

# City of Neosho, Missouri

## BASIC FINANCIAL STATEMENTS Year Ended September 30, 2020



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## **Independent Auditors' Report**

Honorable Mayor and City Council  
City of Neosho  
Neosho, Missouri

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Neosho, Missouri, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration of the City of Neosho, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Neosho, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Neosho, Missouri's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
February 18, 2021

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

# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

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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, 2020. Please read it in conjunction with the City's financial statements.

### Financial Highlights

The net position of the City's governmental activities increased by \$2,679,804 as a result of current year activities. The net position of the City's business activities increased by \$740,414 for the year.

The assets and deferred outflow of resources of the City exceeded liabilities and deferred inflow of resources by \$49.8 million (net position), as of September 30, 2020. Of this amount, \$11.2 million was unrestricted and may be used to meet future obligations of the City, \$6.5 million was restricted and \$32.1 million represents capital assets (net of related debt) of the City.

Total long-term liabilities of the City decreased by \$1,606,004 to a total of \$15.6 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.

### 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



# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

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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, 2020

### Government-Wide Financial Analysis

#### Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2020 and 2019:

	Governmental Activities	Business-Type Activities	Total September 30, 2020	Total September 30, 2019
<b>Assets</b>				
Current and other assets	\$ 11,080,465	\$ 5,439,433	\$ 16,519,898	\$ 14,919,673
Net pension asset	1,911,132	443,774	2,354,906	3,832,879
Capital assets	29,171,416	19,758,918	48,930,334	48,917,798
<b>Total Assets</b>	<b>42,163,013</b>	<b>25,642,125</b>	<b>67,805,138</b>	<b>67,670,350</b>
<b>Deferred Outflow of Resources</b>				
Deferred pension outflow	766,740	118,426	885,166	341,586
Deferred charge on refundings	73,188	-	73,188	82,960
<b>Total Deferred Outflow of Resources</b>	<b>839,928</b>	<b>118,426</b>	<b>958,354</b>	<b>424,546</b>
<b>Liabilities</b>				
Long-term liabilities outstanding	6,705,624	8,862,798	15,568,422	17,176,426
Other liabilities	1,741,301	1,070,473	2,811,774	3,216,150
<b>Total Liabilities</b>	<b>8,446,925</b>	<b>9,933,271</b>	<b>18,380,196</b>	<b>20,392,576</b>
<b>Deferred Inflow of Resources</b>				
Deferred pension inflow	560,233	-	560,233	1,299,475
<b>Net Position</b>				
Net investment in capital assets	21,918,977	10,143,028	32,062,005	30,001,210
Restricted	6,259,425	250,200	6,509,625	6,441,278
Unrestricted	5,817,381	5,434,052	11,251,433	9,960,357
<b>Total Net Position</b>	<b>\$ 33,995,783</b>	<b>\$ 15,827,280</b>	<b>\$ 49,823,063</b>	<b>\$ 46,402,845</b>

Total Net Position of the City increased by \$3,420,218 for the year due to current year activities. Total liabilities for the City decreased by \$2,012,380. Net investment in capital assets increased \$2,060,795.

# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

### Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2020	Total Year Ended September 30, 2019
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 1,456,413	\$ 5,386,465	\$ 6,842,878	\$ 6,808,586
Operating grants and contributions	66,390	-	66,390	127,285
Capital grants and contributions	744,344	-	744,344	116,226
General Revenues				
Property taxes	428,297	-	428,297	416,935
Sales taxes	6,936,370	-	6,936,370	6,499,619
Motor vehicle and gas taxes	465,591	-	465,591	478,722
Other taxes	447,239	-	447,239	436,682
Franchise fees	675,683	-	675,683	756,623
Interest	34,248	16,591	50,839	46,315
Other revenue	99,671	26,349	126,020	203,683
Special Items				
Gain (loss) on sale of capital assets	20,000	-	20,000	-
Insurance proceeds	104,890	-	104,890	27,752
Transfers	(49,509)	49,509	-	-
<b>Total Revenues</b>	<b>11,429,627</b>	<b>5,478,914</b>	<b>16,908,541</b>	<b>15,918,428</b>
<b>Expenses</b>				
General government	638,656	-	638,656	598,100
Auditorium	233,512	-	233,512	231,321
Police	2,078,454	-	2,078,454	2,133,704
Fire	1,832,664	-	1,832,664	1,888,708
Emergency management	34,739	-	34,739	31,250
Court	127,394	-	127,394	105,352
Airport	385,882	-	385,882	419,080
Drainage	176,428	-	176,428	172,837
Street	1,195,795	-	1,195,795	1,331,351
Parks	555,596	-	555,596	494,878
Recreation	56,048	-	56,048	30,765
Senior center	87,911	-	87,911	90,704
Recycling center	98,041	-	98,041	104,523
Cemetery	89,833	-	89,833	-
Information technology	120,280	-	120,280	107,490
Property control	40,724	-	40,724	55,077
Human resources	82,417	-	82,417	96,930
Golf course	562,125	-	562,125	712,881
Tourism development	44,496	-	44,496	51,846
Communication and events	36,529	-	36,529	34,623
Other	47,520	-	47,520	264,971
Debt service	224,779	-	224,779	120,018
Water and sewer	-	4,738,500	4,738,500	4,878,304
<b>Total Expenses</b>	<b>8,749,823</b>	<b>4,738,500</b>	<b>13,488,323</b>	<b>13,954,713</b>
<b>Changes in Net Position</b>	<b>\$ 2,679,804</b>	<b>\$ 740,414</b>	<b>\$ 3,420,218</b>	<b>\$ 1,963,715</b>

# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

### Governmental Activities

Governmental activities increased the net position of the City by \$2,679,804. Tax revenues for the City were \$8,953,180 which represents 78% of the funding of these activities. Program revenues for the functions totaled \$2,267,147 or 20% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

#### Net Cost of the City of Neosho's Governmental Activities

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
General government	\$ 638,656	\$ 476,956
Auditorium	233,512	225,677
Police	2,078,454	1,533,075
Fire	1,832,664	1,707,024
Emergency management	34,739	34,739
Court	127,394	114,258
Airport	385,882	(227,461)
Drainage	176,428	131,651
Street	1,195,795	960,650
Parks	555,596	540,144
Recreation	56,048	43,088
Senior center	87,911	87,911
Recycling center	98,041	44,843
Cemetery	89,833	40,892
Information technology	120,280	120,280
Property control	40,724	40,724
Human resources	82,417	82,417
Golf course	562,125	181,338
Tourism development	44,496	44,496
Communication and events	36,529	27,675
Other	47,520	47,520
Debt service	224,779	224,779
	<u>\$ 8,749,823</u>	<u>\$ 6,482,676</u>

### Business-Type Activities

Business-type activities increased the City's net position by \$740,414. This is up from the increase received last year from the City's business-type activities. The increase in the prior year was \$589,361.

# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

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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, 2020, were \$10,219,576. The combined fund balances are up \$810,379 from the prior year. The City continues to take strong measures to ensure the City stays in a position of financial stability. The staff in all City departments strives to bring a level of service the citizens of Neosho expect and deserve.

### General Fund Budgetary Highlights

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

The original revenue budget of \$5,161,946 was amended to \$5,284,239.

The original expenditures budget of \$4,227,520 was amended to \$4,430,838.

Budget adjustments were presented and approved by the City Council. Final amended budgeted revenues were \$190,209 more than actual revenues, and budgeted expenditures were \$603,332 above actual expenditures.

### Capital Asset and Debt Administration

#### Capital Assets

Capital assets of the governmental activities were \$29,171,416 (net of accumulated depreciation) as of September 30, 2020. This represents a \$743,117 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 \$19,758,918 as of September 30, 2020. This represents a decrease of \$730,581 from the prior year. The decrease is due to current year provisions of depreciation outweighing the addition of new assets.

#### Debt

Total debt of the governmental activities as of September 30, 2020, was \$7,478,754, which is down \$1,270,728 from the prior year. The debt balance is net of deferred losses 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, 2020, was \$9,653,818, which is down \$766,295. The decrease is due to principal payments made in the current year.

### Economic Factors and Next Year's Budget

The economic impact on the City from State and National resources appears to be consistent. Sales Tax receipts have been climbing since the onset of the COVID19 pandemic. The FY2020 year ended at an increase of 5%. This trend has continued well into the next Fiscal Year. Our efforts to pursue capital improvement remain focused, but cautious. Commercial and Residential growth continues to grow at a calm, but steady pace. Revenues are expected to remain steady for FY2021. The City serves 11,835 residents as of the 2010 U.S. Census, a 12.7% increase since the 2000 Census. The City limits population moved from 11,835 in 2010 to an estimated 12,130 in 2020. Although the City's revenues remain fairly consistent, expenses across the board continue to rise. The Citizens of Neosho passed a ½ of 1% General Fund tax in June of 2020, restricted for the sole use of our Public Safety Departments. This new revenue is expected to

# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

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produce approximately \$1.3M per year and will be used to provide competitive salary and benefits to improve recruitment and retention of qualified Fire and Police employees and will provide the Departments much needed capital.

The trend of online purchasing throughout the COVID19 pandemic has displayed the importance of passing a Use Tax. The City will place a Use Tax initiative on the ballot for the April 2021 election.

We continue to seek out and apply for grants available to us. The City plans to use the HMV, DWI, DOJ vest grants and MODOT grants again this year. We also plan to renew the contract with the Neosho Area Fire Protection District.

The combined leadership of the Council and staff remains focused on proper and efficient use of City revenues. We continue to replace worn out equipment and vehicles when appropriate and only when the budget allows. In the upcoming year we plan to make improvements to Scenic Park, Big Spring Park, and the Bike Trails in Morse Park. We will continue to pay down the debt entered into for the public safety radio upgrade and the purchase of the Fire Department's new ladder truck.

There are current plans in FY2021 for projects to promote tourism and grow revenue. Whenever possible, grant money will be used for these projects.

In our attempt to find and repair the cause of the City's high water loss, our public works department has divided the City into 3 different pressure zones. Master meters will be installed to monitor the zones, which will pinpoint the high loss areas. Once we determine the areas of concern, we can concentrate our efforts in replacing and repairing mains.

