

City of Neosho, Missouri

Basic Financial Statements Year Ended September 30, 2024



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Honorable Mayor and City Council
City of Neosho
Neosho, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Neosho, Missouri's basic financial statements. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is 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. The 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the City of Neosho, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Neosho, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
February 26, 2025

Management's Discussion and Analysis

City of Neosho

Management's Discussion and Analysis

September 30, 2024

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, 2024. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$7,577,970 as a result of current year activities. The net position of the City's business-type activities increased by \$1,214,073 for the year.

The assets and deferred outflow of resources of the City exceeded liabilities and deferred inflow of resources by \$79.5 million (net position), as of September 30, 2024. Of this amount, \$26.2 million was unrestricted and may be used to meet future obligations of the City, \$4.9 million was restricted and \$48.4 million represents capital assets (net of related debt) of the City.

Total long-term liabilities of the City decreased by \$1,496,636 to a total of \$8.1 million. The decrease was due to the payments of principal during the year. The City made timely payments on all of its debt obligations.

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

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

Using this Annual Report

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

City of Neosho

Management's Discussion and Analysis

September 30, 2024

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

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

City of Neosho

Management's Discussion and Analysis

September 30, 2024

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of September 30, 2024 and 2023:

	Governmental Activities	Business-Type Activities	Total September 30, 2024	Total September 30, 2023
Assets				
Current and other assets	\$ 22,436,034	\$ 7,270,842	\$ 29,706,876	\$ 26,327,855
Leases receivable	112,732	346,306	459,038	478,651
Net pension asset	3,103,657	538,664	3,642,321	4,072,372
Capital assets	38,455,561	19,303,042	57,758,603	54,068,547
Total Assets	64,107,984	27,458,854	91,566,838	84,947,425
Deferred Outflow of Resources				
Deferred pension outflow	949,725	129,460	1,079,185	773,043
Deferred charge on refundings	40,233	-	40,233	46,938
Total Deferred Outflow of Resources	989,958	129,460	1,119,418	819,981
Liabilities				
Long-term liabilities outstanding	2,444,499	5,671,436	8,115,935	9,612,571
Other liabilities	3,022,501	1,225,730	4,248,231	4,526,760
Total Liabilities	5,467,000	6,897,166	12,364,166	14,139,331
Deferred Inflow of Resources				
Deferred pension inflow	340,480	2,287	342,767	416,768
Deferred leases inflow	115,481	349,594	465,075	489,102
Total Deferred Inflow of Resources	455,961	351,881	807,842	905,870
Net Position				
Net investment in capital assets	35,562,561	12,866,642	48,429,203	43,264,104
Restricted	4,659,471	224,823	4,884,294	6,292,914
Unrestricted	18,952,949	7,247,802	26,200,751	21,165,187
Total Net Position	\$ 59,174,981	\$ 20,339,267	\$ 79,514,248	\$ 70,722,205

Total Net Position of the City increased by \$8,792,043 for the year due to current year activities. Total liabilities for the City decreased by \$1,775,165. Net investment in capital assets increased \$5,165,099.

City of Neosho

Management's Discussion and Analysis

September 30, 2024

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended September 30, 2024	Total Year Ended September 30, 2023
Revenues				
Program Revenues				
Charges for services	\$ 1,875,292	\$ 6,557,570	\$ 8,432,862	\$ 7,511,711
Operating grants and contributions	108,941	-	108,941	167,198
Capital grants and contributions	3,020,557	-	3,020,557	914,649
General Revenues				
Property taxes	570,614	-	570,614	498,450
Sales taxes	10,074,578	-	10,074,578	10,788,965
Motor vehicle and gas taxes	665,634	-	665,634	630,358
Other taxes	253,463	-	253,463	142,144
Franchise fees	812,323	-	812,323	872,621
Interest	589,770	219,443	809,213	106,545
Other revenue	69,798	112,809	182,607	120,540
Special Items				
Gain (loss) on sale of capital assets	-	-	-	76,983
Legal settlement	217,000	-	217,000	-
Insurance proceeds	57,671	-	57,671	43,324
Transfers	(62,222)	62,222	-	-
Total Revenues	18,253,419	6,952,044	25,205,463	21,873,488
Expenses				
Administrative	549,503	-	549,503	548,585
Clerk/council	107,699	-	107,699	108,959
Auditorium	359,365	-	359,365	325,233
Development services	272,106	-	272,106	263,351
Police	2,193,225	-	2,193,225	2,210,632
Fire	2,283,266	-	2,283,266	2,048,323
Emergency management	17,470	-	17,470	18,179
Court	164,886	-	164,886	161,005
Airport	411,521	-	411,521	433,340
Drainage	143,433	-	143,433	200,185
Street	1,729,082	-	1,729,082	1,799,844
Parks	681,589	-	681,589	630,959
Recreation	3,653	-	3,653	3,653
Senior center	98,560	-	98,560	103,694
Recycling center	187,324	-	187,324	156,422
Cemetery	140,324	-	140,324	126,880
Information technology	62,471	-	62,471	73,943
Property control	5,755	-	5,755	4,594
Human resources	90,846	-	90,846	86,489
Golf course	604,086	-	604,086	596,905
Tourism development	68,664	-	68,664	77,042
Communication and events	23,082	-	23,082	30,783
Economic development	415,335	-	415,335	193,796
Other	787	-	787	349
Debt service	61,417	-	61,417	78,238
Water and sewer	-	5,737,971	5,737,971	5,392,393
Total Expenses	10,675,449	5,737,971	16,413,420	15,673,776
Changes in Net Position	\$ 7,577,970	\$ 1,214,073	\$ 8,792,043	\$ 6,199,712

City of Neosho

Management's Discussion and Analysis

September 30, 2024

Governmental Activities

Governmental activities increased the net position of the City by \$7,577,590. Tax revenues for the City were \$12,376,612 which represents 68% of the funding of these activities. Program revenues for the functions totaled \$5,004,790 or 27% 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	\$ 549,503	\$ 457,334
Clerk/council	107,699	107,699
Auditorium	359,365	319,228
Development services	272,106	127,527
Police	2,193,225	1,716,408
Fire	2,283,266	2,057,941
Emergency management	17,470	17,470
Court	164,886	140,008
Airport	411,521	(13,935)
Drainage	143,433	143,433
Street	1,729,082	1,700,090
Parks	681,589	665,530
Recreation	3,653	3,653
Senior center	98,560	98,560
Recycling center	187,324	17,419
Cemetery	140,324	94,499
Information technology	62,471	62,471
Property control	5,755	5,755
Human resources	90,846	90,846
Golf course	604,086	(11,050)
Tourism development	68,664	68,664
Communication and events	23,082	(12,365)
Economic development	415,335	(2,248,730)
Other	787	787
Debt service	61,417	61,417
	<u>\$ 10,675,449</u>	<u>\$ 5,670,659</u>

Business-Type Activities

Business-type activities increased the City's net position by \$1,214,073. This is up from the increase received last year from the City's business-type activities. The increase in the prior year was \$767,174.

City of Neosho

Management's Discussion and Analysis

September 30, 2024

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of September 30, 2024, were \$20,079,872. The combined fund balances are up \$2,880,129 from the prior year. The City continues to take strong measures to ensure the City stays in a position of financial stability. The staff in all City departments strives to bring a level of service the citizens of Neosho expect and deserve.

General Fund Budgetary Highlights

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

The original revenue budget of \$7,289,722 was amended to \$8,851,706.

The original expenditures budget of \$4,965,442 was amended to \$3,854,219.

Budget adjustments were presented and approved by the City Council. Final amended budgeted revenues were \$475,634 more than actual revenues, and budgeted expenditures were \$11,939 above actual expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$38,455,561 (net of accumulated depreciation) as of September 30, 2024. This represents a \$3,949,278 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 \$19,303,042 as of September 30, 2024. This represents a decrease of \$259,222 from the prior year. The decrease is due to current year provisions of depreciation outweighing the current year addition of new assets.

Debt

Total debt of the governmental activities as of September 30, 2024, was \$2,893,000 which is down \$692,743 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, 2024, was \$6,436,400, which is down \$782,300. The decrease is due to principal payments made in the current year.

City of Neosho

Management's Discussion and Analysis

September 30, 2024

Economic Factors and Next Year's Budget

The local economy has stabilized from the pace witnessed in recent years. While the sales tax revenue did see a decline of 3% for FY2024 compared to the prior year, this can be attributed to the slowdown in the economy as well as the loss of several businesses within the city this past year.

The City witnessed some growth in commercial and residential development with 230 permits issued for total project costs of \$13,395,364. This will bring in additional sales tax and property tax revenue to the City. The City has continued to plan conservatively, given the leftover uncertainty with the global and local impact of the current economy. Revenues are expected to remain static for FY2025 with expenditures increasing and reserves to be used to cover the negative change in fund balances.

The long-term global trend from brick-and-mortar stores to online shopping accelerated during the pandemic and continues to escalate. Cities across the state and nation have increasingly adopted a use tax to recover the revenue losses resulting from the trend to online purchases. This is something that the City of Neosho will need to consider as a means of maintaining existing service levels in the future and funding of capital projects that will benefit our citizens and draw in tourism, such as the proposed aquatic center, pickleball courts and all-inclusive playground at the unused grounds of the golf course.

The City continues to invest its resources in long-term, large-scale projects, such as investments in system improvements for stormwater, wastewater, and water utilities, street improvements and expansion of our public safety resources. These investments should allow the City to see savings in operations and improved services in future years. The City continues to seek out and apply for grants available to us to aid and assist in the funding of our projects. Other notable projects for FY2025 are the resurfacing of the exterior at City Hall, construction of additional T-hangers at the airport, construction of and repairs to lift stations and a new irrigation system for 9 holes at the golf course. The City remains in the beginning stages for the planning and design of the long anticipated Public Safety Center and aquatic park.

