

CITY OF MOBERLY
ANNUAL FINANCIAL REPORT
JUNE 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Moberly

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of each major fund and the aggregate remaining fund information for the City of Moberly (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of each major fund and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position – modified cash basis for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 and to meet our 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 these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes 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 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 (or update our) 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 judgement, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.

William F. Keppers UC

Columbia, Missouri
December 15, 2022

BASIC FINANCIAL STATEMENTS

**CITY OF MOBERLY
BALANCE SHEET
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2022**

	Major Funds						Total
	General Fund	Parks and Recreation Fund	Airport Operating Fund	Transportation Trust Fund	Downtown NID Fund	Non-Major Funds	
ASSETS							
Cash and cash equivalents	\$ 3,430,693	\$ 1,107,783	\$ 100	\$ 2,225,013	\$ 1,731,442	\$ 3,059,084	\$ 11,554,115
Due from other funds	671,079	-	-	-	-	-	671,079
Prepaid expenses	417,371	60,276	3,544	-	-	27,932	509,123
Total assets	\$ 4,519,143	\$ 1,168,059	\$ 3,644	\$ 2,225,013	\$ 1,731,442	\$ 3,087,016	\$ 12,734,317
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ 8,746	\$ 59,001	\$ -	\$ -	\$ 422,131	\$ 489,878
Other payables	49,219	6,105	-	-	-	50	55,374
Total liabilities	49,219	14,851	59,001	-	-	422,181	545,252
Fund balances:							
Nonspendable	417,371	60,276	3,544	-	-	557,641	1,038,832
Restricted for:							
Parks and recreation	-	1,092,932	-	-	-	-	1,092,932
Transportation	-	-	-	2,225,013	-	-	2,225,013
Tourism	-	-	-	-	-	180,709	180,709
Capital outlay	-	-	-	-	-	373,726	373,726
Grant activity	-	-	-	-	-	1,453,926	1,453,926
Public safety	-	-	-	-	-	73,064	73,064
Special taxing district activity	-	-	-	-	1,731,442	447,950	2,179,392
Assigned for:							
Capital outlay	150,333	-	-	-	-	-	150,333
Parks and recreation	100,000	-	-	-	-	-	100,000
Debt service	1,153,891	-	-	-	-	-	1,153,891
Economic development	11,648	-	-	-	-	-	11,648
Transportation	77,590	-	-	-	-	-	77,590
Unassigned	2,559,091	-	(58,901)	-	-	(422,181)	2,078,009
Total fund balances	4,469,924	1,153,208	(55,357)	2,225,013	1,731,442	2,664,835	12,189,065
Total liabilities and fund balances	\$ 4,519,143	\$ 1,168,059	\$ 3,644	\$ 2,225,013	\$ 1,731,442	\$ 3,087,016	\$ 12,734,317

See accompanying notes to the basic financial statements.

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Major Funds						Total
	General Fund	Parks and Recreation Fund	Airport Operating Fund	Transportation Trust Fund	Downtown NID Fund	Non-Major Funds	
REVENUES							
Taxes:							
Sales and use	\$ 3,551,239	\$ 1,403,145	\$ -	\$ 1,403,262	\$ -	\$ 1,504,880	7,862,526
Franchise	2,103,063	-	-	-	-	-	2,103,063
Property	1,186,304	551,020	-	-	-	208,071	1,945,395
Motor vehicle and license	612,745	-	-	-	-	-	612,745
Other	101,109	158,149	-	-	-	103,186	362,444
Licenses, permits and fees	424,097	-	-	-	-	-	424,097
Charges for goods and services	846,732	332,454	249,012	-	-	320,251	1,748,449
Grants and contributions	236,225	-	4,097,657	49,376	-	1,409,717	5,792,975
Interest	4,712	1,891	-	3,195	93	8,354	18,245
Miscellaneous	393,705	88,143	25,507	45,491	-	-	552,846
Total revenues	9,459,931	2,534,802	4,372,176	1,501,324	93	3,554,459	21,422,785
EXPENDITURES							
General government	2,149,901	39,280	334,971	-	-	637,761	3,161,913
Public safety	4,112,069	-	-	-	-	503,857	4,615,926
Economic and community development	619,019	-	-	-	-	-	619,019
Transportation	1,101,868	-	-	73,060	-	-	1,174,928
Parks and recreation	-	1,718,316	-	-	-	-	1,718,316
Capital outlay	1,384,737	664,908	4,015,998	770,020	-	622,427	7,458,090
Debt service:							
Principal	38,677	114,314	-	-	78,836	-	231,827
Interest and fees	4,885	1,820	-	-	50,079	-	56,784
Total expenditures	9,411,156	2,538,638	4,350,969	843,080	128,915	1,764,045	19,036,803
Excess (deficiency) of revenues over (under) expenditures	48,775	(3,836)	21,207	658,244	(128,822)	1,790,414	2,385,982
OTHER FINANCING SOURCES (USES)							
Settlement proceeds	825,000	-	-	-	-	-	825,000
Transfers in	210,784	191,000	52,806	-	141,806	250,000	846,396
Transfers (out)	(492,806)	-	-	-	-	(893,081)	(1,385,887)
Total other financing sources (uses)	542,978	191,000	52,806	-	141,806	(643,081)	285,509
Net change in fund balances	591,753	187,164	74,013	658,244	12,984	1,147,333	2,671,491
Fund balances - beginning	3,878,171	966,044	(129,370)	1,566,769	1,718,458	1,517,502	9,517,574
Fund balances - ending	\$ 4,469,924	\$ 1,153,208	\$ (55,357)	\$ 2,225,013	\$ 1,731,442	\$ 2,664,835	\$ 12,189,065

See accompanying notes to the basic financial statements.

CITY OF MOBERLY
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2022

	Major Enterprise Funds			Internal Service Fund
	CWWSS Fund	Solid Waste Fund	Total	Health Trust Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,249,806	\$ 738,209	\$ 2,988,015	\$ 362,312
Prepaid expenses	124,327	-	124,327	-
Total current assets	2,374,133	738,209	3,112,342	362,312
Non-current assets:				
Restricted cash and cash equivalents	3,158,036	-	3,158,036	-
Restricted investments	1,030,818	-	1,030,818	-
Total non-current assets	4,188,854	-	4,188,854	-
Total assets	6,562,987	738,209	7,301,196	362,312
LIABILITIES				
Current liabilities:				
Due to other funds	180,963	238	181,201	-
Other payables	208,730	5,067	213,797	-
Total liabilities	389,693	5,305	394,998	-
NET POSITION				
Restricted for debt service	4,188,854	-	4,188,854	-
Unrestricted	1,984,440	732,904	2,717,344	362,312
Total net position	\$ 6,173,294	\$ 732,904	\$ 6,906,198	\$ 362,312

See accompanying notes to the basic financial statements.