Our efforts over the last 10 years have placed a high priority on respecting the budget and our duties to be transparent when considering costs, expenses, repairs, and purchases. The City continues to strive to ensure the Council and the citizens of Neosho are supplied with up-to-date financial information to ensure informed quality decisions are made on behalf of the City.

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

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

The past several years have allowed the City to recover from the effects of a major recession. 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 2013 Special Obligation Bonds and the 2014A COPs will be refinanced in FY2021 to save approximately \$221,000 in interest without extending the terms of the Debt. The City's overall financial

# City of Neosho

## Management's Discussion and Analysis

September 30, 2020

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picture has improved greatly over recent years but 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 with no additional debt plans in the immediate future.

### **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.org">d.kennedy@neoshomo.org</a>
Daphne Pevahouse, Finance Director	<a href="mailto:dpevahouse@neoshomo.org">dpevahouse@neoshomo.org</a>
Cheyenne Wright, City Clerk	<a href="mailto:cwright@neoshomo.org">cwright@neoshomo.org</a>

# City of Neosho

## Statement of Net Position

September 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current			
Cash and cash equivalents - unrestricted	\$ 8,351,298	\$ 4,563,011	\$ 12,914,309
Taxes receivable, net	1,156,376	-	1,156,376
Utilities receivable, net	-	454,267	454,267
Other accounts receivable	56,012	17,291	73,303
Court fines receivable, net	40,464	-	40,464
Intergovernmental receivable	56,154	-	56,154
Inventory	28,200	-	28,200
Prepaid expenses	307,267	91,506	398,773
Noncurrent			
Restricted cash and cash equivalents	1,062,557	313,358	1,375,915
Net pension asset	1,911,132	443,774	2,354,906
Capital Assets			
Non-depreciable	11,161,484	176,297	11,337,781
Depreciable, net	18,009,932	19,582,621	37,592,553
<b>Total Assets</b>	<b>42,163,013</b>	<b>25,642,125</b>	<b>67,805,138</b>
<b>Deferred Outflow of Resources</b>			
Deferred pension outflow	766,740	118,426	885,166
Deferred charge on refundings	73,188	-	73,188
<b>Total Deferred Outflow of Resources</b>	<b>839,928</b>	<b>118,426</b>	<b>958,354</b>
<b>Liabilities</b>			
Current			
Accounts payable	477,761	158,851	636,612
Accrued expenses	114,928	20,002	134,930
Accrued interest payable	85,250	37,441	122,691
Deposits held	35,907	-	35,907
Intergovernmental payable	159,000	-	159,000
Meter deposits held	-	63,158	63,158
Current maturities of long-term debt	846,318	791,021	1,637,339
	1,741,301	1,070,473	2,811,774
Noncurrent			
Capital leases payable	985,559	12,319	997,878
Certificates of participation payable	3,868,750	76,250	3,945,000
Bonds payable	1,625,000	8,736,300	10,361,300
Compensated absences payable	226,315	37,929	264,244
	6,705,624	8,862,798	15,568,422
<b>Total Liabilities</b>	<b>8,446,925</b>	<b>9,933,271</b>	<b>18,380,196</b>
<b>Deferred Inflow of Resources</b>			
Deferred pension inflow	560,233	-	560,233
<b>Net Position</b>			
Net investment in capital assets	21,918,977	10,143,028	32,062,005
Restricted	6,259,425	250,200	6,509,625
Unrestricted	5,817,381	5,434,052	11,251,433
<b>Total Net Position</b>	<b>\$ 33,995,783</b>	<b>\$ 15,827,280</b>	<b>\$ 49,823,063</b>

See accompanying notes to the financial statements.



# City of Neosho

## Statement of Activities

Year Ended September 30, 2020

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	\$ (407,970)	\$ 31,495	\$ 1,850	\$ -	\$ (374,625)	\$ -	\$ (374,625)
Clerk/Council	(87,180)	-	-	-	(87,180)	-	(87,180)
City hall building	(4,051)	-	-	-	(4,051)	-	(4,051)
Auditorium	(233,512)	7,835	-	-	(225,677)	-	(225,677)
Development services	(139,455)	128,355	-	-	(11,100)	-	(11,100)
Police	(2,078,454)	518,974	19,059	7,346	(1,533,075)	-	(1,533,075)
Fire	(1,832,664)	125,440	200	-	(1,707,024)	-	(1,707,024)
Emergency management	(34,739)	-	-	-	(34,739)	-	(34,739)
Court	(127,394)	13,136	-	-	(114,258)	-	(114,258)
Airport	(385,882)	156,267	-	457,076	227,461	-	227,461
Drainage	(176,428)	-	-	44,777	(131,651)	-	(131,651)
Street	(1,195,795)	-	-	235,145	(960,650)	-	(960,650)
Parks	(555,596)	11,802	3,650	-	(540,144)	-	(540,144)
Recreation	(56,048)	12,960	-	-	(43,088)	-	(43,088)
Senior center	(87,911)	-	-	-	(87,911)	-	(87,911)
Recycling center	(98,041)	17,565	35,633	-	(44,843)	-	(44,843)
Cemetery	(89,833)	43,193	5,748	-	(40,892)	-	(40,892)
Information technology	(120,280)	-	-	-	(120,280)	-	(120,280)
Property control	(40,724)	-	-	-	(40,724)	-	(40,724)
Human resources	(82,417)	-	-	-	(82,417)	-	(82,417)
Golf course	(562,125)	380,787	-	-	(181,338)	-	(181,338)
Tourism development	(44,496)	-	-	-	(44,496)	-	(44,496)
Communications and events	(36,529)	8,604	250	-	(27,675)	-	(27,675)
Other	(47,520)	-	-	-	(47,520)	-	(47,520)
Debt service	(224,779)	-	-	-	(224,779)	-	(224,779)
<b>Total Governmental Activities</b>	<b>(8,749,823)</b>	<b>1,456,413</b>	<b>66,390</b>	<b>744,344</b>	<b>(6,482,676)</b>	<b>-</b>	<b>(6,482,676)</b>

See accompanying notes to the financial statements.

# City of Neosho

## Statement of Activities

Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water and Sewer	(4,738,500)	5,386,465	-	-	-	647,965	647,965
<b>Total Business-Type Activities</b>	<b>(4,738,500)</b>	<b>5,386,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647,965</b>	<b>647,965</b>
<b>Total Government</b>	<b>\$ (13,488,323)</b>	<b>\$ 6,842,878</b>	<b>\$ 66,390</b>	<b>\$ 744,344</b>	<b>(6,482,676)</b>	<b>647,965</b>	<b>(5,834,711)</b>
General Revenues							
Property taxes					428,297	-	428,297
Sales taxes					6,936,370	-	6,936,370
Motor vehicle and gas taxes					465,591	-	465,591
Other taxes					447,239	-	447,239
Franchise fees					675,683	-	675,683
Interest					34,248	16,591	50,839
Other revenue					99,671	26,349	126,020
Special Item							
Gain on sale of property					20,000	-	20,000
Insurance proceeds					104,890	-	104,890
Transfers					(49,509)	49,509	-
<b>Total General Revenues, Special Item, and Transfers</b>					<b>9,162,480</b>	<b>92,449</b>	<b>9,254,929</b>
<i>Changes in Net Position</i>					2,679,804	740,414	3,420,218
Net Position, Beginning of year					31,315,979	15,086,866	46,402,845
<b>Net Position, End of year</b>					<b>\$ 33,995,783</b>	<b>\$ 15,827,280</b>	<b>\$ 49,823,063</b>

See accompanying notes to the financial statements.

## City of Neosho

### Balance Sheet – Governmental Funds

September 30, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	
<b>Assets</b>						
Cash and cash equivalents	\$ 1,613,977	\$ 1,064,310	\$ 312,433	\$ 2,665,199	\$ 2,695,379	\$ 8,351,298
Taxes receivable	504,493	162,964	108,643	-	380,276	1,156,376
Other accounts receivable	50,000	-	-	-	6,012	56,012
Court fines receivable, net	40,464	-	-	-	-	40,464
Intergovernmental receivable	56,154	-	-	-	-	56,154
Inventory	28,200	-	-	-	-	28,200
Due from other funds	22,137	-	-	-	-	22,137
Prepaid expenses	94,242	20,912	56,156	-	59,011	230,321
Restricted cash and cash equivalents	75,091	45,022	-	-	942,444	1,062,557
<b>Total Assets</b>	<u>\$ 2,484,758</u>	<u>\$ 1,293,208</u>	<u>\$ 477,232</u>	<u>\$ 2,665,199</u>	<u>\$ 4,083,122</u>	<u>\$ 11,003,519</u>
<b>Liabilities and Fund Balances</b>						
Liabilities						
Accounts payable	\$ 85,656	\$ 279,765	\$ 3,984	\$ 21,621	\$ 83,082	\$ 474,108
Accrued expenses	70,098	8,837	35,264	-	729	114,928
Deposits held	19,182	-	-	-	16,725	35,907
Due to other governments	-	-	-	159,000	-	159,000
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>174,936</u>	<u>288,602</u>	<u>39,248</u>	<u>180,621</u>	<u>100,536</u>	<u>783,943</u>

See accompanying notes to the financial statements.