The business-type activities will require careful review in the future. While the contract with Maxim Golf, LLC, is still new revenues and expenses were budgeted conservatively. The contract with Alliance Water Resources ensures the efficient delivery of quality drinking water and treatment of wastewater for the City of Neosho. The relationship with Maxim Golf and Alliance Water Resources is frequently evaluated to ensure the continual collaboration between the parties and the City and that the agreement remains in the best interest of the City. The additional master meters have been installed to further isolate the zones established to be a high loss area. As isolation continues, concentrated efforts are being made in replacing and repairing mains to reduce the City's high-water loss.

Developing and adopting budgets that support goals without exceeding available resources is always a challenge. The City Council and staff continue to look toward the future through proper planning, budgeting and efficiency of all city staff and resources to meet the goals and objectives of municipal programs and services. The city administration continues to work hard to properly budget for the replacement of worn-out equipment including vehicles and will continue when appropriate to do so and only when the budget allows for those capital expenditures. A high priority is placed on respecting the budget and our duties to be transparent when considering costs, expenses, repairs, and purchases. The City continues to strive to ensure the Council, and the citizens of Neosho are supplied with up-to-date financial information to ensure informed quality decisions are made on behalf of the City.

City of Neosho

Management's Discussion and Analysis

September 30, 2024

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

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Leslie Forest, Finance Director

lforest@neoshomo.gov

Cheyenne Wright, City Clerk

cwright@neoshomo.gov

City of Neosho

Statement of Net Position

September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 12,753,728	\$ 6,216,094	\$ 18,969,822
Taxes receivable	1,738,047	-	1,738,047
Utilities receivable, net	-	569,701	569,701
Other accounts receivable	32,897	17,290	50,187
Court fines receivable, net	34,211	-	34,211
Intergovernmental receivable	1,635,757	-	1,635,757
Interest receivable	501	7,084	7,585
Leases receivable - current	1,167	17,979	19,146
Inventory	60,777	-	60,777
Prepaid expenses	297,926	145,038	442,964
Noncurrent			
Restricted cash and cash equivalents	5,881,023	297,656	6,178,679
Leases receivable - noncurrent	112,732	346,306	459,038
Net pension asset	3,103,657	538,664	3,642,321
Capital Assets			
Non-depreciable	13,049,085	250,822	13,299,907
Depreciable, net	25,406,476	19,052,220	44,458,696
Total Assets	64,107,984	27,458,854	91,566,838
Deferred Outflow of Resources			
Deferred pension outflow	949,725	129,460	1,079,185
Deferred charge on refundings	40,233	-	40,233
Total Deferred Outflow of Resources	989,958	129,460	1,119,418
Liabilities			
Current			
Accounts payable	934,682	297,896	1,232,578
Accrued expenses	165,434	34,752	200,186
Accrued interest payable	31,828	23,149	54,977
Deposits held	16,728	-	16,728
Meter deposits held	-	72,833	72,833
Unearned revenue	1,203,829	-	1,203,829
Current maturities of long-term debt	670,000	797,100	1,467,100
	3,022,501	1,225,730	4,248,231
Noncurrent			
Certificates of participation payable	1,465,000	-	1,465,000
Bonds payable	798,233	5,639,300	6,437,533
Compensated absences payable	181,266	32,136	213,402
	2,444,499	5,671,436	8,115,935
Total Liabilities	5,467,000	6,897,166	12,364,166
Deferred Inflow of Resources			
Deferred lease inflow	115,481	349,594	465,075
Deferred pension inflow	340,480	2,287	342,767
Total Deferred Inflow of Resources	455,961	351,881	807,842
Net Position			
Net investment in capital assets	35,562,561	12,866,642	48,429,203
Restricted	4,659,471	224,823	4,884,294
Unrestricted	18,952,949	7,247,802	26,200,751
Total Net Position	\$ 59,174,981	\$ 20,339,267	\$ 79,514,248

See accompanying Notes to the Financial Statements.

City of Neosho

Statement of Activities

Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administrative	\$ (549,503)	\$ 92,169	\$ -	\$ -	\$ (457,334)	\$ -	\$ (457,334)
Clerk/Council	(107,699)	-	-	-	(107,699)	-	(107,699)
Auditorium	(359,365)	40,137	-	-	(319,228)	-	(319,228)
Development services	(272,106)	144,579	-	-	(127,527)	-	(127,527)
Police	(2,193,225)	456,657	20,160	-	(1,716,408)	-	(1,716,408)
Fire	(2,283,266)	130,370	70	94,885	(2,057,941)	-	(2,057,941)
Emergency management	(17,470)	-	-	-	(17,470)	-	(17,470)
Court	(164,886)	24,878	-	-	(140,008)	-	(140,008)
Airport	(411,521)	192,841	-	232,615	13,935	-	13,935
Drainage	(143,433)	-	-	-	(143,433)	-	(143,433)
Street	(1,729,082)	-	-	28,992	(1,700,090)	-	(1,700,090)
Parks	(681,589)	10,245	5,814	-	(665,530)	-	(665,530)
Recreation	(3,653)	-	-	-	(3,653)	-	(3,653)
Senior center	(98,560)	-	-	-	(98,560)	-	(98,560)
Recycling center	(187,324)	108,955	60,950	-	(17,419)	-	(17,419)
Cemetery	(140,324)	43,000	2,825	-	(94,499)	-	(94,499)
Information technology	(62,471)	-	-	-	(62,471)	-	(62,471)
Property control	(5,755)	-	-	-	(5,755)	-	(5,755)
Human resources	(90,846)	-	-	-	(90,846)	-	(90,846)
Golf course	(604,086)	615,136	-	-	11,050	-	11,050
Tourism development	(68,664)	-	-	-	(68,664)	-	(68,664)
Communications and events	(23,082)	16,325	19,122	-	12,365	-	12,365
Economic development	(415,335)	-	-	2,664,065	2,248,730	-	2,248,730
Other	(787)	-	-	-	(787)	-	(787)
Debt service	(61,417)	-	-	-	(61,417)	-	(61,417)
Total Governmental Activities	(10,675,449)	1,875,292	108,941	3,020,557	(5,670,659)	-	(5,670,659)

See accompanying Notes to the Financial Statements.

City of Neosho

Statement of Activities

Year Ended September 30, 2024

Functions/Programs	Program Revenues				Net (Expenses), Revenues, and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities							
Water and Sewer	(5,737,971)	6,557,570	-	-	-	819,599	819,599
Total Business-Type Activities	<u>(5,737,971)</u>	<u>6,557,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>819,599</u>	<u>819,599</u>
Total Government	<u>\$ (16,413,420)</u>	<u>\$ 8,432,862</u>	<u>\$ 108,941</u>	<u>\$ 3,020,557</u>	<u>(5,670,659)</u>	<u>819,599</u>	<u>(4,851,060)</u>
General Revenues							
Property taxes					570,614	-	570,614
Sales taxes					10,074,578	-	10,074,578
Motor vehicle and gas taxes					665,634	-	665,634
Other and delinquent taxes					253,463	-	253,463
Franchise fees					812,323	-	812,323
Interest					589,770	219,443	809,213
Other revenue					69,798	112,809	182,607
Special Items							
Legal settlement					217,000	-	217,000
Insurance proceeds					57,671	-	57,671
Transfers					(62,222)	62,222	-
Total General Revenues, Special Items, and Transfers					<u>13,248,629</u>	<u>394,474</u>	<u>13,643,103</u>
<i>Changes in Net Position</i>					<u>7,577,970</u>	<u>1,214,073</u>	<u>8,792,043</u>
Net Position, Beginning of year					<u>51,597,011</u>	<u>19,125,194</u>	<u>70,722,205</u>
Net Position, End of year					<u>\$ 59,174,981</u>	<u>\$ 20,339,267</u>	<u>\$ 79,514,248</u>

See accompanying Notes to the Financial Statements.

City of Neosho

Balance Sheet – Governmental Funds

September 30, 2024

	Special Revenue Funds					Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Economic Development Sales Tax Fund	Nonmajor Governmental Funds	
Assets						
Cash and cash equivalents	\$ 8,796,675	\$ -	\$ 696,687	\$ 671,588	\$ 2,552,384	\$ 12,717,334
Taxes receivable	921,673	204,087	136,058	68,029	408,200	1,738,047
Leases receivable	113,899	-	-	-	-	113,899
Interest receivable	501	-	-	-	-	501
Other accounts receivable	27,660	-	-	-	5,237	32,897
Court fines receivable, net	34,211	-	-	-	-	34,211
Intergovernmental receivable	5,780	-	-	1,629,977	-	1,635,757
Inventory	60,777	-	-	-	-	60,777
Prepaid expenses	120,646	19,491	76,567	-	81,222	297,926
Restricted cash and cash equivalents	1,230,741	2,018,893	-	-	2,631,389	5,881,023
Total Assets	<u>\$11,312,563</u>	<u>\$ 2,242,471</u>	<u>\$ 909,312</u>	<u>\$ 2,369,594</u>	<u>\$ 5,678,432</u>	<u>\$ 22,512,372</u>
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities						
Accounts payable	\$ 35,972	\$ 113,450	\$ 12,516	\$ 737,358	\$ 31,732	\$ 931,028
Accrued expenses	91,385	16,996	57,053	-	-	165,434
Deposits held	6,555	-	-	-	10,173	16,728
Unearned revenue	1,203,829	-	-	-	-	1,203,829
Total Liabilities	<u>1,337,741</u>	<u>130,446</u>	<u>69,569</u>	<u>737,358</u>	<u>41,905</u>	<u>2,317,019</u>
Deferred Inflow of Resources						
Deferred inflow - leases	115,481	-	-	-	-	115,481
Fund Balance						
Nonspendable						
Permanent - Parks	-	-	-	-	54,815	54,815
Inventory	60,777	-	-	-	-	60,777
Prepaid items	120,646	19,491	76,567	-	81,222	297,926
Restricted for						
Public safety	-	-	-	-	13,541	13,541
Auditorium	-	-	-	-	751,648	751,648
Golf donations	-	-	-	-	12,670	12,670
Streets	-	2,092,534	-	-	923,962	3,016,496
Senior center	-	-	-	-	244,953	244,953
Tourism development	-	-	-	-	295,533	295,533
Debt service	-	-	-	-	324,630	324,630
Assigned to						
Drainage	-	-	-	-	1,059,555	1,059,555
Public safety	-	-	763,176	-	-	763,176
Parks and recreation	-	-	-	-	682,251	682,251
Auditorium	-	-	-	-	372,628	372,628
Senior center	-	-	-	-	70,304	70,304
Economic development	-	-	-	1,632,236	-	1,632,236
Golf course	-	-	-	-	548,204	548,204
Street and bridge	-	-	-	-	184,597	184,597
Tourism development	-	-	-	-	16,014	16,014
Unassigned	9,677,918	-	-	-	-	9,677,918
Total Fund Balances	<u>9,859,341</u>	<u>2,112,025</u>	<u>839,743</u>	<u>1,632,236</u>	<u>5,636,527</u>	<u>20,079,872</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$11,312,563</u>	<u>\$ 2,242,471</u>	<u>\$ 909,312</u>	<u>\$ 2,369,594</u>	<u>\$ 5,678,432</u>	<u>\$ 22,512,372</u>