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Major Enterprise Funds			Internal Service Fund
	CWWSS Fund	Solid Waste Fund	Total	Health Trust Fund
REVENUES				
Charges for services	\$ 6,256,965	\$ 1,107,625	\$ 7,364,590	\$ 1,723,829
Operating grants and contributions	-	8,604	8,604	-
Total operating revenues	<u>6,256,965</u>	<u>1,116,229</u>	<u>7,373,194</u>	<u>1,723,829</u>
OPERATING EXPENSES				
Personnel services	1,703,791	-	1,703,791	-
Contractual services	1,038,943	1,019,832	2,058,775	1,881,793
Repairs and maintenance	540,800	875	541,675	-
Materials and supplies	903,690	375	904,065	-
Capital outlay	367,993	-	367,993	-
Miscellaneous	198,108	42,302	240,410	-
Debt service:				
Principal	1,641,482	-	1,641,482	-
Interest and fees	252,986	-	252,986	-
Total operating expenses	<u>6,647,793</u>	<u>1,063,384</u>	<u>7,711,177</u>	<u>1,881,793</u>
Operating income (loss)	<u>(390,828)</u>	<u>52,845</u>	<u>(337,983)</u>	<u>(157,964)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest	12,828	1,083	13,911	415
Miscellaneous	279,639	-	279,639	-
Transfers in	6,973,492	-	6,973,492	-
Transfers (out)	(6,434,001)	-	(6,434,001)	-
Total non-operating revenues	<u>831,958</u>	<u>1,083</u>	<u>833,041</u>	<u>415</u>
Change in net position	441,130	53,928	495,058	(157,549)
Total net position - beginning	<u>5,732,164</u>	<u>678,976</u>	<u>6,411,140</u>	<u>519,861</u>
Total net position - ending	<u>\$ 6,173,294</u>	<u>\$ 732,904</u>	<u>\$ 6,906,198</u>	<u>\$ 362,312</u>

See accompanying notes to the basic financial statements.

CITY OF MOBERLY
STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS
June 30, 2022

	Custodial Fund
	Veterans' Flag Project Fund
ASSETS	
Cash and cash equivalents	\$ 38,862
Total assets	38,862
NET POSITION	
Amount held for others	38,862
Total net position	\$ 38,862

See accompanying notes to the basic financial statements.

CITY OF MOBERLY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2022

	Custodial Fund
	Veterans' Flag Project Fund
ADDITIONS	
Interest	\$ 60
Miscellaneous	3,185
Total additions	3,245
DISBURSEMENTS	
Distributions to others	8,331
Total disbursements	8,331
Change in net position	(5,086)
Net position, July 1	43,948
NET POSITION, JUNE 30	\$ 38,862

See accompanying notes to the basic financial statements.

CITY OF MOBERLY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments* as modified for the basis of accounting used by the government.

A. Reporting Entity

The City of Moberly (the City) is an incorporated city located in Randolph County, Missouri. The City operates under a Mayor-Council form of government. The City provides services to its approximately fourteen thousand residents in many areas including: emergency management, law enforcement, parks and recreation, water and sewer utilities, and various social services. These services do not include education, which is provided by separate governmental entities.

The basic financial statements include all of the funds relevant to the operations of the City. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City that have been determined not to be component units as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and 34*.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

As required by U.S. generally accepted accounting principles (GAAP), 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, noting none.

B. Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared using the modified cash basis of accounting. Revenues are recorded when received rather than when susceptible to accrual, and expenditures/expenses are recorded when paid rather than when the liability is incurred. This is a comprehensive basis of accounting other than GAAP. The modification to the cash basis of accounting results from recording prepaid expenses and other payables as result of certain cash transactions.

Typically, government financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. However, because the City’s financial statements have been prepared using the modified cash basis of accounting, as described above, the fund financial statement information is presented in the same manner as government-wide financial statements would be, only with more detail. Therefore, the City’s basic financial statements include: 1) fund financial statements and 2) notes to the financial statements.

The City uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial 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 or designated by management for expenditures for specified purposes.

Parks and Recreation Fund – This special revenue fund was established to account for property taxes, sales taxes, and other financial resources assigned for parks and recreation purposes.

Airport Operating Fund – This special revenue fund was established to account for sales revenue and other financial resources assigned for airport operating purposes.

Transportation Trust Fund – This special revenue fund was established to account for sales taxes and other financial resources assigned for transportation purposes.

Downtown NID Fund – This special revenue fund was established to account for financial resources assigned for the downtown neighborhood improvement district.

The City reports the following major proprietary funds:

Enterprise funds:

Combined Waterworks and Sewerage System (CWWSS) Fund – This enterprise fund accounts for the provision of water and sewer utility services to the residents of the City.

Solid Waste Fund – This enterprise fund accounts for the provision of solid waste utility services to the residents of the City.

Internal service fund:

Health Trust Fund – This internal service fund accounts for the financing of the City's employee health plan.

In addition, the City reports the following fiduciary fund:

Veteran's Flag Project Fund – This custodial fund accounts for funds collected by the City to purchase flags to be displayed in Oakland Cemetery at various times throughout the year. The funds collected by the City are subsequently remitted to the Cemetery.

C. Cash and Cash Equivalents

Cash and cash equivalents may include cash on hand, demand deposits, and certificates of deposits.

D. Investments

Investments may include any investment allowed by state statute as defined in Note 3. Investments are reported at cost.

E. Capital Assets

As a result of using the modified cash basis of accounting, capital assets are recorded as expenditures/expenses at the time the payment is made. As such, no balances for capital assets or accumulated depreciation are reported in the financial statements.

F. Long-term Debt

As a result of using the modified cash basis of accounting, long-term debt is not recorded in the financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures/expenses. The City's long-term debt consists primarily of bonds and leases payable.

G. Equity

In the governmental fund financial statements, equity is displayed in five components as follows:

Nonspendable – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

Committed – This consists of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the City Council) by the end of the fiscal year. The City Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

The City did not have any committed fund balances as of June 30, 2022.

In the proprietary fund financial statements, equity is displayed in two components as follows:

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."

H. Compensated Absences

Vacation and sick leave are considered expenditures/expenses in the year paid. Unused vacation days are payable upon termination.

I. Post-Employment Benefits

For personnel hired prior to July 1, 2017, the City provides health and dental insurance to employees who retire after thirty years of service with the City. The coverage is provided until the employee qualifies for Medicare. As of June 30, 2022, there were eleven employees that qualified for benefits and the City contributed approximately \$650 per employee to the Health Trust Fund on a monthly basis. Contributions totaled \$104,650 during the year ended June 30, 2022.

J. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

K. Subsequent Events

Events that occurred subsequent to June 30, 2022, have been evaluated through December 15, 2022, which is the date the financial statements were available to be issued.