# City of Neosho

## Balance Sheet – Governmental Funds

September 30, 2020

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund		
Fund Balance						
Nonspendable						
Parks	-	-	-	-	72,447	72,447
Inventory	28,200	-	-	-	-	28,200
Prepaid items	94,242	20,912	56,156	-	59,011	230,321
Restricted for						
Public safety	-	-	-	-	4,481	4,481
Drainage	-	-	-	-	699,655	699,655
Auditorium	-	-	-	-	211,561	211,561
Streets	-	983,694	-	-	-	983,694
Senior center	-	-	-	-	40,510	40,510
Economic development	-	-	-	-	231,534	231,534
Street and bridge	-	-	-	-	305,168	305,168
Tourism development	-	-	-	-	251,528	251,528
TIF	-	-	-	2,484,578	-	2,484,578
Debt service	-	-	-	-	1,046,716	1,046,716
Assigned to						
Drainage	-	-	-	-	29,907	29,907
Public safety	-	-	381,828	-	-	381,828
Parks and recreation	-	-	-	-	400,991	400,991
Auditorium	-	-	-	-	165,109	165,109
Senior center	-	-	-	-	62,067	62,067
Economic development	-	-	-	-	130,273	130,273
Golf course	-	-	-	-	122,301	122,301
Street and bridge	-	-	-	-	146,577	146,577
Tourism development	-	-	-	-	2,750	2,750
Unassigned	2,187,380	-	-	-	-	2,187,380
<b>Total Fund Balances</b>	<u>2,309,822</u>	<u>1,004,606</u>	<u>437,984</u>	<u>2,484,578</u>	<u>3,982,586</u>	<u>10,219,576</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,484,758</u>	<u>\$ 1,293,208</u>	<u>\$ 477,232</u>	<u>\$ 2,665,199</u>	<u>\$ 4,083,122</u>	<u>\$ 11,003,519</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, 2020

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Fund balance - total governmental funds	\$ 10,219,576
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	64,046,314
Less accumulated depreciation	<u>(34,874,898)</u>
	29,171,416
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.	51,156
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	1,911,132
Deferred outflows due to pensions	766,740
Deferred inflows due to pensions	<u>(560,233)</u>
	2,117,639
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(85,250)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(7,478,754)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 33,995,783</u></b>

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, 2020

	General Fund	Special Revenue Funds			Nonmajor Governmental Funds	Total Governmental Funds
		Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund		
<b>Revenues</b>						
Taxes	\$ 3,995,877	\$ 1,490,998	\$ 683,606	\$ 314,746	\$ 2,467,953	\$ 8,953,180
Licenses and permits	203,527	-	-	-	-	203,527
Intergovernmental revenues	492,709	235,145	-	-	54,029	781,883
Charges for services	375,485	-	125,440	-	418,349	919,274
Fines and forfeitures	280,182	-	-	-	-	280,182
Donations and other contributions	9,598	-	-	-	16,052	25,650
Miscellaneous	117,070	29,383	20,234	9,184	34,679	210,550
<b>Total Revenues</b>	<b>5,474,448</b>	<b>1,755,526</b>	<b>829,280</b>	<b>323,930</b>	<b>2,991,062</b>	<b>11,374,246</b>
<b>Expenditures</b>						
Current						
Administrative	383,404	-	-	-	-	383,404
Clerk/Council	87,330	-	-	-	-	87,330
Non-departmental	4,074	-	-	-	-	4,074
Auditorium	-	-	-	-	93,601	93,601
Development services	133,427	-	-	-	-	133,427
Police	1,922,815	-	-	-	26,137	1,948,952
Fire	-	-	1,759,776	-	-	1,759,776
Emergency management	34,739	-	-	-	-	34,739
Court	126,491	-	-	-	-	126,491
Airport	624,509	-	-	-	-	624,509
Drainage	-	-	-	-	406,358	406,358
Street	-	1,615,216	-	-	-	1,615,216
Parks and recreation	-	-	-	-	826,224	826,224
Recreation	52,395	-	-	-	-	52,395
Senior center	-	-	-	-	118,148	118,148
Recycling center	88,320	-	-	-	-	88,320
Information technology	120,376	-	-	-	-	120,376
Property control	40,724	-	-	-	-	40,724
Human resources	82,540	-	-	-	-	82,540
Golf course	-	-	-	-	547,541	547,541
Tourism development	-	-	-	-	44,496	44,496
Communications and events	36,529	-	-	-	-	36,529
Cemetery	89,833	-	-	-	-	89,833
Other	-	-	-	47,192	328	47,520
Debt Service						
Principal and interest	-	-	-	-	1,306,725	1,306,725
<b>Total Expenditures</b>	<b>3,827,506</b>	<b>1,615,216</b>	<b>1,759,776</b>	<b>47,192</b>	<b>3,369,558</b>	<b>10,619,248</b>

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, 2020

	Special Revenue Funds					Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	
<i>Excess (Deficit) of Revenues Over Expenditures</i>	1,646,942	140,310	(930,496)	276,738	(378,496)	754,998
<b>Other Financing Sources (Uses)</b>						
Operating transfers in (out)	(1,066,995)	(199,150)	1,071,737	(49,509)	194,408	(49,509)
Insurance proceeds	50,170	-	-	-	54,720	104,890
<b>Total Other Financing Sources (Uses)</b>	<u>(1,016,825)</u>	<u>(199,150)</u>	<u>1,071,737</u>	<u>(49,509)</u>	<u>249,128</u>	<u>55,381</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	630,117	(58,840)	141,241	227,229	(129,368)	810,379
Fund Balance, October 1	1,679,705	1,063,446	296,743	2,257,349	4,111,954	9,409,197
<b>Fund Balance, September 30</b>	<u>\$ 2,309,822</u>	<u>\$ 1,004,606</u>	<u>\$ 437,984</u>	<u>\$ 2,484,578</u>	<u>\$ 3,982,586</u>	<u>\$ 10,219,576</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, 2020

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Net change in fund balances - total governmental funds	\$ 810,379
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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	(14,518)
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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	2,181,913
Depreciation	(1,434,317)
Disposal of capital assets, net	(4,479)
	<u>743,117</u>

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

Repayment of principal on bonds, leases and loans	1,295,765
Change in accrued interest payable	23,951
	<u>1,319,716</u>

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

Change in pension related costs	(153,853)
Change in compensated absences	(25,037)
	<u>(178,890)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 2,679,804</u></u>

See accompanying notes to the financial statements.



# City of Neosho

## Statement of Net Position – Proprietary Funds

September 30, 2020

	Water and Sewer Fund	Internal Service Fund
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 4,563,011	\$ -
Utilities receivable, net	454,267	-
Other accounts receivable	17,291	-
Prepaid expenses	91,506	76,946
<b>Total Current Assets</b>	<b>5,126,075</b>	<b>76,946</b>
Noncurrent Assets		
Restricted cash and cash equivalents	313,358	-
Net pension asset	443,774	-
Capital assets		
Nondepreciable	176,297	-
Depreciable, net	19,582,621	-
<b>Total Noncurrent Assets</b>	<b>20,516,050</b>	<b>-</b>
<b>Total Assets</b>	<b>25,642,125</b>	<b>76,946</b>
<b>Deferred Outflow of Resources</b>		
Deferred pension outflow	118,426	-
<b>Total Deferred Outflow of Resources</b>	<b>118,426</b>	<b>-</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>25,760,551</b>	<b>76,946</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	158,851	3,653
Accrued expenses	20,002	-
Accrued interest payable	37,441	-
Meter deposits payable	63,158	-
Due to other funds	-	22,137
Current maturities of long-term debt	791,021	-
<b>Total Current Liabilities</b>	<b>1,070,473</b>	<b>25,790</b>
Long-Term Liabilities		
Certificates of participation	76,250	-
Revenue bonds payable	8,736,300	-
Capital leases payable	12,319	-
Compensated absences payable	37,929	-
<b>Total Long-Term Liabilities</b>	<b>8,862,798</b>	<b>-</b>
<b>Total Liabilities</b>	<b>9,933,271</b>	<b>25,790</b>
<b>Net Position</b>		
Net investment in capital assets	10,143,028	-
Restricted for debt service	250,200	-
Unrestricted	5,434,052	51,156
<b>Total Net Position</b>	<b>\$ 15,827,280</b>	<b>\$ 51,156</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, 2020

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
<b>Operating Revenues</b>		
Charges for services		
Water and sewer	\$ 5,386,465	\$ -
Employer insurance contributions	-	682,749
Employee insurance contributions	-	149,900
<b>Total Operating Revenues</b>	<u>5,386,465</u>	<u>832,649</u>
<b>Operating Expenses</b>		
Personnel services	875,846	-
Contractual services	1,743,072	-
Repairs and maintenance	295,557	-
Supplies	108,910	-
Utilities	561,894	-
Insurance	83,213	-
Depreciation	852,662	-
Miscellaneous	8,125	-
Insurance claims and premiums	-	847,167
<b>Total Operating Expenses</b>	<u>4,529,279</u>	<u>847,167</u>
<i>Operating Income (Loss)</i>	857,186	(14,518)
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	16,591	-
Other revenue	26,349	-
Interest expense	(209,221)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(166,281)</u>	<u>-</u>
<i>Income Before Operating Transfers</i>	690,905	(14,518)
Net Operating Transfers In	<u>49,509</u>	<u>-</u>
<i>Net Income (Loss)</i>	740,414	(14,518)
Net Position, October 1	15,086,866	65,674
<b>Net Position, September 30</b>	<u><u>\$ 15,827,280</u></u>	<u><u>\$ 51,156</u></u>

See accompanying notes to the financial statements.

# City of Neosho

## Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2020

	<b>Water and Sewer Fund</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 5,362,520	\$ 832,649
Cash paid to suppliers	(2,815,619)	(904,322)
Cash paid to employees	(823,278)	-
Other cash received for nonoperating revenues	26,349	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,749,972</u>	<u>(71,673)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating transfers from other funds	49,509	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>49,509</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of fixed assets	(122,081)	-
Payment of principal on leases	(48,583)	-
Payment of principal on bonds	(722,100)	-
Payment of interest expense	(212,528)	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(1,105,292)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	16,591	-
<b>Net Cash Provided by Investing Activities</b>	<u>16,591</u>	<u>-</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	710,780	(71,673)
Cash and Cash Equivalents, Beginning of year	4,165,589	71,673
<b>Cash and Cash Equivalents, End of year</b>	<u>4,876,369</u>	<u>-</u>
Less Restricted Cash and Cash Equivalents	(313,358)	-
<b>Unrestricted Cash and Cash Equivalents</b>	<u><u>\$ 4,563,011</u></u>	<u><u>\$ -</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (Loss)	\$ 857,186	\$ (14,518)
Adjustments to reconcile operating income (Loss) to net cash provided (used) by operating activities:		
Depreciation	852,662	-
(Increase) decrease in		
Utilities receivable	(30,178)	-
Prepaid expenses	(15,222)	(76,946)
Net pension asset	239,451	-
Deferred pension outflow	(91,391)	-
Increase (decrease) in		
Accounts payable	374	(2,346)
Due to other funds		22,137
Accrued expenses	6,881	-
Meter deposits payable	6,233	-
Deferred pension inflow	(106,762)	-
Compensated absences	4,389	-
Other cash received for nonoperating revenues	26,349	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ 1,749,972</u></u>	<u><u>\$ (71,673)</u></u>

See accompanying notes to the financial statements.