See accompanying Notes to the Financial Statements.

City of Neosho

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

September 30, 2024

Fund balance - total governmental funds	\$ 20,079,872
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	78,649,447
Less accumulated depreciation	<u>(40,193,886)</u>
	38,455,561
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.	32,740
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	3,103,657
Deferred outflows due to pensions	949,725
Deferred inflows due to pensions	<u>(340,480)</u>
	3,712,902
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(31,828)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(3,074,266)</u>
Net Position of Governmental Activities	<u><u>\$ 59,174,981</u></u>

See accompanying Notes to the Financial Statements.

City of Neosho

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

Year Ended September 30, 2024

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Sales Tax Fund	Fire Sales Tax Fund	Economic Development Sales Tax Fund		
Revenues						
Taxes	\$ 6,633,529	\$ 1,905,770	\$ 826,602	\$ 418,386	\$ 2,592,325	\$ 12,376,612
Licenses and permits	280,269	-	-	-	-	280,269
Intergovernmental revenues	298,487	28,992	94,885	2,660,257	6,606	3,089,227
Charges for services	347,904	-	130,370	-	673,312	1,151,586
Fines and forfeitures	367,297	-	-	-	-	367,297
Donations and other contributions	3,227	-	-	-	17,853	21,080
Miscellaneous	445,359	92,859	19,423	18,201	175,212	751,054
Total Revenues	<u>8,376,072</u>	<u>2,027,621</u>	<u>1,071,280</u>	<u>3,096,844</u>	<u>3,465,308</u>	<u>18,037,125</u>
Expenditures						
Current						
Administrative	515,903	-	-	-	-	515,903
Clerk/Council	105,986	-	-	-	-	105,986
Auditorium	-	-	-	-	170,691	170,691
Development services	265,088	-	-	-	-	265,088
Police	2,033,429	-	-	-	21,687	2,055,116
Fire	-	-	2,025,042	-	-	2,025,042
Emergency management	16,494	-	-	-	-	16,494
Court	163,310	-	-	-	-	163,310
Airport	255,732	-	-	-	-	255,732
Drainage	-	-	-	-	89,961	89,961
Street	-	965,193	-	-	16,339	981,532
Parks and recreation	-	-	-	-	535,174	535,174
Senior center	-	-	-	-	54,817	54,817
Recycling center	158,766	-	-	-	-	158,766
Information technology	62,354	-	-	-	-	62,354
Property control	5,755	-	-	-	-	5,755
Human resources	90,635	-	-	-	-	90,635
Golf course	-	-	-	-	580,093	580,093
Tourism development	-	-	-	-	68,664	68,664
Communications and events	23,082	-	-	-	-	23,082
Cemetery	137,438	-	-	-	-	137,438
Economic development	-	-	-	415,335	-	415,335
Other	-	-	-	-	787	787
Capital Outlay	8,308	1,177,412	-	4,676,044	-	5,861,764
Debt Service						
Principal and interest	-	-	-	-	742,586	742,586
Total Expenditures	<u>3,842,280</u>	<u>2,142,605</u>	<u>2,025,042</u>	<u>5,091,379</u>	<u>2,280,799</u>	<u>15,382,105</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	4,533,792	(114,984)	(953,762)	(1,994,535)	1,184,509	2,655,020
Other Financing Sources (Uses)						
Operating transfers in (out)	(3,314,290)	(194,157)	1,179,511	3,472,255	(1,205,541)	(62,222)
Sale of assets	-	12,660	-	-	-	12,660
Legal settlement	217,000	-	-	-	-	217,000
Insurance proceeds	21,094	-	10,456	-	26,121	57,671
Total Other Financing Sources (Uses)	<u>(3,076,196)</u>	<u>(181,497)</u>	<u>1,189,967</u>	<u>3,472,255</u>	<u>(1,179,420)</u>	<u>225,109</u>
<i>Net Change in Fund Balances</i>	1,457,596	(296,481)	236,205	1,477,720	5,089	2,880,129
Fund Balance, October 1	8,401,745	2,408,506	603,538	154,516	5,631,438	17,199,743
Fund Balance, September 30	<u>\$ 9,859,341</u>	<u>\$ 2,112,025</u>	<u>\$ 839,743</u>	<u>\$ 1,632,236</u>	<u>\$ 5,636,527</u>	<u>\$ 20,079,872</u>

See accompanying Notes to the Financial Statements.

City of Neosho

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

Year Ended September 30, 2024

Net change in fund balances - total governmental funds	\$ 2,880,129
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Internal Service Fund receipts and disbursements are included in the Statement of Activities	6,093
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation for the year.

Capital outlay	5,861,764
Depreciation	(1,903,671)
Disposal of capital assets, net	(8,815)
	<u>3,949,278</u>

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

Repayment of principal on debt	692,743
Change in accrued interest payable	6,580
	<u>699,323</u>

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

Change in pension related costs	39,081
Change in compensated absences	4,066
	<u>43,147</u>
Change in Net Position of Governmental Activities	<u><u>\$ 7,577,970</u></u>

See accompanying Notes to the Financial Statements.

City of Neosho

Statement of Net Position – Proprietary Funds

September 30, 2024

	Water and Sewer Fund	Internal Service Fund
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,216,094	\$ 36,394
Utilities receivable, net	569,701	-
Leases receivable -current	17,979	-
Interest receivable	7,084	-
Other accounts receivable	17,290	-
Prepaid expenses	145,038	-
Total Current Assets	6,973,186	36,394
Noncurrent Assets		
Restricted cash and cash equivalents	297,656	-
Net pension asset	538,664	-
Leases receivable - noncurrent	346,306	-
Capital assets		
Nondepreciable	250,822	-
Depreciable, net	19,052,220	-
Total Noncurrent Assets	20,485,668	-
Total Assets	27,458,854	36,394
Deferred Outflow of Resources		
Deferred pension outflow	129,460	-
Liabilities		
Current Liabilities		
Accounts payable	297,896	3,654
Accrued expenses	34,752	-
Accrued interest payable	23,149	-
Meter deposits payable	72,833	-
Current maturities of long-term debt	797,100	-
Total Current Liabilities	1,225,730	3,654
Long-Term Liabilities		
Revenue bonds payable	5,639,300	-
Compensated absences payable	32,136	-
Total Long-Term Liabilities	5,671,436	-
Total Liabilities	6,897,166	3,654
Deferred Inflow of Resources		
Deferred lease inflow	349,594	-
Deferred pension inflow	2,287	-
	351,881	-
Net Position		
Net investment in capital assets	12,866,642	-
Restricted for debt service	224,823	-
Unrestricted	7,247,802	32,740
Total Net Position	\$ 20,339,267	\$ 32,740

See accompanying Notes to the Financial Statements.

City of Neosho

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

Year Ended September 30, 2024

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
Operating Revenues		
Charges for services		
Water and sewer	\$ 6,557,570	\$ -
Employer insurance contributions	-	737,089
Employee insurance contributions	-	206,380
Total Operating Revenues	<u>6,557,570</u>	<u>943,469</u>
Operating Expenses		
Personnel services	1,131,029	-
Contractual services	2,037,977	-
Repairs and maintenance	547,763	-
Supplies	138,022	-
Utilities	615,060	-
Insurance	142,910	-
Depreciation	972,762	-
Miscellaneous	12,737	-
Insurance premiums	-	937,376
Total Operating Expenses	<u>5,598,260</u>	<u>937,376</u>
<i>Operating Income (Loss)</i>	959,310	6,093
Nonoperating Revenues (Expenses)		
Interest income	219,443	-
Other revenue	112,809	-
Interest expense	(139,711)	-
Total Nonoperating Revenues (Expenses)	<u>192,541</u>	<u>-</u>
<i>Income (Loss) Before Operating Transfers</i>	1,151,851	6,093
Net Operating Transfers In	<u>62,222</u>	<u>-</u>
<i>Net Income (Loss)</i>	1,214,073	6,093
Net Position, October 1	<u>19,125,194</u>	<u>26,647</u>
Net Position, September 30	<u><u>\$ 20,339,267</u></u>	<u><u>\$ 32,740</u></u>

See accompanying Notes to the Financial Statements.

