

City of Kimberling City, Missouri

Basic Financial Statements Year Ended December 31, 2022

KPM
CPAS & ADVISORS

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Independent Auditors' Report

Honorable Mayor and Board of Aldermen
City of Kimberling City
Kimberling City, Missouri

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kimberling City, Missouri, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Kimberling City, Missouri, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Kimberling City 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

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audit conducted in accordance with generally accepted 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, 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, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 26, 2023

Management's Discussion and Analysis

City of Kimberling City

Management's Discussion and Analysis

December 31, 2022

The Management's discussion and analysis of the City of Kimberling City's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$574,475 as a result of current year activities. The net position of the City's business activities increased by \$260,153 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2022, by \$7,683,630 (net position). Of this amount, \$1,841,354 was unrestricted and may be used to meet future obligations of the City.

Total liabilities of the City decreased by \$145,049, which was due primarily to a decrease in long-term liabilities.

Using this Annual Report

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

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, *Is the City as a whole better off or worse off as a result of the year's activities?* The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows, liabilities, and deferred inflows – 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 indicators 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 kinds 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 sewer services are provided here.

City of Kimberling City

Management's Discussion and Analysis

December 31, 2022

Fund Financial Statements

The fund financial statements provide detailed information about the City's funds and not the City as a whole. The Board of Aldermen establishes 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 enterprise 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 Kimberling City

Management's Discussion and Analysis

December 31, 2022

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2022, and 2021:

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2022	Total Year Ended December 31, 2021
Assets				
Current and other assets	\$ 1,095,308	\$ 1,330,027	\$ 2,425,335	\$ 2,405,614
Capital assets	1,689,900	7,413,052	9,102,952	8,713,937
Total Assets	2,785,208	8,743,079	11,528,287	11,119,551
Deferred Pension Outflows				
Deferred pension outflows	183,910	-	183,910	35,103
Liabilities				
Other liabilities	38,559	538,005	576,564	639,654
Net pension (asset) liability	8,981	-	8,981	(174,507)
Long-term liabilities outstanding	85,670	3,165,355	3,251,025	3,516,472
Total Liabilities	133,210	3,703,360	3,836,570	3,981,619
Deferred Pension Inflows				
Deferred pension inflows	191,897	-	191,897	324,033
Net Pension				
Net investment in capital assets	1,640,216	3,944,697	5,584,913	4,952,446
Restricted	227,463	30,000	257,463	244,505
Unrestricted	776,332	1,065,022	1,841,354	1,652,051
Total Net Position	\$ 2,644,011	\$ 5,039,719	\$ 7,683,730	\$ 6,849,002

Total net position of the City increased by \$834,628 for the year, due to current year activity. Total liabilities for the City decreased by \$145,049. Restricted net position of the City totaled \$257,463 as of December 31, 2022. This amount represents monies that are restricted for debt service and future street projects.

City of Kimberling City

Management's Discussion and Analysis

December 31, 2022

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2022	Total Year Ended December 31, 2021
Revenues				
Program Revenues				
Charges for services	\$ 129,647	\$ 1,083,802	\$ 1,213,449	\$ 1,103,275
Operating grants and contributions	19,695	-	19,695	24,581
Capital grants and contributions	217,456	-	217,456	14,178
General Revenues				
Ad valorem taxes	222,933	-	222,933	217,784
Sales taxes	1,148,609	9,117	1,157,726	1,087,926
Motor vehicle and gas taxes	90,008	-	90,008	77,605
Other taxes	21,545	-	21,545	13,300
Franchise fees	48,490	-	48,490	39,297
Interest	2,651	10,126	12,777	7,206
Other revenue	34,374	-	34,374	25,354
Gain on sale of property	417	-	417	25,796
Total Revenues	1,935,825	1,103,045	3,038,870	2,636,302
Expenses				
Administrative	313,553	-	313,553	324,077
Building inspection	9,973	-	9,973	28,948
Police	608,553	-	608,553	532,358
Municipal court	60,665	-	60,665	59,957
Emergency management	1,139	-	1,139	1,764
Parks	29,212	-	29,212	31,473
Street	338,155	-	338,155	239,482
Sewer	-	842,892	842,892	981,498
Total Expenses	1,361,250	842,892	2,204,142	2,199,557
Increase in Net Position	\$ 574,575	\$ 260,153	\$ 834,728	\$ 436,745