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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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, 2020

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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.

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

*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, 2020

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### Capital Assets

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

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

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

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

### Pooled Cash and Cash Equivalents

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

### Inventories

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

### 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, 2020

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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.

### Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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*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.

### **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 employer contributions to the retirement plan and deferred amounts relating to debt refunding.

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

### **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



# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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, 2020, 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, 2020:

	<b>Restricted Cash and Cash Equivalents</b>
<b>General Fund</b>	
Court bonds	\$ 14,430
Police evidence	12,885
Deposits held	19,182
Donated police rewards	19,832
FEMA	8,762
	<u>\$ 75,091</u>
<b>Street Sales Tax Fund</b>	
TDD Funds	<u>\$ 45,022</u>
<b>Nonmajor Governmental Funds</b>	
Auditorium deposits held	\$ 16,352
Golf donations	3,938
Police donations	2,532
Skate park donations	200
2012A/B COP reserve trust fund	1,518
2013 Bond reserve	184,083
2014A Lease revenue fund	27,456
2014A Reserve	303,608
2016 COP reserve trust fund	402,757
	<u>\$ 942,444</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

### Water and Sewer Fund

Restricted assets and restricted net position consist of the following at September 30, 2020:

	Restricted Cash and Cash Equivalents	Restricted Net Position
<b>Water and Sewer Fund</b>		
Meter deposits	\$ 63,158	\$ -
2009B Bond principal and interest trust funds	81,653	81,653
2011 Bond principal and interest trust funds	137,689	137,689
2012A COP reserve trust fund	30,858	30,858
	<u>\$ 313,358</u>	<u>\$ 250,200</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:

	2019
Assessed Valuation	
Real estate	\$ 122,900,941
Personal property	33,959,267
<b>Total</b>	<u>\$ 156,860,208</u>
Tax Rate Per \$100 of Assessed Valuation	
<b>General Fund (Real Property)</b>	<u>\$ .3529</u>

The legal debt margin at September 30, 2020, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 15,686,021	\$ 15,686,021	\$ 31,372,042
General Obligation Bonds payable	-	-	-
<b>Legal Debt Margin</b>	<u>\$ 15,686,021</u>	<u>\$ 15,686,021</u>	<u>\$ 31,372,042</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

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

### 5. Accounts Receivable

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

	<b>Gross Receivable</b>	<b>Allowance</b>	<b>Net Receivable</b>
<b>Taxes Receivable</b>			
General Fund	\$ 504,493	\$ -	\$ 504,493
Street Sales Tax Fund	162,964	-	162,964
Fire Sales Tax Fund	108,643	-	108,643
Nonmajor Governmental Funds	380,276	-	380,276
	<u>\$ 1,156,376</u>	<u>\$ -</u>	<u>\$ 1,156,376</u>
<b>Utilities Receivable</b>			
Water and Sewer Fund	<u>\$ 455,299</u>	<u>\$ 1,032</u>	<u>\$ 454,267</u>
<b>Other Accounts Receivable</b>			
General Fund	50,000	\$ -	\$ 50,000
Golf Fund	6,012	-	6,012
Water and Sewer Fund	17,291	-	17,291
	<u>\$ 73,303</u>	<u>\$ -</u>	<u>\$ 73,303</u>
<b>Court Fines Receivable</b>			
General Fund	<u>\$ 426,041</u>	<u>\$ 385,577</u>	<u>\$ 40,464</u>

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

The business-type activities long-term debt at September 30, 2020, consists of the Series 2009B and 2011 revenue bond issues, a portion of the 2012A certificates of participation, a portion of a capital lease, and compensated absences payable.

## City of Neosho

### Notes to the Financial Statements

September 30, 2020

#### 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 as of September 30, 2020, 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, 2020, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
2021	\$ 456,000	\$ 94,972	\$ 550,972
2022	464,000	88,056	552,056
2023	474,000	81,012	555,012
2024	484,000	73,816	557,816
2025	493,000	66,478	559,478
2026	503,000	58,996	561,996
2027	513,000	51,363	564,363
2028	524,000	43,571	567,571
2029	535,000	35,621	570,621
2030	545,000	27,504	572,504
2031	557,000	19,230	576,230
2032	567,000	10,781	577,781
2033	288,000	2,174	290,174
	<u>\$ 6,403,000</u>	<u>\$ 653,574</u>	<u>\$ 7,056,574</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

### 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, 2020, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
2021	\$ 281,500	\$ 45,311	\$ 326,811
2022	287,000	41,040	328,040
2023	292,600	36,685	329,285
2024	298,300	32,246	330,546
2025	304,100	27,720	331,820
2026	310,100	23,105	333,205
2027	316,100	18,400	334,500
2028	322,300	13,604	335,904
2029	328,600	8,714	337,314
2030	330,200	3,727	333,927
	<u>\$ 3,070,800</u>	<u>\$ 250,552</u>	<u>\$ 3,321,352</u>

### Certificates of Participation

In 2012, the City issued \$320,000 in Certificates of Participation, Series 2012A for the purpose of refunding a portion of the Series 2003 Certificates of Participation. \$305,000 of the \$320,000 outstanding certificates was recorded as long-term debt within the business-type activities and \$15,000 was recorded in the governmental activities of the City. The Certificates of Participation bear interest at various rates ranging from 2.125% to 3.250% with principal payments due each May 1, beginning on May 1, 2016, and interest payments due May 1 and November 1 of each year. The certificates outstanding at September 30, 2020, are due as follows:

Year Ended September 30,			
	Principal	Interest	Total
2021	\$ 50,000	\$ 4,225	\$ 54,225
2022	50,000	2,600	52,600
2023	30,000	975	30,975
	<u>\$ 130,000</u>	<u>\$ 7,800</u>	<u>\$ 137,800</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

Amount recorded in:

Water and Sewer Fund/Business-Type Activities	\$ 123,906
Governmental Activities	6,094
<b>Total</b>	<b>\$ 130,000</b>

### Capital Lease

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

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 109,452	\$ 11,136	\$ 120,588
2022	113,129	7,459	120,588
2023	116,799	3,789	120,588
	<u>\$ 339,380</u>	<u>\$ 22,384</u>	<u>\$ 361,764</u>

Amount recorded in:

Water and Sewer Fund/Business-Type Activities	\$ 18,184
Governmental Activities	321,196
<b>Total</b>	<b>\$ 339,380</b>

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

## City of Neosho

### Notes to the Financial Statements

September 30, 2020

A summary of the changes in long-term debt of the business-type activities for the year ended September 30, 2020, is as follows:

	Balance September 30, 2019	Additions	Retirements	Balance September 30, 2020	Amounts Due Within One Year
<b>Direct Placements</b>					
Revenue Bonds					
2009B Revenue Bonds - ARRA					
Direct Loan Program	\$ 3,346,900	\$ -	\$ 276,100	\$ 3,070,800	\$ 281,500
2011 Revenue Bonds - Direct Loan Program	6,849,000	-	446,000	6,403,000	456,000
<b>Certificates of Participation</b>					
2012A Certificates of Participation	166,797	-	42,891	123,906	47,656
<b>Direct Borrowing</b>					
Capital Lease					
Equipment	23,876	-	5,692	18,184	5,865
<b>Compensated Absences Payable</b>	33,540	4,389	-	37,929	-
<b>Total</b>	<u>\$ 10,420,113</u>	<u>\$ 4,389</u>	<u>\$ 770,683</u>	<u>\$ 9,653,819</u>	<u>\$ 791,021</u>

## 7. Long-Term Debt – Governmental Activities

Long-term debt for governmental activities at September 30, 2020, consists of a portion of the 2012A certificates of participation; the 2014A, 2014B, and 2016 certificates of participation; the 2013 special obligation refunding bond; a portion of a capital lease; two capital leases; and compensated absences payable.

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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### Certificates of Participation

On August 15, 2014, the City issued \$3,035,000 in Series 2014A tax-exempt refunding Certificates of Participation and \$865,000 in Series 2014B taxable refunding Certificates of Participation for the purpose of refunding the 2007A and 2010 Certificates of Participation. \$2,435,000 refunded the auditorium portion of the 2007A Certificates of Participation and \$600,000 refunded the Senior Center portion of the 2007A Certificates of Participation. Additionally, \$865,000 refunded the 2010 Certificates of Participation. The Certificates of Participation bear interest at various rates ranging between 2.00% and 3.25% with principal and interest payments due April 1 and October 1 each year. The certificates outstanding at September 30, 2020, are due as follows:

<b>Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 230,000	\$ 54,912	\$ 284,912
2022	240,000	48,012	288,012
2023	245,000	42,012	287,012
2024	255,000	35,276	290,276
2025	260,000	27,626	287,626
2026	280,000	19,825	299,825
2027	330,000	10,725	340,725
	<u>\$ 1,840,000</u>	<u>\$ 238,388</u>	<u>\$ 2,078,388</u>



## City of Neosho

### Notes to the Financial Statements

September 30, 2020

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.