City of Neosho

Statement of Cash Flows – Proprietary Funds

Year Ended September 30, 2024

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 6,512,740	\$ 943,469
Cash paid to suppliers	(3,392,144)	(937,375)
Cash paid to employees	(1,039,433)	-
Net Cash Provided by Operating Activities	<u>2,081,163</u>	<u>6,094</u>
Cash Flows from Noncapital Financing Activities		
Operating transfers from other funds	62,222	-
Proceeds from other non-operating activities	113,454	-
Net Cash Provided by Noncapital Financing Activities	<u>175,676</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of fixed assets	(714,185)	-
Payment of principal on bonds	(782,300)	-
Payment of interest expense	(143,813)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,640,298)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest received on investments	219,443	-
Net Cash Provided by Investing Activities	<u>219,443</u>	<u>-</u>
<i>Net Increase in Cash and Cash Equivalents</i>	835,984	6,094
Cash and Cash Equivalents, Beginning of year	5,677,766	30,300
Cash and Cash Equivalents, End of year	<u>6,513,750</u>	<u>36,394</u>
Less Restricted Cash and Cash Equivalents	(297,656)	-
Unrestricted Cash and Cash Equivalents	<u><u>\$ 6,216,094</u></u>	<u><u>\$ 36,394</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 959,310	\$ 6,093
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	972,762	-
(Increase) decrease in		
Utilities receivable	(60,452)	-
Other accounts receivable	14,779	-
Prepaid expenses	(11,275)	-
Net pension asset	135,712	-
Deferred pension outflow	(30,766)	-
Increase (decrease) in		
Accounts payable	135,166	1
Accrued expenses	6,783	-
Meter deposits payable	843	-
Deferred pension inflow	(15,957)	-
Deferred lease inflow	(21,566)	-
Compensated absences	(4,176)	-
Net Cash Provided by Operating Activities	<u><u>\$ 2,081,163</u></u>	<u><u>\$ 6,094</u></u>

See accompanying Notes to the Financial Statements.

City of Neosho

Notes to the Financial Statements

September 30, 2024

1. Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

City of Neosho

Notes to the Financial Statements

September 30, 2024

Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

City of Neosho

Notes to the Financial Statements

September 30, 2024

Unearned Revenue

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

Capital Assets

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

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

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

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

Pooled Cash and Cash Equivalents

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

Inventories

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

Revenue Recognition

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

City of Neosho

Notes to the Financial Statements

September 30, 2024

Compensated Absences

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance Classification

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

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

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

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

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

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

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

City of Neosho

Notes to the Financial Statements

September 30, 2024

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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of this item that qualify for reporting in this category, deferred pension inflow relating to the retirement plan and deferred lease inflows. Deferred pension inflows are amounts are recognized as an inflow of resources in the period that the amounts become available. Deferred lease inflows are recognized as an inflow of resources in the period that the amounts become available.

City of Neosho

Notes to the Financial Statements

September 30, 2024

Pensions

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

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of September 30, 2024, all bank balances on deposit were entirely insured or collateralized.

3. Restricted Cash & Cash Equivalents

Cash and cash equivalents have been restricted in the following funds as of September 30, 2024:

	Restricted Cash and Cash Equivalents
General Fund	
Court bonds	\$ 6,306
Police evidence	14,051
Deposits held	6,555
Grant proceeds	1,203,829
	<u>\$ 1,230,741</u>
Street Sales Tax Fund	
TDD Funds	\$ 464
Street sales tax	2,018,429
	<u>\$ 2,018,893</u>
Nonmajor Governmental Funds	
Auditorium deposits held	\$ 9,850
Auditorium sales tax	751,457
Golf donations	12,670
Police grants	10,338
Police donations	3,203
Senior center sales tax	244,931
Street and bridge sales tax	923,962
Hotel/motel sales tax	295,533
Abbott Brothers (Big Spring Park)	51,026
Morse Park	3,789
2016 COP reserve trust fund	322,888
2021 Bond debt service	1,742
	<u>\$ 2,631,389</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

Water and Sewer Fund

Restricted assets and restricted net position consist of the following at September 30, 2024:

	Restricted Cash and Cash Equivalents	Restricted Net Position
Water and Sewer Fund		
Meter deposits	\$ 72,833	\$ -
2009B Bond principal and interest trust funds	83,750	83,750
2011 Bond principal and interest trust funds	141,073	141,073
	<u>\$ 297,656</u>	<u>\$ 224,823</u>

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

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

	2023
Assessed Valuation	
Real estate	\$ 151,669,281
Personal property	52,034,663
Total	<u>\$ 203,703,944</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund (Real Property)	<u>\$.3419</u>

The legal debt margin at September 30, 2024, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 20,370,394	\$ 20,370,394	\$ 40,740,788
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	<u>\$ 20,370,394</u>	<u>\$ 20,370,394</u>	<u>\$ 40,740,788</u>

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

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and

City of Neosho

Notes to the Financial Statements

September 30, 2024

purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

5. Accounts Receivable

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

	Gross Receivable	Allowance	Net Receivable
Taxes Receivable			
General Fund	\$ 921,673	\$ -	\$ 921,673
Street Sales Tax Fund	204,087	-	204,087
Fire Sales Tax Fund	136,058	-	136,058
Economic Development Sales Tax Fund	68,029	-	68,029
Nonmajor Governmental Funds	408,200	-	408,200
	<u>\$ 1,738,047</u>	<u>\$ -</u>	<u>\$ 1,738,047</u>
Utilities Receivable			
Water and Sewer Fund	<u>\$ 570,734</u>	<u>\$ 1,033</u>	<u>\$ 569,701</u>
Other Accounts Receivable			
General Fund	\$ 27,660	\$ -	\$ 27,660
Nonmajor Governmental Funds	5,237	-	5,237
Water and Sewer Fund	17,290	-	17,290
	<u>\$ 50,187</u>	<u>\$ -</u>	<u>\$ 50,187</u>
Court Fines Receivable			
General Fund	<u>\$ 466,693</u>	<u>\$ 432,482</u>	<u>\$ 34,211</u>
Intergovernmental Receivable			
General Fund	\$ 5,780	\$ -	\$ 5,780
Economic Development Sales Tax Fund	1,629,977	-	1,629,977
	<u>\$ 1,635,757</u>	<u>\$ -</u>	<u>\$ 1,635,757</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

6. Long-Term Debt – Business-Type Activities

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, 2024, 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, 2024, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
2025	\$ 493,000	\$ 66,478	\$ 559,478
2026	503,000	58,996	561,996
2027	513,000	51,363	564,363
2028	524,000	43,571	567,571
2029	535,000	35,621	570,621
2030	545,000	27,504	572,504
2031	557,000	19,230	576,230
2032	567,000	10,781	577,781
2033	288,000	2,174	290,174
	<u>\$ 4,525,000</u>	<u>\$ 315,718</u>	<u>\$ 4,840,718</u>

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, 2024, are due as follows:

Year Ended September 30,	Direct Placement		
	Principal	Interest	Total
2025	\$ 304,100	\$ 27,720	\$ 331,820
2026	310,100	23,105	333,205
2027	316,100	18,400	334,500
2028	322,300	13,604	335,904
2029	328,600	8,714	337,314
2030	330,200	3,727	333,927
	<u>\$ 1,911,400</u>	<u>\$ 95,270</u>	<u>\$ 2,006,670</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

A summary of the changes in long-term debt of the business-type activities for the year ended September 30, 2024, is as follows:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Amounts Due Within One Year
Direct Placements					
Revenue Bonds					
2009B Revenue Bonds - ARRA					
Direct Loan Program	\$ 2,209,700	\$ -	\$ 298,300	\$ 1,911,400	\$ 304,100
2011 Revenue Bonds - Direct Loan Program	5,009,000	-	484,000	4,525,000	493,000
Compensated Absences Payable	36,312	-	4,176	32,136	-
Total	<u>\$ 7,255,012</u>	<u>\$ -</u>	<u>\$ 786,476</u>	<u>\$ 6,468,536</u>	<u>\$ 797,100</u>

7. Long-Term Debt – Governmental Activities

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, 2024, are due as follows:

Year Ended September 30,	Principal	Interest	Total
2025	\$ 190,000	\$ 46,987	\$ 236,987
2026	185,000	42,475	227,475
2027	200,000	37,387	237,387
2028	205,000	31,888	236,888
2029	215,000	26,250	241,250
2030	225,000	19,800	244,800
2031	435,000	13,050	448,050
	<u>\$ 1,655,000</u>	<u>\$ 217,837</u>	<u>\$ 1,872,837</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

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, 2024, are due as follows:

Year Ended September 30,	Principal	Interest	Total
2025	\$ 480,000	\$ 19,700	\$ 499,700
2026	505,000	9,850	514,850
2027	240,000	2,400	242,400
	<u>\$ 1,225,000</u>	<u>\$ 31,950</u>	<u>\$ 1,256,950</u>

A summary of the changes in long-term debt – governmental activities for the year ended September 30, 2024, is as follows:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Amounts Due Within One Year
Direct Borrowings					
Financed Purchase Obligations					
Golf Course Mowers	\$ 18,154	\$ -	\$ 18,154	\$ -	\$ -
Certificates of Participation					
Series 2016	1,845,000	-	190,000	1,655,000	190,000
Special Obligation Refunding Bonds					
Series 2021	1,695,000	-	470,000	1,225,000	480,000
Premium on Series 2021	74,527	-	21,294	53,233	-
	<u>1,769,527</u>	<u>-</u>	<u>491,294</u>	<u>1,278,233</u>	<u>480,000</u>
Compensated Absences Payable	185,332	-	4,066	181,266	-
Total	<u>\$ 3,818,013</u>	<u>\$ -</u>	<u>\$ 703,514</u>	<u>\$ 3,114,499</u>	<u>\$ 670,000</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

8. Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024
Governmental Activities				
Non-Depreciable Capital Assets				
Land	\$ 9,780,508	\$ 1,396,089	\$ -	\$ 11,176,597
Construction in progress	2,037,821	1,485,628	1,650,961	1,872,488
Total Non-Depreciable Capital Assets	11,818,329	\$ 2,881,717	\$ 1,650,961	13,049,085
Depreciable Capital Assets				
Land improvements	655,867	\$ -	\$ -	655,867
Building and improvements	11,184,026	590,786	-	11,774,812
Machinery and equipment	10,336,719	615,112	408,904	10,542,927
Golf course infrastructure	3,643,224	-	-	3,643,224
Infrastructure	35,558,422	3,425,110	-	38,983,532
Total Depreciable Capital Assets	61,378,258	\$ 4,631,008	\$ 408,904	65,600,362
Less Accumulated Depreciation	38,690,304	\$ 1,903,671	\$ 400,089	40,193,886
Total Depreciable Capital Assets, Net	22,687,954			25,406,476
Total Capital Assets - Governmental Activities, Net	\$ 34,506,283			\$ 38,455,561

City of Neosho

Notes to the Financial Statements

September 30, 2024

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

Administrative	\$ 36,528
Auditorium	188,526
Development services	6,455
Clerk/council	1,523
Police	180,966
Fire	265,285
Emergency management	976
Recycling center	28,223
Senior center	43,723
Golf course	42,138
Cemetery	2,886
Court	1,200
Airport	155,646
Parks	146,013
Recreation	3,653
Drainage	53,286
Street	746,644
	<u>\$ 1,903,671</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024
Business-Type Activities				
Water and Sewer				
Non-Depreciable Capital Assets				
Land	\$ 157,577	\$ -	\$ -	\$ 157,577
Construction in progress	53,100	40,145	-	93,245
Total Non-Depreciable Capital Assets	210,677	<u>\$ 40,145</u>	<u>\$ -</u>	250,822
Depreciable Capital Assets				
Buildings	194,850	\$ -	\$ -	194,850
Water plant and equipment	15,681,843	215,692	370,113	15,527,422
Sewer plant and equipment	28,842,804	458,348	158,434	29,142,718
Total Depreciable Capital Assets	44,719,497	<u>\$ 674,040</u>	<u>\$ 528,547</u>	44,864,990
Less Accumulated Depreciation	25,367,910	<u>\$ 972,762</u>	<u>\$ 527,902</u>	25,812,770
Total Depreciable Capital Assets, Net	19,351,587			19,052,220
Total Capital Assets - Business-Type Activities, Net	<u>\$ 19,562,264</u>			<u>\$ 19,303,042</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

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.

	2024 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, 2024, the following employees were covered by the benefit terms:

	General	Police	Fire	Total
Inactive employees or beneficiaries currently receiving benefits	56	19	21	96
Inactive employees entitled to but not yet receiving benefits	40	23	13	76
Active employees	50	18	25	93
	<u>146</u>	<u>60</u>	<u>59</u>	<u>265</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year. With an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 5.0% (General), 7.6% (Police), and 8.2% (Fire) of annual covered payroll.

City of Neosho

Notes to the Financial Statements

September 30, 2024

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 29, 2024.

Actuarial Assumptions. The total pension liability in the February 29, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	5.00%	2.37%
Equity	39.00%	5.37%
Fixed Income	23.00%	1.47%
Real Assets	33.00%	3.45%
Strategic Assets	7.00%	3.46%
Cash/Leverage	-7.00%	-0.26%

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

City of Neosho

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September 30, 2024

inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 8,696,717	\$ 10,640,163	\$ (1,943,446)
Changes for the year			
Service cost	225,004	-	225,004
Interest	602,526	-	602,526
Difference between expected and actual experiences	(3,076)	-	(3,076)
Contributions - employer	-	111,912	(111,912)
Net investment income	-	539,915	(539,915)
Benefits paid, including refunds	(406,489)	(406,489)	-
Administrative expenses	-	(18,996)	18,996
Other changes	-	(52,566)	52,566
Net Changes	417,965	173,776	244,189
Balances at end of year	9,114,682	10,813,939	(1,699,257)
Police Division			
Balances at beginning of year	4,364,415	5,255,132	(890,717)
Changes for the year			
Service cost	113,738	-	113,738
Interest	303,956	-	303,956
Difference between expected and actual experiences	84,137	-	84,137
Contributions - employer	-	82,151	(82,151)
Net investment income	-	279,807	(279,807)
Benefits paid, including refunds	(158,864)	(158,864)	-
Administrative expenses	-	(6,956)	6,956
Other changes	-	22,616	(22,616)
Net Changes	342,967	218,754	124,213
Balances at end of year	4,707,382	5,473,886	(766,504)

City of Neosho

Notes to the Financial Statements

September 30, 2024

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
Fire Division			
Balances at beginning of year	6,451,646	7,689,855	(1,238,209)
Changes for the year			
Service cost	174,952	-	174,952
Interest	444,529	-	444,529
Difference between expected and actual experiences	(143,133)	-	(143,133)
Contributions - employer	-	103,497	(103,497)
Net investment income	-	408,234	(408,234)
Benefits paid, including refunds	(380,904)	(380,904)	-
Administrative expenses	-	(7,358)	7,358
Other changes	-	(89,674)	89,674
Net Changes	95,444	33,795	61,649
Balances at end of year	6,547,090	7,723,650	(1,176,560)
Total Plan Balances at end of year	\$ 20,369,154	\$ 24,011,475	\$ (3,642,321)

The Net Pension (Asset) is allocated as follows:

Governmental Activities	\$ (3,103,657)
Business-Type Activities	(538,664)
	<u>\$ (3,642,321)</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

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

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 10,397,680	\$ 9,114,682	\$ 8,062,697
Fiduciary Net Position	10,813,939	10,813,939	10,813,939
Net Pension (Asset)	(416,259)	(1,699,257)	(2,751,242)
Police Division			
Total Pension Liability	5,461,456	4,707,382	4,098,702
Fiduciary Net Position	5,473,886	5,473,886	5,473,886
Net Pension (Asset)	(12,430)	(766,504)	(1,375,184)
Fire Division			
Total Pension Liability	7,510,243	6,547,090	5,762,109
Fiduciary Net Position	7,723,650	7,723,650	7,723,650
Net Pension (Asset)	(213,407)	(1,176,560)	(1,961,541)
Total Net Pension (Asset)	<u>\$ (642,096)</u>	<u>\$ (3,642,321)</u>	<u>\$ (6,087,967)</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

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

For the year ended June 30, 2024, the employer recognized pension expense of \$187,846 in the general division, \$44,738 in the police division, and \$113,772 in the fire division. The employer reported deferred outflows and inflows of resources to be recognized in future pension expenses from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
General Division			
Differences in experiences	\$ 67,007	\$ (7,214)	\$ 59,793
Differences in investment returns	315,277	-	315,277
Contributions subsequent to the measurement date*	26,108	-	26,108
	<u>408,392</u>	<u>(7,214)</u>	<u>401,178</u>
Police Division			
Differences in experiences	79,744	(64,584)	15,160
Assumption changes	-	(4,039)	(4,039)
Differences in investment returns	155,291	-	155,291
Contributions subsequent to the measurement date*	19,166	-	19,166
	<u>254,201</u>	<u>(68,623)</u>	<u>185,578</u>
Fire Division			
Differences in experiences	203,155	(233,685)	(30,530)
Assumption changes	-	(33,245)	(33,245)
Differences in investment returns	189,294	-	189,294
Contributions subsequent to the measurement date*	24,143	-	24,143
	<u>416,592</u>	<u>(266,930)</u>	<u>149,662</u>
Total	<u>\$ 1,079,185</u>	<u>\$ (342,767)</u>	<u>\$ 736,418</u>

City of Neosho

Notes to the Financial Statements

September 30, 2024

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows of Resources
Governmental Activities	\$ 949,725	\$ (340,480)	\$ 609,245
Business-Type Activities	129,460	(2,287)	127,173
	<u>\$ 1,079,185</u>	<u>\$ (342,767)</u>	<u>\$ 736,418</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition in the Net Pension Asset for the year ending September 30, 2025.

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

Year Ending September 30,	Net Deferred Outflows (Inflows) of Resources			
	General	Police	Fire	Total
2025	\$ (48,120)	\$ (41,836)	\$ (128,483)	\$ (218,439)
2026	275,629	128,460	163,371	567,460
2027	109,103	62,596	75,295	246,994
2028	38,458	17,192	36,379	92,029
2029	-	-	(21,043)	(21,043)
Total	<u>\$ 375,070</u>	<u>\$ 166,412</u>	<u>\$ 125,519</u>	<u>\$ 667,001</u>

10. Risk Management

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

11. Lease Receivable

The City, as a Lessor, has entered into two lease agreements for tower and land usage and three leases for hangar land rentals, the terms of which expire between 2039 through 2071. The City recognizes a lease receivable and a deferred inflow of resources. Lease and interest revenue recognized under the agreements during the year ended September 30, 2023, was \$24,027 and \$14,734, respectively.