2. LEGAL COMPLIANCE – BUDGET

The City's policy is to prepare the operating budgets in accordance with the modified cash basis of accounting. The City prepared budgets for all fund types for the year ended June 30, 2022.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to July 1, the City Manager and Finance Department submit to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- 2) The proposed budget is available for public inspection.
- 3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- 4) The City Manager and Finance Department are authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total revenues or total expenditures/expenses of any fund must be approved by the City Council.
- 5) All appropriations lapse at year end.

The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. The budget was amended during the year.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

Missouri State Statutes authorize the City to deposit funds in any investments allowed by the State Treasurer. These include obligations of the U.S. Treasury, federal agencies and instrumentalities, certificates of deposits, and repurchase agreements.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the government's deposits may not be returned to it. The City's deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits. The City's deposits are categorized to give an indication of the level of custodial risk assumed by the City.

Deposits, categorized by level of custodial risk, were as follows as of June 30, 2022:

	Cash and Cash Equivalents	Petty Cash	Total
Bank balance			
Insured by the FDIC	\$ 254,321	\$ -	\$ 254,321
Collateralized with securities pledged by the financial institution in the government's name	16,133,080	-	16,133,080
	<u>\$ 16,387,401</u>	<u>\$ -</u>	<u>\$ 16,387,401</u>
Carrying value	<u>\$ 18,095,730</u>	<u>\$ 5,610</u>	<u>\$ 18,101,340</u>

A reconciliation of cash and cash equivalents as shown in the financial statements is as follows:

	Balance Sheet Governmental Funds	Statement of Financial Position Proprietary Funds	Statement of Fiduciary Net Position	Total
Cash and cash equivalents	\$ 11,554,115	\$ 3,350,327	\$ 38,862	\$ 14,943,304
Restricted cash and cash equivalents	-	3,158,036	-	3,158,036
	<u>\$ 11,554,115</u>	<u>\$ 6,508,363</u>	<u>\$ 38,862</u>	<u>\$ 18,101,340</u>

Investments

Missouri State Statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, collateralized certificates of deposits, and the State Treasurer's investment pool. The City's investments consist of certificates of deposits and money market mutual funds, which are reported in the financial statements at cost.

As of June 30, 2022, the City had the following investment balances:

	Investment Maturities (in years)			Fair Value	Carrying Value
	Less than 1	1-5	Over 5		
Restricted:					
Money market mutual funds	\$ -	\$ -	\$ 1,030,818	\$ 1,030,818	\$ 1,030,818
Total investments	\$ -	\$ -	\$ 1,030,818	\$ 1,030,818	\$ 1,030,818

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. As the City uses the modified cash basis of accounting, the City does not have any interest rate risk in investments.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor’s and Moody’s. Missouri State Statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, collateralized certificates of deposits, and the State Treasurer’s investment pool. The City has no investment policy that would further limit its investment choice.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer.

Custodial credit risk – For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The City does not have any custodial risk in investments.

4. RESTRICTED CASH AND CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2022, cash and cash equivalents and investments were restricted for various uses as follows:

	Cash and Cash	
	Equivalents	Investments
CWWSS Fund:		
Restricted for debt service	\$ 3,158,036	\$ 1,030,818

5. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund receivables and payables as of June 30, 2022, resulting from interfund activity were as follows:

	Interfund Receivable	Interfund Payable
Governmental funds:		
General Fund	\$ 671,079	\$ -
Parks and Recreation Fund	-	8,746
Airport Operating Fund	-	59,001
Non-Major Funds	-	422,131
Proprietary funds:		
CWWSS Fund	-	180,963
Solid Waste Fund	-	238
Total	<u>\$ 671,079</u>	<u>\$ 671,079</u>

These balances either originated during prior fiscal years and were not settled during fiscal year 2022, or originated during fiscal year 2022 as a result of current year activity between the funds.

A summary of interfund transfers for the year ended June 30, 2022, follows:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ 210,784	\$ 492,806
Parks and Recreation Fund	191,000	-
Airport Operating Fund	52,806	-
Downtown NID Fund	141,806	-
Non-Major Funds	250,000	893,081
Proprietary funds:		
CWWSS Fund	<u>6,973,492</u>	<u>6,434,001</u>
Total	<u>\$ 7,819,888</u>	<u>\$ 7,819,888</u>

The purpose of these transfers is to subsidize the operations and support the fund balance/net position of the fund receiving the transfer.

6. LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended June 30, 2022:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Governmental funds:					
Police software lease	\$ 161,749	\$ -	\$ 38,677	\$ 123,072	\$ 39,830
Heritage Hills Golf Course equipment lease	75,120	-	14,314	60,806	14,661
Heritage Hills Golf Course note	800,000	-	100,000	700,000	100,000
Revenue bonds	1,661,397	-	78,836	1,582,561	81,259
Proprietary funds:					
Sewer equipment lease	76,240	-	76,240	-	-
Water equipment lease	4,467,748	-	410,242	4,057,506	426,552
Revenue bonds	5,895,000	-	1,155,000	4,740,000	1,190,000
	<u>\$ 13,137,254</u>	<u>\$ -</u>	<u>\$ 1,873,309</u>	<u>\$ 11,263,945</u>	<u>\$ 1,852,302</u>

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not to exceed, in the aggregate, an additional 10% of the assessed value of taxable tangible property, for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm wastewater systems, and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the city does not exceed 20% of the assessed valuation of taxable property.

Based on the assessed valuation as of January 1, 2021, of \$167,894,983, the constitutional total general obligation debt limit was \$33,578,977, which provides a general obligation debt margin of \$31,996,436.

Leases

Governmental funds:

In November 2017, the City entered into a lease purchase agreement for police software. The lease bears interest at 2.96%. Principal payments are due annually through November 2024, at which time the City can purchase the software for \$1. The City has been satisfying its obligation to make the minimum lease payments under the lease purchase agreement from the General Fund's revenues. The lease is secured by the software.

In October 2020, the City entered into a lease purchase agreement for golf course irrigation equipment. The lease bears interest at 2.39%. Principal payments are due annually through October 2025, at which time ownership of the equipment will transfer to the City. The City has been satisfying its obligation to make the minimum lease payments under the lease purchase agreement from the Heritage Hills Golf Course Fund's revenues. The lease is secured by the equipment.

Proprietary funds:

In May 2018, the City entered into a lease purchase agreement for sewer equipment. The lease bears interest at 2.7%. Principal payments are due annually through May 2022, at which time the City has the option to purchase the equipment. The City has been satisfying its obligation to make the minimum lease payments under the lease purchase agreement from the CWWSS Fund's operating revenues. The lease is secured by the equipment.

