u>228,782</u>	<u>(8,316)</u>
Intergovernmental Revenues				
Grants	1,486,889	201,452	370,239	168,787
Charges for Services				
Sanitation	85,000	118,041	118,042	1
Airport fuel sales	155,500	155,286	155,389	103
Recycling center fees	25,400	31,542	31,542	-
Other	242,492	93,412	90,075	(3,337)
	<u>508,392</u>	<u>398,281</u>	<u>395,048</u>	<u>(3,233)</u>
Fines and Forfeitures				
City court fines	272,400	333,213	350,352	17,139
Police training fees	2,000	3,729	3,729	-
	<u>274,400</u>	<u>336,942</u>	<u>354,081</u>	<u>17,139</u>
Miscellaneous				
Leases and rent income	91,820	91,820	86,472	(5,348)
Interest	9,000	34,772	38,300	3,528
Donations and other contributions	3,500	4,018	4,018	-
Other	24,360	33,614	35,517	1,903
	<u>128,680</u>	<u>164,224</u>	<u>164,307</u>	<u>83</u>
<b>Total Revenues</b>	<u>7,856,965</u>	<u>8,252,761</u>	<u>8,702,583</u>	<u>449,822</u>

See accompanying Notes to the Budgetary Comparison Schedules.



## City of Neosho

### Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
Current				
Administrative	818,424	849,569	536,698	312,871
Clerk/council	117,060	117,068	106,805	10,263
Development services	338,181	343,673	251,191	92,482
Police	2,458,244	2,141,355	2,093,833	47,522
Emergency management	18,696	18,696	15,352	3,344
Court	159,898	159,852	155,439	4,413
Airport	287,660	305,092	303,598	1,494
Recycling center	152,586	152,318	143,258	9,060
Information technology	96,577	73,850	72,546	1,304
Fleet maintenance	8,000	6,965	4,594	2,371
Human resources	92,610	92,610	84,044	8,566
Communications and events	52,200	54,862	30,783	24,079
Cemetery	140,394	139,018	125,536	13,482
<b>Total Expenditures</b>	<u>4,740,530</u>	<u>4,454,928</u>	<u>3,923,677</u>	<u>531,251</u>
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 3,116,435	 3,797,833	 4,778,906	 981,073
 <b>Other Financing Sources (Uses)</b>				
Operating transfers in	38,491	38,491	32,036	(6,455)
Operating transfers (out)	(3,561,696)	(5,860,125)	(3,404,585)	2,455,540
Sale of assets	30,000	46,639	14,639	(32,000)
Insurance proceeds	-	36,372	23,324	(13,048)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,493,205)</u>	<u>(5,738,623)</u>	<u>(3,334,586)</u>	<u>2,404,037</u>
 <i>Net Change in Fund Balances</i>	 (376,770)	 (1,940,790)	 1,444,320	 3,385,110
 Fund Balance, October 1	 <u>6,957,425</u>	 <u>6,957,425</u>	 <u>6,957,425</u>	 <u>-</u>
<b>Fund Balance, September 30</b>	<u><u>\$ 6,580,655</u></u>	<u><u>\$ 5,016,635</u></u>	<u><u>\$ 8,401,745</u></u>	<u><u>\$ 3,385,110</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Neosho

### Budgetary Comparison Schedule – Street Sales Tax Fund

Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Street sales taxes	\$ 989,085	\$ 1,254,398	\$ 1,254,399	\$ 1
Motor vehicle taxes	454,000	630,356	630,358	2
Intergovernmental revenues	24,025	52,063	28,039	(24,024)
Miscellaneous	19,800	22,861	22,834	(27)
<b>Total Revenues</b>	<u>1,486,910</u>	<u>1,959,678</u>	<u>1,935,630</u>	<u>(24,048)</u>
<b>Expenditures</b>				
Current				
Street	1,613,944	1,701,166	1,635,381	65,785
<b>Total Expenditures</b>	<u>1,613,944</u>	<u>1,701,166</u>	<u>1,635,381</u>	<u>65,785</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(127,034)	258,512	300,249	41,737
<b>Other Financing (Uses)</b>				
Operating transfers (out)	(265,613)	(893,096)	(188,395)	704,701
Sale of property	-	37,073	37,073	-
<b>Total Other Financing (Uses)</b>	<u>(265,613)</u>	<u>(856,023)</u>	<u>(151,322)</u>	<u>704,701</u>
<i>Net Change in Fund Balances</i>	(392,647)	(597,511)	148,927	746,438
Fund Balance, October 1	2,259,579	2,259,579	2,259,579	-
<b>Fund Balance, September 30</b>	<u><u>\$ 1,866,932</u></u>	<u><u>\$ 1,662,068</u></u>	<u><u>\$ 2,408,506</u></u>	<u><u>\$ 746,438</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Neosho