City of Neosho

Notes to the Financial Statements

September 30, 2024

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

Year Ended September 30,	Principal	Interest	Total
2025	\$ 19,146	\$ 14,545	\$ 33,691
2026	19,770	13,962	33,732
2027	20,413	13,361	33,774
2028	21,077	12,740	33,817
2029	21,762	12,099	33,861
2030-2034	119,864	50,125	169,989
2035-2039	137,826	30,678	168,504
2040-2044	35,924	14,233	50,157
2045-2049	11,292	11,865	23,157
2050-2054	13,117	10,040	23,157
2055-2059	15,237	7,920	23,157
2060-2064	17,700	5,458	23,158
2065-2069	20,561	2,597	23,158
2070-2071	4,495	137	4,632
	<u>\$ 478,184</u>	<u>\$ 199,760</u>	<u>\$ 677,944</u>
Amount recovered in:			
Water and Sewer Fund/Business-Type Activities	\$ 364,285		
General Fund/Governmental-Type Activities	113,899		
Total	<u>\$ 478,184</u>		

City of Neosho

Notes to the Financial Statements

September 30, 2024

12. Interfund Transfers

Interfund transfers for the year ended September 30, 2024, consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 22,095	\$ 3,336,385
Hotel/Motel Tax Fund	-	35,368
Golf Fund	328,715	401,649
Street Sales Tax Fund	349,425	543,582
Fire Sales Tax Fund	1,468,512	289,001
Drainage Sales Tax Fund	1,129,114	1,899,702
Parks Sales Tax Fund	115,188	342,239
Auditorium Fund	-	512,820
Senior Center Sales Tax Fund	-	74,265
Economic Development Sales Tax Fund	3,724,207	251,952
Street/Bridge Sales Tax Fund	-	249,600
Police Grants Fund	2,310	-
2021 Bond Fund	499,200	-
2016 COP Fund	235,575	-
Water and Sewer Fund	62,222	-
	<u>\$ 7,936,563</u>	<u>\$ 7,936,563</u>

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

13. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of September 30, 2024, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

City of Neosho

Notes to the Financial Statements

September 30, 2024

14. Debt Refunding Loss

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

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

	Balance September 30, 2023	Additions	Current Amortization	Balance September 30, 2024
Governmental Activities	\$ 46,938	\$ -	\$ (6,705)	\$ 40,233

15. Golf Course Arrangement

During the fiscal year ended September 30, 2024, the City entered into an agreement with Maxim Golf ,LLC (Maxim Golf), under which Maxim Golf will operate and promote the City municipal golf course through February 28, 2029. Maxim Golf will be responsible for the day-to-day management and operation of the golf course, and is responsible for the employment of personnel for the management and operation of the golf course. Under the arrangement, Maxim Golf will submit an annual budget for the golf course, which is subject to approval by the City. Additionally, projects or proposals by Maxim Golf with a cost of over \$5,000 require authorization by the City. Maxim Golf is responsible for collecting all fees and charges associated with the operation of the golf course and associated activities, such as sales of goods at the pro shops or sales of food or beverages. These fees and charges are then to be remitted to the City. Maxim Golf will be compensated under a fixed monthly fee arrangement. For fiscal year 2025, the fixed monthly fee is \$3,750; for fiscal year 2026, \$3,833; for fiscal year 2027, \$3,917; and for fiscal year 2028, \$4,000. In addition, Maxim Golf may receive a contingent management fee if revenues exceed a set base amount. For fiscal year 2025, the contingent fee is 10% of all revenues over \$635,000; for fiscal year 2026, 12% of all revenues over \$640,000; for fiscal year 2027, 13% of all revenues over \$645,000; and for fiscal year 2028, 14% of all revenues over \$650,000.

16. Commitments

At September 30, 2024, the City had the following commitments:

- Allgeier, Martin & Associates in the amount of \$545,066 for the Hatchery Branch and Lower HSB Stormwater Improvements project
- Jeff Asbell Excavating and Trucking, Inc. in the amount of \$1,100,941 for the Stratford & Freeman Road Stormwater Improvements project
- Precision Industries, Inc. in the amount of \$252,070 for a custom fire truck

City of Neosho

Notes to the Financial Statements

September 30, 2024

17. Subsequent Events

Subsequent to September 30, 2024, the City entered into the following significant arrangement:

- A contract with Jeff Asbell Excavating and Trucking, Inc. in the amount of \$2,632,445 for construction services related to the Hatchery Brand and Lower School Branch Stormwater Improvement project

18. 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 \$6,847,388. Principal and interest paid for the current year and total customer net revenues were \$888,362 and \$1,932,072, respectively.

Required Supplementary Information

City of Neosho

Schedule of Changes in Net Pension Asset and Related Ratios

Year Ended September 30, 2024

	Missouri Local Government Employees Retirement System (LAGERS)									
	June 30, 2024	June 30, 2023	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	\$ 513,694	\$ 472,517	\$ 469,833	\$ 463,535	\$ 434,528	\$ 422,542	\$ 414,136	\$ 395,107	\$ 391,139	\$ 399,461
Interest on the total pension liability	1,351,011	1,269,283	1,206,167	1,230,083	1,153,185	1,105,875	1,069,610	1,047,617	1,004,497	974,376
Difference between expected and actual experience	(62,072)	306,348	71,261	(388,918)	217,265	(111,545)	(293,652)	(508,438)	(609,884)	(294,998)
Changes of assumptions	-	-	-	(274,489)	-	-	-	-	462,449	-
Benefit payments including refunds	(946,257)	(856,942)	(8,374,242)	(702,915)	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
<i>Net Change in Total Pension Liability</i>	856,376	1,191,206	910,019	327,296	992,689	687,281	530,431	312,706	560,184	447,269
Total Pension Liability, Beginning	19,512,778	18,321,572	17,411,553	17,084,257	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966	13,553,697
Total Pension Liability, Ending	20,369,154	19,512,778	18,321,572	17,411,553	17,084,257	16,091,568	15,404,287	14,873,856	14,561,150	14,000,966
Plan Fiduciary Net Position										
Contributions - employer	297,560	317,717	260,157	227,618	222,362	245,465	264,039	261,400	293,632	317,093
Pension plan net investment income	1,227,956	832,751	18,802	5,324,546	249,192	1,289,199	2,118,438	1,860,492	(31,596)	323,289
Benefit payments, including refunds	(946,257)	(856,942)	(837,242)	(702,915)	(812,289)	(729,591)	(659,663)	(621,580)	(688,017)	(631,570)
Pension plan administrative expense	(33,310)	(36,687)	(26,189)	(23,731)	(31,328)	(28,254)	(19,379)	(18,290)	(17,749)	(19,946)
Other	(119,624)	(132,255)	(148,559)	(71,084)	(113,221)	(64,456)	(2,249)	(137,249)	16,467	(270,346)
<i>Net Change in Plan Fiduciary Net Position</i>	426,325	124,584	(733,031)	4,754,434	(485,284)	712,363	1,701,186	1,344,773	(427,263)	(281,480)
Plan Fiduciary Net Position, Beginning	23,585,150	23,460,566	24,193,597	19,439,163	19,924,447	19,212,084	17,510,898	16,166,125	16,593,388	16,874,868
Plan Fiduciary Net Position, Ending	24,011,475	23,585,150	23,460,566	24,193,597	19,439,163	19,924,447	19,212,084	17,510,898	16,166,125	16,593,388
Employer Net Pension (Asset)	<u>\$ (3,642,321)</u>	<u>\$ (4,072,372)</u>	<u>\$ (5,138,994)</u>	<u>\$ (6,782,044)</u>	<u>\$ (2,354,906)</u>	<u>\$ (3,832,879)</u>	<u>\$ (3,807,797)</u>	<u>\$ (2,637,042)</u>	<u>\$ (1,604,975)</u>	<u>\$ (2,592,422)</u>
Plan fiduciary net position as a percentage of the total pension liability	117.88%	120.87%	128.05%	138.95%	113.78%	123.82%	124.72%	117.73%	111.02%	119%
Covered payroll	\$ 4,366,424	\$ 4,377,710	\$ 3,903,520	\$ 4,116,999	\$ 3,891,193	\$ 3,633,974	\$ 3,619,993	\$ 3,527,826	\$ 3,364,217	\$ 3,553,838
Employer's net pension asset as a percentage of covered payroll	83.42%	93.03%	131.65%	164.73%	60.52%	105.47%	105.19%	74.75%	47.71%	72.95%

City of Neosho

Schedule of Contributions

Year Ended September 30, 2024

Missouri Local Government Employees Retirement System (LAGERS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 296,448	\$ 332,207	\$ 322,590	\$ 243,478	\$ 221,368	\$ 244,224	\$ 270,089	\$ 259,473	\$ 294,052	\$ 312,806
Contributions in relation to the actuarially determined contribution	296,448	313,403	275,216	227,685	221,368	234,819	265,974	259,473	294,052	312,806
Contribution deficiency	\$ -	\$ 18,804	\$ 47,374	\$ 15,793	\$ -	\$ 9,405	\$ 4,115	\$ -	\$ -	\$ -
Covered payroll	\$ 4,585,808	\$ 4,522,915	\$ 4,236,129	\$ 4,148,421	\$ 3,878,259	\$ 3,809,377	\$ 3,730,002	\$ 3,632,303	\$ 3,606,430	\$ 3,682,580
Contributions as a percentage of covered payroll	6.46%	6.93%	6.50%	5.49%	5.71%	6.16%	7.13%	7.14%	8.15%	8.49%

See accompanying Notes to the Schedule of Contributions.