In November 2019, the City entered into a lease purchase agreement for water equipment. The lease bears interest at 2.945%. Principal payments are due quarterly through November 2030, at which time the City has the option to purchase the equipment. The City will satisfy its obligation to make the minimum lease payments under the lease purchase agreement from the CWWSS Fund's operating revenues. The lease is secured by the equipment.

These lease purchase agreements qualify as capital leases for accounting purposes because ownership is assumed to transfer upon satisfaction of the entire lease obligation. However, as a result of the City using the modified cash basis of accounting, the capital lease and related capital assets are not recorded in the financial statements.

The future minimum lease payments on the City's leases are as follows:

Year Ending June 30	Governmental Funds	Proprietary Funds	Total
2023	\$ 59,659	\$ 541,363	\$ 601,022
2024	59,659	541,364	601,023
2025	59,659	541,362	601,021
2026	16,134	541,363	557,497
2027	-	541,364	541,364
2028-2031	-	1,894,515	1,894,515
Total	195,111	4,601,331	4,796,442
Less: amounts representing interest	(11,233)	(543,825)	(555,058)
Total principal	<u>\$ 183,878</u>	<u>\$ 4,057,506</u>	<u>\$ 4,241,384</u>

Note

In April 2019, the City entered into a promissory note agreement for the purchase of Heritage Hills Golf Course. The note is non-interest bearing. Principal payments are due annually through December 2028. The note is secured by the property.

Revenue Bonds

Governmental funds:

In September 2020, the City issued \$1,700,000 in Series 2020 revenue bonds for the purpose of financing the Downtown Moberly Public Facilities Improvements Project.

Proprietary funds:

In November 2002, residents of the City authorized State Environmental Improvement and Energy Resources Authority Combined Waterworks and Sewage System Revenue Bonds for the purpose of financing construction of and improvements to the combined water and sewer system.

In 2004, the City issued \$7,150,000 in Series 2004B revenue bonds to refinance the Series 2003 revenue bonds. Also in 2004, the City issued \$5,100,000 in Series 2004C revenue bonds. In 2006, the City issued \$5,460,000 in Series 2006A revenue bonds. In 2008, the City issued \$2,560,000 in Series 2008A in revenue bonds.

In connection with the issuance of these bonds, the City participates in a revolving loan program established by the Missouri Department of Natural Resources (DNR). The State of Missouri manages and invests the bond proceeds on behalf of the City. As the City incurred approved expenditures, DNR reimbursed the City for the expenditures from the construction escrow funds. Additionally, an amount (83.33% of which was federal funding) representing 70% of the construction costs was deposited into bond reserve funds in the City's name and are held as a guarantee against the outstanding bond obligations. Interest earned from these reserve funds can be used by the City to fund interest payments on the revenue bonds. A portion of the reserve funds is transferred back to the State as principal payments are made on the revenue bonds.

The CWWSS Fund has pledged future operating revenues, net of current specified operating expenses, to repay the revenue bonds. The revenue bonds are payable solely from operating revenues and are payable through 2029. Net revenues available for debt service are not to be less than 110% of the amount required to be paid annually of principal and interest. Net revenues for fiscal year 2022 are over 486% of the annual principal and interest payments made during the year, as principal and interest paid were \$1,288,397 and net revenues were \$6,256,965.

The City's revenue bonds are comprised of the following individual issues:

	Original Amount	Interest Rate	Final Maturity Date	Balance June 30, 2022
Governmental funds:				
Series 2020 revenue bonds	\$ 1,700,000	3.05%	10/1/2037	\$ 1,582,561
Proprietary funds:				
Series 2004B revenue bonds	7,150,000	2.00-5.00%	1/1/2024	900,000
Series 2004C revenue bonds	5,100,000	3.00-5.05%	1/1/2026	1,230,000
Series 2006A revenue bonds	5,460,000	4.00-5.25%	7/1/2026	1,600,000
Series 2008A revenue bonds	2,560,000	2.01-4.41%	1/1/2029	1,010,000
				<u>\$ 6,322,561</u>

Annual debt service requirements on the City's revenue bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 81,259	\$ 47,656	\$ 128,915
2024	83,634	45,281	128,915
2025	86,327	42,589	128,916
2026	88,980	39,936	128,916
2027	91,714	37,201	128,915
2028-2032	502,459	142,114	644,573
2033-2037	584,702	59,870	644,572
2038	63,486	971	64,457
Total	<u>\$ 1,582,561</u>	<u>\$ 415,618</u>	<u>\$ 1,998,179</u>

Proprietary funds:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,180,000	\$ 106,390	\$ 1,286,390
2024	1,210,000	78,559	1,288,559
2025	770,000	50,992	820,992
2026	790,000	33,503	823,503
2027	485,000	15,653	500,653
2028-2029	305,000	11,574	316,574

7. PROPERTY TAXES

The City's property taxes are levied no later than September 1 and is based on the value of all real and personal property located in Randolph County as of the prior January 1, the lien date. Taxes are billed by November 1 and are considered delinquent after December 31. Property taxes are recognized as revenue when received. The City has entered into an agreement with Randolph County for collection of property taxes. The County reports collections to the City monthly.

The City's assessed valuation and tax levy per \$100 assessed valuation are as follows:

	For the 2021 Calendar Year
Assessed valuation:	
Real estate	\$ 118,399,650
Personal property	41,182,554
State assessed	8,312,779
	\$ 167,894,983
Tax levy:	
General revenue	\$ 0.7283
Parks and recreation	0.3380
	\$ 1.0663

8. PENSION PLAN

General Information about the Pension Plan

The following information is presented in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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 City, 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) 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 receive a reduced allowance.

	<u>2022 Valuation</u>
Benefit multiplier	1.50%
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

As of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	73
Active employees	<u>108</u>
Total	<u><u>329</u></u>

Contributions

The City 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 City do not contribute to the pension plan. The City’s contribution rates are 6.3% (General), 12.8% (Police), and 16.9% (Fire) of annual covered payroll.

Net Pension Liability/(Asset)

The City's net pension liability/(asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of February 28, 2022.