The certificates outstanding at September 30, 2020, are due as follows:

Year Ended September 30,	Principal	Interest	Total
2021	\$ 205,000	\$ 69,950	\$ 274,950
2022	220,000	63,800	283,800
2023	190,000	57,200	247,200
2024	190,000	51,500	241,500
2025	190,000	46,987	236,987
2026	185,000	42,475	227,475
2027	200,000	37,387	237,387
2028	205,000	31,888	236,888
2029	215,000	26,250	241,250
2030	225,000	19,800	244,800
2031	435,000	13,050	448,050
	\$ 2,460,000	\$ 460,287	\$ 2,920,287

#### Bonds

On April 2, 2013, the City issued \$3,145,000 in Series 2013 Special Obligation Refunding Bonds for the purpose of refunding the 2007B Certificates of Participation. The bonds bear interest at various rates ranging from 2.000% to 3.250% with principal payments due April 1 and interest payments due April 1 and October 1 each year. The bonds outstanding at September 30, 2020, are due as follows:

September 30,	Principal	Interest	Total
2021	\$ 205,000	\$ 55,402	\$ 260,402
2022	205,000	50,277	255,277
2023	210,000	44,537	254,537
2024	215,000	38,657	253,657
2025	230,000	31,992	261,992
2026	235,000	24,862	259,862
2027	530,000	17,225	547,225
	\$ 1,830,000	\$ 262,952	\$ 2,092,952

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

### Capital Leases

In April 2019, the City entered into a lease obligation to purchase mower equipment for the golf course in the amount of \$126,055. The lease requires monthly payments of \$2,351 through April 2024. The stated interest rate on the lease is 4.5%. In the event of default, the lender may declare all remaining payments immediately due and payable, retake possession of the leased equipment, or sell, lease, or sublease the leased equipment with the City remaining liable for the full remaining lease payments. The capital lease outstanding at September 30, 2020, is due as follows:

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 24,522	\$ 3,687	\$ 28,209
2022	25,645	2,564	28,209
2023	26,823	1,386	28,209
2024	16,212	244	16,456
	<u>\$ 93,202</u>	<u>\$ 7,881</u>	<u>\$ 101,083</u>

In May 2019, the City entered into a lease obligation to purchase a fire truck in the amount of \$859,595. The lease requires annual payments of \$100,205 through December 2028. The stated interest rate on the lease is 3.14%. In the event of default, the lessor may declare all remaining payments through the end of the then-current budget year to be due, and any remaining amounts shall thereafter bear interest at a rate of 12% or the maximum rate permitted by law, whichever is less. The lessor may also retake possession of the equipment at the lessee's expense. The capital lease outstanding at September 30, 2020, is due as follows:

Year Ended September 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 75,865	\$ 24,340	\$ 100,205
2022	78,248	21,957	100,205
2023	80,704	19,501	100,205
2024	83,239	16,966	100,205
2025	85,852	14,353	100,205
2026	88,548	11,657	100,205
2027	91,329	8,876	100,205
2028	94,196	6,009	100,205
2029	97,154	3,051	100,205
	<u>\$ 775,135</u>	<u>\$ 126,710</u>	<u>\$ 901,845</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

A summary of the changes in long-term debt – governmental activities for the year ended September 30, 2020, is as follows:

	Balance September 30, 2019	Additions	Retirements	Balance September 30, 2020	Amounts Due Within One Year
<b>Direct Borrowings</b>					
Capital Lease Obligations					
Equipment	\$ 421,727	\$ -	\$ 100,531	\$ 321,196	\$ 103,587
Golf Course Mowers	116,639	-	23,437	93,202	24,522
Ladder Truck	859,595	-	84,460	775,135	75,865
	<u>1,397,961</u>	<u>-</u>	<u>208,428</u>	<u>1,189,533</u>	<u>203,974</u>
<b>Certificates of Participation</b>					
Series 2012A	8,203	-	2,109	6,094	2,344
Series 2014A	2,060,000	-	220,000	1,840,000	230,000
Series 2014B	175,000	-	175,000	-	-
Series 2016	<u>2,960,000</u>	<u>-</u>	<u>500,000</u>	<u>2,460,000</u>	<u>205,000</u>
	5,203,203	-	897,109	4,306,094	437,344
Less: Deferred loss on debt refundings	<u>(82,960)</u>	<u>-</u>	<u>(9,772)</u>	<u>(73,188)</u>	<u>-</u>
	5,120,243	-	887,337	4,232,906	437,344
<b>Special Obligation Refunding Bonds</b>					
Series 2013	2,030,000	-	200,000	1,830,000	205,000
Compensated absences payable	<u>201,278</u>	<u>25,037</u>	<u>-</u>	<u>226,315</u>	<u>-</u>
<b>Total</b>	<u>\$ 8,749,482</u>	<u>\$ 25,037</u>	<u>\$ 1,295,765</u>	<u>\$ 7,478,754</u>	<u>\$ 846,318</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

### 8. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020
<b>Governmental Activities</b>				
Non-Depreciable Capital Assets				
Land	\$ 9,560,163	\$ -	\$ -	\$ 9,560,163
Construction in progress	451,002	1,496,802	346,483	1,601,321
<b>Total Non-Depreciable Capital Assets</b>	<u>10,011,165</u>	<u>\$ 1,496,802</u>	<u>\$ 346,483</u>	<u>11,161,484</u>
Depreciable Capital Assets				
Land improvements	655,867	\$ -	\$ -	655,867
Building and improvements	10,245,744	190,340	10,540	10,425,544
Machinery and equipment	8,307,294	91,108	409,342	7,989,060
Golf course infrastructure	3,373,207	-	-	3,373,207
Infrastructure	29,691,006	750,146	-	30,441,152
<b>Total Depreciable Capital Assets</b>	<u>52,273,118</u>	<u>\$ 1,031,594</u>	<u>\$ 419,882</u>	<u>52,884,830</u>
Less Accumulated Depreciation	<u>33,855,984</u>	<u>\$ 1,434,317</u>	<u>\$ 415,403</u>	<u>34,874,898</u>
<b>Total Depreciable Capital Assets, Net</b>	<u>18,417,134</u>			<u>18,009,932</u>
<b>Total Capital Assets -Governmental Activities, Net</b>	<u>\$ 28,428,299</u>			<u>\$ 29,171,416</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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

Administration	\$ 22,282
Auditorium	160,396
Building inspection	6,344
Police	87,658
Fire	127,939
Emergency management	13,722
Recycling	9,817
Senior center	22,986
Golf course	76,761
Court	1,200
Airport	193,214
Parks	96,484
Recreation	3,653
Drainage	50,613
Street	561,248
	<u>\$ 1,434,317</u>

	Balance September 30, 2019	Additions	Deletions	Balance September 30, 2020
<b>Business-Type Activities</b>				
Water and Sewer				
Non-Depreciable Capital Assets				
Land	\$ 176,297	\$ -	\$ -	\$ 176,297
Construction in progress	97,456	-	97,456	-
<b>Total Non-Depreciable Capital Assets</b>	<u>273,753</u>	<u>\$ -</u>	<u>\$ 97,456</u>	<u>176,297</u>
Depreciable Capital Assets				
Buildings	163,900	\$ -	\$ -	163,900
Water plant and equipment	14,173,979	185,683	-	14,359,662
Sewer plant and equipment	27,702,578	33,854	-	27,736,432
<b>Total Depreciable Capital Assets</b>	<u>42,040,457</u>	<u>\$ 219,537</u>	<u>\$ -</u>	<u>42,259,994</u>
Less Accumulated Depreciation	21,824,711	\$ 852,662	\$ -	22,677,373
<b>Total Depreciable Capital Assets, Net</b>	<u>20,215,746</u>			<u>19,582,621</u>
<b>Total Capital Assets - Business-Type Activities, Net</b>	<u>\$ 20,489,499</u>			<u>\$ 19,758,918</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

### 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.

#### 2020 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, 2020, the following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	59	18	15	92
Inactive employees entitled to but not yet receiving benefits	40	12	10	62
Active employees	49	24	26	99
	<u>148</u>	<u>54</u>	<u>51</u>	<u>253</u>

*Contributions.* The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 3.8% (General), 4.7% (Police), and 10.10% (Fire) of annual covered payroll.

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

**Net Pension Asset.** The employer's net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2020.

**Actuarial Assumptions.** The total pension liability in the February 29, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation, 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation for general and police 3.25% to 7.15% including wage inflation for fire
Investment rate of return	7.25% net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2020, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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, 2020

**Discount Rate.** The discount rate used to measure the total pension liability is 7.25%. 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	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
<b>General Division</b>			
Balances at beginning of year	\$ 7,548,914	\$ 9,523,554	\$ (1,974,640)
Changes for the year			
Service cost	161,553	-	161,553
Interest	538,208	-	538,208
Difference between expected and actual experiences	97,976	-	97,976
Contributions - employer	-	65,028	(65,028)
Net investment income	-	117,908	(117,908)
Benefits paid, including refunds	(416,726)	(416,726)	-
Administrative expenses	-	(18,284)	18,284
Other changes	-	(36,336)	36,336
Net Changes	381,011	(288,410)	669,421
<b>Balances at end of year</b>	<b>7,929,925</b>	<b>9,235,144</b>	<b>(1,305,219)</b>
<b>Police Division</b>			
Balances at beginning of year	3,329,581	4,161,356	(831,775)
Changes for the year			
Service cost	126,358	-	126,358
Interest	241,846	-	241,846
Difference between expected and actual experiences	46,344	-	46,344
Contributions - employer	-	54,167	(54,167)
Net investment income	-	53,850	(53,850)
Benefits paid, including refunds	(113,691)	(113,691)	-
Administrative expenses	-	(6,454)	6,454
Other changes	-	(26,537)	26,537
Net Changes	300,857	(38,665)	339,522
<b>Balances at end of year</b>	<b>3,630,438</b>	<b>4,122,691</b>	<b>(492,253)</b>



## City of Neosho

### Notes to the Financial Statements

September 30, 2020

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
<b>Fire Division</b>			
Balances at beginning of year	5,213,073	6,239,537	(1,026,464)
Changes for the year			
Service cost	146,617	-	146,617
Interest	373,131	-	373,131
Difference between expected and actual experiences	72,945	-	72,945
Contributions - employer	-	103,167	(103,167)
Net investment income	-	77,434	(77,434)
Benefits paid, including refunds	(281,872)	(281,872)	-
Administrative expenses	-	(6,590)	6,590
Other changes	-	(50,348)	50,348
Net Changes	310,821	(158,209)	469,030
<b>Balances at end of year</b>	<b>5,523,894</b>	<b>6,081,328</b>	<b>(557,434)</b>
<b>Total Plan Balances at end of year</b>	<b>\$ 17,084,257</b>	<b>\$ 19,439,163</b>	<b>\$ (2,354,906)</b>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

