City of Neosho, Missouri

Basic Financial Statements Year Ended September 30, 2022



Table of Contents

| Independent Auditors' Report | 3 |
|---|----|
| Management's Discussion and Analysis | 7 |
| Basic Financial Statements | |
| Statement of Net Position | 15 |
| Statement of Activities | 17 |
| Balance Sheet – Governmental Funds | 19 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 21 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 24 |
| Statement of Net Position – Proprietary Funds | 25 |
| Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds | 26 |
| Statement of Cash Flows – Proprietary Funds | 27 |
| Notes to the Financial Statements | 28 |
| Required Supplementary Information | |
| Schedule of Changes in Net Pension Asset and Related Ratios | 57 |
| Schedule of Contributions | 58 |
| Notes to Schedule of Contributions | 59 |
| Budgetary Comparison Schedule – General Fund | 60 |
| Budgetary Comparison Schedule – Street Sales Tax Fund | 62 |
| Budgetary Comparison Schedule – Fire Sales Tax Fund | 63 |
| Budgetary Comparison Schedule – Tax Increment Financing Fund | 64 |
| Budgetary Comparison Schedule – Economic Development Sales Tax Fund | 65 |
| Notes to the Budgetary Comparison Schedules | 66 |
| Supplementary Information | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 68 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds | 72 |
| 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 <i>Government Auditing Standards</i> | 76 |



Honorable Mayor and City Council City of Neosho Neosho, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended September 30, 2022, the City of Neosho adopted new accounting guidance, GASB Statement No. 87 - Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the City of Neosho, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Neosho, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

Springfield, Missouri March 10, 2023

KPM CPAS, PC



Management's Discussion and Analysis September 30, 2022

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, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$6,134,631 as a result of current year activities. The net position of the City's business activities increased by \$1,632,950 for the year.

The assets and deferred outflow of resources of the City exceeded liabilities and deferred inflow of resources by \$64.5 million (net position), as of September 30, 2022. Of this amount, \$19.4 million was unrestricted and may be used to meet future obligations of the City, \$5.7 million was restricted and \$39.5 million represents capital assets (net of related debt) of the City.

Total long-term liabilities of the City decreased by \$1,982,185 to a total of \$11.4 million. The decrease was due to the payments of principal during the year. The City made timely payments on all of its debt obligations.

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

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

Using this Annual Report

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

Management's Discussion and Analysis
September 30, 2022

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Management's Discussion and Analysis
September 30, 2022

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2022 and 2021:

| | Governmental Activities | Business-Type Activities | Total September 30, 2022 | Total September 30, 2021 |
|--|----------------------------|--------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Current and other assets | \$ 17,013,990 | \$ 6,705,750 | \$ 23,719,740 | \$ 22,463,300 |
| Leases receivable | 115,032 | 378,784 | 493,816 | - |
| Net pension asset | 4,351,194 | 787,800 | 5,138,994 | 6,782,044 |
| Capital assets | 32,621,819 | 19,643,027 | 52,264,846 | 48,486,278 |
| Total Assets | 54,102,035 | 27,515,361 | 81,617,396 | 77,731,622 |
| Deferred Outflow of Resources | | | | |
| Deferred pension outflow | 242,463 | 7,564 | 250,027 | 265,811 |
| Deferred charge on refundings | 53,644 | | 53,644 | 63,416 |
| Total Deferred Outflow of Resources | 296,107 | 7,564 | 303,671 | 329,227 |
| Liabilities | | | | |
| Long-term liabilities outstanding | 4,142,526 | 7,255,680 | 11,398,206 | 13,380,391 |
| Other liabilities | 2,930,188 | 1,391,700 | 4,321,888 | 4,436,285 |
| Total Liabilities | 7,072,714 | 8,647,380 | 15,720,094 | 17,816,676 |
| Deferred Inflow of Resources | | | | |
| Deferred pension inflow | 1,040,553 | 124,798 | 1,165,351 | 3,489,261 |
| Deferred leases inflow | 120,402 | 392,727 | 513,129 | |
| Total Deferred Inflow of Resources | 1,160,955 | 517,525 | 1,678,480 | 3,489,261 |
| Net Position | | | | |
| Net investment in capital assets | 27,836,554 | 11,622,881 | 39,459,435 | 33,763,485 |
| Restricted | 5,447,825 | 251,674 | 5,699,499 | 8,707,392 |
| Unrestricted | 12,880,094 | 6,483,465 | 19,363,559 | 14,284,035 |
| Total Net Position | \$ 46,164,473 | \$ 18,358,020 | \$ 64,522,493 | \$ 56,754,912 |

Total Net Position of the City increased by \$7,767,581 for the year due to current year activities. Total liabilities for the City decreased by \$2,096,582. Net investment in capital assets increased \$5,695,950.

Management's Discussion and Analysis September 30, 2022

Changes in Net Position

| | Governmental Activities | Business-Type Activities | Total Year Ended September 30, 2022 | Total Year Ended September 30, 2021 | | |
|--|----------------------------|-----------------------------|--|--|--|--|
| Revenues | · | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 1,949,014 | \$ 5,440,662 | \$ 7,389,676 | \$ 7,421,527 | | |
| Operating grants and contributions | 239,646 | - | 239,646 | 314,659 | | |
| Capital grants and contributions | 101,662 | 911,251 | 1,012,913 | 604,473 | | |
| General Revenues | | | | | | |
| Property taxes | 481,752 | - | 481,752 | 476,654 | | |
| Sales taxes | 10,210,138 | - | 10,210,138 | 8,965,975 | | |
| Motor vehicle and gas taxes | 531,806 | - | 531,806 | 502,254 | | |
| Other taxes | 1,256,225 | - | 1,256,225 | 494,456 | | |
| Franchise fees | 807,628 | - | 807,628 | 672,978 | | |
| Interest | 51,265 | 35,684 | 86,949 | 55,323 | | |
| Other revenue | 42,226 | 42,318 | 84,544 | 111,672 | | |
| Special Items | | | | | | |
| Gain on sale of capital assets | 23,550 | - | 23,550 | 44,794 | | |
| Insurance proceeds | 43,101 | - | 43,101 | 12,345 | | |
| Transfers | (148,068) | 148,068 | , - | - | | |
| Total Revenues | 15,589,945 | 6,577,983 | 22,167,928 | 19,677,110 | | |
| Expenses | | | | | | |
| Administrative | 457,124 | | 457,124 | 475,297 | | |
| Clerk/council | 93,121 | <u>-</u> | 93,121 | 71,408 | | |
| Auditorium | 310,674 | <u>-</u> | 310,674 | 279,804 | | |
| | 191,013 | - | 191,013 | 159,398 | | |
| Development services Police | 2,035,952 | - | 2,035,952 | 1,875,840 | | |
| Fire | | - | | | | |
| | 1,783,271 | - | 1,783,271 | 1,454,420 | | |
| Emergency management Court | 31,312 125,197 | - | 31,312 125,197 | 31,540 | | |
| | | - | | 116,171 359,338 | | |
| Airport | 474,876 | - | 474,876 | | | |
| Drainage Street | 189,868 1,594,094 | - | 189,868 | 162,102 1,258,129 | | |
| Parks | 1,394,094 584,028 | - | 1,594,094 584,028 | | | |
| Recreation | , | - | 3,653 | 564,120 | | |
| Senior center | 3,653 | - | , | 3,653 | | |
| | 83,677 | - | 83,677 | 69,382 | | |
| Recycling center | 96,204 | - | 96,204 | 89,750 | | |
| Cemetery | 125,931 85,908 | - | 125,931 85,908 | 115,716 78,597 | | |
| Information technology | | - | 6,680 | 5,612 | | |
| Property control Human resources | 6,680 | - | | | | |
| Golf course | 65,926 | - | 65,926 | 64,999 | | |
| | 501,881 | - | 501,881 | 472,590 | | |
| Tourism development | 81,399 | - | 81,399 | 40,961 | | |
| Communication and events | 32,722 | - | 32,722 | 17,727 | | |
| Economic development | 408,309 | - | 408,309 | 58,136 | | |
| Other | 157 | - | 157 | 8,758 | | |
| Debt service | 92,338 | 4 0 4 5 0 3 3 | 92,338 | 231,899 | | |
| Water and sewer | 0.455.34.4 | 4,945,033 | 4,945,033 | 4,679,914 | | |
| Total Expenses Changes in Net Position | 9,455,314 \$ 6,134,631 | 4,945,033 \$ 1,632,950 | \$ 7,767,581 | 12,745,261 \$ 6,931,849 | | |
| Changes in Net Pusition | <i>ϕ</i> 0,154,051 | \$ 1,632,950 | \$ 7,767,581 | \$ 6,931,849 | | |

Management's Discussion and Analysis

September 30, 2022

Governmental Activities

Governmental activities increased the net position of the City by \$6,134,631. Tax revenues for the City were \$13,287,549 which represents 84% of the funding of these activities. Program revenues for the functions totaled \$2,290,322 or 15% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Neosho's Governmental Activities

| | Total Cost of Services | Net Cost of Services |
|--------------------------|---------------------------|-------------------------|
| Administrative | \$ 457,124 | \$ 276,929 |
| Clerk/council | 93,121 | 93,121 |
| Auditorium | 310,674 | 248,767 |
| Development services | 191,013 | 72,831 |
| Police | 2,035,952 | 1,419,433 |
| Fire | 1,783,271 | 1,657,423 |
| Emergency management | 31,312 | 31,312 |
| Court | 125,197 | 106,534 |
| Airport | 474,876 | 42,281 |
| Drainage | 189,868 | 189,868 |
| Street | 1,594,094 | 1,567,767 |
| Parks | 584,028 | 573,847 |
| Recreation | 3,653 | 3,653 |
| Senior center | 83,677 | 83,677 |
| Recycling center | 96,204 | (1,297) |
| Cemetery | 125,931 | 73,154 |
| Information technology | 85,908 | 85,908 |
| Property control | 6,680 | 6,680 |
| Human resources | 65,926 | 65,926 |
| Golf course | 501,881 | (17,113) |
| Tourism development | 81,399 | 81,399 |
| Communication and events | 32,722 | 2,089 |
| Economic development | 408,309 | 408,309 |
| Other | 157 | 157 |
| Debt service | 92,338 | 92,338 |
| | \$ 9,455,314 | \$ 7,164,992 |

Management's Discussion and Analysis
September 30, 2022

Business-Type Activities

Business-type activities increased the City's net position by \$1,632,950. This is up from the increase received last year from the City's business-type activities. The increase in the prior year was \$897,790.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2022, were \$15,000,893. The combined fund balances are up \$1,093,223 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 \$6,312,241 was amended to \$8,953,480.

The original expenditures budget of \$3,986,903 was amended to \$4,263,803.

Budget adjustments were presented and approved by the City Council. Final amended budgeted revenues were \$959,016 more than actual revenues, and budgeted expenditures were \$440,381 above actual expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$32,621,819 (net of accumulated depreciation) as of September 30, 2022. This represents a \$3,241,503 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 \$19,643,027 as of September 30, 2022. This represents a increase of \$537,065 from the prior year. The increase is due to current year addition of new assets outweighing the current year provisions of depreciation.

Debt

Total debt of the governmental activities as of September 30, 2022, was \$4,785,265 which is down \$1,112,663 from the prior year. The debt balance is net of deferred losses and premiums on refundings. The decrease is due to principal payments made in the current year.

Total debt of the business-type activities as of September 30, 2022, was \$8,020,146, which is down \$804,719. The decrease is due to principal payments made in the current year.

Management's Discussion and Analysis
September 30, 2022

Economic Factors and Next Year's Budget

The economic impact on the City from State and National resources appears to be consistent. We have seen peaks and valleys throughout the year in the General Fund (1% sales tax). Sales tax receipts have stayed consistent with a slight increase of 10% for FY2022. Our efforts to pursue capital improvement continue focused, but cautious. Growth for commercial and residential remains constant at a calm, but steady pace. Revenues are expected to remain steady for FY2023. The city serves 12,590 residents as of the 2020 U.S. Census, a 6.4% increase since the 2010 Census. The city limit population moved from 11,835 in 2010 to an estimated 12,130 in 2020. While the City's revenues remain fairly consistent, expenses across the board continue to rise. Several capital projects were contracted in FY 2022 and scheduled to be paid in FY 2023 under the Public Safety Tax. These capital projects are replacement computers for Police, new computers and a new fire engine for the Fire Department and upgrades to the MOSWIN tower.

We continue to seek out and apply for grants available to us. The City plans to apply and use MODOT grants again in 2023. The Police Department has been approved for the Officer Safety Equipment and Technology (OSET) grant for FY2023. In addition, the Police Department is applying for the Local Law Enforcement Block Grant (LLEGB) grant for funding small capital items along with the Local Violent Crime Prevention (LVCP). The City plans to renew the contract with the Neosho Area Fire Protection District and the Neosho YMCA. The City has been approved for DED funding for a stormwater mitigation project to begin in FY2023. In addition, the City received approval from DNR using an ARPA grant to complete two additional drainage projects.

The combined leadership of the Council and staff remains focused on proper and efficient use of City revenues. The replacement of worn-out equipment including vehicles will continue when appropriate to do so and only when the budget allows for those capital expenditures. Heating and cooling units are to be replaced at City Hall, Senior Center and the Lampo in this coming year. Improvements at Scenic Park, Big Spring Park and the Bike Trails in Morse Park are planned. In addition, resurfacing of roads and parking lot at Coler Street and Morse Park and IOOF Cemetery are planned for the upcoming year. Much needed roof repairs are scheduled to begin at City Hall and the Auditorium. With the rocky slope upgrade to Limekiln Dam, the park is reopened and benches and bar-b-que pits are planned improvements for Limekiln Park.

There are current plans in FY2023 for projects to promote tourism and grow revenue. Whenever possible, grant money will be used for these projects.

Master meters have been installed to monitor the 3 pressure zones established during FY2021. As high loss areas are determined, concentrated efforts are being made in replacing and repairing mains to reduce the City's high water loss.

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

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.

Management's Discussion and Analysis September 30, 2022

The contract with Alliance Water Resources for the management of the City's water treatment and wastewater facilities was renewed in October 2020. These types of arrangements will ensure the efficient delivery of quality drinking water and treatment of wastewater for the City of Neosho. This relationship will continue to be evaluated to ensure the continued collaboration remains in the best interest of the City.