Actuarial Assumptions

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

Inflation	2.75%
Salary increase	2.75% to 6.75%, including inflation
Investment rate of return	7.00%, net of investment expenses

Mortality rates were based on the PubG-2010 Retiree, PubNS-2010 Disabled Retiree, and the PubG-02010 Employee mortality tables.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real assets	36.00%	3.29%
Strategic assets	8.00%	5.25%
Cash/leverage	-25.00%	-0.29%
	<u>100.00%</u>	

Discount Rate

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

Changes in the Net Pension Liability/(Asset)

As a result of the City using the modified cash basis of accounting, the net pension liability/(asset) is not recorded in the accompanying financial statements. However, the following summarizes the changes in the net pension liability/(asset) if it had been recorded:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2021	\$ 28,913,225	\$ 37,376,828	\$ (8,463,603)
Changes for the year:			
Service cost	507,364	-	507,364
Interest	1,978,987	-	1,978,987
Difference between expected and actual experience	(484,190)	-	(484,190)
Contributions - employer	-	511,941	(511,941)
Net investment income	-	24,203	(24,203)
Benefit payments, including refunds	(1,813,390)	(1,813,390)	-
Administrative expense	-	(34,027)	34,027
Other changes	-	(547,861)	547,861
Net changes	188,771	(1,859,134)	2,047,905
Balances at June 30, 2022	<u>\$ 29,101,996</u>	<u>\$ 35,517,694</u>	<u>\$ (6,415,698)</u>

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability/(asset) would be using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 32,716,313	\$ 29,101,996	\$ 26,101,250
Plan fiduciary net position	\$ 35,517,694	\$ 35,517,694	\$ 35,517,694
Net pension liability/(asset)	\$ (2,801,381)	\$ (6,415,698)	\$ (9,416,444)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued LAGERS financial report.

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

As a result of the City using the modified cash basis of accounting, deferred outflows and inflows of resources are not recorded in the accompanying financial statements. In addition, pension expense is recorded as expenditures/expenses in the accompanying financial statements based on actual cash basis contributions made to the pension plan during the year ended June 30, 2022. However, the following summarizes the deferred outflows and inflows of resources, and pension expense if they had been recorded.

For the year ended June 30, 2022, the City’s pension expense under full accrual accounting would have been (\$472,013). However, on the modified cash basis of accounting, the City recognized payments to LAGERS of \$512,653 as expense. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,445	\$ (447,449)
Changes in assumptions	-	(316,767)
Net difference between projected and actual earnings on pension plan investments	-	(873,261)
Total	\$ 127,445	\$ (1,637,477)

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

2023	\$ (681,851)
2024	(569,216)
2025	(761,405)
2026	502,440
Total	\$ (1,510,032)

9. COMMITMENTS AND CONTINGENCIES

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workman’s compensation; liability, crime, and employee errors and omissions; and natural disasters. The City purchases commercial insurance to provide coverage for general liability, property damage, and workers’ compensation. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

B. Litigation

The City is involved in lawsuits arising in the ordinary course of activities, including claims regarding construction contract issues, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

C. Intergovernmental Revenue

The City receives financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of June 30, 2022.

D. Landfill Closure and Post-closure Costs

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty-years after closure. As the City uses the modified cash basis of accounting, a liability is not recorded for future closure or post-closure costs that will be incurred at or near the date the landfill no longer accepts waste. The landfill was filled to capacity and closed in 2006 and the City received final closure status from the Missouri Department of Natural Resources (DNR) at that time. The liability for post-closure care costs is \$2,243,239 as of June 30, 2022, based on calculations performed by DNR. The actual cost of closure and post-closure care is subject to change based on inflation/deflation, technology changes, or changes in landfill laws and regulations.

The City does not have any assets restricted for the payment of these costs. The City intends to finance these costs from revenues generated from the Solid Waste Fund's charges for services and/or the General Fund's reserves.

Prior to the Mamtek failure and the City's resulting credit downrating, the City had pledged its resources to DNR to handle whatever issues may occur at the landfill. With the credit downrating, DNR policy required the City to post a \$380,000 performance bond with a commercial insurer (Lexon Insurance Company, formerly Old Hickory Insurance) and maintain a performance guarantee policy until such time that the City's credit rating returns to investment grade. Initially, the annual premium for this coverage was \$71,567; however, since the landfill was placed into post-closure monitoring status by DNR in 2016, the premium has decreased to \$41,116 annually, payable in December of each year.

E. Other Commitments

In fiscal year 2019, solar panels were installed throughout the City. The City entered into an agreement with a third party to operate, maintain, and repair these panels for \$15,660/month through June 30, 2039.

In fiscal year 2019, the City entered into an agreement with a third party to purchase body cameras and video evidence management software for the Police Department for \$19,128/year through August 2022.

In fiscal year 2020, the City entered into an energy performance contract with a third party for water meters (including an automated reading system), billing and accounting software, and energy efficient equipment for the water and wastewater plants. The total contract price was \$4,642,450, which will be paid in quarterly installments from November 1, 2020 through August 1, 2030.

10. FUND DISCLOSURES

For the year ended June 30, 2022, the Airport Operating Fund has an accumulated deficit of \$55,357. This is due to the accumulated operational losses of the fund.

For the year ended June 30, 2022, the 2021 EDA Grant Projects Fund has an accumulated deficit of \$422,181. This is due to grant reimbursements not being received prior to yearend and as such, the deficits will be eliminated upon receipts of the reimbursements.

For the year ended June 30, 2022, the General Fund's actual expenditures exceeded budgeted expenditures by \$270,719. This is due to additional expenditures being incurred that either weren't budgeted for, or that the budget wasn't amended for, primarily related to street improvements.

11. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosures of tax information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. The City has entered into agreements with various organizations under RSMo 135.200-135.260 (Enterprise Zones) and 353.110 (Urban Redevelopment), which provide for the abatement of personal and real estate property taxes.

During the year ended June 30, 2022, the total assessed value of the property included in the Enterprise Zones was \$1,083,350, and the total tax abatements were \$11,552.

During the year ended June 30, 2022, the total assessed value of the property included in the Urban Redevelopment was \$3,492,292, and the total tax abatements were \$37,238.

SUPPLEMENTARY INFORMATION

**CITY OF MOBERLY
COMBINING BALANCE SHEET
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	Non-Resident Lodging Fund	Capital Improvement Trust Fund	Perpetual Care Cemetery Fund	ARPA Grant Fund	911 Emergency Telephone Fund	2021 EDA Grant Projects Fund
ASSETS						
Cash and cash equivalents	\$ 180,709	\$ 369,406	\$ 529,709	\$ 1,178,568	\$ 58,193	\$ -
Prepaid expenses	-	-	-	-	27,932	-
Total assets	<u>\$ 180,709</u>	<u>\$ 369,406</u>	<u>\$ 529,709</u>	<u>\$ 1,178,568</u>	<u>\$ 86,125</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,131
Other payables	-	-	-	-	-	50
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,181</u>
Fund balances:						
Nonspendable	-	-	529,709	-	27,932	-
Restricted for:						
Tourism	180,709	-	-	-	-	-
Capital outlay	-	369,406	-	-	-	-
Grant activity	-	-	-	1,178,568	-	-
Public safety	-	-	-	-	58,193	-
Unassigned	-	-	-	-	-	(422,181)
Total fund balances	<u>180,709</u>	<u>369,406</u>	<u>529,709</u>	<u>1,178,568</u>	<u>86,125</u>	<u>(422,181)</u>
Total liabilities and fund balances	<u>\$ 180,709</u>	<u>\$ 369,406</u>	<u>\$ 529,709</u>	<u>\$ 1,178,568</u>	<u>\$ 86,125</u>	<u>\$ -</u>