City of Kimberling City

Management's Discussion and Analysis

December 31, 2022

Governmental Activities

Governmental activities increased the net position of the City by \$574,475. Tax revenues for the City were \$1,483,095, which represents 77% of the funding of these activities. Program revenues for the functions totaled just \$366,798, or 19% 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 Kimberling City's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administration	\$ 313,553	\$ 300,352
Building inspection	9,973	(16,407)
Police	608,553	407,336
Municipal court	60,665	60,665
Emergency management	1,139	1,139
Parks	29,212	29,212
Street	338,155	212,155
	<u>\$ 1,361,250</u>	<u>\$ 994,452</u>

Business-Type Activities

Business-type activities increased the City's net position by \$260,153.

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of December 31, 2022, was \$1,077,148. The General Fund increased by \$18,319. The Street Fund increased by \$12,958.

General Fund Budgetary Highlights

The City originally budgeted \$906,430 in revenues and \$1,143,075 in expenditures for the year. Actual results were \$1,156,717 in revenues and \$1,138,398 in expenditures.

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$1,689,900 (net of accumulated depreciation) as of December 31, 2022. This represents a \$493,271 increase from the prior year due to current year additions of capital assets. Capital assets for business-type activities were \$7,413,052 (net of accumulated depreciation) as of December 31, 2022. This represents a decrease of \$104,256, due to current year depreciation provisions outweighing additions of capital assets.

City of Kimberling City

Management's Discussion and Analysis

December 31, 2022

Debt

Total debt of the governmental activities as of December 31, 2022, was \$106,069, which represents compensated absences payable and two financed purchases payable. This is an increase of \$47,428 from the previous year, which is due to the City starting a new financed purchase during the year.

Total debt of the business-type activities as of December 31, 2022, was \$3,468,355, which is down by \$261,610 from the prior year due to payments of principal on long-term debt.

Economic Factors and Next Year's Budget

The FY23 budget covering the period of January 1, 2023 through December 31, 2023 was approved by the Mayor and Board of Aldermen on December 6, 2022.

The budget is developed with input from each City department. It addresses many, but certainly not all, needs set forth by each department leader. The city's budget is comprised of the following funds:

General Fund: This is the city's largest funding category (\$1,071,069). General fund revenues are derived from city sales, real estate, personal property, and other miscellaneous taxes and fees. This fund encompasses revenues and expenses for city administration, police force, court, building inspection, emergency management, and parks and recreation departments.

Street Fund: This fund is 22% of the city's revenue intake. Revenues are derived from city sales taxes, solid waste franchise fees, vehicle sales tax, and state fuel taxes. The revenues received in this fund are directed to expenditures that maintain the city's roads, streets, snow removal and other similar city infrastructure maintenance.

Sewer Fund: This fund is the second largest funding category (\$918,500) and revenues are derived from sewer connection fees, impact fees, usage, and base fees. This fund is responsible for expenditures related to maintaining the wastewater treatment plant, sewer lines, grinder pumps, and lift stations.

The 2022 budget ended with a positive balance of \$26,513, a 2% increase in sales tax revenue and an overall revenue increase of \$145,000. The city received their second American Rescue Plan Act (ARPA) deposit in 2022 which assisted the city with some of their budget needs. With \$137,000 in ARPA funds remaining in 2023, the city will be expending the last of these federal funds allocated to the city as part of the recovery efforts from the pandemic. These funds will be used to help fund projects that might have been pushed to another year without it.

The city continues to maintain a conservative approach to revenues in 2023. Sales Tax revenue makes up approximately 33% of the total revenues for the City. The city has seen a modest upward trend in sales tax revenue the past few years, however, revenues generated by sales tax are not keeping up with the inflation the country has experienced in the last few years. Although the city will be hoping for another year with an upward trend in sales tax revenue, we will also be looking for new ways to bring in more revenue as well.

2022 ended up with many great things for the city as a whole – the opening of 14 residential units in the new 55+ affordable housing development (the remaining 24 will open in 2023), the reopening of LakeTime Bistro after a devastating fire, demolition work on the Kimberling Center, American Watersports moving to a new location, 5 city streets overlaid

City of Kimberling City

Management's Discussion and Analysis

December 31, 2022

and \$82,000 in grants received to supplement the budget of our police department. The City continues to apply for grants to fund Phase I of Hilltop Park and if awarded, we will see construction begin in 2024.