### Budgetary Comparison Schedule – Fire Sales Tax Fund

Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Fire sales taxes	\$ 659,037	\$ 838,035	\$ 838,036	\$ 1
Charges for services	126,164	126,164	126,093	(71)
Intergovernmental revenues	20,000	20,000	17,630	(2,370)
Miscellaneous	-	16,904	17,641	737
<b>Total Revenues</b>	<u>805,201</u>	<u>1,001,103</u>	<u>999,400</u>	<u>(1,703)</u>
<b>Expenditures</b>				
Current				
Fire	2,063,978	2,116,012	2,090,120	25,892
<b>Total Expenditures</b>	<u>2,063,978</u>	<u>2,116,012</u>	<u>2,090,120</u>	<u>25,892</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(1,258,777)	(1,114,909)	(1,090,720)	24,189
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	1,622,544	2,139,804	2,139,582	(222)
Operating transfers (out)	(363,767)	(1,094,510)	(1,086,398)	8,112
<b>Total Other Financing Sources (Uses)</b>	<u>1,258,777</u>	<u>1,045,885</u>	<u>1,053,184</u>	<u>7,299</u>
<i>Net Change in Fund Balances</i>	-	(69,024)	(37,536)	31,488
Fund Balance, October 1	641,074	641,074	641,074	-
<b>Fund Balance, September 30</b>	<u><u>\$ 641,074</u></u>	<u><u>\$ 572,050</u></u>	<u><u>\$ 603,538</u></u>	<u><u>\$ 31,488</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, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes	\$ 326,412	\$ 418,017	\$ 418,017	\$ -
Miscellaneous	1,200	1,200	1,491	291
Donations and other contributions	-	-	105,000	105,000
<b>Total Revenues</b>	<u>327,612</u>	<u>419,217</u>	<u>524,508</u>	<u>105,291</u>
<b>Expenditures</b>				
Current				
Economic development	12,081,233	13,600,614	3,567,935	10,032,679
<b>Total Expenditures</b>	<u>12,081,233</u>	<u>13,600,614</u>	<u>3,567,935</u>	<u>10,032,679</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(11,753,621)	(13,181,397)	(3,043,427)	10,137,970
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	12,081,233	13,600,614	2,938,659	(10,661,955)
Operating transfers (out)	(251,950)	(251,950)	(251,952)	(2)
Sale of property	-	-	28,500	28,500
<b>Total Other Financing Sources (Uses)</b>	<u>11,829,283</u>	<u>13,348,664</u>	<u>2,715,207</u>	<u>(10,633,457)</u>
<i>Net Change in Fund Balances</i>	75,662	167,267	(328,220)	(495,487)
Fund Balance, October 1	482,736	482,736	482,736	-
<b>Fund Balance, September 30</b>	<u>\$ 558,398</u>	<u>\$ 650,003</u>	<u>\$ 154,516</u>	<u>\$ (495,487)</u>

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Neosho

## Notes to the Budgetary Comparison Schedules

Year Ended September 30, 2023

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### **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.

## Supplemental Information

## City of Neosho

### Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2023

	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
<b>Assets</b>									
Cash and cash equivalents	\$ 10,338	\$ -	\$ 1,218,891	\$ 556,847	\$ 1,022,559	\$ 198,726	\$ 865,052	\$ 330,667	\$ 546,095
Sales tax receivable	-	-	89,901	103,143	96,542	32,180	64,348	-	-
Intergovernmental receivable	-	-	89,218	-	-	-	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	5,237
Prepaid expenses	-	-	2,136	36,971	20,857	5,680	-	-	17,741
Cash and cash equivalents - restricted	-	3,851	-	-	7,835	-	-	-	12,258
<b>Total Assets</b>	<b>\$ 10,338</b>	<b>\$ 3,851</b>	<b>\$ 1,400,146</b>	<b>\$ 696,961</b>	<b>\$ 1,147,793</b>	<b>\$ 236,586</b>	<b>\$ 929,400</b>	<b>\$ 330,667</b>	<b>\$ 581,331</b>
<b>Liabilities and Fund Balances</b>									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 325	\$ 6,540	7,413	\$ 2,326	\$ -	37,625	7,729
Accrued expenses	-	-	187	350	91	21	-	-	199
Deposits held	-	-	-	-	7,835	-	-	-	323
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>512</b>	<b>6,890</b>	<b>15,339</b>	<b>2,347</b>	<b>-</b>	<b>37,625</b>	<b>8,251</b>