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

The debt of the City continues to be a focus of the City Council for the foreseeable future. Debt schedules are included in the notes to the financial statements. The City's overall financial picture will continue to require careful and concise planning to fulfill obligations to both debtors and the citizens. The City continues to maintain very strong reserves.

Contacting the City's Financial Management

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

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

David Kennedy, City Manager d.kennedy@neoshomo.gov

Leslie Forest, Finance Director Iforest@neoshomo.gov
Cheyenne Wright, City Clerk cwright@neoshomo.gov

Statement of Net Position

September 30, 2022

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents - unrestricted | \$ 12,529,264 | \$ 5,662,072 | \$ 18,191,336 |
| Taxes receivable | 1,800,221 | - | 1,800,221 |
| Utilities receivable, net | - | 504,997 | 504,997 |
| Other accounts receivable | 32,897 | 17,291 | 50,188 |
| Court fines receivable, net | 36,356 | - | 36,356 |
| Intergovernmental receivable | 139,087 | - | 139,087 |
| Interest receivable | 511 | 7,636 | 8,147 |
| Leases receivable - current | 1,099 | 14,031 | 15,130 |
| Inventory | 57,181 | - | 57,181 |
| Prepaid expenses | 295,965 | 117,547 | 413,512 |
| Noncurrent | , | • | • |
| Restricted cash and cash equivalents | 2,121,409 | 382,176 | 2,503,585 |
| Leases receivable - noncurrent | 115,032 | 378,784 | 493,816 |
| Net pension asset | 4,351,194 | 787,800 | 5,138,994 |
| Capital Assets | , , | • | • |
| Non-depreciable | 12,711,645 | 1,289,686 | 14,001,331 |
| Depreciable, net | 19,910,174 | 18,353,341 | 38,263,515_ |
| Total Assets | 54,102,035 | 27,515,361 | 81,617,396 |
| Deferred Outflow of Resources | | | |
| Deferred pension outflow | 242,463 | 7,564 | 250,027 |
| Deferred charge on refundings | 53,644 | 7,504 | 53,644 |
| Total Deferred Outflow of Resources | 296,107 | 7,564 | 303,671 |
| Liabilities | 200,207 | 7,00 | 000,07 |
| Current | | | |
| Accounts payable | 154,912 | 404,873 | 559,785 |
| Accrued expenses | 150,261 | 24,347 | 174,608 |
| Accrued interest payable | 42,944 | 30,532 | 73,476 |
| Deposits held | 14,163 | 30,332 | 14,163 |
| Meter deposits held | 14,103 | 70,995 | 70,995 |
| Unearned revenue | 1,655,041 | 59,507 | 1,714,548 |
| Current maturities of long-term debt | | • | |
| Current maturities or long-term dept | 912,867 | 801,446 | 1,714,313 |
| Noncurrent | 2,930,188 | 1,391,700 | 4,321,888 |
| Financed purchases payable | 200 220 | | 200 220 |
| · · · · · · · · · · · · · · · · · · · | 290,220 | - | 290,220 |
| Certificates of participation payable | 1,845,000 | 7 240 700 | 1,845,000 |
| Bonds payable | 1,790,822 | 7,218,700 | 9,009,522 |
| Compensated absences payable | 216,484 | 36,980 | 253,464 |
| Total Liabilities | 4,142,526 | 7,255,680 | 11,398,206 |
| Total Liabilities | 7,072,714 | 8,647,380 | 15,720,094 |

Statement of Net Position

September 30, 2022

| | Governmental Activities | Business-Type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|---------------|
| Deferred Inflow of Resources | | | |
| Deferred lease inflow | 120,402 | 392,727 | 513,129 |
| Deferred pension inflow | 1,040,553 | 124,798 | 1,165,351 |
| Total Deferred Inflow of Resources | 1,160,955 | 517,525 | 1,678,480 |
| Net Position | | | |
| Net investment in capital assets | 27,836,554 | 11,622,881 | 39,459,435 |
| Restricted | 5,447,825 | 251,674 | 5,699,499 |
| Unrestricted | 12,880,094_ | 6,483,465 | 19,363,559 |
| Total Net Position | \$ 46,164,473 | \$ 18,358,020 | \$ 64,522,493 |

Statement of Activities

Year Ended September 30, 2022

| | | | Program Revenues | | Net (Expenses), Revenues, and Changes in Net Posit | | | | |
|--------------------------------------|--------------|----------------------------|------------------------------------|--|--|--------------------------|--------------|--|--|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | | |
| Governmental Activities | | | | | | | | | |
| Administrative | \$ (457,124) | \$ 48,821 | \$ 131,374 | \$ - | \$ (276,929) | \$ - | \$ (276,929) | | |
| Clerk/Council | (93,121) | - | - | - | (93,121) | - | (93,121) | | |
| Auditorium | (310,674) | 61,907 | - | - | (248,767) | - | (248,767) | | |
| Development services | (191,013) | 118,182 | - | - | (72,831) | - | (72,831) | | |
| Police | (2,035,952) | 585,500 | 31,019 | - | (1,419,433) | - | (1,419,433) | | |
| Fire | (1,783,271) | 125,848 | - | - | (1,657,423) | - | (1,657,423) | | |
| Emergency management | (31,312) | - | - | - | (31,312) | - | (31,312) | | |
| Court | (125,197) | 18,663 | - | - | (106,534) | - | (106,534) | | |
| Airport | (474,876) | 330,933 | - | 101,662 | (42,281) | - | (42,281) | | |
| Drainage | (189,868) | - | - | - | (189,868) | - | (189,868) | | |
| Street | (1,594,094) | 26,327 | - | - | (1,567,767) | - | (1,567,767) | | |
| Parks | (584,028) | 9,144 | 1,037 | - | (573,847) | - | (573,847) | | |
| Recreation | (3,653) | - | - | - | (3,653) | - | (3,653) | | |
| Senior center | (83,677) | - | - | - | (83,677) | - | (83,677) | | |
| Recycling center | (96,204) | 42,497 | 55,004 | - | 1,297 | - | 1,297 | | |
| Cemetery | (125,931) | 48,850 | 3,927 | - | (73,154) | - | (73,154) | | |
| Information technology | (85,908) | - | - | - | (85,908) | - | (85,908) | | |
| Property control | (6,680) | - | - | - | (6,680) | - | (6,680) | | |
| Human resources | (65,926) | - | - | - | (65,926) | - | (65,926) | | |
| Golf course | (501,881) | 518,994 | - | - | 17,113 | - | 17,113 | | |
| Tourism development | (81,399) | - | - | - | (81,399) | - | (81,399) | | |
| Communications and events | (32,722) | 13,348 | 17,285 | - | (2,089) | - | (2,089) | | |
| Economic development | (408,309) | - | - | - | (408,309) | - | (408,309) | | |
| Other | (157) | - | - | - | (157) | - | (157) | | |
| Debt service | (92,338) | - | - | - | (92,338) | - | (92,338) | | |
| Total Governmental Activities | (9,455,314) | 1,949,014 | 239,646 | 101,662 | (7,164,992) | - | (7,164,992) | | |

Statement of Activities

Year Ended September 30, 2022

| | | | Prog | gram Revenue | es | Net (Expenses), Re | evenues, and Chan | ges ii | n Net Position | | | |
|--|---|--|--|--|-------------------------|--|--------------------------------------|--|--|-----------------------------|--|-------|
| Functions/Programs | Expenses | for Grants and G | | for | | for Gr | | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | | Total |
| Business-Type Activities Water and Sewer Total Business-Type | (4,945,033) | 5,440,662 | | | 911,251 | | 1,406,880 | | 1,406,880 | | | |
| Activities Total Government | (4,945,033) \$ (14,400,347) | 5,440,662 \$ 7,389,676 | \$ | 239,646 | 911,251 \$ 1,012,913 | (7,164,992) | 1,406,880 1,406,880 | | 1,406,880 (5,758,112) | | | |
| | Other a Franchi Interesi Other r Special Ito Gain or | y taxes xes vehicle and gas to nd delinquent ta se fees : evenue | | | | 481,752 10,210,138 531,806 1,256,225 807,628 51,265 42,226 23,550 43,101 | - - - - 35,684 42,318 | | 481,752 10,210,138 531,806 1,256,225 807,628 86,949 84,544 23,550 43,101 | | | |
| | Transfers | eneral Revenues | : Sne | ocial Itoms a | nd Transfers | (148,068) | 148,068 226,070 | | 13,525,693 | | | |
| | Changes Net Posit | ia mansiers | 6,134,631 40,029,842 \$ 46,164,473 | 1,632,950 16,725,070 \$ 18,358,020 | <u> </u> | 7,767,581 56,754,912 64,522,493 | | | | | | |

Balance Sheet – Governmental Funds

September 30, 2022

| | | Spe | ecial Revenue Fu | nds | | | |
|---|-----------------|-----------------------------|---------------------------|---------------------------------------|--|-----------------------------------|--------------------------------|
| | General Fund | Street Sales Tax Fund | Fire Sales Tax Fund | Tax Increment Financing Fund | Economic Development Sales Tax Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 5,746,844 | \$ 1,974,453 | \$ 484,665 | \$ - | \$ 440,186 | \$ 3,846,111 | \$ 12,492,259 |
| Taxes receivable | 952,578 | 211,904 | 141,270 | - | 70,634 | 423,835 | 1,800,221 |
| Leases receivable | 116,131 | - | - | - | - | - | 116,131 |
| Interest receivable | 511 | - | - | - | - | - | 511 |
| Other accounts receivable | 27,660 | - | - | - | - | 5,237 | 32,897 |
| Court fines receivable, net | 36,356 | - | - | - | - | - | 36,356 |
| Intergovernmental receivable | 87,600 | - | - | - | - | 51,487 | 139,087 |
| Inventory | 57,181 | - | - | - | - | - | 57,181 |
| Prepaid expenses | 141,886 | 15,300 | 68,252 | - | - | 70,527 | 295,965 |
| Restricted cash and cash equivalents | 1,706,071 | 88,528 | | | | 326,810 | 2,121,409 |
| Total Assets | \$ 8,872,818 | \$ 2,290,185 | \$ 694,187 | \$ - | \$ 510,820 | \$ 4,724,007 | \$ 17,092,017 |
| Liabilities, Deferred Inflows, and Fund Bal | ances | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 43,388 | \$ 20,276 | \$ 4,767 | \$ - | \$ 28,084 | \$ 54,742 | \$ 151,257 |
| Accrued expenses | 90,922 | 10,330 | 48,346 | - | - | 663 | 150,261 |
| Deposits held | 5,640 | - | - | - | - | 8,523 | 14,163 |
| Unearned revenue | 1,655,041_ | <u>-</u> _ | | | | | 1,655,041 |
| Total Liabilities | 1,794,991 | 30,606 | 53,113 | - | 28,084 | 63,928 | 1,970,722 |
| Deferred Inflow of Resources | | | | | | | |
| Deferred inflow - leases | 120,402 | - | - | - | - | - | 120,402 |

See accompanying Notes to the Financial Statements.

Balance Sheet – Governmental Funds

September 30, 2022

| | | | Special Rev | enue Funds | | | |
|--------------------------------------|-----------------|-----------------------------|---------------------------|---------------------------------------|--|-----------------------------------|--------------------------------|
| | General Fund | Street Sales Tax Fund | Fire Sales Tax Fund | Tax Increment Financing Fund | Economic Development Sales Tax Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| Fund Balance | | | | | | | |
| Nonspendable | | | | | | 42.420 | 42.420 |
| Parks | - | - | - | - | - | 43,128 | 43,128 |
| Inventory | 57,181 | - | - | - | - | | 57,181 |
| Prepaid items | 141,886 | 15,300 | 68,252 | - | - | 70,527 | 295,965 |
| Restricted for | | | | | | | |
| Public safety | 19,832 | - | - | - | - | 11,802 | 31,634 |
| Drainage | - | - | - | - | - | 1,069,265 | 1,069,265 |
| Auditorium | - | <u>-</u> | - | - | - | 620,570 | 620,570 |
| Streets | - | 2,244,279 | - | - | - | <u>-</u> | 2,244,279 |
| Senior center | - | - | - | - | - | 201,348 | 201,348 |
| Street and bridge | - | - | - | - | - | 619,573 | 619,573 |
| Tourism development | - | - | - | - | - | 303,390 | 303,390 |
| Debt service | - | - | - | - | - | 357,766 | 357,766 |
| Assigned to | | | | | | | |
| Drainage | - | - | - | - | - | 90,900 | 90,900 |
| Public safety | - | - | 572,822 | - | - | - | 572,822 |
| Parks and recreation | - | - | - | - | - | 352,864 | 352,864 |
| Auditorium | - | - | - | - | - | 259,693 | 259,693 |
| Senior center | - | - | - | - | - | 62,219 | 62,219 |
| Economic development | - | - | - | - | 482,736 | - | 482,736 |
| Golf course | - | - | - | - | - | 442,039 | 442,039 |
| Street and bridge | - | - | - | - | - | 150,143 | 150,143 |
| Tourism development | - | - | - | - | - | 4,852 | 4,852 |
| Unassigned | 6,738,526 | - | - | - | - | - | 6,738,526 |
| Total Fund Balances | 6,957,425 | 2,259,579 | 641,074 | - | 482,736 | 4,660,079 | 15,000,893 |
| Total Liabilities, Deferred Inflows, | | | | | | | |
| and Fund Balances | \$ 8,872,818 | \$ 2,290,185 | \$ 694,187 | \$ - | \$ 510,820 | \$ 4,724,007 | \$ 17,092,017 |

See accompanying Notes to the Financial Statements.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2022

| Fund balance - total governmental funds | \$ 15,000,893 |
|--|------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | |
| Governmental capital assets | 69,956,997 |
| Less accumulated depreciation | (37,335,178) |
| | 32,621,819 |
| 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. | 33,350 |
| 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 | 4,351,194 |
| Deferred outflows due to pensions | 242,463 |
| Deferred inflows due to pensions | (1,040,553) |
| | 3,553,104 |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due | (42,944) |
| Long-term liabilities are not due and payable in the current period and, | |
| therefore, are not reported in the funds | (5,001,749) |
| | (3/22=): 30/ |
| Net Position of Governmental Activities | \$ 46,164,473 |