The City of Kimberling City's 2018 Comprehensive Plan survey shows the following Top 5 High Priority Qualities that are most important to citizens of Kimberling City:

1. Safe Community
2. Vibrant Economy with Continuous Growth
3. Healthy Environment
4. Clean, Safe Drinking Water
5. Access to Quality of Life Amenities

The City must keep working toward implementing goals from the 2018 Comprehensive Plan – keeping the above qualities in mind when making decisions. As the City celebrates its 50th Anniversary in 2023, this is a great opportunity to reflect on where we have been, where we want to go, and how we can get there. Our needs are greater than our revenues, therefore, it is important to begin thinking about how to increase revenues to be able to build the quality of life amenities while continuing to provide a safe community, with a healthy environment, and a vibrant economy with continuous growth.

Contacting the City's Financial Management

For additional information or questions, please contact the City Clerk at:

City of Kimberling City
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Laura Cather, City Clerk
Dawne Gardner, City Administrator
Larry Brown, City Treasurer

City of Kimberling City

Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 356,287	\$ 753,374	\$ 1,109,661
Investments - unrestricted	450,698	198,026	648,724
Taxes receivable	222,701	36,341	259,042
Utilities receivable	-	83,965	83,965
Other receivables, net	11,946	-	11,946
Prepaid expenses	51,413	1,664	53,077
Noncurrent			
Restricted cash and cash equivalents	2,263	137,579	139,842
Restricted investments	-	119,078	119,078
Capital Assets			
Non-depreciable	263,552	234,657	498,209
Depreciable, net	1,426,348	7,178,395	8,604,743
Total Assets	2,785,208	8,743,079	11,528,287
Deferred Outflow of Resources			
Deferred pension outflows	183,910	-	183,910
Liabilities			
Current			
Accounts payable	1,405	8,348	9,753
Accrued expenses	14,492	-	14,492
Court bonds payable	263	-	263
Construction bonds payable	2,000	-	2,000
Unearned revenue	-	137,579	137,579
Utility deposits payable	-	89,078	89,078
Current maturities of long-term debt	20,399	303,000	323,399
	38,559	538,005	576,564
Noncurrent			
Compensated absences payable	56,385	-	56,385
Revenue bonds payable	-	2,869,355	2,869,355
Financed purchases payable	29,285	296,000	325,285
Net pension liability	8,981	-	8,981
	94,651	3,165,355	3,260,006
Total Liabilities	133,210	3,703,360	3,836,570
Deferred Inflow of Resources			
Deferred pension inflows	191,897	-	191,897
Net Position			
Net investment in capital assets	1,640,216	3,944,697	5,584,913
Restricted	227,463	30,000	257,463
Unrestricted	776,332	1,065,022	1,841,354
Total Net Position	\$ 2,644,011	\$ 5,039,719	\$ 7,683,730

See accompanying Notes to the Financial Statements.

City of Kimberling City

Statement of Activities

Year Ended December 31, 2022

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
	Governmental Activities						
Administrative	\$ (313,553)	\$ 13,201	\$ -	\$ -	\$ (300,352)	\$ -	\$ (300,352)
Building inspection	(9,973)	26,380	-	-	16,407	-	16,407
Police	(608,553)	90,066	19,695	91,456	(407,336)	-	(407,336)
Municipal court	(60,665)	-	-	-	(60,665)	-	(60,665)
Emergency management	(1,139)	-	-	-	(1,139)	-	(1,139)
Parks	(29,212)	-	-	-	(29,212)	-	(29,212)
Street	(338,155)	-	-	126,000	(212,155)	-	(212,155)
Total Governmental Activities	(1,361,250)	129,647	19,695	217,456	(994,452)	-	(994,452)
Business-Type Activities							
Sewer	(842,892)	1,083,802	-	-	-	240,910	240,910
Total Business-Type Activities	(842,892)	1,083,802	-	-	-	240,910	240,910
Total Government	\$ (2,204,142)	\$ 1,213,449	\$ 19,695	\$ 217,456	(994,452)	240,910	(753,542)
General Revenues							
Ad valorem taxes					222,933	-	222,933
Sales Taxes					1,148,609	9,117	1,157,726
Motor vehicle and gas taxes					90,008	-	90,008
Other taxes					21,545	-	21,545
Franchise fees					48,490	-	48,490
Interest					2,651	10,126	12,777
Other revenue					34,374	-	34,374
Gain on disposal of assets					417	-	417
Total General Revenues					1,569,027	19,243	1,588,270
<i>Changes in Net Position</i>					574,575	260,153	834,728
Net Position, Beginning of year					2,069,436	4,779,566	6,849,002
Net Position, End of year					\$ 2,644,011	\$ 5,039,719	\$ 7,683,730

See accompanying Notes to the Financial Statements.