*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 7.25%, as well as what the employer's Net Pension Asset would be using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
<b>General Division</b>			
Total Pension Liability	\$ 9,092,431	\$ 7,929,925	\$ 6,986,540
Fiduciary Net Position	9,235,144	9,235,144	9,235,144
Net Pension (Asset)	(142,713)	(1,305,219)	(2,248,604)
<b>Police Division</b>			
Total Pension Liability	4,249,394	3,630,438	3,133,057
Fiduciary Net Position	4,122,691	4,122,691	4,122,691
Net Pension (Asset)	126,703	(492,253)	(989,634)
<b>Fire Division</b>			
Total Pension Liability	6,358,253	5,523,894	4,843,626
Fiduciary Net Position	6,081,328	6,081,328	6,081,328
Net Pension (Asset)	276,925	(557,434)	(1,237,702)
<b>Total Net Pension (Asset)</b>	<u>\$ 260,915</u>	<u>\$ (2,354,906)</u>	<u>\$ (4,475,940)</u>

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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

For the year ended 2020, the employer recognized pension expenses of \$156,040 in the general division, \$146,211 in the police division and \$114,172 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	\$ 83,044	\$ -	\$ 83,044
Assumption changes	-	-	-
Differences in investment returns	247,796	-	247,796
Contributions subsequent to the measurement date*	17,471	-	17,471
	<u>348,311</u>	<u>-</u>	<u>348,311</u>
<b>Police Division</b>			
Differences in experiences	109,101	(102,358)	6,743
Assumption changes	-	-	-
Differences in investment returns	109,127	-	109,127
Contributions subsequent to the measurement date*	14,459	-	14,459
	<u>232,687</u>	<u>(102,358)</u>	<u>130,329</u>
<b>Fire Division</b>			
Differences in experiences	62,987	(457,875)	(394,888)
Assumption changes	71,441	-	71,441
Differences in investment returns	141,425	-	141,425
Contributions subsequent to the measurement date*	28,315	-	28,315
	<u>304,168</u>	<u>(457,875)</u>	<u>(153,707)</u>
<b>Total</b>	<u>\$ 885,166</u>	<u>\$ (560,233)</u>	<u>\$ 324,933</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, 2021.

## City of Neosho

### Notes to the Financial Statements

September 30, 2020

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
2021	\$ 17,608	\$ (24,914)	\$ (93,822)	\$ (101,128)
2022	75,163	9,261	(50,958)	33,466
2023	126,455	73,214	1,034	200,703
2024	111,614	58,145	12,197	181,956
2025	-	164	(38,949)	(38,785)
Thereafter	-	-	(11,524)	(11,524)
<b>Total</b>	<b>\$ 330,840</b>	<b>\$ 115,870</b>	<b>\$ (182,022)</b>	<b>\$ 264,688</b>

## 10. Risk Management

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

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

### 11. Interfund Transfers

Interfund transfers for the year ended September 30, 2020, consisted of the following:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 33,242	\$ 1,100,237
Hotel/Motel Tax Fund	-	27,582
Golf Fund	398,687	198,481
Street Sales Tax Fund	-	199,150
Fire Sales Tax Fund	1,071,737	-
Tax Increment Financing Fund	-	49,509
Drainage Sales Tax Fund	-	190,915
Parks Sales Tax Fund	34,861	40,993
Auditorium Fund	-	223,942
Senior Center Sales Tax Fund	26,500	51,253
Economic Development Sales Tax Fund	-	392,555
Street/Bridge Sales Tax Fund	-	258,252
Police Grants Fund	2,000	-
2016 COP Fund	580,311	-
2014 COP Fund	275,195	-
2013 Bond Fund	258,252	-
2012 COP Fund	2,575	-
2010 COP Fund	-	-
Star Loan Fund	-	-
Water and Sewer Fund	443,320	393,811
	<u>\$ 3,126,680</u>	<u>\$ 3,126,680</u>

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

### 12. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of September 30, 2020, 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, 2020

### 13. Debt Refunding Loss

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

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

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

	Balance September 30, 2019	Additions	Current Amortization	Balance September 30, 2020
Governmental Activities	\$ 82,960	\$ -	\$ (9,772)	\$ 73,188

### 14. Internal Balances

Internal balances as of September 30, 2020, consisted of the following:

	General Fund	Internal Service Fund	Tax Increment Financing Fund	Non-Major Funds	Water and Sewer Fund
Internal balances	\$ 22,137	\$ (22,137)	\$ -	\$ -	\$ -

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2020, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

### 15. Risks & Uncertainties

During 2020, a strain of Coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not fully determinable, but will likely

# City of Neosho

## Notes to the Financial Statements

September 30, 2020

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continue to be significant for both the City and the overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations.

### **16. Subsequent Events**

On February 9, 2021, the City issued \$3,075,000 in Special Obligation Refunding Bonds with an interest rate of 2.00%. \$1,840,000 of this issue will refund the remaining Series 2014A Certificates of Participation and the remaining \$1,830,000 will refund the remaining 2013 Special Obligation Bonds.

## Required Supplementary Information



# City of Neosho

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

Year Ended September 30, 2020

	<b>Missouri Local Government Employees Retirement System (LAGERS)</b>					
	<b>June 30, 2020</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
<b>Total Pension Liability</b>						
Service cost	\$ 434,528	\$ 422,542	\$ 414,136	\$ 395,107	\$ 391,139	\$ 399,461
Interest on the total pension liability	1,153,185	1,105,875	1,069,610	1,047,617	1,004,497	974,376
Difference between expected and actual experience	217,265	(111,545)	(293,652)	(508,438)	(609,884)	(294,998)
Changes of assumptions	-	-	-	-	462,449	-
Benefit payments including refunds	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
<i>Net Change in Total Pension Liability</i>	992,689	687,281	530,431	312,706	560,184	447,269
Total Pension Liability, Beginning	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966	13,553,697
<b>Total Pension Liability, Ending</b>	<b>17,084,257</b>	<b>16,091,568</b>	<b>15,404,287</b>	<b>14,873,856</b>	<b>14,561,150</b>	<b>14,000,966</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	222,362	245,465	264,039	261,400	293,632	317,093
Pension plan net investment income	249,192	1,289,199	2,118,438	1,860,492	(31,596)	323,289
Benefit payments, including refunds	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
Pension plan administrative expense	(31,328)	(28,254)	(19,379)	(18,290)	(17,749)	(19,946)
Other	(113,221)	(64,456)	(2,249)	(137,249)	16,467	(270,346)
<i>Net Change in Plan Fiduciary Net Position</i>	(485,284)	712,363	1,701,186	1,344,773	(427,263)	(281,480)
Plan Fiduciary Net Position, Beginning	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>	<b>19,439,163</b>	<b>19,924,447</b>	<b>19,212,084</b>	<b>17,510,898</b>	<b>16,166,125</b>	<b>16,593,388</b>
<b>Employer Net Pension (Asset)</b>	<b>\$ (2,354,906)</b>	<b>\$ (3,832,879)</b>	<b>\$ (3,807,797)</b>	<b>\$ (2,637,042)</b>	<b>\$ (1,604,975)</b>	<b>\$ (2,592,422)</b>
Plan fiduciary net position as a percentage of the total pension liability	113.78%	123.82%	124.72%	117.73%	111.02%	119%
Covered employee payroll	\$ 3,633,974	\$ 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 employee payroll	64.80%	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, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 221,368	\$ 244,374	\$ 270,089	\$ 259,473	\$ 294,052	\$ 312,806	\$ 327,508	\$ 350,617	\$ 312,365	\$ 308,754
Contributions in relation to the actuarially determined contribution	<u>221,368</u>	<u>234,932</u>	<u>265,974</u>	<u>259,473</u>	<u>294,052</u>	<u>312,806</u>	<u>327,508</u>	<u>350,617</u>	<u>308,288</u>	<u>287,074</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ 9,442</u>	<u>\$ 4,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,077</u>	<u>\$ 21,680</u>
Covered-employee payroll	\$ 3,878,259	\$ 3,809,377	\$ 3,730,002	\$ 3,632,303	\$ 3,606,430	\$ 3,682,580	\$ 3,694,022	\$ 3,398,859	\$ 2,852,638	\$ 2,682,657
Contributions as a percentage of employee payroll	5.71%	6.17%	7.13%	7.14%	8.15%	8.49%	8.87%	10.32%	10.81%	10.70%

See accompanying notes to the Schedule of Contributions.

## City of Neosho

### Notes to Schedule of Contributions

Year Ended September 30, 2020

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**Valuation Date:** February 29, 2020.

**Notes:** The roll-forward of total pension liability from February 29, 2020, to June 30, 2020, 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:* 15 years

*Asset Valuation Method:* 5-Year smoothed market; 20% corridor

*Inflation:* 3.25% wage inflation; 2.50% price inflation

*Salary Increases:* 3.25% to 6.55% including wage inflation for the general and police division

3.25% to 7.15% including wage inflation for the fire division

*Investment Rate of Return:* 7.25%, 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, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

*Other Information:* None

# City of Neosho

## Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes				
Property tax	\$ 420,000	\$ 424,100	\$ 428,297	\$ 4,197
City sales tax	2,595,282	2,595,282	2,834,737	239,455
Financial institution tax	2,000	2,000	589	(1,411)
Utility franchise tax	760,000	760,000	675,683	(84,317)
Cigarette tax	57,000	57,000	56,571	(429)
	<u>3,834,282</u>	<u>3,838,382</u>	<u>3,995,877</u>	<u>157,495</u>
Licenses and Permits				
Occupational licenses	32,000	32,000	31,495	(505)
Building permits	103,000	103,000	128,355	25,355
Animal licenses and fees	500	500	484	(16)
Cemetery Fees	-	43,193	43,193	-
	<u>135,500</u>	<u>178,693</u>	<u>203,527</u>	<u>24,834</u>
Intergovernmental Revenues				
Grants	370,564	433,564	492,709	59,145
	<u>370,564</u>	<u>433,564</u>	<u>492,709</u>	<u>59,145</u>
Charges for Services				
Sanitation	55,000	55,000	66,957	11,957
Airport fuel sales	123,800	133,800	91,047	(42,753)
Recycling center fees	25,000	25,000	17,807	(7,193)
Other	181,500	181,500	199,674	18,174
	<u>385,300</u>	<u>395,300</u>	<u>375,485</u>	<u>(19,815)</u>
Fines and Forfeitures				
City court fines	299,700	299,700	274,883	(24,817)
Police training fees	4,500	4,500	5,299	799
	<u>304,200</u>	<u>304,200</u>	<u>280,182</u>	<u>(24,018)</u>
Miscellaneous				
Leases and rent income	84,700	84,700	72,344	(12,356)
Interest	4,400	4,400	6,189	1,789
Donations and other contributions	-	2,000	9,598	7,598
Other	43,000	43,000	38,537	(4,463)
	<u>132,100</u>	<u>134,100</u>	<u>126,668</u>	<u>(7,432)</u>
<b>Total Revenues</b>	<u>5,161,946</u>	<u>5,284,239</u>	<u>5,474,448</u>	<u>190,209</u>

See accompanying notes to the Budgetary Comparison Schedules.