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds Year Ended September 30, 2022

| | | | | | | Special Rev | enue F | unds | | | | | | |
|-----------------------------------|----|-----------------|------|-----------------------|------|-------------------|--------|--------------|-----|-------------------------------------|----|---------------------------------|--------------------------------|------------|
| | | General Fund | Stre | eet Sales Tax Fund | Fire | Sales Tax Fund | | Increment | Dev | Economic Development Sales Tax Fund | | Nonmajor vernmental Funds | Total Governmental Funds | |
| Revenues | | | | | | | | | | | | | | |
| Taxes | \$ | 6,438,142 | \$ | 1,771,423 | \$ | 826,229 | \$ | 1,256,756 | \$ | 413,113 | \$ | 2,581,885 | \$ | 13,287,548 |
| Licenses and permits | | 216,088 | | - | | - | | - | | - | | - | | 216,088 |
| Intergovernmental revenues | | 289,153 | | 26,327 | | - | | - | | - | | 11,472 | | 326,952 |
| Charges for services | | 628,184 | | - | | 125,848 | | - | | - | | 596,187 | | 1,350,219 |
| Fines and forfeitures | | 281,013 | | - | | - | | - | | - | | - | | 281,013 |
| Donations and other contributions | | 3,927 | | - | | - | | - | | - | | 19,472 | | 23,399 |
| Miscellaneous | | 137,957 | | 21,577 | | 280 | | 7,286 | | 938 | | 18,105 | | 186,143 |
| Total Revenues | | 7,994,464 | | 1,819,327 | | 952,357 | | 1,264,042 | ١. | 414,051 | | 3,227,121 | | 15,671,362 |
| Expenditures | | | | | | | | | | | | | | |
| Current | | | | | | | | | | | | | | |
| Administrative | | 494,487 | | - | | _ | | - | | _ | | - | | 494,487 |
| Clerk/Council | | 103,255 | | - | | _ | | - | | _ | | - | | 103,255 |
| Auditorium | | - | | _ | | _ | | _ | | _ | | 161,575 | | 161,575 |
| Development services | | 209,205 | | _ | | _ | | _ | | _ | | | | 209,205 |
| Police | | 2,092,443 | | _ | | _ | | _ | | _ | | 23,310 | | 2,115,753 |
| Fire | | -,, | | _ | | 1,873,552 | | _ | | _ | | | | 1,873,552 |
| Emergency management | | 17,590 | | _ | | -,-:-, | | _ | | _ | | _ | | 17,590 |
| Court | | 137,026 | | _ | | _ | | _ | | _ | | _ | | 137,026 |
| Airport | | 338,064 | | _ | | _ | | _ | | _ | | _ | | 338,064 |
| Drainage | | - | | _ | | _ | | _ | | _ | | 142,185 | | 142,185 |
| Street | | _ | | 945,093 | | _ | | 3,634,129 | | _ | | | | 4,579,222 |
| Parks and recreation | | _ | | - | | _ | | - | | _ | | 513,665 | | 513,665 |
| Senior center | | _ | | _ | | _ | | _ | | _ | | 64,541 | | 64,541 |
| Recycling center | | 100,432 | | _ | | _ | | _ | | _ | | | | 100,432 |
| Information technology | | 91,216 | | _ | | _ | | _ | | _ | | _ | | 91,216 |
| Property control | | 6,680 | | _ | | _ | | _ | | _ | | _ | | 6,680 |
| Human resources | | 74,371 | | _ | | _ | | _ | | _ | | _ | | 74,371 |
| Golf course | | 7 1,37 = | | _ | | _ | | _ | | _ | | 488,928 | | 488,928 |
| Tourism development | | _ | | _ | | _ | | _ | | _ | | 81,399 | | 81,399 |
| Communications and events | | 32,722 | | _ | | _ | | _ | | _ | | - | | 32,722 |
| Cemetery | | 125,931 | | _ | | _ | | - | | _ | | _ | | 125,931 |
| Economic development | | - | | _ | | _ | | - | | 2,341,478 | | _ | | 2,341,478 |
| Other | | _ | | _ | | _ | | _ | | _,5 .1,7,0 | | 157 | | 157 |
| Debt Service | | | | | | | | | | | | 13, | | 157 |
| Principal and interest | | _ | | _ | | _ | | _ | | _ | | 783,786 | | 783,786 |
| Total Expenditures | - | 3,823,422 | | 945,093 | | 1,873,552 | | 3,634,129 | | 2,341,478 | | 2,259,546 | | 14,877,220 |
| Total Experiences | | 3,023,722 | | 3 .3,033 | | 1,0,0,002 | | J, UJ T, 12J | | _, = , = , = , = | | -,, | | 1,0,7,220 |

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, 2022

| | | Spe | Special Revenue Funds | | | | |
|--|-----------------|-----------------------------|---------------------------|---------------------------------------|--|-----------------------------------|--------------------------------|
| | General Fund | Street Sales Tax Fund | Fire Sales Tax Fund | Tax Increment Financing Fund | Economic Development Sales Tax Fund | Nonmajor Governmental Funds | Total Governmental Funds |
| Excess (Deficit) of Revenues Over Expenditures | 4,171,042 | 874,234 | (921,195) | (2,370,087) | (1,927,427) | 967,575 | 794,142 |
| Other Financing Sources (Uses) | | | | | | | |
| Operating transfers in (out) | (1,959,488) | (472,026) | 825,195 | (358,196) | 1,967,076 | (172,764) | (170,203) |
| Sale of assets | - | - | - | - | 23,550 | - | 23,550 |
| Insurance proceeds | 37,506 | - | 5,595 | - | - | - | 43,101 |
| Debt proceeds | - | - | - | - | 402,633 | - | 402,633 |
| Total Other Financing Sources (Uses) | (1,921,982) | (472,026) | 830,790 | (358,196) | 2,393,259 | (172,764) | 299,081 |
| Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other | | | | | | | |
| (Uses) | 2,249,060 | 402,208 | (90,405) | (2,728,283) | 465,832 | 794,811 | 1,093,223 |
| Fund Balance, October 1 | 4,708,365 | 1,857,371 | 731,479 | 2,728,283 | 16,904 | 3,865,268 | 13,907,670 |
| Fund Balance, September 30 | \$ 6,957,425 | \$ 2,259,579 | \$ 641,074 | \$ - | \$ 482,736 | \$ 4,660,079 | \$ 15,000,893 |

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

Year Ended September 30, 2022

| Net change in fund balances - total governmental funds | \$ 1,093,223 |
|---|-----------------|
| 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 | 12,957 |
| 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 | 4,756,511 |
| Depreciation | (1,515,008) |
| | 3,241,503 |
| The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences. | |
| Repayment of principal on debt | 1,515,296 |
| Debt proceeds | (402,633) |
| Change in accrued interest payable | 7,582 |
| | 1,120,245 |
| 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 | 631,959 |
| Change in compensated absences | 34,744 |
| | 666,703 |
| Change in Net Position of Governmental Activities | \$ 6,134,631 |
| | |

Statement of Net Position – Proprietary Funds September 30, 2022

| | Water and Sewer Fund | Internal Service Fund | |
|---|-------------------------|--------------------------|--|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 5,662,072 | \$ 37,005 | |
| Utilities receivable, net | 504,997 | - | |
| Leases receivable -current | 14,031 | - | |
| Interest receivable | 7,636 | - | |
| Other accounts receivable | 17,291 | - | |
| Prepaid expenses | 117,547 | _ | |
| Total Current Assets | 6,323,574 | 37,005 | |
| Noncurrent Assets | | | |
| Restricted cash and cash equivalents | 382,176 | - | |
| Net pension asset | 787,800 | - | |
| Leases receivable - noncurrent Capital assets | 378,784 | - | |
| Nondepreciable | 1,289,686 | _ | |
| Depreciable, net | 18,353,341 | _ | |
| Total Noncurrent Assets | 21,191,787 | | |
| Total Assets | 27,515,361 | 37,005 | |
| Deferred Outflow of Resources | | | |
| Deferred pension outflow | 7,564 | - | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | 404,873 | 3,655 | |
| Accrued expenses | 24,347 | - | |
| Accrued interest payable | 30,532 | - | |
| Meter deposits payable | 70,995 | - | |
| Unearned revenue | 59,507 | - | |
| Current maturities of long-term debt | 801,446 | | |
| Total Current Liabilities | 1,391,700 | 3,655 | |
| Long-Term Liabilities | | | |
| Revenue bonds payable | 7,218,700 | - | |
| Compensated absences payable | 36,980 | | |
| Total Long-Term Liabilities | 7,255,680 | | |
| Total Liabilities | 8,647,380 | 3,655 | |
| Deferred Inflow of Resources | | | |
| Deferred lease inflow | 392,727 | - | |
| Deferred pension inflow | 124,798 517,525 | | |
| Net Position | | | |
| Net investment in capital assets | 11,622,881 | - | |
| Restricted for debt service | 251,674 | - | |
| Unrestricted | 6,483,465_ | 33,350 | |
| Total Net Position | \$ 18,358,020 | \$ 33,350 | |

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds Year Ended September 30, 2022

| | Water and Sewer Fund | Internal Service Fund | | |
|--|---|--------------------------|--|--|
| Operating Revenues | | | | |
| Charges for services | | | | |
| Water and sewer | \$ 5,440,662 | \$ - | | |
| Employer insurance contributions | - | 702,889 | | |
| Employee insurance contributions | <u> </u> | 132,488 | | |
| Total Operating Revenues | 5,440,662 | 835,377 | | |
| Operating Expenses | | | | |
| Personnel services | 888,817 | - | | |
| Contractual services | 1,722,011 | - | | |
| Repairs and maintenance | 375,923 | - | | |
| Supplies | 133,766 | - | | |
| Utilities | 647,119 | - | | |
| Insurance | 106,786 | - | | |
| Depreciation | 886,087 | - | | |
| Miscellaneous | 7,575 | - | | |
| Insurance claims and premiums | - · · · · · · · · · · · · · · · · · · · | 844,555 | | |
| Total Operating Expenses | 4,768,084 | 844,555 | | |
| Operating Income (Loss) | 672,578 | (9,178) | | |
| Nonoperating Revenues (Expenses) | | | | |
| Interest income | 35,684 | - | | |
| Other revenue | 42,318 | - | | |
| Intergovernmental revenues | 911,251 | - | | |
| Interest expense | (176,949) | - | | |
| Total Nonoperating Revenues (Expenses) | 812,304 | | | |
| Income (Loss) Before Operating Transfers | 1,484,882 | (9,178) | | |
| Net Operating Transfers In | 148,068 | 22,135 | | |
| Net Income | 1,632,950 | 12,957 | | |
| Net Position, October 1 | 16,725,070_ | 20,393 | | |
| Net Position, September 30 | \$ 18,358,020 | \$ 33,350 | | |

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2022

| | Water and Sewer Fund | Internal Service Fund |
|---|-------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Cash received from customers | \$ 4,754,321 | \$ 835,377 |
| Cash paid to suppliers | (2,370,249) | (866,690) |
| Cash paid to employees | (912,865) | - |
| Other cash received for nonoperating revenues | 42,318 | <u> </u> |
| Net Cash Provided (Used) by Operating Activities | 1,513,525 | (31,313) |
| Cash Flows from Noncapital Financing Activities | | |
| Operating transfers from other funds | 148,068 | 22,135 |
| Net Cash Provided by Noncapital Financing Activities | 148,068 | 22,135 |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchase of fixed assets | (1,423,152) | - |
| Payment of principal on debt | (53,719) | = |
| Payment of principal on bonds | (751,000) | = |
| Grant proceeds | 911,251 | = |
| Payment of interest expense | (180,429) | |
| Net Cash (Used) by Capital and Related Financing Activities | (1,497,049) | - |
| Cash Flows from Investing Activities | | |
| Interest received on investments | 35,684 | <u> </u> |
| Net Cash Provided by Investing Activities | 35,684 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 200,228 | (9,178) |
| Cash and Cash Equivalents, Beginning of year | 5,844,020 | 46,183 |
| Cash and Cash Equivalents, End of year | 6,044,248 | 37,005 |
| Less Restricted Cash and Cash Equivalents | (382,176) | |
| Unrestricted Cash and Cash Equivalents | \$ 5,662,072 | \$ 37,005 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | |
| Operating income (loss) | \$ 672,578 | \$ (9,178) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 886,087 | - |
| (Increase) decrease in | , | |
| Utilities receivable | (45,401) | - |
| Other accounts receivable | (400,451) | _ |
| Prepaid expenses | (19,319) | - |
| Net pension asset | 315,360 | - |
| Deferred pension outflow | 9,180 | - |
| Increase (decrease) in | | |
| Accounts payable | 249,523 | 2 |
| Accrued expenses | 3,065 | - |
| Meter deposits payable | 1,415 | - |
| Deferred pension inflow | (357,657) | - |
| Deferred lease inflow | 392,727 | - |
| Unearned revenue | (241,904) | - |
| Compensated absences | 6,004 | - |
| Other cash received for nonoperating revenues | 42,318 | |
| Net Cash Provided (Used) by Operating Activities | \$ 1,513,525 | \$ (31,313) |

Notes to the Financial Statements
September 30, 2022

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.

Notes to the Financial Statements September 30, 2022

Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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.

Notes to the Financial Statements
September 30, 2022

Unearned Revenue

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

Capital Assets

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

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

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

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

Pooled Cash and Cash Equivalents

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

Inventories

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

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.

Notes to the Financial Statements
September 30, 2022

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.

Notes to the Financial Statements September 30, 2022

Net Position

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

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

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

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

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

Program Revenues

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

Operating Revenues and Expenses

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

Bond Premium

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

Deferred Outflows/Inflows of Resources

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

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

Notes to the Financial Statements
September 30, 2022

resources in the period that the amounts become available. Deferred lease inflows are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Pronouncement

The City implemented GASB Statement No. 87 – *Leases* during the year ended September 30, 2022. The objective of this pronouncement is to establish standards for the measurement, recognition, and display of lease obligations (lessee) and the measurement, recognition, and display of sums to be received from third parties where an entity is the lessor. While the application of the new pronouncement did not affect the City's net position or the net increase in net position for the year ended September 30, 2022, certain balances and other classifications were added that changed amounts previously reported.

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, 2022, all bank balances on deposit were entirely insured or collateralized.