City of Kimberling City

Balance Sheet—Governmental Funds

December 31, 2022

		<u>Special Revenue Fund</u>	
	<u>General Fund</u>	<u>Street Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents - unrestricted	\$ 298,645	\$ 57,642	\$ 356,287
Investments - unrestricted	333,660	117,038	450,698
Taxes receivable	176,412	46,289	222,701
Other receivables, net	11,946	-	11,946
Prepaid expenses	39,941	11,472	51,413
Restricted cash and cash equivalents	263	2,000	2,263
Total Assets	<u>\$ 860,867</u>	<u>\$ 234,441</u>	<u>\$ 1,095,308</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 713	\$ 692	\$ 1,405
Accrued expenses	10,206	4,286	14,492
Court bonds payable	263	-	263
Construction bonds payable	-	2,000	2,000
Total Liabilities	<u>11,182</u>	<u>6,978</u>	<u>18,160</u>
Fund Balances			
Nonspendable			
Prepaid items	39,941	11,472	51,413
Restricted for			
Streets	-	215,991	215,991
Unassigned	809,744	-	809,744
Total Fund Balances	<u>849,685</u>	<u>227,463</u>	<u>1,077,148</u>
Total Liabilities and Fund Balances	<u>\$ 860,867</u>	<u>\$ 234,441</u>	<u>\$ 1,095,308</u>

See accompanying Notes to the Financial Statements.

City of Kimberling City

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

December 31, 2022

Fund balance - total governmental funds	\$ 1,077,148
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	3,508,555
Less accumulated depreciation	<u>(1,818,655)</u>
	1,689,900
The net pension asset and deferred inflows and outflows are not available to pay for current period expenditures and, therefore, are not reported in the funds	
Net pension asset	(8,981)
Deferred outflow due to pensions	183,910
Deferred inflow due to pensions	<u>(191,897)</u>
	(16,968)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(106,069)</u>
Net Position of Governmental Activities	<u><u>\$ 2,644,011</u></u>

See accompanying Notes to the Financial Statements.

City of Kimberling City

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

Year Ended December 31, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
		Street Fund	
Revenues			
Taxes	\$ 879,002	\$ 652,583	\$ 1,531,585
Licenses and permits	39,581	-	39,581
Intergovernmental revenues	111,151	126,000	237,151
Charges for services	90,066	-	90,066
Miscellaneous	36,917	608	37,525
Total Revenues	1,156,717	779,191	1,935,908
Expenditures			
Current			
Administrative	325,092	-	325,092
Building inspection	9,739	-	9,739
Police	666,271	-	666,271
Municipal court	65,525	-	65,525
Parks	71,771	-	71,771
Street	-	805,983	805,983
Total Expenditures	1,138,398	805,983	1,944,381
<i>Excess (Deficit) of Revenues Over Expenditures</i>	18,319	(26,792)	(8,473)
Other Financing Sources			
Financed purchase proceeds	-	39,750	39,750
Total Other Financing Sources	-	39,750	39,750
<i>Excess of Revenues and Other Sources Over Expenditures</i>	18,319	12,958	31,277
Fund Balance, January 1	831,366	214,505	1,045,871
Fund Balance, December 31	\$ 849,685	\$ 227,463	\$ 1,077,148

See accompanying Notes to the Financial Statements.

City of Kimberling City

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

Year Ended December 31, 2022

Net change in fund balance	\$	31,277
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures and sale of assets as revenues. 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 outlays for capital assets were exceeded by depreciation for the year:

Capital outlay		619,152
Disposal of capital assets, net		(83)
Depreciation		(125,798)
		493,271

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of 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 fund, an interest expenditure is reported when due. The following is the detail of the net effect of these differences:

Repayment of debt principal		21,592
Financed purchase proceeds		(39,750)
		(18,158)

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the Statement of Activities when incurred:

Change in pension related costs		97,455
Change in compensated absences		(29,270)
		68,185
Change in net position of governmental activities		\$ 574,575

See accompanying Notes to the Financial Statements.