City of Neosho

Notes to Schedule of Contributions

Year Ended September 30, 2024

Valuation Date: February 29, 2024

Notes: The roll-forward of total pension liability from February 29, 2024, to June 30, 2024, 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 11 to 15 years

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

Inflation: 2.75% wage inflation; 2.25% price inflation

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

2.75% to 6.55% including wage inflation (Police)

2.75% to 7.15% including wage inflation (Fire)

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

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

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

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

Other Information: None

City of Neosho

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes				
Property tax	\$ 475,000	\$ 570,614	\$ 570,614	\$ -
City sales tax	3,092,449	3,460,581	3,460,581	-
Financial institution tax	300	300	245	(55)
Utility franchise tax	775,000	821,281	812,323	(8,958)
Cigarette tax	54,200	44,189	44,189	-
Recreational tax	200,000	96,508	96,508	-
Public safety tax	1,546,225	1,649,069	1,649,069	-
	<u>6,143,174</u>	<u>6,642,542</u>	<u>6,633,529</u>	<u>(9,013)</u>
Licenses and Permits				
Occupational licenses	54,794	92,169	92,169	-
Building permits and fees	103,887	144,578	144,579	1
Animal licenses and fees	500	500	521	21
Cemetery fees	48,000	43,000	43,000	-
	<u>207,181</u>	<u>280,247</u>	<u>280,269</u>	<u>22</u>
Intergovernmental Revenues				
Grants	245,933	569,585	298,487	(271,098)
Charges for Services				
Sanitation	100,000	121,517	121,517	-
Airport fuel sales	155,500	108,696	108,743	47
Recycling center fees	25,654	108,955	108,955	-
Other	5,400	8,509	8,689	180
	<u>286,554</u>	<u>347,677</u>	<u>347,904</u>	<u>227</u>
Fines and Forfeitures				
City court fines	269,900	322,299	363,137	40,838
Police training fees	2,000	4,160	4,160	-
	<u>271,900</u>	<u>326,459</u>	<u>367,297</u>	<u>40,838</u>
Miscellaneous				
Leases and rent income	91,820	84,803	82,631	(2,172)
Interest	13,500	315,033	318,528	3,495
Donations and other contributions	3,500	3,226	3,227	1
Other	26,160	282,134	44,200	(237,934)
	<u>134,980</u>	<u>685,196</u>	<u>448,586</u>	<u>(236,610)</u>
Total Revenues	<u>7,289,722</u>	<u>8,851,706</u>	<u>8,376,072</u>	<u>(475,634)</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures				
Current				
Administrative	608,629	516,604	515,903	701
Clerk/council	112,377	106,208	105,986	222
Development services	403,751	265,311	265,088	223
Police	2,774,005	2,048,602	2,041,737	6,865
Emergency management	20,047	16,747	16,494	253
Court	166,586	164,223	163,310	913
Airport	296,435	256,466	255,732	734
Recycling center	165,798	160,271	158,766	1,505
Information technology	104,138	62,716	62,354	362
Fleet maintenance	8,400	5,616	5,755	(139)
Human resources	100,418	90,671	90,635	36
Communications and events	56,500	23,083	23,082	1
Cemetery	148,358	137,701	137,438	263
Total Expenditures	<u>4,965,442</u>	<u>3,854,219</u>	<u>3,842,280</u>	<u>11,939</u>
 <i>Excess (Deficit) of Revenues Over Expenditures</i>	 2,324,280	 4,997,487	 4,533,792	 (463,695)
 Other Financing Sources (Uses)				
Operating transfers in	41,020	41,020	22,095	(18,925)
Operating transfers (out)	(3,873,107)	(4,041,377)	(3,336,385)	704,992
Legal settlement	-	-	217,000	217,000
Insurance proceeds	-	21,094	21,094	-
Total Other Financing Sources (Uses)	<u>(3,832,087)</u>	<u>(3,979,263)</u>	<u>(3,076,196)</u>	<u>903,067</u>
 <i>Net Change in Fund Balances</i>	 (1,507,807)	 1,018,224	 1,457,596	 439,372
 Fund Balance, October 1	 8,401,745	 8,401,745	 8,401,745	 -
Fund Balance, September 30	<u><u>\$ 6,893,938</u></u>	<u><u>\$ 9,419,969</u></u>	<u><u>\$ 9,859,341</u></u>	<u><u>\$ 439,372</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Street Sales Tax Fund

Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Street sales taxes	\$ 1,018,758	\$ 1,240,135	\$ 1,240,136	\$ 1
Motor vehicle taxes	457,690	665,633	665,634	1
Intergovernmental revenues	24,025	28,991	28,992	1
Miscellaneous	19,800	442,283	92,859	(349,424)
Total Revenues	<u>1,520,273</u>	<u>2,377,042</u>	<u>2,027,621</u>	<u>(349,421)</u>
Expenditures				
Current				
Street	2,191,552	2,144,025	2,142,605	1,420
Total Expenditures	<u>2,191,552</u>	<u>2,144,025</u>	<u>2,142,605</u>	<u>1,420</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(671,279)	233,017	(114,984)	(348,001)
Other Financing (Uses)				
Operating transfers in	-	-	349,425	349,425
Operating transfers (out)	(546,758)	(543,582)	(543,582)	-
Sale of property	-	12,660	12,660	-
Total Other Financing (Uses)	<u>(546,758)</u>	<u>(530,922)</u>	<u>(181,497)</u>	<u>349,425</u>
<i>Net Change in Fund Balances</i>	(1,218,037)	(297,905)	(296,481)	1,424
Fund Balance, October 1	2,408,506	2,408,506	2,408,506	-
Fund Balance, September 30	<u>\$ 1,190,469</u>	<u>\$ 2,110,601</u>	<u>\$ 2,112,025</u>	<u>\$ 1,424</u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Fire Sales Tax Fund

Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Fire sales taxes	\$ 678,809	\$ 826,601	\$ 826,602	\$ 1
Charges for services	126,164	130,300	130,370	70
Intergovernmental revenues	105,000	94,885	94,885	-
Miscellaneous	-	19,353	19,423	70
Total Revenues	<u>909,973</u>	<u>1,071,139</u>	<u>1,071,280</u>	<u>141</u>
Expenditures				
Current				
Fire	<u>2,118,072</u>	<u>2,033,166</u>	<u>2,025,042</u>	<u>8,124</u>
Total Expenditures	<u>2,118,072</u>	<u>2,033,166</u>	<u>2,025,042</u>	<u>8,124</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(1,208,099)	(962,027)	(953,762)	8,265
Other Financing Sources (Uses)				
Operating transfers in	1,468,499	1,468,499	1,468,512	13
Operating transfers (out)	(471,900)	(289,001)	(289,001)	-
Insurance proceeds	-	10,456	10,456	-
Total Other Financing Sources (Uses)	<u>996,599</u>	<u>1,189,954</u>	<u>1,189,967</u>	<u>13</u>
<i>Net Change in Fund Balances</i>	(211,500)	227,927	236,205	8,278
Fund Balance, October 1	603,538	603,538	603,538	-
Fund Balance, September 30	<u><u>\$ 392,038</u></u>	<u><u>\$ 831,465</u></u>	<u><u>\$ 839,743</u></u>	<u><u>\$ 8,278</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Neosho

Budgetary Comparison Schedule – Economic Development Sales Tax Fund

Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 336,204	\$ 413,300	\$ 418,386	\$ 5,086
Intergovernmental revenue	-	-	2,660,257	2,660,257
Miscellaneous	1,200	18,200	18,201	1
Total Revenues	<u>337,404</u>	<u>431,500</u>	<u>3,096,844</u>	<u>2,665,344</u>
Expenditures				
Current				
Economic development	12,155,041	5,434,581	5,091,379	343,202
Total Expenditures	<u>12,155,041</u>	<u>5,434,581</u>	<u>5,091,379</u>	<u>343,202</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(11,817,637)	(5,003,081)	(1,994,535)	3,008,546
Other Financing Sources (Uses)				
Operating transfers in	12,155,041	5,434,581	3,724,207	(1,710,374)
Operating transfers (out)	(251,950)	(251,950)	(251,952)	(2)
Total Other Financing Sources (Uses)	<u>11,903,091</u>	<u>5,182,631</u>	<u>3,472,255</u>	<u>(1,710,376)</u>
<i>Net Change in Fund Balances</i>	85,454	179,550	1,477,720	1,298,170
Fund Balance, October 1	154,516	154,516	154,516	-
Fund Balance, September 30	<u><u>\$ 239,970</u></u>	<u><u>\$ 334,066</u></u>	<u><u>\$ 1,632,236</u></u>	<u><u>\$ 1,298,170</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

City of Neosho

Notes to the Budgetary Comparison Schedules

Year Ended September 30, 2024

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. The City records capitalized expenditures as capital outlay on the GAAP basis fund statement, however for budget purposes, they are included in the associated department's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.
7. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.

Supplemental Information

City of Neosho

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2024

	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
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ 965,904	\$ 576,028	\$ 273,601	\$ 40,898	\$ 132,907	\$ 16,097	\$ 546,949
Sales tax receivable	-	-	94,319	109,768	102,063	34,021	68,029	-	-
Other accounts receivable	-	-	-	-	-	-	-	-	5,237
Prepaid expenses	-	-	3,230	39,397	19,712	4,518	-	-	14,365
Cash and cash equivalents - restricted	10,338	3,203	-	-	761,307	244,931	923,962	295,533	12,670
Total Assets	<u>\$ 10,338</u>	<u>\$ 3,203</u>	<u>\$1,063,453</u>	<u>\$ 725,193</u>	<u>\$ 1,156,683</u>	<u>\$ 324,368</u>	<u>\$ 1,124,898</u>	<u>\$ 311,630</u>	<u>\$ 579,221</u>
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 668	\$ 3,545	\$ 2,845	\$ 4,593	\$ 16,339	\$ 83	\$ 3,659
Deposits held	-	-	-	-	9,850	-	-	-	323
Total Liabilities	<u>-</u>	<u>-</u>	<u>668</u>	<u>3,545</u>	<u>12,695</u>	<u>4,593</u>	<u>16,339</u>	<u>83</u>	<u>3,982</u>
Fund Balance									
Nonspendable									
Permanent	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	3,230	39,397	19,712	4,518	-	-	14,365
Restricted for									
Public safety	10,338	3,203	-	-	-	-	-	-	-
Auditorium	-	-	-	-	751,648	-	-	-	-
Golf donations	-	-	-	-	-	-	-	-	12,670
Senior center	-	-	-	-	-	244,953	-	-	-
Streets	-	-	-	-	-	-	923,962	-	-
Tourism development	-	-	-	-	-	-	-	295,533	-
Debt service	-	-	-	-	-	-	-	-	-
Assigned to									
Drainage	-	-	1,059,555	-	-	-	-	-	-
Parks and recreation	-	-	-	682,251	-	-	-	-	-
Auditorium	-	-	-	-	372,628	-	-	-	-
Senior center	-	-	-	-	-	70,304	-	-	-
Golf course	-	-	-	-	-	-	-	-	548,204
Street and bridge	-	-	-	-	-	-	184,597	-	-
Tourism development	-	-	-	-	-	-	-	16,014	-
Total Fund Balances	<u>10,338</u>	<u>3,203</u>	<u>1,062,785</u>	<u>721,648</u>	<u>1,143,988</u>	<u>319,775</u>	<u>1,108,559</u>	<u>311,547</u>	<u>575,239</u>
Total Liabilities and Fund Balance	<u>\$ 10,338</u>	<u>\$ 3,203</u>	<u>\$1,063,453</u>	<u>\$ 725,193</u>	<u>\$ 1,156,683</u>	<u>\$ 324,368</u>	<u>\$ 1,124,898</u>	<u>\$ 311,630</u>	<u>\$ 579,221</u>