## City of Neosho

### Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
Current				
Administrative	470,592	460,150	383,404	76,746
Clerk/Council	97,510	99,710	87,330	12,380
City hall capital	-	-	4,074	(4,074)
Development services	151,931	154,731	133,427	21,304
Police	2,238,165	2,256,721	1,922,815	333,906
Emergency management	19,205	19,785	34,739	(14,954)
Court	130,959	131,559	126,491	5,068
Airport	602,109	683,323	624,509	58,814
Lampo community center	38,431	57,881	52,395	5,486
Recycling center	136,663	136,663	88,320	48,343
Information technology	122,359	127,359	120,376	6,983
Fleet maintenance	62,645	52,945	40,724	12,221
Human resources	118,951	118,651	82,540	36,111
Communications and events	38,000	36,500	36,529	(29)
Cemetery	-	94,860	89,833	5,027
<b>Total Expenditures</b>	<u>4,227,520</u>	<u>4,430,838</u>	<u>3,827,506</u>	<u>603,332</u>
 <i>Excess of Revenues Over Expenditures</i>	 934,426	 853,401	 1,646,942	 793,541
 <b>Other Financing Sources (Uses)</b>				
Operating transfers in	8,060	33,383	33,242	(141)
Operating transfers (out)	(1,073,737)	(1,100,237)	(1,100,237)	-
Insurance Proceeds	-	30,658	50,170	19,512
<b>Total Other Financing Sources (Uses)</b>	<u>(1,065,677)</u>	<u>(1,036,196)</u>	<u>(1,016,825)</u>	<u>19,371</u>
 <i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	 (131,251)	 (182,795)	 630,117	 812,912
 Fund Balance, October 1	 <u>1,606,566</u>	 <u>1,679,705</u>	 <u>1,679,705</u>	 <u>-</u>
<b>Fund Balance, September 30</b>	<u><u>\$ 1,475,315</u></u>	<u><u>\$ 1,496,910</u></u>	<u><u>\$ 2,309,822</u></u>	<u><u>\$ 812,912</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

## City of Neosho

### Budgetary Comparison Schedule – Street Sales Tax Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Street sales taxes	\$ 932,306	\$ 932,306	\$ 1,025,407	\$ 93,101
Motor vehicle taxes	476,000	476,000	465,591	(10,409)
Intergovernmental revenues	276,542	276,542	235,145	(41,397)
Miscellaneous	18,500	33,091	29,383	(3,708)
<b>Total Revenues</b>	<u>1,703,348</u>	<u>1,717,939</u>	<u>1,755,526</u>	<u>37,587</u>
<b>Expenditures</b>				
Current				
Street	1,612,728	1,772,828	1,615,216	157,612
<b>Total Expenditures</b>	<u>1,612,728</u>	<u>1,772,828</u>	<u>1,615,216</u>	<u>157,612</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	90,620	(54,889)	140,310	195,199
<b>Other Financing (Uses)</b>				
Operating transfers (out)	(199,946)	(199,946)	(199,150)	796
<b>Total Other Financing (Uses)</b>	<u>(199,946)</u>	<u>(199,946)</u>	<u>(199,150)</u>	<u>796</u>
<i>(Deficit) of Revenues Over Expenditures and Other (Uses)</i>	(109,326)	(254,835)	(58,840)	195,995
Fund Balance, October 1	1,068,101	1,063,446	1,063,446	-
<b>Fund Balance, September 30</b>	<u>\$ 958,775</u>	<u>\$ 808,611</u>	<u>\$ 1,004,606</u>	<u>\$ 195,995</u>

See accompanying notes to the Budgetary Comparison Schedules.

## City of Neosho

### Budgetary Comparison Schedule – Fire Sales Tax Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Fire sales taxes	\$ 621,204	\$ 621,204	\$ 683,606	\$ 62,402
Charges for services	125,600	125,600	125,440	(160)
Miscellaneous	-	-	20,234	20,234
<b>Total Revenues</b>	<u>746,804</u>	<u>746,804</u>	<u>829,280</u>	<u>82,476</u>
<b>Expenditures</b>				
Current				
Fire	<u>1,907,737</u>	<u>1,907,737</u>	<u>1,759,776</u>	<u>147,961</u>
<b>Total Expenditures</b>	<u>1,907,737</u>	<u>1,907,737</u>	<u>1,759,776</u>	<u>147,961</u>
<i>(Deficit) of Revenues Over Expenditures</i>	(1,160,933)	(1,160,933)	(930,496)	230,437
<b>Other Financing Sources</b>				
Operating transfers in	<u>1,071,737</u>	<u>1,071,737</u>	<u>1,071,737</u>	-
<b>Total Other Financing Sources</b>	<u>1,071,737</u>	<u>1,071,737</u>	<u>1,071,737</u>	-
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(89,196)	(89,196)	141,241	230,437
Fund Balance, October 1	<u>185,615</u>	<u>296,743</u>	<u>296,743</u>	-
<b>Fund Balance, September 30</b>	<u><u>\$ 96,419</u></u>	<u><u>\$ 207,547</u></u>	<u><u>\$ 437,984</u></u>	<u><u>\$ 230,437</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

## City of Neosho

### Budgetary Comparison Schedule – Tax Increment Financing Fund

Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 177,000	\$ 177,000	\$ 314,746	\$ 137,746
Miscellaneous	3,000	3,000	9,184	6,184
<b>Total Revenues</b>	<u>180,000</u>	<u>180,000</u>	<u>323,930</u>	<u>143,930</u>
<b>Expenditures</b>				
Current				
Other	-	100,000	47,192	52,808
<b>Total Expenditures</b>	<u>-</u>	<u>100,000</u>	<u>47,192</u>	<u>52,808</u>
<i>Excess of Revenues Over Expenditures</i>	180,000	80,000	276,738	196,738
<b>Other Financing (Uses)</b>				
Operating transfers (out)	(49,562)	(49,562)	(49,509)	53
<b>Total Other Financing (Uses)</b>	<u>(49,562)</u>	<u>(49,562)</u>	<u>(49,509)</u>	<u>53</u>
<i>Excess of Revenues Over Expenditures and Other (Uses)</i>	130,438	30,438	227,229	196,791
Fund Balance, October 1	2,276,043	2,257,349	2,257,349	-
<b>Fund Balance, September 30</b>	<u><u>\$ 2,406,481</u></u>	<u><u>\$ 2,287,787</u></u>	<u><u>\$ 2,484,578</u></u>	<u><u>\$ 196,791</u></u>

See accompanying notes to the Budgetary Comparison Schedules.



# City of Neosho

## Notes to the Budgetary Comparison Schedules

Year Ended September 30, 2020

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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.

## Other Financial Information

# City of Neosho

## Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2020

	Special Revenue Funds										
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Economic Development Sales Tax Fund	Street/ Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
Assets											
Cash and cash equivalents	\$ 1,412	\$ -	\$ 689,057	\$ 346,502	\$ 300,577	\$ 77,533	\$ 307,486	\$ 397,424	\$ 254,578	\$ 120,532	\$ 537
Sales tax receivable	-	-	77,870	85,095	81,502	27,167	54,321	54,321	-	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	-	6,012	-
Prepaid expenses	-	-	2,682	25,708	13,049	3,022	-	-	-	14,550	-
Cash and cash equivalents - restricted	-	2,532	-	200	16,352	-	-	-	-	3,938	-
Total Assets	<u>\$ 1,412</u>	<u>\$ 2,532</u>	<u>\$ 769,609</u>	<u>\$ 457,505</u>	<u>\$ 411,480</u>	<u>\$ 107,722</u>	<u>\$ 361,807</u>	<u>\$ 451,745</u>	<u>\$ 254,578</u>	<u>\$ 145,032</u>	<u>\$ 537</u>
Liabilities and Fund Balances											
Liabilities											
Accounts payable	\$ -	\$ -	\$ 37,175	\$ 30,320	\$ 5,369	\$ 2,110	\$ -	\$ -	\$ 300	\$ 7,808	\$ -
Accrued expenses	-	-	190	486	40	13	-	-	-	-	-
Deposits held	-	-	-	-	16,352	-	-	-	-	373	-
Total Liabilities	-	-	37,365	30,806	21,761	2,123	-	-	300	8,181	-

# City of Neosho

## Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2020

	Special Revenue Funds										
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Economic Development Sales Tax Fund	Street/ Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
Fund Balance											
Nonspendable											
Permanent	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	2,682	25,708	13,049	3,022	-	-	-	14,550	-
Restricted for											
Public safety	1,412	2,532	-	-	-	-	-	-	-	-	537
Drainage	-	-	699,655	-	-	-	-	-	-	-	-
Auditorium	-	-	-	-	211,561	-	-	-	-	-	-
Senior Center	-	-	-	-	-	40,510	-	-	-	-	-
Economic development	-	-	-	-	-	-	231,534	-	-	-	-
Street and bridge	-	-	-	-	-	-	-	305,168	-	-	-
Tourism development	-	-	-	-	-	-	-	-	251,528	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Assigned to											
Drainage	-	-	29,907	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	400,991	-	-	-	-	-	-	-
Auditorium	-	-	-	-	165,109	-	-	-	-	-	-
Senior center	-	-	-	-	-	62,067	-	-	-	-	-
Economic development	-	-	-	-	-	-	130,273	-	-	-	-
Golf course	-	-	-	-	-	-	-	-	-	122,301	-
Street and bridge	-	-	-	-	-	-	-	146,577	-	-	-
Tourism development	-	-	-	-	-	-	-	-	2,750	-	-
Total Fund Balances	1,412	2,532	732,244	426,699	389,719	105,599	361,807	451,745	254,278	136,851	537
Total Liabilities and Fund Balance	\$ 1,412	\$ 2,532	\$ 769,609	\$ 457,505	\$ 411,480	\$ 107,722	\$ 361,807	\$ 451,745	\$ 254,578	\$ 145,032	\$ 537