City of Kimberling City

Statement of Net Position—Enterprise Fund

December 31, 2022

	Sewer Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 753,374
Investments	198,026
Taxes receivable	36,341
Utilities receivable	83,965
Prepaid expenses	1,664
Total Current Assets	1,073,370
Restricted Assets	
Cash and cash equivalents	137,579
Investments	119,078
Total Restricted Assets	256,657
Capital Assets	13,302,470
Less Accumulated Depreciation	(5,889,418)
Total Capital Assets	7,413,052
Total Assets	8,743,079
Liabilities	
Current Liabilities	
Accounts payable	8,348
Unearned revenue	137,579
Utility deposits payable	89,078
Current maturities of long-term debt	303,000
Total Current Liabilities	538,005
Long-Term Liabilities	
Revenue bonds payable	2,869,355
Financed purchases payable	296,000
Total Long-Term Liabilities	3,165,355
Total Liabilities	3,703,360
Net Position	
Net investment in capital assets	3,944,697
Restricted for debt service	30,000
Unrestricted	1,065,022
Total Net Position	\$ 5,039,719

See accompanying Notes to the Financial Statements.

City of Kimberling City

Statement of Revenues, Expenses, and Changes in Net Position—Enterprise Fund

Year Ended December 31, 2022

	<u>Sewer Fund</u>
Operating Revenues	
Charges for services	\$ 905,419
Miscellaneous	178,383
Total Operating Revenues	<u>1,083,802</u>
Operating Expenses	
Salaries and wages	58,400
Employee benefits	12,872
General and administrative	7,417
Utilities	61,718
Repairs and maintenance	37,375
Miscellaneous	9,368
Professional services	295,531
Depreciation	292,166
Insurance	9,997
Total Operating Expenses	<u>784,844</u>
<i>Operating Income</i>	298,958
Nonoperating Revenues (Expenses)	
Capital improvement sales tax	9,117
Interest income	10,126
Interest expense	(58,048)
Total Nonoperating Revenues (Expenses)	<u>(38,805)</u>
<i>Net Income</i>	260,153
Net Position, January 1	4,779,566
Net Position, December 31	<u>\$ 5,039,719</u>

See accompanying Notes to the Financial Statements.

City of Kimberling City

Statement of Cash Flows—Enterprise Fund

Year Ended December 31, 2022

	Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,001,957
Payments to suppliers	(440,704)
Payments to employees for services	(58,400)
Payments for benefits on behalf of employees	(13,296)
Net Cash Provided by Operating Activities	489,557
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(187,910)
Payment of principal on long-term debt	(261,610)
Payment of interest	(58,885)
Net Cash (Used) by Capital and Related Financing Activities	(508,405)
Cash Flows from Investing Activities	
Purchase of investments	(124,905)
Maturity of investments	124,140
Interest received on investments	10,126
Net Cash Provided by Investing Activities	9,361
<i>Net Decrease in Cash and Cash Equivalents</i>	(9,487)
Cash and Cash Equivalents, Beginning of year	900,440
Cash and Cash Equivalents, End of year	890,953
Less Restricted Cash and Cash Equivalents	137,579
Unrestricted Cash and Cash Equivalents	\$ 753,374
Reconciliation of Operating Income to Net Cash provided by Operating Activities	
Operating income	\$ 298,958
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	292,166
(Increase) decrease in	
Utility receivables	12,914
Prepaid expenses	(1,349)
Increase (decrease) in	
Accounts payable	(17,949)
Accrued expenses	(424)
Unearned revenue	(94,475)
Utility deposits payable	(284)
Net Cash Provided by Operating Activities	\$ 489,557

See accompanying Notes to the Financial Statements.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

The City operates under a Board of Aldermen/Mayor form of government. The City provides the following services as authorized by its charter: public safety, streets, sanitation, culture-recreation, public improvements, planning, and general administrative services. Other services include sewer operations.

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 a primary government organized under the laws of the State of Missouri, which is governed by an elected board. 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.

Government-Wide and Fund Financial Statements

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. Inter-fund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and inter-governmental 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.