City of Neosho

Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2024

	Debt Service Funds		Permanent Funds		Total
	2016 COP Fund	2021 Bond Fund	Abbott Brothers Fund	Morse Park Fund	Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,552,384
Sales tax receivable	-	-	-	-	408,200
Other accounts receivable	-	-	-	-	5,237
Prepaid expenses	-	-	-	-	81,222
Cash and cash equivalents - restricted	322,888	1,742	51,026	3,789	2,631,389
Total Assets	<u>\$ 322,888</u>	<u>\$ 1,742</u>	<u>\$ 51,026</u>	<u>\$ 3,789</u>	<u>\$ 5,678,432</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 31,732
Deposits held	-	-	-	-	10,173
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,905</u>
Fund Balances					
Nonspendable					
Permanent	-	-	51,026	3,789	54,815
Prepaid items	-	-	-	-	81,222
Restricted for					
Public safety	-	-	-	-	13,541
Auditorium	-	-	-	-	751,648
Golf donations	-	-	-	-	12,670
Senior center	-	-	-	-	244,953
Streets	-	-	-	-	923,962
Tourism development	-	-	-	-	295,533
Debt service	322,888	1,742	-	-	324,630
Assigned to					
Drainage	-	-	-	-	1,059,555
Parks and recreation	-	-	-	-	682,251
Auditorium	-	-	-	-	372,628
Senior center	-	-	-	-	70,304
Golf course	-	-	-	-	548,204
Street and bridge	-	-	-	-	184,597
Tourism development	-	-	-	-	16,014
Total Fund Balances	<u>322,888</u>	<u>1,742</u>	<u>51,026</u>	<u>3,789</u>	<u>5,636,527</u>
Total Liabilities and Fund Balances	<u>\$ 322,888</u>	<u>\$ 1,742</u>	<u>\$ 51,026</u>	<u>\$ 3,789</u>	<u>\$ 5,678,432</u>

City of Neosho

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2024

	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
Revenues									
Taxes	\$ -	\$ -	\$ 495,961	\$ 743,941	\$ 619,951	\$ 206,650	\$ 413,300	\$ 112,522	\$ -
Intergovernmental revenues	2,310	-	-	4,296	-	-	-	-	-
Charges for services	-	-	-	18,039	40,137	-	-	-	615,136
Donations and other contributions	-	16,335	-	1,518	-	-	-	-	-
Miscellaneous	-	84	27,739	26,008	34,957	7,968	31,798	10,015	13,929
Total Revenues	2,310	16,419	523,700	793,802	695,045	214,618	445,098	122,537	629,065
Expenditures									
Current									
Police	4,620	17,067	-	-	-	-	-	-	-
Drainage	-	-	89,961	-	-	-	-	-	-
Parks and recreation	-	-	-	535,174	-	-	-	-	-
Auditorium	-	-	-	-	170,691	-	-	-	-
Senior center	-	-	-	-	-	54,817	-	-	-
Golf course	-	-	-	-	-	-	-	-	580,093
Tourism development	-	-	-	-	-	-	-	68,664	-
Street	-	-	-	-	-	-	16,339	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service									
Principal and interest	-	-	-	-	-	-	-	-	-
Total Expenditures	4,620	17,067	89,961	535,174	170,691	54,817	16,339	68,664	580,093
Excess (Deficit) of Revenues Over Expenditures	(2,310)	(648)	433,739	258,628	524,354	159,801	428,759	53,873	48,972
Other Financing Sources (Uses)									
Operating transfers in	2,310	-	1,129,114	115,188	-	-	-	-	328,715
Operating transfers (out)	-	-	(1,899,702)	(342,239)	(512,820)	(74,265)	(249,600)	(35,368)	(401,649)
Insurance proceeds	-	-	-	-	-	-	-	-	26,121
Total Other Financing Sources (Uses)	2,310	-	(770,588)	(227,051)	(512,820)	(74,265)	(249,600)	(35,368)	(46,813)
Net Change in Fund Balances	-	(648)	(336,849)	31,577	11,534	85,536	179,159	18,505	2,159
Fund Balance, October 1	10,338	3,851	1,399,634	690,071	1,132,454	234,239	929,400	293,042	573,080
Fund Balance, September 30	\$ 10,338	\$ 3,203	\$ 1,062,785	\$ 721,648	\$ 1,143,988	\$ 319,775	\$ 1,108,559	\$ 311,547	\$ 575,239

City of Neosho

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds Year Ended September 30, 2024

	Debt Service Funds		Permanent Funds		Total Nonmajor Governmental Funds
	2016 COP Fund	2021 Bond Fund	Abbott Brothers Fund	Morse Park Fund	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,592,325
Intergovernmental revenues	-	-	-	-	6,606
Charges for services	-	-	-	-	673,312
Donations and other contributions	-	-	-	-	17,853
Miscellaneous	15,687	62	6,842	123	175,212
Total Revenues	<u>15,687</u>	<u>62</u>	<u>6,842</u>	<u>123</u>	<u>3,465,308</u>
Expenditures					
Current					
Police	-	-	-	-	21,687
Drainage	-	-	-	-	89,961
Parks and recreation	-	-	-	-	535,174
Auditorium	-	-	-	-	170,691
Senior center	-	-	-	-	54,817
Golf course	-	-	-	-	580,093
Tourism development	-	-	-	-	68,664
Street	-	-	-	-	16,339
Other	-	-	787	-	787
Debt Service					
Principal and interest	242,750	499,836	-	-	742,586
Total Expenditures	<u>242,750</u>	<u>499,836</u>	<u>787</u>	<u>-</u>	<u>2,280,799</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(227,063)	(499,774)	6,055	123	1,184,509
Other Financing Sources (Uses)					
Operating transfers in	235,575	499,200	-	-	2,310,102
Operating transfers (out)	-	-	-	-	(3,515,643)
Insurance proceeds	-	-	-	-	26,121
Total Other Financing Sources (Uses)	<u>235,575</u>	<u>499,200</u>	<u>-</u>	<u>-</u>	<u>(1,179,420)</u>
<i>Net Change in Fund Balances</i>	8,512	(574)	6,055	123	5,089
Fund Balance, October 1	314,376	2,316	44,971	3,666	5,631,438
Fund Balance, September 30	<u>\$ 322,888</u>	<u>\$ 1,742</u>	<u>\$ 51,026</u>	<u>\$ 3,789</u>	<u>\$ 5,636,527</u>

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Neosho
Neosho, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neosho, Missouri, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Neosho, Missouri's basic financial statements and have issued our report thereon dated February 26, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
February 26, 2025



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Neosho
Neosho, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Neosho, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Neosho, Missouri's major federal programs for the year ended September 30, 2024. The City of Neosho, Missouri's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of City of Neosho, Missouri, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Neosho, Missouri's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Neosho, Missouri's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
February 26, 2025

City of Neosho

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Amount Passed Through to Sub-recipients	Federal Expenditures
U.S. Department of Transportation				
Missouri Department of Transportation Recreational Trails Program	20.219	2022-04	\$ -	\$ 4,296
Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	21-096A-2	-	200,615
COVID-19 Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	21-096A-3	-	32,000
			-	232,615
Total U.S. Department of Transportation			-	236,911
U.S. Department of Homeland Security				
Direct Assistance to Firefighters Grant	97.044	N/A	-	93,099
Total U.S. Department of Homeland Security			-	93,099
U.S. Department of Housing and Urban Development				
Missouri Department of Economic Development Community Development Block Grants	14.228	B-18-DP-29-0002	-	22,572
	14.228	B-19-DP-29-0001	-	1,061,307
Total U.S. Department of Housing and Urban Development			-	1,083,879
U.S. Department of Defense				
Direct Bulletproof Vest Partnership Program	16.607	N/A	-	2,310
Total U.S. Department of Defense			-	2,310
U.S. Department of the Treasury				
Direct COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	355,408
Missouri Department of Public Safety COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP4542	-	1,786
Missouri Department of Natural Resources COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	8337C118D9DC	-	1,224,787
Total U.S. Department of the Treasury			-	1,581,981
Total Expenditures of Federal Awards			\$ -	\$ 2,998,180

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

City of Neosho

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City for the year ended September 30, 2024, and is presented on the modified cash basis of accounting as described below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The City has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance

City of Neosho

Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal programs:	
Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

City of Neosho

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2024

There were no prior year audit findings.