Notes to the Financial Statements
September 30, 2022

3. Restricted Cash & Cash Equivalents

Cash and cash equivalents have been restricted in the following funds as of September 30, 2022:

| | Restricted Cash and Cash Equivalents | |
|--------------------------------|---|--|
| General Fund | | |
| Court bonds | \$ 11,885 | |
| Police evidence | 13,673 | |
| Deposits held | 5,640 | |
| Donated police rewards | 19,832 | |
| Unearned grant revenue | 1,655,041 | |
| | \$ 1,706,071 | |
| Street Sales Tax Fund | _ | |
| TDD Funds | \$ 88,528 | |
| Nonmajor Governmental Funds | | |
| Auditorium deposits held | \$ 8,200 | |
| Golf donations | 11,965 | |
| Police donations | 1,464 | |
| 2012A/B COP reserve trust fund | 1,504 | |
| 2016 COP reserve trust fund | 303,677 | |
| | \$ 326,810 | |

Water and Sewer Fund

Restricted assets and restricted net position consist of the following at September 30, 2022:

| | Restricted Cash and Cash Equivalents | | | Restricted Net Position | |
|---|---|---------|----|----------------------------|--|
| Water and Sewer Fund | | | | | |
| Meter deposits | \$ | 70,995 | \$ | - | |
| Unearned grant revenue | | 59,507 | | - | |
| 2009B Bond principal and interest trust funds | | 82,301 | | 82,301 | |
| 2011 Bond principal and interest trust funds | | 138,790 | | 138,790 | |
| 2012A COP reserve trust fund | 30,583 | | | 30,583 | |
| | \$ | 382,176 | \$ | 251,674 | |

Notes to the Financial Statements
September 30, 2022

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:

| | 2021 |
|--|-------------------|
| Assessed Valuation | |
| Real estate | \$ 131,671,920 |
| Personal property | 38,671,569 |
| Total | \$ 170,343,489 |
| | |
| Tax Rate Per \$100 of Assessed Valuation | |
| General Fund (Real Property) | \$.3523 |

The legal debt margin at September 30, 2022, was computed as follows:

| | General Obligation Bonds | | | | | |
|---|--------------------------|----------------|---------------|--|--|--|
| | Ordinary (1) | Additional (2) | Total | | | |
| Constitutional Debt Limit | \$ 17,034,349 | \$ 17,034,349 | \$ 34,068,698 | | | |
| General Obligation Bonds Payable Legal Debt Margin | \$ 17,034,349 | \$ 17,034,349 | \$ 34,068,698 | | | |

- (1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.
- (2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and 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.

Notes to the Financial Statements
September 30, 2022

5. Accounts Receivable

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

| | Gross | | Net | | | |
|-------------------------------------|------------|-----------|-----------|---------|------------|-----------|
| | Receivable | | Allowance | | Receivable | |
| Taxes Receivable | | _ | | | | |
| General Fund | \$ | 952,578 | \$ | - | \$ | 952,578 |
| Street Sales Tax Fund | | 211,904 | | - | | 211,904 |
| Fire Sales Tax Fund | | 141,270 | | - | | 141,270 |
| Economic Development Sales Tax Fund | | 70,634 | | - | | 70,634 |
| Nonmajor Governmental Funds | | 423,835 | | - | | 423,835 |
| | \$ | 1,800,221 | \$ | - | \$ | 1,800,221 |
| Utilities Receivable | | | | | | |
| Water and Sewer Fund | | 506,030 | \$ | 1,033 | \$ | 504,997 |
| Other Accounts Receivable | | | | | | |
| General Fund | \$ | 27,660 | \$ | - | \$ | 27,660 |
| Golf Fund | | 5,237 | | - | | 5,237 |
| Water and Sewer Fund | | 17,291 | | | | 17,291 |
| | \$ | 50,188 | \$ | - | \$ | 50,188 |
| Court Fines Receivable | | | | | | |
| General Fund | \$ | 430,989 | \$ | 394,633 | \$ | 36,356 |
| Intergovernmental Receivable | | | | | | |
| General Fund | \$ | 87,600 | \$ | - | \$ | 87,600 |
| Nonmajor Governmental Funds | | 51,487 | | - | | 51,487 |
| | \$ | 139,087 | \$ | - | \$ | 139,087 |

Notes to the Financial Statements
September 30, 2022

Long-Term Debt – Business-Type Activities

The business-type activities long-term debt at September 30, 2022, consists of the Series 2009B and 2011 revenue bond issues, a portion of the 2012A certificates of participation, a portion of a financed purchase, and compensated absences payable.

Waterworks Refunding and Improvement Revenue Bonds - Direct Loan Program

On December 19, 2011, the City approved issuing the Series 2011 waterworks refunding and improvement revenue bonds (State of Missouri - Direct Loan Program) in the maximum principal of \$9,425,000 for the purpose of refunding the Series 2010A revenue bonds and to fund waterworks system improvements. Bonds were issued as the project progressed, and prior to September 30, 2022, 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, 2022, are due as follows:

| Year Ended | | Direct Placement | | | | |
|---------------|--------|------------------|----------|----|-----------|--|
| September 30, | Princ | cipal | Interest | | Total | |
| 2023 | \$ 4 | 74,000 \$ | 81,012 | \$ | 555,012 | |
| 2024 | 4 | 84,000 | 73,816 | | 557,816 | |
| 2025 | 4 | 93,000 | 66,478 | | 559,478 | |
| 2026 | 5 | 03,000 | 58,996 | | 561,996 | |
| 2027 | 5 | 13,000 | 51,363 | | 564,363 | |
| 2028 | 5 | 24,000 | 43,571 | | 567,571 | |
| 2029 | 5 | 35,000 | 35,621 | | 570,621 | |
| 2030 | 5- | 45,000 | 27,504 | | 572,504 | |
| 2031 | 5 | 57,000 | 19,230 | | 576,230 | |
| 2032 | 5 | 67,000 | 10,781 | | 577,781 | |
| 2033 | 2 | 88,000 | 2,174 | | 290,174 | |
| | \$ 5,4 | 83,000 \$ | 470,546 | \$ | 5,953,546 | |

Notes to the Financial Statements
September 30, 2022

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, 2022, are due as follows:

| Year Ended | | Direct Placement | | | | | |
|---------------|----|------------------|----|----------|----|-----------|--|
| September 30, | F | Principal | | Interest | | Total | |
| 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 | |
| | \$ | 2,502,300 | \$ | 164,201 | \$ | 2,666,501 | |

Certificates of Participation

In 2012, the City issued \$320,000 in Certificates of Participation, Series 2012A for the purpose of refunding a portion of the Series 2003 Certificates of Participation. \$305,000 of the \$320,000 outstanding certificates was recorded as long-term debt within the business-type activities and \$15,000 was recorded in the governmental activities of the City. The Certificates of Participation bear interest at various rates ranging from 2.125% to 3.250% with principal payments due each May 1, and interest payments due May 1 and November 1 of each year. The certificates outstanding at September 30, 2022, are due as follows:

| Year Ended | | | | | | |
|---|----|----------|-----|-------|----|--------|
| September 30, | P | rincipal | Int | erest | , | Total |
| 2023 | \$ | 30,000 | \$ | 975 | \$ | 30,975 |
| | | | | | | |
| Amount recorded in: | | | | | | |
| Water and Sewer Fund/Business-Type Activities | | | | | \$ | 28,594 |
| Governmental Activities | | | | | | 1,406 |
| Total | | | | | \$ | 30,000 |
| | | | | | | |

Notes to the Financial Statements
September 30, 2022

Financed Purchase

On July 5, 2018, the City entered into a financed purchase 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 Seller may declare all rental payments immediately due and payable and/or retake possession of the equipment at the expense of the City. The following is a schedule of future minimum lease payments under the financed purchase agreement:

| Year Ended | | Direct Borrowing | | | | | | |
|---|----|------------------|----|--------|----|------------------|--|--|
| September 30, | P | Principal | In | terest | , | Total | | |
| 2023 | \$ | 116,692 | \$ | 3,896 | \$ | 120,588 | | |
| Amount recorded in: Water and Sewer Fund/Business-Type Activities Governmental Activities | | | | | \$ | 6,252 110,440 | | |
| Total | | | | | \$ | 116,692 | | |

Although the financed purchase provides for the cancellation of the financed purchase 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 financed purchase is accounted for as noncancellable financed purchase in accordance with GASB Section L20, "Leases."

A summary of the changes in long-term debt of the business-type activities for the year ended September 30, 2022, is as follows:

| | Balance September 30, | | | Balance September 30, | Amounts Due Within |
|-------------------------------------|--------------------------|-----------|-------------|--------------------------|--------------------|
| | 2021 | Additions | Retirements | 2022 | One Year |
| Direct Placements | | | | | |
| Revenue Bonds | | | | | |
| 2009B Revenue Bonds - ARRA | | | | | |
| Direct Loan Program | \$ 2,789,300 | \$ - | \$ 287,000 | \$ 2,502,300 | \$ 292,600 |
| 2011 Revenue Bonds - Direct | | | | | |
| Loan Program | 5,947,000 | - | 464,000 | 5,483,000 | 474,000 |
| Certificates of Participation | | | | | |
| 2012A Certificates of Participation | 76,250 | - | 47,656 | 28,594 | 28,594 |
| Direct Borrowing | | | | | |
| Financed Purchase | | | | | |
| Equipment | 12,315 | - | 6,063 | 6,252 | 6,252 |
| Compensated Absences Payable | 30,976 | 6,004 | | 36,980 | |
| Total | \$ 8,855,841 | \$ 6,004 | \$ 804,719 | \$ 8,057,126 | \$ 801,446 |
| | | | | | |

Notes to the Financial Statements
September 30, 2022

7. Long-Term Debt – Governmental Activities

Long-term debt for governmental activities at September 30, 2022, consists of a portion of the 2012A certificates of participation; the 2016 certificates of participation; the 2021 special obligation refunding bonds; a portion of a financed purchase; two financed purchases; and compensated absences payable.

Certificates of Participation

On February 5, 2016, the City issued \$4,040,000 in Certificates of Participation, Series 2016 for the purpose of providing funds to advance refund the Series 2006A and 2006B Certificates of Participation. The Certificates of Participation bear interest between 2.00% and 3.00% with principal payments due May 1 and interest payments due May 1 and November 1 of each year. In the event of default, the Trustee may declare all payments to be due; sell, lease, or take possession of the property; or take whatever action at law or in equity deemed necessary. The certificates outstanding at September 30, 2022, are due as follows:

| Year Ended September 30, | Principal | I | nterest | Total |
|--------------------------|-----------------|----|---------|-----------------|
| 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 |
| | \$ 2,035,000 | \$ | 326,537 | \$ 2,361,537 |

Bonds

On February 9, 2021, the City issued \$3,075,000 in Series 2021 Special Obligation Refunding Bonds for the purpose of refunding the 2014A Certificates of Participation and the 2013 Special Obligation Refunding Bonds. The bonds bear interest at 2.0% with principal payments due April 1 and interest payments due April 1 and October 1 each year. In the event of default, after 60 days, Owners of not less than 10% may take legal action. The bonds outstanding at September 30, 2022, are due as follows:

| Year Ended | | | | | | | |
|---------------|----------|------------------|----|---------|-------|-----------|--|
| September 30, | <u>P</u> | Principal Intere | | nterest | Total | | |
| 2023 | \$ | 455,000 | \$ | 38,450 | \$ | 493,450 | |
| 2024 | | 470,000 | | 29,200 | | 499,200 | |
| 2025 | | 480,000 | | 19,700 | | 499,700 | |
| 2026 | | 505,000 | | 9,850 | | 514,850 | |
| 2027 | | 240,000 | | 2,400 | | 242,400 | |
| | \$ | 2,150,000 | \$ | 99,600 | \$ | 2,249,600 | |

Notes to the Financial Statements
September 30, 2022

Financed Purchases

In April 2019, the City entered into a financed purchase obligation to purchase mower equipment for the golf course in the amount of \$126,055. The financed purchase requires monthly payments of \$2,351 through April 2024. The stated interest rate on the lease is 4.5%. In the event of default, the seller may declare all remaining payments immediately due and payable, retake possession of the equipment, or sell, lease, or sublease the equipment with the City remaining liable for the full remaining financed purchase payments. The financed purchase outstanding at September 30, 2022, is due as follows:

| Year Ended | | | Direct | Borrowing | ng | | | | | |
|---------------|----|---------|----------|-----------|-------|--------|--|--|--|--|
| September 30, | Pr | incipal | Interest | | Total | | | | | |
| 2023 | \$ | 27,396 | \$ | 813 | \$ | 28,209 | | | | |
| 2024 | | 16,212 | | 244 | | 16,456 | | | | |
| | \$ | 43,608 | \$ | 1,057 | \$ | 44,665 | | | | |
| | | | | | | | | | | |

In December 2021, the City entered into a financed purchase to purchase Motorola radio equipment in the amount of \$402,633. The lease requires annual payments of \$142,184 through May 2025. The stated interest rate is 2.51%. In the event of default, the seller may stop work on the project until a customer cure plan is approved or retake possesion. The financed purchase outstanding as of September 30, 2022, is due as follows:

| Year Ended | | | | |
|---------------|----|----------|--------------|---------------|
| September 30, | P | rincipal | nterest | Total |
| 2023 | \$ | 128,625 | \$ 13,559 | \$ 142,184 |
| 2024 | | 135,306 | 6,878 | 142,184 |
| 2025 | | 138,702 | 3,481 | 142,183 |
| | \$ | 402,633 | \$ 23,918 | \$ 426,551 |

Notes to the Financial Statements September 30, 2022

A summary of the changes in long-term debt – governmental activities for the year ended September 30, 2022, is as follows:

| | Balance September 30, | | | Balance September 30, | Amounts Due Within |
|---|--------------------------|------------|--------------|--------------------------|--------------------|
| | 2021 | Additions | Retirements | 2022 | One Year |
| Direct Borrowings | | | | | |
| Financed Purchase Obligations | | | | | |
| Motorola Equipment | \$ - | \$ 402,633 | \$ - | \$ 402,633 | \$ 128,625 |
| Equipment | 217,528 | - | 107,088 | 110,440 | 110,440 |
| Golf Course Mowers | 68,680 | - | 25,072 | 43,608 | 27,396 |
| Ladder Truck | 699,270 | | 699,270 | | |
| | 985,478 | 402,633 | 831,430 | 556,681 | 266,461 |
| Certificates of Participation | | | | | |
| Series 2012A | 3,750 | - | 2,344 | 1,406 | 1,406 |
| Series 2016 | 2,255,000 | | 220,000 | 2,035,000 | 190,000 |
| | 2,258,750 | - | 222,344 | 2,036,406 | 191,406 |
| Less: Deferred loss on debt | | | | | |
| refundings | (63,416) | | (9,772) | (53,644) | |
| | 2,195,334 | - | 212,572 | 1,982,762 | 191,406 |
| Special Obligation Refunding Bonds | | | | | |
| Series 2021 | 2,600,000 | - | 450,000 | 2,150,000 | 455,000 |
| Premium on Series 2021 | 117,116 | | 21,294 | 95,822 | |
| | 2,717,116 | - | 471,294 | 2,245,822 | 455,000 |
| Compensated Absences Payable | 251,228 | | 34,744 | 216,484 | |
| Total | \$ 6,149,156 | \$ 402,633 | \$ 1,550,040 | \$ 5,001,749 | \$ 912,867 |