CITY OF MOBERLY
COMBINING BALANCE SHEET (CONTINUED)
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Inmate Security Fund	Police Forfeiture Fund	MODAG Grant/Loan Fund	Lucille Manor CDBG Fund	Downtown CID Fund	Total
ASSETS						
Cash and cash equivalents	\$ 14,871	\$ 4,320	\$ 21,831	\$ 253,527	\$ 447,950	\$ 3,059,084
Prepaid expenses	-	-	-	-	-	27,932
Total assets	<u>\$ 14,871</u>	<u>\$ 4,320</u>	<u>\$ 21,831</u>	<u>\$ 253,527</u>	<u>\$ 447,950</u>	<u>\$ 3,087,016</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,131
Other payables	-	-	-	-	-	50
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,181</u>
Fund balances:						
Nonspendable	-	-	-	-	-	557,641
Restricted for:						
Tourism	-	-	-	-	-	180,709
Capital outlay	-	4,320	-	-	-	373,726
Grant activity	-	-	21,831	253,527	-	1,453,926
Public safety	14,871	-	-	-	-	73,064
Special taxing district activity	-	-	-	-	447,950	447,950
Unassigned	-	-	-	-	-	(422,181)
Total fund balances	<u>14,871</u>	<u>4,320</u>	<u>21,831</u>	<u>253,527</u>	<u>447,950</u>	<u>2,664,835</u>
Total liabilities and fund balances	<u>\$ 14,871</u>	<u>\$ 4,320</u>	<u>\$ 21,831</u>	<u>\$ 253,527</u>	<u>\$ 447,950</u>	<u>\$ 3,087,016</u>

CITY OF MOBERLY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Non-Resident Lodging Fund	Capital Improvement Trust Fund	Perpetual Care Cemetery Fund	ARPA Grant Fund	911 Emergency Telephone Fund	2021 EDA Grant Projects Fund
REVENUES						
Sales taxes	\$ -	\$ 1,402,876	\$ -	\$ -	\$ -	\$ -
Property taxes						
Other taxes	103,186	-	-	-	-	-
Charges for goods and services	-	-	24,623	-	294,848	-
Grants and contributions	-	-	-	1,386,892	-	-
Interest	272	508	797	1,663	284	-
Total revenues	<u>103,458</u>	<u>1,403,384</u>	<u>25,420</u>	<u>1,388,555</u>	<u>295,132</u>	<u>-</u>
EXPENDITURES						
General government	80,811	108,726	-	-	-	348,929
Public safety	-	-	-	-	503,857	-
Capital outlay	-	292,435	-	-	160,796	-
Total expenditures	<u>80,811</u>	<u>401,161</u>	<u>-</u>	<u>-</u>	<u>664,653</u>	<u>348,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,647</u>	<u>1,002,223</u>	<u>25,420</u>	<u>1,388,555</u>	<u>(369,521)</u>	<u>(348,929)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	250,000	-
Transfers (out)	(1,000)	(660,491)	(797)	(209,987)	-	-
Total other financing sources (uses)	<u>(1,000)</u>	<u>(660,491)</u>	<u>(797)</u>	<u>(209,987)</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	21,647	341,732	24,623	1,178,568	(119,521)	(348,929)
Fund balances - beginning	159,062	27,674	505,086	-	205,646	(73,252)
Fund balances - ending	<u>\$ 180,709</u>	<u>\$ 369,406</u>	<u>\$ 529,709</u>	<u>\$ 1,178,568</u>	<u>\$ 86,125</u>	<u>\$ (422,181)</u>

CITY OF MOBERLY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Inmate Security Fund	Police Forfeiture Fund	MODAG Grant/Loan Fund	Lucille Manor CDBG Fund	Downtown CID Fund	Total
REVENUES						
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ 102,004	\$ 1,504,880
Property taxes	-	-	-	-	208,071	208,071
Other taxes	-	-	-	-	-	103,186
Charges for goods and services	780	-	-	-	-	320,251
Grants and contributions	-	-	-	22,825	-	1,409,717
Interest	22	-	33	322	4,453	8,354
Total revenues	802	-	33	23,147	314,528	3,554,459
EXPENDITURES						
General government	-	-	-	-	99,295	637,761
Public safety	-	-	-	-	-	503,857
Capital outlay	-	-	-	-	169,196	622,427
Total expenditures	-	-	-	-	268,491	1,764,045
Excess (deficiency) of revenues over (under) expenditures	802	-	33	23,147	46,037	1,790,414
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	250,000
Transfers (out)	-	-	-	-	(20,806)	(893,081)
Total other financing sources (uses)	-	-	-	-	(20,806)	(643,081)
Net change in fund balances	802	-	33	23,147	25,231	1,147,333
Fund balances - beginning	14,069	4,320	21,798	230,380	422,719	1,517,502
Fund balances - ending	\$ 14,871	\$ 4,320	\$ 21,831	\$ 253,527	\$ 447,950	\$ 2,664,835

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Sales and use	\$ 3,235,000	\$ 3,235,000	\$ 3,551,239	\$ 316,239
Franchise	2,070,000	2,070,000	2,103,063	33,063
Property	1,121,000	1,121,000	1,186,304	65,304
Motor vehicle, license and fuel	605,000	605,000	612,745	7,745
Other	163,500	163,500	101,109	(62,391)
Licenses, permits and fees	367,550	367,550	424,097	56,547
Charges for goods and services	868,066	868,066	846,732	(21,334)
Grants and contributions	15,000	15,000	236,225	221,225
Interest	1,500	1,500	4,712	3,212
Miscellaneous	110,500	343,000	393,705	50,705
Total revenues	<u>8,557,116</u>	<u>8,789,616</u>	<u>9,459,931</u>	<u>670,315</u>
EXPENDITURES				
General government	2,008,987	2,008,987	2,149,901	140,914
Public safety	4,385,319	4,385,319	4,112,069	(273,250)
Economic and community development	652,723	652,723	619,019	(33,704)
Transportation	952,057	952,057	1,101,868	149,811
Capital outlay	503,851	1,103,851	1,384,737	280,886
Debt service:				
Principal	-	37,500	38,677	1,177
Interest	-	-	4,885	4,885
Total expenditures	<u>8,502,937</u>	<u>9,140,437</u>	<u>9,411,156</u>	<u>270,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,179</u>	<u>(350,821)</u>	<u>48,775</u>	<u>399,596</u>
OTHER FINANCING SOURCES (USES)				
Settlement proceeds	-	25,000	825,000	800,000
Transfers in	549,290	549,290	210,784	(338,506)
Transfers (out)	(287,969)	(287,969)	(492,806)	(204,837)
Total other financing sources	<u>261,321</u>	<u>286,321</u>	<u>542,978</u>	<u>256,657</u>
Net change in fund balance	315,500	(64,500)	591,753	656,253
Fund balance - beginning	3,878,171	3,878,171	3,878,171	-
Fund balance - ending	<u>\$ 4,193,671</u>	<u>\$ 3,813,671</u>	<u>\$ 4,469,924</u>	<u>\$ 656,253</u>