# City of Neosho

## Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2023

	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
Fund Balance									
Nonspendable									
Permanent	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	2,136	36,971	20,857	5,680	-	-	17,741
Restricted for									
Public safety	10,338	3,851	-	-	-	-	-	-	-
Drainage	-	-	1,298,503	-	-	-	-	-	-
Auditorium	-	-	-	-	815,208	-	-	-	-
Senior center	-	-	-	-	-	167,385	-	-	-
Street and bridge	-	-	-	-	-	-	776,601	-	-
Tourism development	-	-	-	-	-	-	-	287,043	-
Debt service	-	-	-	-	-	-	-	-	-
Assigned to									
Drainage	-	-	98,995	-	-	-	-	-	-
Parks and recreation	-	-	-	653,100	-	-	-	-	-
Auditorium	-	-	-	-	296,389	-	-	-	-
Senior center	-	-	-	-	-	61,174	-	-	-
Golf course	-	-	-	-	-	-	-	-	555,339
Street and bridge	-	-	-	-	-	-	152,799	-	-
Tourism development	-	-	-	-	-	-	-	5,999	-
Total Fund Balances	10,338	3,851	1,399,634	690,071	1,132,454	234,239	929,400	293,042	573,080
Total Liabilities and Fund Balance	\$ 10,338	\$ 3,851	\$ 1,400,146	\$ 696,961	\$ 1,147,793	\$ 236,586	\$ 929,400	\$ 330,667	\$ 581,331



## City of Neosho

### Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2023

	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
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,971	\$ 3,666	\$ 4,797,812
Sales tax receivable	-	-	-	-	-	-	-	386,114
Intergovernmental receivable	-	-	-	-	-	-	-	89,218
Other accounts receivable	-	-	-	-	-	-	-	5,237
Prepaid expenses	-	-	-	-	-	-	-	83,385
Cash and cash equivalents - restricted	-	-	-	314,376	2,316	-	-	340,636
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,376</u>	<u>\$ 2,316</u>	<u>\$ 44,971</u>	<u>\$ 3,666</u>	<u>\$ 5,702,402</u>
<b>Liabilities and Fund Balances</b>								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,958
Accrued expenses	-	-	-	-	-	-	-	848
Deposits held	-	-	-	-	-	-	-	8,158
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,964</u>

## City of Neosho

### Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2023

	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	-	-	-	-	-	44,971	3,666	48,637
Prepaid items	-	-	-	-	-	-	-	83,385
Restricted for								
Public safety	-	-	-	-	-	-	-	14,189
Drainage	-	-	-	-	-	-	-	1,298,503
Auditorium	-	-	-	-	-	-	-	815,208
Senior center	-	-	-	-	-	-	-	167,385
Street and bridge	-	-	-	-	-	-	-	776,601
Tourism development	-	-	-	-	-	-	-	287,043
Debt service	-	-	-	314,376	2,316	-	-	316,692
Assigned to								
Drainage	-	-	-	-	-	-	-	98,995
Parks and recreation	-	-	-	-	-	-	-	653,100
Auditorium	-	-	-	-	-	-	-	296,389
Senior center	-	-	-	-	-	-	-	61,174
Golf course	-	-	-	-	-	-	-	555,339
Street and bridge	-	-	-	-	-	-	-	152,799
Tourism development	-	-	-	-	-	-	-	5,999
<b>Total Fund Balances</b>	-	-	-	314,376	2,316	44,971	3,666	5,631,438
<b>Total Liabilities and Fund Balances</b>	\$ -	\$ -	\$ -	\$ 314,376	\$ 2,316	\$ 44,971	\$ 3,666	\$ 5,702,402