Notes to the Financial Statements
September 30, 2022

8. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

| | Balance | | | | | Balance |
|---|--------------|-------|-----------|----|----------|---------------|
| | September 3 | 30, | | | | September 30, |
| | 2021 | | Additions | | eletions | 2022 |
| Governmental Activities | | | | • | | |
| Non-Depreciable Capital Assets | | | | | | |
| Land | \$ 9,560,16 | 53 \$ | - | \$ | - | \$ 9,560,163 |
| Construction in progress | 568,79 | 98 | 3,068,704 | | 486,020 | 3,151,482 |
| Total Non-Depreciable Capital Assets | 10,128,96 | 51 \$ | 3,068,704 | \$ | 486,020 | 12,711,645 |
| | | | | | | |
| Depreciable Capital Assets | | | | | | |
| Land improvements | 655,86 | 57 \$ | - | \$ | - | 655,867 |
| Building and improvements | 10,425,54 | 14 | 405,547 | | - | 10,831,091 |
| Machinery and equipment | 8,525,02 | 27 | 734,435 | | 223,913 | 9,035,549 |
| Golf course infrastructure | 3,502,69 | 90 | - | | - | 3,502,690 |
| Infrastructure | 32,186,33 | 10 | 1,033,845 | | | 33,220,155 |
| Total Depreciable Capital Assets | 55,295,43 | 38 \$ | 2,173,827 | \$ | 223,913 | 57,245,352 |
| | | | | | | |
| Less Accumulated Depreciation | 36,044,08 | 33 \$ | 1,515,008 | \$ | 223,913 | 37,335,178 |
| Total Depreciable Capital Assets, Net | 19,251,35 | 55_ | | | | 19,910,174 |
| Total Capital Assets - Governmental | | | | | | |
| Activities, Net | \$ 29,380,32 | 16 | | | | \$ 32,621,819 |

Notes to the Financial Statements September 30, 2022

| Depreciation expense | for governmental | activities was | charged to | functions as follov | vs: |
|----------------------|------------------|----------------|------------|---------------------|-----|
| | | | | | |

| Administration | | | | | | | \$ | 26,048 |
|---|----|---|----|----------------------------------|-------|----------|--------------|---|
| Auditorium | | | | | | | | 164,826 |
| Development services | | | | | | | | 3,765 |
| Police | | | | | | | | 133,980 |
| Fire | | | | | | | | 193,389 |
| Emergency management | | | | | | | | 13,722 |
| Recycling | | | | | | | | 4,217 |
| Senior center | | | | | | | | 26,216 |
| Golf course | | | | | | | | 51,537 |
| Court | | | | | | | | 1,200 |
| Airport | | | | | | | | 142,603 |
| Parks | | | | | | | | 104,166 |
| Recreation | | | | | | | | 3,653 |
| Drainage | | | | | | | | 62,827 |
| Street | | | | | | | | 582,859 |
| | | | | | | | \$ | 1,515,008 |
| | | | | | | | | |
| | | D. I | | | | | | D.L. |
| | C- | Balance | | | | | C | Balance |
| | 5e | ptember 30, | | A dditi a ma | _ | alations | Sel | otember 30, |
| Dualinasa Tuna Antivitias | | 2021 | | Additions | | eletions | | 2022 |
| Business-Type Activities | | | | | | | | |
| Water and Sewer | | | | | | | | |
| Non-Depreciable Capital Assets Land | \$ | 476 207 | ۲. | | \$ | 18,720 | \$ | 157,577 |
| Lanu | | | | | | | | |
| Construction in progress | ڔ | 176,297 | \$ | 1 004 041 | Ą | | ۲ | |
| Construction in progress | | 132,708 | | 1,084,941 | | 85,540 | | 1,132,109 |
| Construction in progress Total Non-Depreciable Capital Assets | | | \$ | 1,084,941 1,084,941 | \$ | | <u> </u> | |
| Total Non-Depreciable Capital Assets | | 132,708 | | | | 85,540 | — | 1,132,109 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets | | 132,708 309,005 | \$ | | \$ | 85,540 | · · | 1,132,109 1,289,686 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings | | 132,708 309,005 163,900 | | 1,084,941 | | 85,540 | | 1,132,109 1,289,686 163,900 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment | | 132,708 309,005 163,900 14,434,355 | \$ | 1,084,941 - 436,321 | \$ | 85,540 | - | 1,132,109 1,289,686 163,900 14,870,676 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment Sewer plant and equipment | | 132,708 309,005 163,900 14,434,355 27,736,432 | \$ | - 436,321 6,150 | \$ | 85,540 | | 1,132,109 1,289,686 163,900 14,870,676 27,742,582 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment | | 132,708 309,005 163,900 14,434,355 | \$ | 1,084,941 - 436,321 | \$ | 85,540 | | 1,132,109 1,289,686 163,900 14,870,676 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment Sewer plant and equipment Total Depreciable Capital Assets | | 132,708 309,005 163,900 14,434,355 27,736,432 42,334,687 | \$ | - 436,321 6,150 442,471 | \$ \$ | 85,540 | | 1,132,109 1,289,686 163,900 14,870,676 27,742,582 42,777,158 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment Sewer plant and equipment Total Depreciable Capital Assets Less Accumulated Depreciation | | 132,708 309,005 163,900 14,434,355 27,736,432 42,334,687 23,537,730 | \$ | - 436,321 6,150 | \$ | 85,540 | | 1,132,109 1,289,686 163,900 14,870,676 27,742,582 42,777,158 24,423,817 |
| Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment Sewer plant and equipment Total Depreciable Capital Assets Less Accumulated Depreciation Total Depreciable Capital Assets, Net | | 132,708 309,005 163,900 14,434,355 27,736,432 42,334,687 | \$ | - 436,321 6,150 442,471 | \$ \$ | 85,540 | | 1,132,109 1,289,686 163,900 14,870,676 27,742,582 42,777,158 |
| Total Non-Depreciable Capital Assets Depreciable Capital Assets Buildings Water plant and equipment Sewer plant and equipment Total Depreciable Capital Assets Less Accumulated Depreciation | | 132,708 309,005 163,900 14,434,355 27,736,432 42,334,687 23,537,730 | \$ | - 436,321 6,150 442,471 | \$ \$ | 85,540 | | 1,132,109 1,289,686 163,900 14,870,676 27,742,582 42,777,158 24,423,817 |

Notes to the Financial Statements
September 30, 2022

9. Employee Pension Plan

General Information about the Pension Plan

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

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

| | 2022 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, 2022, the following employees were covered by the benefit terms:

| General | Police | Fire | lotai |
|---------|----------|-------------------------|--|
| 58 | 17 | 18 | 93 |
| 41 | 22 | 12 | 75 |
| 50 | 23 | 22 | 95 |
| 149 | 62 | 52 | 263 |
| | 41 50 | 58 17 41 22 50 23 | 58 17 18 41 22 12 50 23 22 |

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 4.2% (General), 6.7% (Police), and 10.5% (Fire) of annual covered payroll.

Notes to the Financial Statements September 30, 2022

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2022.

Actuarial Assumptions. The total pension liability in the February 28, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Inflation | 2.75% wage inflation, 2.25% price inflation |
|---------------------------|---|
| Salary Increase | 2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police); 2.75% to 7.15% including |
| | wage inflation (Fire) |
| Investment rate of return | 7.00% net of investment expenses |

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2022, valuation were based on the results of an actuarial experience study for the period March 1, 2015, through February 29, 2020.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Target | Long-Term Expected |
|------------|--|
| Allocation | Real Rate of Return |
| 15.00% | 3.67% |
| 35.00% | 4.78% |
| 31.00% | 1.41% |
| 36.00% | 3.29% |
| 8.00% | 5.25% |
| -25.00% | -0.29% |
| | Allocation 15.00% 35.00% 31.00% 36.00% 8.00% |

Notes to the Financial Statements September 30, 2022

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Asset

| | Increase (Decrease) | | | | | | | | | | |
|----------------------------------|---------------------|-------------------------|----|------------------------------------|-------------------------------------|-------------|--|--|--|--|--|
| | Lial | Pension bility a) | | nn Fiduciary et Position (b) | Net Pension (Asset) (a) - (b) | | | | | | |
| General Division | <u> </u> | | | | | | | | | | |
| Balances at beginning of year | \$ | 7,915,672 | \$ | 11,160,260 | \$ | (3,244,588) | | | | | |
| Changes for the year | | | | _ | | | | | | | |
| Service cost | | 201,999 | | - | | 201,999 | | | | | |
| Interest | | 546,876 | | - | | 546,876 | | | | | |
| Difference between expected | | | | | | | | | | | |
| and actual experiences | | (28,103) | | - | | (28,103) | | | | | |
| Contributions - employer | | - | | 77,021 | | (77,021) | | | | | |
| Net investment income | | - | | 7,218 | | (7,218) | | | | | |
| Benefits paid, including refunds | | (411,852) | | (411,852) | | - | | | | | |
| Administrative expenses | | - | | (15,359) | | 15,359 | | | | | |
| Other changes | | - | | (67,696) | | 67,696 | | | | | |
| Net Changes | | 308,920 | | (410,668) | | 719,588 | | | | | |
| Balances at end of year | | 8,224,592 | | 10,749,592 | | (2,525,000) | | | | | |

Notes to the Financial Statements

September 30, 2022

| | | Increase (Decrease) | |
|------------------------------------|-----------------------------------|---------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension (Asset) (a) - (b) |
| Police Division | | | (6) (6) |
| Balances at beginning of year | 3,817,147 | 5,207,547 | (1,390,400) |
| Changes for the year | | | |
| Service cost | 125,834 | - | 125,834 |
| Interest | 267,893 | - | 267,893 |
| Difference between expected | | | |
| and actual experiences | 72,240 | - | 72,240 |
| Contributions - employer | - | 74,306 | (74,306) |
| Net investment income | - | 4,067 | (4,067) |
| Benefits paid, including refunds | (105,713) | (105,713) | - |
| Administrative expenses | - | (4,973) | 4,973 |
| Other changes | | (10,188) | 10,188 |
| Net Changes | 360,254 | (42,501) 5,165,046 | 402,755 |
| Balances at end of year | 4,177,401 | 3,103,040 | (987,645) |
| Fire Division | | | |
| Balances at beginning of year | 5,678,734 | 7,825,790 | (2,147,056) |
| Changes for the year | | | |
| Service cost | 142,000 | - | 142,000 |
| Interest | 391,398 | - | 391,398 |
| Difference between expected | | | |
| and actual experiences | 27,124 | - | 27,124 |
| Contributions - employer | - | 108,830 | (108,830) |
| Net investment income | - | 7,517 | (7,517) |
| Benefits paid, including refunds | (319,677) | (319,677) | - |
| Administrative expenses | - | (5,857) | 5,857 |
| Other changes | - | (70,675) | 70,675 |
| Net Changes | 240,845 | (279,862) | 520,707 |
| Balances at end of year | 5,919,579 | 7,545,928 | (1,626,349) |
| Total Plan Balances at end of year | \$ 18,321,572 | \$ 23,460,566 | \$ (5,138,994) |

Notes to the Financial Statements September 30, 2022

The Net Pension (Asset) is allocated as follows:

Net Pension
(Asset)

Governmental Activities

\$ (4,351,194)
Business-Type Activities

(787,800)

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

(5,138,994)

| | Current Single Discount Rate | | | | | | | | | |
|---------------------------|------------------------------|-------------|----|-------------|-------------|-------------|--|--|--|--|
| | 1 | % Decrease | A | Assumption | 1% Increase | | | | | |
| | | 6.00% | | 7.00% | 8.00% | | | | | |
| General Division | | | | | | | | | | |
| Total Pension Liability | \$ | 9,382,177 | \$ | 8,224,592 | \$ | 7,276,650 | | | | |
| Fiduciary Net Position | | 10,749,592 | | 10,749,592 | | 10,749,592 | | | | |
| Net Pension (Asset) | | (1,367,415) | | (2,525,000) | | (3,472,942) | | | | |
| Police Division | | | | | | | | | | |
| Total Pension Liability | | 4,875,300 | | 4,177,401 | | 3,615,279 | | | | |
| Fiduciary Net Position | | 5,165,046 | | 5,165,046 | | 5,165,046 | | | | |
| Net Pension (Asset) | | (289,746) | ' | (987,645) | | (1,549,767) | | | | |
| Fire Division | | | | | | | | | | |
| Total Pension Liability | | 6,809,291 | | 5,919,579 | | 5,195,235 | | | | |
| Fiduciary Net Position | _ | 7,545,928 | | 7,545,928 | | 7,545,928 | | | | |
| Net Pension (Asset) | | (736,637) | | (1,626,349) | | (2,350,693) | | | | |
| Total Net Pension (Asset) | \$ | (2,393,798) | \$ | (5,138,994) | \$ | (7,373,402) | | | | |

Notes to the Financial Statements
September 30, 2022

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

For the year ended 2022, the employer recognized pension credits of \$187,758 in the general division, \$41,843 in the police division and \$160,221 in the fire division. The employer reported deferred outflows and inflows of resources to be recognized in future pension expenses from the following sources:

| | Ou | eferred tflows of esources | ı | Deferred nflows of Resources | Net Deferred Outflows of Resources | | |
|-----------------------------------|----|----------------------------------|----|------------------------------------|--|-----------|--|
| General Division | | | | | | | |
| Differences in experiences | \$ | 2,063 | \$ | (108,567) | \$ | (106,504) | |
| Assumption changes | | - | | (68,349) | | (68,349) | |
| Differences in investment returns | | - | | (223,078) | | (223,078) | |
| Contributions subsequent to | | | | | | | |
| the measurement date* | | 22,180 | | | | 22,180 | |
| | | 24,243 | | (399,994) | | (375,751) | |
| Police Division | | | | | | | |
| Differences in experiences | | 89,344 | | (49,177) | | 40,167 | |
| Assumption changes | | - | | (16,349) | | (16,349) | |
| Differences in investment returns | | - | | (101,156) | | (101,156) | |
| Contributions subsequent to | | | | | | | |
| the measurement date* | | 21,394 | | | | 21,394 | |
| | | 110,738 | | (166,682) | | (55,944) | |
| Fire Division | | | | | | | |
| Differences in experiences | | 66,129 | | (310,577) | | (244,448) | |
| Assumption changes | | 17,583 | | (54,421) | | (36,838) | |
| Differences in investment returns | | - | | (233,677) | | (233,677) | |
| Contributions subsequent to | | | | | | | |
| the measurement date* | | 31,334 | | | | 31,334 | |
| | | 115,046 | | (598,675) | | (483,629) | |
| Total | \$ | 250,027 | \$ | (1,165,351) | \$ | (915,324) | |

Notes to the Financial Statements September 30, 2022

Deferred outflows and inflows have been allocated as follows:

| | | Deferred Outflows of | | Deferred | Net Deferred (Inflows) of Resources | | |
|--------------------------|-----------|-------------------------|----|--------------|---|-----------|--|
| | | | | (Inflows) of | | | |
| | Resources | | | Resources | | | |
| Governmental Activities | \$ | 242,463 | \$ | (1,040,553) | \$ | (798,090) | |
| Business-Type Activities | | 7,564 | | (124,798) | | (117,234) | |
| | \$ | 250,027 | \$ | (1,165,351) | \$ | (915,324) | |

^{*}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, 2023.