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
BUDGET AND ACTUAL
PARKS AND RECREATION FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes:				
Sales and use	\$ 1,415,000	\$ 1,415,000	\$ 1,403,145	\$ (11,855)
Property	525,100	525,100	551,020	25,920
Other	4,500	4,500	158,149	153,649
Charges for goods and services	363,500	363,500	332,454	(31,046)
Interest	-	-	1,891	1,891
Miscellaneous	10,500	18,500	88,143	69,643
Total revenues	<u>2,318,600</u>	<u>2,326,600</u>	<u>2,534,802</u>	<u>208,202</u>
EXPENDITURES				
General government	-	-	39,280	(39,280)
Parks and recreation	1,708,148	1,708,148	1,718,316	10,168
Capital outlay	965,634	999,134	664,908	(334,226)
Debt service:				
Principal	-	-	114,314	114,314
Interest	-	-	1,820	1,820
Total expenditures	<u>2,673,782</u>	<u>2,707,282</u>	<u>2,538,638</u>	<u>(247,204)</u>
Deficiency of revenues under expenditures	<u>(355,182)</u>	<u>(380,682)</u>	<u>(3,836)</u>	<u>376,846</u>
OTHER FINANCING SOURCES				
Transfers in	291,000	291,000	191,000	(100,000)
Total other financing sources	<u>291,000</u>	<u>291,000</u>	<u>191,000</u>	<u>(100,000)</u>
Net change in fund balance	(64,182)	(89,682)	187,164	276,846
Fund balance - beginning	966,044	966,044	966,044	-
Fund balance - ending	<u>\$ 901,862</u>	<u>\$ 876,362</u>	<u>\$ 1,153,208</u>	<u>\$ 276,846</u>

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
BUDGET AND ACTUAL
AIRPORT OPERATING FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Rental fees	\$ 38,500	\$ 38,500	\$ 47,021	\$ 8,521
Sales	150,200	200,200	201,991	1,791
Grants and contributions	3,000,000	4,050,000	4,097,657	47,657
Miscellaneous	10,000	10,000	25,507	15,507
Total revenues	<u>3,198,700</u>	<u>4,298,700</u>	<u>4,372,176</u>	<u>73,476</u>
EXPENDITURES				
Transportation	3,276,669	4,376,669	334,971	(4,041,698)
Capital outlay	-	-	4,015,998	4,015,998
Total expenditures	<u>3,276,669</u>	<u>4,376,669</u>	<u>4,350,969</u>	<u>(25,700)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(77,969)</u>	<u>(77,969)</u>	<u>21,207</u>	<u>99,176</u>
OTHER FINANCING SOURCES				
Transfers in	<u>77,969</u>	<u>77,969</u>	<u>52,806</u>	<u>(25,163)</u>
Total other financing sources	<u>77,969</u>	<u>77,969</u>	<u>52,806</u>	<u>(25,163)</u>
Net change in fund balance	-	-	74,013	74,013
Fund balance - beginning	<u>(129,370)</u>	<u>(129,370)</u>	<u>(129,370)</u>	<u>-</u>
Fund balance - ending	<u>\$ (129,370)</u>	<u>\$ (129,370)</u>	<u>\$ (55,357)</u>	<u>\$ 74,013</u>

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
BUDGET AND ACTUAL
TRANSPORTATION TRUST FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Sales taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,403,262	\$ 103,262
Grants and contributions	-	-	49,376	49,376
Interest	650	650	3,195	2,545
Miscellaneous	40,000	40,000	45,491	5,491
Total revenues	<u>1,340,650</u>	<u>1,340,650</u>	<u>1,501,324</u>	<u>160,674</u>
EXPENDITURES				
Transportation	99,675	99,675	73,060	(26,615)
Capital outlay	750,000	750,000	770,020	20,020
Total expenditures	<u>849,675</u>	<u>849,675</u>	<u>843,080</u>	<u>(6,595)</u>
Deficiency of revenues under expenditures	<u>490,975</u>	<u>490,975</u>	<u>658,244</u>	<u>167,269</u>
OTHER FINANCING SOURCES				
Transfers in	-	133,600	-	(133,600)
Total other financing sources	<u>-</u>	<u>133,600</u>	<u>-</u>	<u>(133,600)</u>
Net change in fund balance	490,975	624,575	658,244	33,669
Fund balance - beginning	<u>1,566,769</u>	<u>1,566,769</u>	<u>1,566,769</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,057,744</u>	<u>\$ 2,191,344</u>	<u>\$ 2,225,013</u>	<u>\$ 33,669</u>

CITY OF MOBERLY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
BUDGET AND ACTUAL
DOWNTOWN NID FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Interest	\$ 200	\$ 200	\$ 93	\$ (107)
Total revenues	200	200	93	(107)
EXPENDITURES				
Debt service:				
Principal	128,915	128,915	78,836	(50,079)
Interest	-	-	50,079	50,079
Total expenditures	128,915	128,915	128,915	-
Deficiency of revenues under expenditures	(128,715)	(128,715)	(128,822)	(107)
OTHER FINANCING SOURCES				
Transfers in	141,180	141,180	141,806	626
Total other financing sources	141,180	141,180	141,806	626
Net change in fund balance	12,465	12,465	12,984	519
Fund balance - beginning	1,718,458	1,718,458	1,718,458	-
Fund balance - ending	<u>\$ 1,730,923</u>	<u>\$ 1,730,923</u>	<u>\$ 1,731,442</u>	<u>\$ 519</u>