## City of Neosho

### Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2020

	Debt Service Funds				Permanent Funds		Total
	2014 COP Fund	2013 Bond Fund	2012 COP Fund	2016 COP Fund	Abbot Brothers Fund	Morse Park Fund	Nonmajor Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 125,633	\$ 1,661	\$ -	\$ 68,819	\$ 3,628	\$ 2,695,379
Sales tax receivable	-	-	-	-	-	-	380,276
Other accounts receivable	-	-	-	-	-	-	6,012
Prepaid expenses	-	-	-	-	-	-	59,011
Cash and cash equivalents - restricted	331,064	184,083	1,518	402,757	-	-	942,444
<b>Total Assets</b>	<u>\$ 331,064</u>	<u>\$ 309,716</u>	<u>\$ 3,179</u>	<u>\$ 402,757</u>	<u>\$ 68,819</u>	<u>\$ 3,628</u>	<u>\$ 4,083,122</u>
<b>Liabilities and Fund Balances</b>							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,082
Accrued expenses	-	-	-	-	-	-	729
Deposits payable	-	-	-	-	-	-	16,725
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,536</u>

## City of Neosho

### Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2020

	Debt Service Funds				Permanent Funds		Total
	2014 COP Fund	2013 Bond Fund	2012 COP Fund	2016 COP Fund	Abbot Brothers Fund	Morse Park Fund	Nonmajor Governmental Funds
Fund Balances							
Nonspendable							
Permanent	-	-	-	-	68,819	3,628	72,447
Prepaid items	-	-	-	-	-	-	59,011
Restricted for							
Public safety	-	-	-	-	-	-	4,481
Drainage	-	-	-	-	-	-	699,655
Auditorium	-	-	-	-	-	-	211,561
Senior Center	-	-	-	-	-	-	40,510
Economic development	-	-	-	-	-	-	231,534
Street and bridge	-	-	-	-	-	-	305,168
Tourism development	-	-	-	-	-	-	251,528
Debt service	331,064	309,716	3,179	402,757	-	-	1,046,716
Assigned to							
Drainage	-	-	-	-	-	-	29,907
Parks and recreation	-	-	-	-	-	-	400,991
Auditorium	-	-	-	-	-	-	165,109
Senior center	-	-	-	-	-	-	62,067
Economic development	-	-	-	-	-	-	130,273
Golf course	-	-	-	-	-	-	122,301
Street and bridge	-	-	-	-	-	-	146,577
Tourism development	-	-	-	-	-	-	2,750
<b>Total Fund Balances</b>	<u>331,064</u>	<u>309,716</u>	<u>3,179</u>	<u>402,757</u>	<u>68,819</u>	<u>3,628</u>	<u>3,982,586</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 331,064</u></u>	<u><u>\$ 309,716</u></u>	<u><u>\$ 3,179</u></u>	<u><u>\$ 402,757</u></u>	<u><u>\$ 68,819</u></u>	<u><u>\$ 3,628</u></u>	<u><u>\$ 4,083,122</u></u>

## City of Neosho

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2020

	Special Revenue Funds										
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Economic Development Sales Tax Fund	Street/Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
<b>Revenues</b>											
Taxes	\$ -	\$ -	\$ 410,163	\$ 615,244	\$ 512,705	\$ 170,902	\$ 341,802	\$ 341,803	\$ 75,334	\$ -	\$ -
Intergovernmental revenues	9,252	-	44,777	-	-	-	-	-	-	-	-
Charges for services	-	-	-	25,091	7,835	4,636	-	-	-	380,787	-
Donations and other contributions	-	15,152	-	900	-	-	-	-	-	-	-
Miscellaneous	-	11	2,585	2,365	780	247	1,292	1,241	869	15,958	2
<b>Total Revenues</b>	<b>9,252</b>	<b>15,163</b>	<b>457,525</b>	<b>643,600</b>	<b>521,320</b>	<b>175,785</b>	<b>343,094</b>	<b>343,044</b>	<b>76,203</b>	<b>396,745</b>	<b>2</b>
<b>Expenditures</b>											
Current											
Police	11,340	14,797	-	-	-	-	-	-	-	-	-
Drainage	-	-	406,358	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	826,224	-	-	-	-	-	-	-
Auditorium	-	-	-	-	93,601	-	-	-	-	-	-
Senior center	-	-	-	-	-	118,148	-	-	-	-	-
Golf course	-	-	-	-	-	-	-	-	-	547,541	-
Tourism development	-	-	-	-	-	-	-	-	44,496	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Debt Service											
Principal and interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>11,340</b>	<b>14,797</b>	<b>406,358</b>	<b>826,224</b>	<b>93,601</b>	<b>118,148</b>	<b>-</b>	<b>-</b>	<b>44,496</b>	<b>547,541</b>	<b>-</b>

## City of Neosho

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

Year Ended September 30, 2020

	Special Revenue Funds										
	Police Grants Fund	Police Donations Fund	Drainage Sales Tax Fund	Parks Sales Tax Fund	Auditorium Fund	Senior Center Sales Tax Fund	Economic Development Sales Tax Fund	Street/Bridge Sales Tax Fund	Hotel/ Motel Tax Fund	Golf Fund	D.A.R.E. Fund
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(2,088)	366	51,167	(182,624)	427,719	57,637	343,094	343,044	31,707	(150,796)	2
<b>Other Financing Sources (Uses)</b>											
Operating transfers in	2,000	-	-	34,861	-	26,500	-	-	-	398,687	-
Operating transfers (out)	-	-	(190,915)	(40,993)	(223,942)	(51,253)	(392,555)	(258,252)	(27,582)	(198,481)	-
Insurance proceeds	-	-	-	34,557	-	-	-	-	-	20,163	-
<b>Total Other Financing Sources (Uses)</b>	<u>2,000</u>	<u>-</u>	<u>(190,915)</u>	<u>28,425</u>	<u>(223,942)</u>	<u>(24,753)</u>	<u>(392,555)</u>	<u>(258,252)</u>	<u>(27,582)</u>	<u>220,369</u>	<u>-</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	(88)	366	(139,748)	(154,199)	203,777	32,884	(49,461)	84,792	4,125	69,573	2
Fund Balance, October 1	<u>1,500</u>	<u>2,166</u>	<u>871,992</u>	<u>580,898</u>	<u>185,942</u>	<u>72,715</u>	<u>411,268</u>	<u>366,953</u>	<u>250,153</u>	<u>67,278</u>	<u>535</u>
<b>Fund Balance, September 30</b>	<u><u>\$ 1,412</u></u>	<u><u>\$ 2,532</u></u>	<u><u>\$ 732,244</u></u>	<u><u>\$ 426,699</u></u>	<u><u>\$ 389,719</u></u>	<u><u>\$ 105,599</u></u>	<u><u>\$ 361,807</u></u>	<u><u>\$ 451,745</u></u>	<u><u>\$ 254,278</u></u>	<u><u>\$ 136,851</u></u>	<u><u>\$ 537</u></u>



# City of Neosho

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2020

	Debt Service Funds				Permanent Funds		Total Nonmajor Governmental Funds
	2014 COP Fund	2013 Bond Fund	2012 COP Fund	2016 COP Fund	Abbot Brothers Fund	Morse Park Fund	
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,467,953
Intergovernmental revenues	-	-	-	-	-	-	54,029
Charges for services	-	-	-	-	-	-	418,349
Donations and other contributions	-	-	-	-	-	-	16,052
Miscellaneous	1,888	1,083	15	2,926	3,404	13	34,679
<b>Total Revenues</b>	<u>1,888</u>	<u>1,083</u>	<u>15</u>	<u>2,926</u>	<u>3,404</u>	<u>13</u>	<u>2,991,062</u>
<b>Expenditures</b>							
Current							
Police	-	-	-	-	-	-	26,137
Drainage	-	-	-	-	-	-	406,358
Parks and recreation	-	-	-	-	-	-	826,224
Auditorium	-	-	-	-	-	-	93,601
Senior center	-	-	-	-	-	-	118,148
Golf course	-	-	-	-	-	-	547,541
Tourism development	-	-	-	-	-	-	44,496
Other	-	-	-	-	328	-	328
Debt Service							
Principal and interest	459,667	258,253	2,605	586,200	-	-	1,306,725
<b>Total Expenditures</b>	<u>459,667</u>	<u>258,253</u>	<u>2,605</u>	<u>586,200</u>	<u>328</u>	<u>-</u>	<u>3,369,558</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(457,779)	(257,170)	(2,590)	(583,274)	3,076	13	(378,496)
<b>Other Financing Sources (Uses)</b>							
Operating transfers in	275,195	258,252	2,575	580,311	-	-	1,578,381
Operating transfers (out)	-	-	-	-	-	-	(1,383,973)
Insurance proceeds	-	-	-	-	-	-	54,720
<b>Total Other Financing Sources (Uses)</b>	<u>275,195</u>	<u>258,252</u>	<u>2,575</u>	<u>580,311</u>	<u>-</u>	<u>-</u>	<u>249,128</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	(182,584)	1,082	(15)	(2,963)	3,076	13	(129,368)
Fund Balance, October 1	513,648	308,634	3,194	405,720	65,743	3,615	4,111,954
<b>Fund Balance, September 30</b>	<u>\$ 331,064</u>	<u>\$ 309,716</u>	<u>\$ 3,179</u>	<u>\$ 402,757</u>	<u>\$ 68,819</u>	<u>\$ 3,628</u>	<u>\$ 3,982,586</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, 2020, and the related notes to the financial statements, which collectively comprise the City of Neosho, Missouri's basic financial statements and have issued our report thereon dated February 18, 2021.

**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  
February 18, 2021