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

| Year Ending | Net Deferred Outflows (Inflows) of Resources | | | | | | | | | |
|---------------|--|---------|-----------|--------|----------|------|-----------|----|-----------|--|
| September 30, | | General | | Police | | Fire | | | Total | |
| 2023 | | \$ | (201,556) | \$ | (23,852) | \$ | (180,242) | \$ | (405,650) | |
| 2024 | | | (139,607) | | (38,921) | | (169,079) | | (347,607) | |
| 2025 | | | (208,694) | | (89,220) | | (220,227) | | (518,141) | |
| 2026 | | | 151,926 | | 74,655 | | 71,627 | | 298,208 | |
| 2027 | | | - | | - | | (16,451) | | (16,451) | |
| Thereafter | | | - | | | | (591) | | (591) | |
| | Total | \$ | (397,931) | \$ | (77,338) | \$ | (514,963) | \$ | (990,232) | |

10. Risk Management

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

11. Lease Receivable

The City, as a Lessor, has entered into two lease agreements for tower and land usage and three leases for hangar land rentals, the terms of which expire between 2039 through 2071. The City recognizes a lease receivable and a deferred inflow of resources. Lease and interest revenue recognized under the agreements during the year ended September 30, 2022, was \$43,854 and \$12,608, respectively.

Notes to the Financial Statements September 30, 2022

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

| Year Ended | | | | | | | |
|---|-----------|---------|----------|---------|-------|---------|--|
| September 30, | Principal | | Interest | | Total | | |
| 2023 | \$ | 15,131 | \$ | 15,480 | \$ | 30,611 | |
| 2024 | | 15,631 | | 15,020 | | 30,651 | |
| 2025 | | 19,146 | | 14,545 | | 33,691 | |
| 2026 | | 19,770 | | 13,962 | | 33,732 | |
| 2027 | | 20,413 | | 13,361 | | 33,774 | |
| 2028-2032 | | 112,454 | | 57,077 | | 169,531 | |
| 2033-2037 | | 131,883 | | 38,830 | | 170,713 | |
| 2038-2042 | | 88,052 | | 18,769 | | 106,821 | |
| 2043-2047 | | 10,636 | | 12,522 | | 23,158 | |
| 2048-2052 | | 12,354 | | 10,803 | | 23,157 | |
| 2053-2057 | | 14,351 | | 8,807 | | 23,158 | |
| 2058-2062 | | 16,670 | | 6,487 | | 23,157 | |
| 2063-2067 | | 19,365 | | 3,793 | | 23,158 | |
| 2068-2071 | | 13,090 | | 804 | | 13,894 | |
| | \$ | 508,946 | \$ | 230,260 | \$ | 739,206 | |
| Amount recovered in: | | | | | | | |
| Water and Sewer Fund/Business-Type Activities | \$ | 392,815 | | | | | |
| General Fund/Governmental-Type Activities | ڔ | 116,131 | | | | | |
| Total | \$ | 508,946 | | | | | |
| IUlai | Ş | 300,940 | | | | | |

Notes to the Financial Statements
September 30, 2022

12. Interfund Transfers

Interfund transfers for the year ended September 30, 2022, consisted of the following:

| | 1 | Transfers In | Tra | ansfers Out |
|-------------------------------------|----|--------------|-----|-------------|
| General Fund | \$ | 28,433 | \$ | 1,987,921 |
| Hotel/Motel Tax Fund | | - | | 20,020 |
| Golf Fund | | 495,893 | | 274,173 |
| Street Sales Tax Fund | | - | | 472,026 |
| Fire Sales Tax Fund | | 1,683,724 | | 858,529 |
| Tax Increment Financing Fund | | - | | 358,196 |
| D.A.R.E Fund | | - | | 540 |
| Drainage Sales Tax Fund | | 54,540 | | 155,828 |
| Parks Sales Tax Fund | | 35,000 | | 482,333 |
| Auditorium Fund | | - | | 265,554 |
| Senior Center Sales Tax Fund | | - | | 53,848 |
| Economic Development Sales Tax Fund | | 2,267,076 | | 300,000 |
| Street/Bridge Sales Tax Fund | | - | | 228,259 |
| Police Grants Fund | | 2,467 | | - |
| 2021 Bond Fund | | 497,500 | | - |
| 2016 COP Fund | | 184,937 | | - |
| 2012 COP Fund | | 37,454 | | - |
| Water and Sewer Fund | | 148,068 | | - |
| Internal Service Fund | | 22,135 | | |
| | \$ | 5,457,227 | \$ | 5,457,227 |

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

13. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of September 30, 2022, 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.

Notes to the Financial Statements
September 30, 2022

14. Debt Refunding Loss

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

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

| | В | alance | | | | | | В | Balance | | | |
|-------------------------|----|--------|------------------|--|---|-----|-----------|---------------|---------|--|--|--|
| September 30, | | | | | | | urrent | September 30, | | | | |
| | | 2021 | Additions | | | Amo | rtization | | 2022 | | | |
| Governmental Activities | \$ | 63,416 | \$ | | - | \$ | (9,772) | \$ | 53,644 | | | |

15. Commitments

At September 30, 2022, the City had the following commitments:

- Visu-Sewer of Missouri, LLC in the amount of \$70,438 for Timber Ridge Sewer Improvement project.
- Blevins Asphalt Company, Inc. in the amount of \$535,473 for 2022 Overlay project.
- Precision Industries, Inc. in the amount of \$719,345 for pumper fire truck.

16. Pledged Revenues

The City has pledged future water and sewer customer revenues to repay the Series 2009B and 2011 Revenue Bonds issued to improve and expend the system. The bonds are payable solely from customers net revenues and are payable through 2033. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$7,985,300. Principal and interest paid for the current year and total customer net revenues were \$880,096 and \$1,558,665, respectively.

Notes to the Financial Statements

September 30, 2022

17. Restatement

During the current year, the City adopted GASB Statement No. 87 – *Leases*. Net Position of the Governmental Activities and Business-Type Activities and General Fund Balance have been restated to reflect application of the new pronouncement, however there was no net effect on net position or fund balance.

| Governmental Activities | |
|--|---------------|
| Net Position, as previously stated, September 30, 2021 | \$ 40,029,842 |
| Lease receivable | 45,669 |
| Deferred lease inflows | (45,669) |
| Net Position, as restated, October 1, 2021 | \$ 40,029,842 |
| General Fund | |
| Fund Balance, as previously stated, September 30, 2021 | \$ 4,708,365 |
| Lease receivable | 45,669 |
| Deferred lease inflows | (45,669) |
| Fund Balance, as restated, October 1, 2021 | \$ 4,708,365 |
| Enterprise Activities | |
| Net Position, as previously stated, September 30, 2021 | \$ 16,725,070 |
| Lease receivable | 414,294 |
| Deferred lease inflows | (414,294) |
| Net Position, as restated, October 1, 2021 | \$ 16,725,070 |

Required Supplementary Information

Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended September 30, 2022

| | Missouri | Local Governmer | nt Employees Reti | rement System (L | AGERS) | | | |
|---|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| Total Pension Liability | | - | | | | | | |
| Service cost | \$ 469,833 | \$ 463,535 | \$ 434,528 | \$ 422,542 | \$ 414,136 | \$ 395,107 | \$ 391,139 | \$ 399,461 |
| Interest on the total pension liability | 1,206,167 | 1,230,083 | 1,153,185 | 1,105,875 | 1,069,610 | 1,047,617 | 1,004,497 | 974,376 |
| Difference between expected and actual experience | 71,261 | (388,918) | 217,265 | (111,545) | (293,652) | (508,438) | (609,884) | (294,998) |
| Changes of assumptions | - | (274,489) | - | - | - | - | 462,449 | - |
| Benefit payments including refunds | (837,242) | (702,915) | (812,289) | (729,591) | (659,663) | (621,580) | (688,017) | (631,570) |
| Net Change in Total Pension Liability | 910,019 | 327,296 | 992,689 | 687,281 | 530,431 | 312,706 | 560,184 | 447,269 |
| Total Pension Liability, Beginning | 17,411,553 | 17,084,257 | 16,091,568 | 15,404,287 | 14,873,856 | 14,561,150 | 14,000,966 | 13,553,697 |
| Total Pension Liability, Ending | 18,321,572 | 17,411,553 | 17,084,257 | 16,091,568 | 15,404,287 | 14,873,856 | 14,561,150 | 14,000,966 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - employer | 260,157 | 227,618 | 222,362 | 245,465 | 264,039 | 261,400 | 293,632 | 317,093 |
| Pension plan net investment income | 18,802 | 5,324,546 | 249,192 | 1,289,199 | 2,118,438 | 1,860,492 | (31,596) | 323,289 |
| Benefit payments, including refunds | (837,242) | (702,915) | (812,289) | (729,591) | (659,663) | (621,580) | (688,017) | (631,570) |
| Pension plan administrative expense | (26,189) | (23,731) | (31,328) | (28,254) | (19,379) | (18,290) | (17,749) | (19,946) |
| Other | (148,559) | (71,084) | (113,221) | (64,456) | (2,249) | (137,249) | 16,467 | (270,346) |
| Net Change in Plan Fiduciary Net Position | (733,031) | 4,754,434 | (485,284) | 712,363 | 1,701,186 | 1,344,773 | (427,263) | (281,480) |
| Plan Fiduciary Net Position, Beginning | 24,193,597 | 19,439,163 | 19,924,447 | 19,212,084 | 17,510,898 | 16,166,125 | 16,593,388 | 16,874,868 |
| Plan Fiduciary Net Position, Ending | 23,460,566 | 24,193,597 | 19,439,163 | 19,924,447 | 19,212,084 | 17,510,898 | 16,166,125 | 16,593,388 |
| Employer Net Pension (Asset) | \$ (5,138,994) | \$ (6,782,044) | \$ (2,354,906) | \$ (3,832,879) | \$ (3,807,797) | \$ (2,637,042) | \$ (1,604,975) | \$ (2,592,422) |
| Plan fiduciary net position as a percentage | | | | | | | | |
| of the total pension liability | 128.05% | 138.95% | 113.78% | 123.82% | 124.72% | 117.73% | 111.02% | 119% |
| Covered payroll | \$ 3,903,520 | \$ 4,116,999 | \$ 3,891,193 | \$ 3,633,974 | \$ 3,619,993 | \$ 3,527,826 | \$ 3,364,217 | \$ 3,553,838 |
| Employer's net pension asset as a percentage of covered payroll | 131.65% | 164.73% | 60.52% | 105.47% | 105.19% | 74.75% | 47.71% | 72.95% |

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

Schedule of Contributions

Year Ended September 30, 2022

Missouri Local Government Employees Retirement System (LAGERS)

| | | | | | | | | | | | • | • | • | | | | | | | |
|--|------|-----------|------|-----------|------|-----------|-----|----------|------|-----------|------|-----------|------|-----------|------|-----------|------|-----------|-----|----------|
| | | 2022 | | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 |
| Actuarially determined contribution | \$ | 322,590 | \$ | 243,478 | \$ | 221,368 | \$ | 244,224 | \$ | 270,089 | \$ | 259,473 | \$ | 294,052 | \$ | 312,806 | \$ | 327,508 | \$ | 350,617 |
| Contributions in relation to the actuarially determined contribution | | 275 246 | | 227.605 | | 224 260 | | 224.040 | | 265.074 | | 250 472 | | 204.052 | | 242.006 | | 227 500 | | 250.647 |
| | | 275,216 | | 227,685 | | 221,368 | | 234,819 | | 265,974 | | 259,473 | | 294,052 | | 312,806 | | 327,508 | | 350,617 |
| Contribution deficiency | \$ | 47,374 | \$ | 15,793 | \$ | | \$ | 9,405 | \$ | 4,115 | \$ | _ | \$ | - | \$ | | \$ | _ | \$ | |
| Covered payroll | \$ 4 | 1,236,129 | \$ 4 | 1,148,421 | \$ 3 | 3,878,259 | \$3 | ,809,377 | \$ 3 | 3,730,002 | \$ 3 | 3,632,303 | \$ 3 | 3,606,430 | \$ 3 | 3,682,580 | \$ 3 | 3,694,022 | \$3 | ,398,859 |
| Contributions as a percentage of covered payroll | | 6.50% | | 5.49% | | 5.71% | | 6.16% | | 7.13% | | 7.14% | | 8.15% | | 8.49% | | 8.87% | | 10.32% |
| | | 0.5070 | | 3.4370 | | 5.71/0 | | 0.1070 | | 7.13/0 | | 7.14/0 | | 0.1370 | | 0.4370 | | 0.0770 | | 10.32/0 |

Notes to Schedule of Contributions

Year Ended September 30, 2022

Valuation Date: February 28, 2022

Notes: The roll-forward of total pension liability from February 28, 2022, to June 30, 2022, reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

Amortization Method: Level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period, or (ii) 15 years.