## City of Neosho

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

Year Ended September 30, 2023

	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
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ 501,621	\$ 752,431	\$ 627,012	\$ 209,004	\$ 418,008	\$ 93,527	\$ -
Intergovernmental revenues	4,200	-	154,261	-	-	-	-	-	-
Charges for services	-	-	-	13,608	40,013	-	-	-	600,709
Donations and other contributions	-	17,459	-	16,489	-	-	-	-	-
Miscellaneous	-	17	7,583	3,643	3,186	719	2,656	1,147	1,874
<b>Total Revenues</b>	<b>4,200</b>	<b>17,476</b>	<b>663,465</b>	<b>786,171</b>	<b>670,211</b>	<b>209,723</b>	<b>420,664</b>	<b>94,674</b>	<b>602,583</b>
<b>Expenditures</b>									
Current									
Police	8,400	15,089	-	-	-	-	-	-	-
Drainage	-	-	141,688	-	-	-	-	-	-
Parks and recreation	-	-	-	507,613	-	-	-	-	-
Auditorium	-	-	-	-	147,060	-	-	-	-
Senior center	-	-	-	-	-	65,181	-	-	-
Golf course	-	-	-	-	-	-	-	-	583,595
Tourism development	-	-	-	-	-	-	-	77,042	-
Other	-	-	-	-	-	-	-	-	-
Debt Service									
Principal and interest	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>8,400</b>	<b>15,089</b>	<b>141,688</b>	<b>507,613</b>	<b>147,060</b>	<b>65,181</b>	<b>-</b>	<b>77,042</b>	<b>583,595</b>

## City of Neosho

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2023

	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
Excess (Deficit) of Revenues Over Expenditures	(4,200)	2,387	521,777	278,558	523,151	144,542	420,664	17,632	18,988
Other Financing Sources (Uses)									
Operating transfers in	4,200	-	-	508,610	-	-	-	-	509,179
Operating transfers (out)	-	-	(284,956)	(503,454)	(285,314)	(177,786)	(260,980)	(32,832)	(413,242)
Insurance proceeds	-	-	-	20,000	-	-	-	-	-
Total Other Financing Sources (Uses)	4,200	-	(284,956)	25,156	(285,314)	(177,786)	(260,980)	(32,832)	95,937
Net Change in Fund Balances	-	2,387	236,821	303,714	237,837	(33,244)	159,684	(15,200)	114,925
Fund Balance, October 1	10,338	1,464	1,162,813	386,357	894,617	267,483	769,716	308,242	458,155
Fund Balance, September 30	\$ 10,338	\$ 3,851	\$ 1,399,634	\$ 690,071	\$ 1,132,454	\$ 234,239	\$ 929,400	\$ 293,042	\$ 573,080

# City of Neosho

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

Year Ended September 30, 2023

	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	
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,601,603
Intergovernmental revenues	-	-	-	-	-	-	-	158,461
Charges for services	-	-	-	-	-	-	-	654,330
Donations and other contributions	-	-	-	-	-	-	-	33,948
Miscellaneous	-	-	-	12,061	8	5,845	13	38,752
<b>Total Revenues</b>	-	-	-	12,061	8	5,845	13	3,487,094
<b>Expenditures</b>								
Current								
Police	-	-	-	-	-	-	-	23,489
Drainage	-	-	-	-	-	-	-	141,688
Parks and recreation	-	-	-	-	-	-	-	507,613
Auditorium	-	-	-	-	-	-	-	147,060
Senior center	-	-	-	-	-	-	-	65,181
Golf course	-	-	-	-	-	-	-	583,595
Tourism development	-	-	-	-	-	-	-	77,042
Other	-	-	-	-	-	349	-	349
Debt Service								
Principal and interest	-	-	1,551	248,450	493,768	-	-	743,769
<b>Total Expenditures</b>	-	-	1,551	248,450	493,768	349	-	2,289,786
<i>Excess (Deficit) of Revenues Over Expenditures</i>	-	-	(1,551)	(236,389)	(493,760)	5,496	13	1,197,308
<b>Other Financing Sources (Uses)</b>								
Operating transfers in	-	-	-	247,088	493,450	-	-	1,762,527
Operating transfers (out)	(150)	(11,582)	(38,180)	-	-	-	-	(2,008,476)
Insurance proceeds	-	-	-	-	-	-	-	20,000
<b>Total Other Financing Sources (Uses)</b>	(150)	(11,582)	(38,180)	247,088	493,450	-	-	(225,949)
<i>Net Change in Fund Balances</i>	(150)	(11,582)	(39,731)	10,699	(310)	5,496	13	971,359
Fund Balance, October 1	150	11,582	39,731	303,677	2,626	39,475	3,653	4,660,079
<b>Fund Balance, September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314,376</u>	<u>\$ 2,316</u>	<u>\$ 44,971</u>	<u>\$ 3,666</u>	<u>\$ 5,631,438</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, 2023, 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 March 7, 2024.

**Report on 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.

### **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.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
March 7, 2024