CITY OF MOBERLY
LAGERS (PENSION PLAN)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
Total pension liability							
Service cost	\$ 507,364	\$ 504,508	\$ 491,145	\$ 507,622	\$ 480,252	\$ 432,367	\$ 438,332
Interest on the total pension liability	1,978,987	2,056,378	2,006,456	1,965,673	1,930,051	1,857,428	1,803,146
Difference between expected and actual experience	(484,190)	(66,197)	(60,428)	(225,346)	(294,174)	336,659	(684,226)
Changes in assumptions	-	(755,573)	-	-	-	-	733,161
Benefit payments, including refunds	(1,813,390)	(1,851,396)	(1,662,216)	(1,691,899)	(1,586,437)	(1,708,021)	(1,375,279)
Net change in total pension liability	188,771	(112,280)	774,957	556,050	529,692	918,433	915,134
Total pension liability beginning	28,913,225	29,025,505	28,250,548	27,694,498	27,164,806	26,246,373	25,331,239
Total pension liability ending	\$ 29,101,996	\$ 28,913,225	\$ 29,025,505	\$ 28,250,548	\$ 27,694,498	\$ 27,164,806	\$ 26,246,373
Plan fiduciary net position							
Contributions - employer	\$ 511,941	\$ 502,764	\$ 522,811	\$ 465,987	\$ 440,592	\$ 399,480	\$ 430,772
Pension plan net investment income	24,203	8,269,672	385,080	1,964,625	3,328,352	3,186,635	(89,900)
Benefit payments, including refunds	(1,813,390)	(1,851,396)	(1,662,216)	(1,691,899)	(1,586,437)	(1,708,021)	(1,375,279)
Pension plan administrative expense	(34,027)	(31,112)	(40,459)	(35,485)	(25,265)	(24,355)	(24,221)
Other	(547,861)	98,786	1,626	179,769	(597,566)	(65,932)	(7,007)
Net change in plan fiduciary net position	(1,859,134)	6,988,714	(793,158)	882,997	1,559,676	1,787,807	(1,065,635)
Plan fiduciary net position beginning	37,376,828	30,388,114	31,181,272	30,298,275	28,738,599	26,950,792	28,016,427
Plan fiduciary net position ending	\$ 35,517,694	\$ 37,376,828	\$ 30,388,114	\$ 31,181,272	\$ 30,298,275	\$ 28,738,599	\$ 26,950,792
Net pension liability/(asset)	\$ (6,415,698)	\$ (8,463,603)	\$ (1,362,609)	\$ (2,930,724)	\$ (2,603,777)	\$ (1,573,793)	\$ (704,419)
Plan fiduciary net position as a percentage of the total pension liability	122.05%	129.27%	104.69%	110.37%	109.40%	105.79%	102.68%
Covered payroll	\$ 4,797,370	\$ 4,830,552	\$ 4,724,325	\$ 4,540,213	\$ 4,760,869	\$ 4,301,224	\$ 4,282,419
Net pension liability/(asset) as a percentage of covered payroll	133.73%	175.21%	28.84%	64.55%	54.69%	36.59%	16.45%

Note: This schedule will ultimately contain ten years of data.

CITY OF MOBERLY
LAGERS (PENSION PLAN)
SCHEDULE OF CONTRIBUTIONS –
LAST TEN FISCAL YEARS
June 30, 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 528,983	\$ 521,808	\$ 546,167	\$ 511,802	\$ 466,660
Contributions in relation to the actuarially determined contribution	512,653	502,765	509,192	466,890	442,530
Contribution deficiency (excess)	<u>\$ 16,330</u>	<u>\$ 19,043</u>	<u>\$ 36,975</u>	<u>\$ 44,912</u>	<u>\$ 24,130</u>
Covered payroll	\$ 4,797,370	\$ 4,830,552	\$ 4,724,325	\$ 4,540,213	\$ 4,760,869
Contributions as a percentage of covered payroll	10.69%	10.41%	10.78%	10.28%	9.30%
	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 435,512	\$ 482,254	\$ 510,485	\$ 516,476	\$ 547,184
Contributions in relation to the actuarially determined contribution	401,694	431,641	444,544	421,983	378,016
Contribution deficiency (excess)	<u>\$ 33,818</u>	<u>\$ 50,613</u>	<u>\$ 65,941</u>	<u>\$ 94,493</u>	<u>\$ 169,168</u>
Covered payroll	\$ 4,301,224	\$ 4,282,419	\$ 4,310,880	\$ 4,232,686	\$ 4,232,490
Contributions as a percentage of covered payroll	9.34%	10.08%	10.31%	9.97%	8.93%

SINGLE AUDIT REPORTS

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*

To the City Council
City of Moberly

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of each major fund and the aggregate remaining fund information of the City of Moberly (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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'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 weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* for considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William F. Keppel, UC

Columbia, Missouri
December 15, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council
City of Moberly

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Moberly (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2022. The City's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Federal Program

We conducted our audit in accordance with U.S. generally accepted auditing standards; 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 and to meet our 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 the major federal program. Our audit does not provide 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' Responsibility 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'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, a 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 a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City'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 judgement 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 (or update our) 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. 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.

William J. Keepers UC

Columbia, Missouri
December 15, 2022

CITY OF MOBERLY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	Assistance Listing Number	Pass-Through Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Transportation				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	20.106	19-034A-1 TAP 4500(209)	\$ -	\$ 4,052,785
Highway Planning and Construction - Route M and Morley Sidewalk	20.205	STP 4500(207)	-	916
DWI Saturation Enforcement	20.607	N/A	-	1,388
U.S. Department of Justice				
Passed through Missouri Department of Public Safety:				
Local Law Enforcement Block Grant	16.738	N/A	-	4,749
U.S. Department of Homeland Security				
Passed through Missouri Department of Public Safety:				
Emergency Management Performance Grant	97.042	N/A	-	9,236
Passed through Mark Twain Regional Council of Governments:				
Homeland Security Grant Program	97.067	N/A	-	4,405
U.S. Department of the Interior				
Passed through Missouri Department of Natural Resources:				
Historic Preservation Funds Grant	15.904	N/A	-	868
U.S. Department of the Treasury				
Passed through Missouri Office of Administration:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	209,987
U.S. Environmental Protection Agency				
Passed through Missouri Department of Natural Resources:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	C295854-01	-	213,355
U.S. Department of Commerce				
Passed through Missouri Department of Commerce:				
Economic Adjustment Assistance 2019 Disaster Supplemental	11.307	N/A	-	279,143
Total expenditures of federal awards			\$ -	\$ 4,776,832

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes only the current year federal grant activity of the City and is presented on the accrual basis of accounting. This information 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*. Amounts presented in this schedule as expenditures may differ from amounts presented in, or used in the preparation of, the basic financial statements, although such differences are not material.

2. INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF MOBERLY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditors’ report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with the modified cash basis of accounting.
2. No deficiencies relating to the audit of the financial statements are reported in the “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*.”
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal award programs is reported in the “Independent Auditors’ Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.”
5. The auditors’ report on compliance for the major federal award programs for the City expresses an unmodified opinion on the major federal program.
5. No audit findings relative to the major federal award programs for the City, that are required to be reported in accordance with 2 CFR section 200.516(a), are reported in Part C of this Schedule.
6. The program tested as a major program includes:

	Assistance Listing Number
Airport Improvement Program	20.106

7. The dollar threshold used to distinguish between Type A and B programs was \$750,000.
8. The City did not qualify as a low-risk auditee for the year ended June 30, 2022.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF MOBERLY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022**

There were no prior audit findings.