Remaining Amortization Period: Multiple bases from 13 to 15 years

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

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation (General)

2.75% to 6.55% including wage inflation (Police)

2.75% to 7.15% including wage inflation (Fire)

Investment Rate of Return: 7.00%, net of investment expenses

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition

Mortality: The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

Budgetary Comparison Schedule – General Fund

| D | Original Budget | Final Budget | | Actual | Variance With Final Budget | | |
|-----------------------------------|--------------------|---------------------|----|-----------|----------------------------|-------------|--|
| Revenues | | | | | | | |
| Taxes | 420.000 | 402.000 | | 404 750 | | (2.40) | |
| Property tax | \$ 430,000 | \$ 482,000 | \$ | 481,752 | \$ | (248) | |
| City sales tax | 2,673,141 | 3,344,282 | | 3,451,119 | | 106,837 | |
| Financial institution tax | 500 | 500 | | 1,145 | | 645 | |
| Utility franchise tax | 676,000 | 784,557 | | 807,628 | | 23,071 | |
| Cigarette tax | 54,000 | 54,000 | | 49,270 | | (4,730) | |
| Public safety tax | 1,336,571 | 1,604,786 | | 1,647,228 | | 42,442 | |
| | 5,170,212 | 6,270,125 | | 6,438,142 | | 168,017 | |
| Licenses and Permits | | | | | | | |
| Occupational licenses | 31,500 | 48,900 | | 48,821 | | (79) | |
| Building permits | 83,000 | 119,448 | | 118,182 | | (1,266) | |
| Animal licenses and fees | 500 | 500 | | 235 | | (265) | |
| Cemetery fees | 40,000 | 48,850 | | 48,850 | | | |
| | 155,000 | 217,698 | | 216,088 | | (1,610) | |
| Intergovernmental Revenues | | | | | | | |
| Grants | 177,004 | 1,417,718 | | 289,153 | | (1,128,565) | |
| Charges for Services | | | | | | | |
| Sanitation | 85,000 | 104,897 | | 104,897 | | - | |
| Airport fuel sales | 85,500 | 249,350 | | 249,465 | | 115 | |
| Recycling center fees | 22,400 | 42,498 | | 42,498 | | - | |
| Other | 222,845 | 227,957 | | 231,324 | | 3,367 | |
| | 415,745 | 624,702 | | 628,184 | | 3,482 | |
| Fines and Forfeitures | | | | | | | |
| City court fines | 271,400 | 277,261 | | 276,845 | | (416) | |
| Police training fees | 2,000 | 4,168 | | 4,168 | | - | |
| | 273,400 | 281,429 | • | 281,013 | | (416) | |
| Miscellaneous | | | | | | | |
| Leases and rent income | 84,820 | 92,588 | | 82,144 | | (10,444) | |
| Interest | 6,700 | 6,200 | | 23,878 | | 17,678 | |
| Donations and other contributions | 3,500 | 3,500 | | 3,927 | | 427 | |
| Other | 25,860 | 39,520 | | 31,935 | | (7,585) | |
| | 120,880 | 141,808 | | 141,884 | | 76 | |
| Total Revenues | 6,312,241 | 8,953,480 | | 7,994,464 | | (959,016) | |

Budgetary Comparison Schedule – General Fund

| | Original | Final | | Variance With |
|---|---------------------------|---------------------------|---------------------------|---------------|
| - " | Budget | Budget | Actual | Final Budget |
| Expenditures | | | | |
| Current | F22 42F | F4F 42C | 404 407 | FO 020 |
| Administrative | 523,435 | 545,426 | 494,487 | 50,939 |
| Clerk/council | 92,818 | 104,509 | 103,255 | 1,254 |
| Development services | 230,955 | 312,091 | 209,205 | 102,886 |
| Police | 2,294,613 | 2,292,406 | 2,092,443 | 199,963 |
| Emergency management | 19,024 | 19,024 | 17,590 | 1,434 |
| Court | 144,395 | 147,507 | 137,026 | 10,481 |
| Airport | 214,504 | 349,704 | 338,064 | 11,640 |
| Recycling center | 110,791 | 120,799 | 100,432 | 20,367 |
| Information technology | 102,548 | 112,407 | 91,216 | 21,191 |
| Fleet maintenance | 8,000 | 6,680 | 6,680 | - |
| Human resources | 74,576 | 74,439 | 74,371 | 68 |
| Communications and events | 39,644 | 47,211 | 32,722 | 14,489 |
| Cemetery | 131,600 | 131,600 | 125,931 | 5,669 |
| Total Expenditures | 3,986,903 | 4,263,803 | 3,823,422 | 440,381 |
| Excess of Revenues Over Expenditures | 2,325,338 | 4,689,677 | 4,171,042 | (518,635) |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | 24,504 | 24,504 | 28,433 | 3,929 |
| Operating transfers (out) | (2,414,807) | (2,762,747) | (1,987,921) | 774,826 |
| Sale of assets | 30,000 | - | - | - |
| Insurance proceeds | - | 20,434 | 37,506 | 17,072 |
| Total Other Financing Sources (Uses) | (2,360,303) | (2,717,809) | (1,921,982) | 795,827 |
| Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses) | (34,965) | 1,971,868 | 2,249,060 | 277,192 |
| Fund Balance, October 1 Fund Balance, September 30 | 4,708,365 \$ 4,673,400 | 4,708,365 \$ 6,680,233 | 4,708,365 \$ 6,957,425 | \$ 277,192 |

Budgetary Comparison Schedule – Street Sales Tax Fund

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|-----------------|--------------|-------------------------------|
| Revenues | | | | |
| Street sales taxes | \$ 960,27 | 76 \$ 1,207,612 | \$ 1,239,617 | \$ 32,005 |
| Motor vehicle taxes | 477,00 | 531,540 | 531,806 | 266 |
| Intergovernmental revenues | 24,02 | 25 50,352 | 26,327 | (24,025) |
| Miscellaneous | 19,30 | 00 21,100 | 21,577 | 477 |
| Total Revenues | 1,480,60 | 1,810,604 | 1,819,327 | 8,723 |
| Expenditures | | | | |
| Current | | | | |
| Street | 1,455,73 | 39 1,843,961 | 945,093 | 898,868 |
| Total Expenditures | 1,455,73 | 1,843,961 | 945,093 | 898,868 |
| Excess (Deficit) of Revenues Over Expenditures | 24,86 | 52 (33,357) | 874,234 | 907,591 |
| Other Financing (Uses) | | | | |
| Operating transfers (out) | (98,78 | 34) (104,284) | (472,026) | (367,742) |
| Total Other Financing (Uses) | (98,78 | (104,284) | (472,026) | (367,742) |
| Excess (Deficit) of Revenues Over | | | | |
| Expenditures and Other (Uses) | (73,92 | 22) (137,641) | 402,208 | 539,849 |
| Fund Balance, October 1 | 1,857,37 | 711,857,371 | 1,857,371 | |
| Fund Balance, September 30 | \$ 1,783,44 | \$ 1,719,730 | \$ 2,259,579 | \$ 539,849 |

Budgetary Comparison Schedule – Fire Sales Tax Fund

| | Original Budget | Final Budget | Actual | | Variance With Final Budget | | |
|--|--------------------|---------------------|--------|-----------|-------------------------------|-----------|--|
| Revenues | | | | | | | |
| Fire sales taxes | \$ 639,841 | \$ 804,851 | \$ | 826,229 | \$ | 21,378 | |
| Charges for services | 126,489 | 126,489 | | 125,848 | | (641) | |
| Miscellaneous | - | - | | 280 | | 280 | |
| Total Revenues | 766,330 | 931,340 | | 952,357 | • | 21,017 | |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Fire | 1,957,898 | 1,913,764 | | 1,873,552 | | 40,212 | |
| Total Expenditures | 1,957,898 | 1,913,764 | | 1,873,552 | | 40,212 | |
| (Deficit) of Revenues Over Expenditures | (1,191,568) | (982,424) | | (921,195) | | 61,229 | |
| Other Financing Sources (Uses) | | | | | | | |
| Operating transfers in | 1,951,121 | 1,951,121 | | 1,683,724 | | (267,397) | |
| Operating transfers (out) | (811,673) | (834,081) | | (858,529) | | (24,448) | |
| Insurance proceeds | - | - | | 5,595 | | 5,595 | |
| Total Other Financing Sources (Uses) | 1,139,448 | 1,117,040 | | 830,790 | | (286,250) | |
| Excess (Deficit) of Revenues and Other | | | | | | | |
| Sources Over Expenditures and Other (Uses) | (52,120) | 134,616 | | (90,405) | | (225,021) | |
| Fund Balance, October 1 | 731,479 | 731,479 | | 731,479 | | - | |
| Fund Balance, September 30 | \$ 679,359 | \$ 866,095 | \$ | 641,074 | \$ | (225,021) | |
| | | | | | | | |

Budgetary Comparison Schedule – Tax Increment Financing Fund Year Ended September 30, 2022

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|-----------------|--------------|----------------------------|
| Revenues | | | | |
| Taxes | \$ 300,000 | \$ 1,012,166 | \$ 1,256,756 | \$ 244,590 |
| Miscellaneous | 5,000 | 5,000 | 7,286 | 2,286 |
| Total Revenues | 305,000 | 1,017,166 | 1,264,042 | 246,876 |
| Expenditures | | | | |
| Current | | | | |
| Street | 2,400,000 | 3,668,082 | 3,634,129 | 33,953 |
| Total Expenditures | 2,400,000 | 3,668,082 | 3,634,129 | 33,953 |
| (Deficit) of Revenues Over Expenditures | (2,095,000) | (2,650,916) | (2,370,087) | 280,829 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | 71,750 | 71,750 | - | (71,750) |
| Operating transfers (out) | (52,135) | (52,135) | (358,196) | (306,061) |
| Total Other Financing Sources (Uses) | 19,615 | 19,615 | (358,196) | (377,811) |
| (Deficit) of Revenues and Other Sources | | | | |
| Over Expenditures and Other (Uses) | (2,075,385) | (2,631,301) | (2,728,283) | (96,982) |
| Fund Balance, October 1 | 2,728,283 | 2,728,283 | 2,728,283 | - |
| Fund Balance, September 30 | \$ 652,898 | \$ 96,982 | \$ - | \$ (96,982) |

Budgetary Comparison Schedule – Economic Development Sales Tax Fund Year Ended September 30, 2022

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|--------------------|-----------------|-------------|----------------------------|
| Revenues | | | | |
| Taxes | \$ 320,064 | \$ 402,424 | \$ 413,113 | \$ 10,689 |
| Miscellaneous | 1,200 | 1,200 | 938 | (262) |
| Total Revenues | 321,264 | 403,624 | 414,051 | 10,427 |
| Expenditures | | | | |
| Current | | | | |
| Economic development | 4,490,654 | 4,776,075 | 2,341,478 | 2,434,597 |
| Total Expenditures | 4,490,654 | 4,776,075 | 2,341,478 | 2,434,597 |
| (Deficit) of Revenues Over Expenditures | (4,169,390) | (4,372,451) | (1,927,427) | 2,445,024 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | 4,490,654 | 4,903,427 | 2,267,076 | (2,636,351) |
| Operating transfers (out) | (303,777) | (300,000) | (300,000) | - |
| Sale of property | - | - | 23,550 | 23,550 |
| Debt proceeds | | | 402,633 | 402,633 |
| Total Other Financing Sources (Uses) | 4,186,877 | 4,603,427 | 2,393,259 | (2,210,168) |
| Excess of Revenues and Other Sources Over | | | | |
| Expenditures and Other (Uses) | 17,487 | 230,976 | 465,832 | 234,856 |
| Fund Balance, October 1 | 16,904 | 16,904 | 16,904 | |
| Fund Balance, September 30 | \$ 34,391 | \$ 247,880 | \$ 482,736 | \$ 234,856 |

Notes to the Budgetary Comparison Schedules
Year Ended September 30, 2022

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.



Combining Balance Sheet – Nonmajor Governmental Funds September 30, 2022

| | | | | | Special Re | venue Funds | | | | |
|--|--------------------------|-----------------------------|---------------------------------|----------------------------|--------------------|---------------------------------------|--|-----------------------------|--------------|------------------|
| | Police Grants Fund | Police Donations Fund | Drainage S Sales Tax Fund | Parks Sales Tax Fund | Auditorium Fund | Senior Center Sales Tax Fund | Street/ Bridge Sales Tax Fund | Hotel/ Motel Tax Fund | Golf Fund | D.A.R.E. Fund |
| Assets | | · · | | | | | | | | |
| Cash and cash equivalents | \$10,338 | \$ - | \$1,012,225 | \$ 245,580 | \$ 779,995 | \$ 230,971 | \$ 699,082 | \$ 334,380 | \$437,827 | \$ - |
| Sales tax receivable | - | - | 97,446 | 114,459 | 105,972 | 35,324 | 70,634 | - | - | - |
| Intergovernmental receivable | - | - | 51,487 | - | - | - | - | - | - | - |
| Other accounts receivable | - | - | - | - | - | - | - | - | 5,237 | - |
| Prepaid expenses | - | - | 2,648 | 33,493 | 14,354 | 3,916 | - | - | 16,116 | - |
| Cash and cash equivalents - restricted | - | 1,464 | - | - | 8,200 | - | - | - | 11,965 | - |
| Total Assets | \$10,338 | \$ 1,464 | \$1,163,806 | \$ 393,532 | \$ 908,521 | \$ 270,211 | \$ 769,716 | \$ 334,380 | \$471,145 | \$ - |
| Liabilities and Fund Balances | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 795 | \$ 6,710 | 5,704 | \$ 2,728 | \$ - | 26,138 | 12,667 | \$ - |
| Accrued expenses | - | - | 198 | 465 | - | - | - | - | - | - |
| Deposits held | | | | - | 8,200 | | | | 323 | |
| Total Liabilities | - | | 993 | 7,175 | 13,904 | 2,728 | | 26,138 | 12,990 | |

Combining Balance Sheet – Nonmajor Governmental Funds September 30, 2022

| | Special Revenue Funds | | | | | | | | | | | | |
|---|-----------------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|----------|--|--|--|
| | - | _ | | _ | - | Senior | Street/ | | | | | | |
| | Police | Police | Drainage | Parks | | Center | Bridge | Hotel/ | - 16 | | | | |
| | Grants | Donations | Sales Tax | Sales Tax | Auditorium | Sales Tax | Sales Tax | Motel Tax | Golf | D.A.R.E. | | | |
| Fund Balance | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | Fund | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | Fund | | | |
| | | | | | | | | | | | | | |
| Nonspendable | | | | | | | | | | | | | |
| Permanent | - | - | - | - | - | - | - | - | <u>-</u> | - | | | |
| Prepaid items | - | - | 2,648 | 33,493 | 14,354 | 3,916 | - | - | 16,116 | - | | | |
| Restricted for | | | | | | | | | | | | | |
| Public safety | 10,338 | 1,464 | - | - | - | - | - | - | - | - | | | |
| Drainage | - | - | 1,069,265 | - | - | - | - | - | - | - | | | |
| Auditorium | - | - | - | - | 620,570 | - | - | - | - | - | | | |
| Senior center | - | - | - | - | - | 201,348 | - | - | - | - | | | |
| Street and bridge | - | - | - | - | - | - | 619,573 | - | - | - | | | |
| Tourism development | - | - | - | - | - | - | - | 303,390 | - | - | | | |
| Debt service | - | - | - | - | - | - | - | - | - | - | | | |
| Assigned to | | | | | | | | | | | | | |
| Drainage | - | - | 90,900 | - | - | - | - | - | - | - | | | |
| Parks and recreation | - | - | - | 352,864 | - | - | - | - | - | - | | | |
| Auditorium | - | - | - | - | 259,693 | - | - | - | - | - | | | |
| Senior center | - | - | - | - | - | 62,219 | - | - | - | - | | | |
| Golf course | - | - | - | - | - | - | - | - | 442,039 | - | | | |
| Street and bridge | - | - | - | - | - | - | 150,143 | - | - | - | | | |
| Tourism development | - | - | _ | - | - | - | - | 4,852 | - | - | | | |
| Total Fund Balances | 10,338 | 1,464 | 1,162,813 | 386,357 | 894,617 | 267,483 | 769,716 | 308,242 | 458,155 | - | | | |
| Total Liabilities and Fund Balance | \$10,338 | \$ 1,464 | \$1,163,806 | \$ 393,532 | \$ 908,521 | \$ 270,211 | \$ 769,716 | \$ 334,380 | \$471,145 | \$ - | | | |

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2022

| | | Debt Service Funds | | | | | | | | | Permanent Funds | | | |
|--|----|--------------------|----------------------|--------|---------------------|---------------------|---------|----------------------|-------|---------------------------|-----------------|-----------------------|-------|--|
| | | | 2013 Bond Fund | | 2012 COP Fund | 2016 COP Fund | | 2021 Bond Fund | | Abbot Brothers Fund | | Morse Park Fund | | Total Nonmajor vernmental Funds |
| Assets | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ | 150 | \$ | 11,582 | \$ 38,227 | \$ | - | \$ | 2,626 | \$ 39,47 | 75 | \$ | 3,653 | \$ 3,846,111 |
| Sales tax receivable | | - | | - | - | | - | | - | | - | | - | 423,835 |
| Intergovernmental receivable | | - | | - | - | | - | | - | | - | | - | 51,487 |
| Other accounts receivable | | - | | - | - | | - | | - | | - | | - | 5,237 |
| Prepaid expenses | | - | | - | - | | - | | - | | - | | - | 70,527 |
| Cash and cash equivalents - restricted | | - | | - | 1,504 | | 303,677 | | - | | - | | - | 326,810 |
| Total Assets | \$ | 150 | \$ | 11,582 | \$ 39,731 | \$ | 303,677 | \$ | 2,626 | \$ 39,47 | 75 | \$ | 3,653 | \$ 4,724,007 |
| Liabilities and Fund Balances | | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | |
| Accounts payable | \$ | - | \$ | - | \$ - | \$ | - | \$ | - | \$ | - | \$ | - | \$ 54,742 |
| Accrued expenses | | - | | _ | - | | - | | - | | - | | - | 663 |
| Deposits held | | - | | _ | - | | - | | - | | - | | - | 8,523 |
| Total Liabilities | | - | | - | - | | - | | - | | - | | - | 63,928 |

City of Neosho

${\bf Combining\ Balance\ Sheet-Nonmajor\ Governmental\ Funds}$

September 30, 2022

| | | De | Perman | | | | | |
|-------------------------------------|---------------------|----------------------|---------------------|---------------------|----------------------|---------------------------|-----------------------|--|
| | 2014 COP Fund | 2013 Bond Fund | 2012 COP Fund | 2016 COP Fund | 2021 Bond Fund | Abbot Brothers Fund | Morse Park Fund | Total Nonmajor Governmental Funds |
| Fund Balances | | | | | | | | |
| Nonspendable | | | | | | | | |
| Permanent | - | - | - | - | - | 39,475 | 3,653 | 43,128 |
| Prepaid items | - | - | _ | - | - | · - | , - | 70,527 |
| Restricted for | | | | | | | | |
| Public safety | - | - | _ | - | - | _ | _ | 11,802 |
| Drainage | - | - | - | - | - | - | - | 1,069,265 |
| Auditorium | - | - | - | - | - | - | - | 620,570 |
| Senior center | - | - | _ | - | - | _ | _ | 201,348 |
| Street and bridge | - | - | - | - | - | - | - | 619,573 |
| Tourism development | - | - | - | - | - | - | - | 303,390 |
| Debt service | 150 | 11,582 | 39,731 | 303,677 | 2,626 | - | - | 357,766 |
| Assigned to | | | | | | | | |
| Drainage | - | - | - | - | - | _ | - | 90,900 |
| Parks and recreation | - | - | - | - | - | - | - | 352,864 |
| Auditorium | - | - | - | - | - | - | - | 259,693 |
| Senior center | - | - | - | - | - | _ | - | 62,219 |
| Golf course | - | - | - | - | - | - | - | 442,039 |
| Street and bridge | - | - | - | - | - | - | - | 150,143 |
| Tourism development | | <u> </u> | | | | | | 4,852 |
| Total Fund Balances | 150 | 11,582 | 39,731 | 303,677 | 2,626 | 39,475 | 3,653 | 4,660,079 |
| Total Liabilities and Fund Balances | \$ 150 | \$ 11,582 | \$ 39,731 | \$ 303,677 | \$ 2,626 | \$ 39,475 | \$ 3,653 | \$ 4,724,007 |

City of Neosho

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2022

| | Special Revenue Funds | | | | | | | | | | | |
|----------------------------|--------------------------|-----------------------------|-------------------------------|----------------------------|--------------------|------------------------------------|------------------------------------|-----------------------------|--------------|------------------|--|--|
| | Police Grants Fund | Police Donations Fund | Drainage Sales Tax Fund | Parks Sales Tax Fund | Auditorium Fund | Senior Center Sales Tax Fund | Street/Bridge Sales Tax Fund | Hotel/ Motel Tax Fund | Golf Fund | D.A.R.E. Fund | | |
| Revenues | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 495,737 | \$ 743,605 | \$ 619,671 | \$ 206,557 | \$ 413,112 | \$ 103,203 | \$ - | \$ - | | |
| Intergovernmental revenues | 11,472 | - | - | - | - | - | - | - | - | - | | |
| Charges for services | - | - | - | 15,286 | 61,907 | - | - | - | 518,994 | - | | |
| Donations and other | | | | | | | | | | | | |
| contributions | - | 18,435 | - | 1,037 | - | - | - | - | - | - | | |
| Miscellaneous | | 9 | 3,349 | 2,107 | 2,591 | 641 | 1,982 | 1,151 | 4,978 | 2 | | |
| Total Revenues | 11,472 | 18,444 | 499,086 | 762,035 | 684,169 | 207,198 | 415,094 | 104,354 | 523,972 | 2 | | |
| Expenditures | | | | | | | | | | | | |
| Current | | | | | | | | | | | | |
| Police | 4,244 | 19,066 | - | - | - | - | - | - | - | - | | |
| Drainage | - | - | 142,185 | - | - | - | - | - | - | - | | |
| Parks and recreation | - | - | - | 513,665 | - | - | - | - | - | - | | |
| Auditorium | - | - | - | - | 161,575 | - | - | - | - | - | | |
| Senior center | - | - | - | - | - | 64,541 | - | - | - | - | | |
| Golf course | - | - | - | - | - | - | - | - | 488,928 | - | | |
| Tourism development | - | - | - | - | - | - | - | 81,399 | - | - | | |
| Other | - | - | - | - | - | - | - | - | - | - | | |
| Debt Service | | | | | | | | | | | | |
| Principal and interest | | | | | | | | _ | | | | |
| Total Expenditures | 4,244 | 19,066 | 142,185 | 513,665 | 161,575 | 64,541 | | 81,399 | 488,928 | - | | |

City of Neosho

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2022

| | Special Revenue Funds | | | | | | | | | | | |
|---|-----------------------|-----------|--------------|------------|------------|---------------|---------------|------------|------------|----------|--|--|
| | Police | Police | Drainage | Parks | | Senior Center | Street/Bridge | Hotel/ | | | | |
| | Grants | Donations | Sales Tax | Sales Tax | Auditorium | Sales Tax | Sales Tax | Motel Tax | Golf | D.A.R.E. | | |
| | Fund | Fund | Fund | Fund | Fund | Fund | Fund | Fund | Fund | Fund | | |
| Excess (Deficit) of Revenues Over | | | | | | | | | | | | |
| Expenditures | 7,228 | (622) | 356,901 | 248,370 | 522,594 | 142,657 | 415,094 | 22,955 | 35,044 | 2 | | |
| Other Financing Sources (Uses) | | | | | | | | | | | | |
| Operating transfers in | 2,467 | - | 54,540 | 35,000 | - | - | - | - | 495,893 | - | | |
| Operating transfers (out) | | | (155,828) | (482,333) | (265,554) | (53,848) | (228,259) | (20,020) | (274,173) | (540) | | |
| Total Other Financing Sources | | | | | | | | | | | | |
| (Uses) | 2,467 | | (101,288) | (447,333) | (265,554) | (53,848) | (228,259) | (20,020) | 221,720 | (540) | | |
| Excess (Deficit) of Revenues and Other Sources Over Expenditures | | | | | | | | | | | | |
| and Other (Uses) | 9,695 | (622) | 255,613 | (198,963) | 257,040 | 88,809 | 186,835 | 2,935 | 256,764 | (538) | | |
| Fund Balance, October 1 | 643 | 2,086 | 907,200 | 585,320 | 637,577 | 178,674 | 582,881 | 305,307 | 201,391 | 538 | | |
| Fund Balance, September 30 | \$ 10,338 | \$ 1,464 | \$ 1,162,813 | \$ 386,357 | \$ 894,617 | \$ 267,483 | \$ 769,716 | \$ 308,242 | \$ 458,155 | \$ - | | |

City of Neosho

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2022

| | | | 1 | Permane | | | | | | | |
|--|---------------------|-----|----------------------|---------------------|----|---------------------|---|---------------------------|-----------------------|--|--|
| | 2014 COP Fund | | 2013 Bond Fund | 2012 COP Fund | | 2016 COP Fund | 2021 Bond Fund | Abbot Brothers Fund | Morse Park Fund | Total Nonmajor Governmental Funds | |
| Revenues | | | | | | | | | | | |
| Taxes | \$ | - : | \$ - | \$ - | \$ | - | \$ - | \$ - | \$ - | \$ 2,581,885 | |
| Intergovernmental revenues | | - | - | - | | - | - | - | - | 11,472 | |
| Charges for services | | - | - | - | | - | - | - | - | 596,187 | |
| Donations and other contributions | | - | - | - | | - | - | - | - | 19,472 | |
| Miscellaneous | | | 40 | 33 | | 929 | 143 | 138 | 12 | 18,105 | |
| Total Revenues | | - | 40 | 33 | | 929 | 143 | 138 | 12 | 3,227,121 | |
| Expenditures | | | | | | | | | | | |
| Current | | | | | | | | | | | |
| Police | | - | - | - | | - | - | - | - | 23,310 | |
| Drainage | | - | - | - | | - | - | - | - | 142,185 | |
| Parks and recreation | | - | - | - | | - | - | - | - | 513,665 | |
| Auditorium | | - | - | - | | - | - | - | - | 161,575 | |
| Senior center | | - | - | - | | - | - | - | - | 64,541 | |
| Golf course | | - | - | - | | - | - | - | - | 488,928 | |
| Tourism development | | - | - | - | | - | - | - | - | 81,399 | |
| Other | | - | - | - | | - | - | 157 | - | 157 | |
| Debt Service | | | | | | | | | | | |
| Principal and interest | | - | - | 918 | | 285,050 | 497,818 | - | - | 783,786 | |
| Total Expenditures | | | - | 918 | | 285,050 | 497,818 | 157 | | 2,259,546 | |
| Excess (Deficit) of Revenues Over Expenditures | | - | 40 | (885 |) | (284,121) | (497,675) | (19) | 12 | 967,575 | |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Operating transfers in | | _ | _ | 37,454 | | 184,937 | 497,500 | _ | _ | 1,307,791 | |
| Operating transfers (out) | | _ | _ | - | | - | - | _ | _ | (1,480,555) | |
| Total Other Financing Sources (Uses) | | | | 37,454 | | 184,937 | 497,500 | | | (172,764) | |
| Excess (Deficit) of Revenues and Other Sources Over Expenditures | - | | | | | | *************************************** | | | | |
| and Other (Uses) | | - | 40 | 36,569 | | (99,184) | (175) | (19) | 12 | 794,811 | |
| Fund Balance, October 1 | 1 | .50 | 11,542 | 3,162 | | 402,861 | 2,801 | 39,494 | 3,641 | 3,865,268 | |
| Fund Balance, September 30 | \$ 1 | .50 | | \$ 39,731 | | 303,677 | \$ 2,626 | \$ 39,475 | \$ 3,653 | \$ 4,660,079 | |





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, 2022, and the related notes to the financial statements, which collectively comprise the City of Neosho, Missouri's basic financial statements and have issued our report thereon dated March 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

KPM CPAs, PC

Springfield, Missouri March 10, 2023

KPM CPAS, PC