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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

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 Fund: The Street Fund of the City is used to account for restricted, committed, or assigned resources received and expended for City streets.

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 of capital assets.

The City reports the following major proprietary fund:

Sewer Fund: The Sewer Fund accounts for the activities and capital improvements of the City's sewer system.

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 \$1,000 or greater and an estimated useful life of over 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.

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:

Sewer plant	50 years
Structures and improvements	31–39 years
Machinery and equipment	5–10 years
Infrastructure	7–40 years

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

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

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 equivalents of the pooled accounts consist primarily of money market accounts, carried at cost, which approximates market. For purposes of the cash flow statement, cash equivalents consist of investments with original maturities of three months or less.

Investments

Investments in non-negotiable certificates of deposit are carried at cost.

Revenue Recognition—Property Taxes

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.

Compensated Absences

Employees earn vacation time based on the number of years of service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

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.

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.

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 contribution, and 3) capital grants and contribution. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Due to and Due from Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. As of December 31, 2022, there were no interfund amounts that had not been paid or received.

Unearned Revenue

This is future revenue received for unspent grant proceeds and will be recognized as income when earned.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

Net Position

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

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

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

Unrestricted: This is a component of net position that does not meet the determination of net investment in capital assets or the restricted component of net position.

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

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 Board of Aldermen – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board 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 Kimberling City

Notes to the Financial Statements

December 31, 2022

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 Outflow/Inflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, which is deferred amounts relating to the pension plan.

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 net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has one item that qualifies for reporting in this category, which is deferred amounts relating to the pension plan.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows 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 December 31, 2022, all bank balances on deposit were entirely insured or collateralized.

3. Investments

Investments of the City as of December 31, 2022, consist of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Cost</u>
Certificates of Deposit	1/22/23-12/15/23	<u>\$ 767,802</u>

Certificates of Deposit

Certificates of Deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City's deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2022, all Certificates of Deposit are entirely insured or collateralized.

The City does not have a policy on interest rate risk.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

4. Restricted Assets

Business-Type Activities

Cash and investments and net position have been restricted as follows:

	Restricted Cash and Investments	Restricted Net Position
Grant proceeds	\$ 137,579	\$ -
2015/2021 Series Refunding Revenue Bond		
Depreciation and replacement funds	30,000	30,000
Customer deposits	89,078	-
	\$ 256,657	\$ 30,000

Governmental Activities

Cash and cash equivalents have been restricted in the General Fund in the amount of \$263 for court bonds payable.

Cash and cash equivalents have been restricted in the Street Fund in the amount of \$2,000 for construction bonds payable.

5. Accounts Receivable

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

	Accounts Receivable	Allowance	Net Accounts Receivable
Utilities Receivable			
Sewer Fund	\$ 83,965	\$ -	\$ 83,965
Court Receivable			
General Fund	\$ 33,806	\$ 24,325	\$ 9,481
Other Receivable			
General Fund	\$ 2,465	\$ -	\$ 2,465

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

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

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

	2022
Assessed Valuation	
Real estate	\$ 36,901,227
Personal property	10,608,872
Total	\$ 47,510,099
 Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.4400

The legal debt margin at December 31, 2022, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 4,751,010	\$ 4,751,010	\$ 9,502,020
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 4,751,010	\$ 4,751,010	\$ 9,502,020

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.

Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

7. Long-Term Liabilities—Governmental Activities

Financed Purchases

During the year ending December 31, 2020, the City entered into a cancelable agreement with John Deere Financial to finance the purchase of a John Deere tractor and mower equipment in the amount of \$114,371. The agreement requires monthly payments of \$928. If the City defaults in the payments as they become due, the Seller may declare all of the indebtedness to be immediately due and payable or take possession of the equipment.

Although the above agreement provides for cancellation at the City's option at the renewal date, the City does not foresee exercising its option to cancel.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

The following is a schedule of future minimum payments under the agreement (assuming non-cancellation):

Year Ending December 31,	<u>Direct Borrowing</u> John Deere Financial
2023	\$ 11,134
2024	9,258
	20,392
	Total Minimum Payments
	Less Amount Representing Interest
	Principal Balance, December 31, 2022
	\$ 20,392

During the year ended December 31, 2022, the City entered into a non-cancelable agreement with NCL Government Capital to finance the purchase of a SY35 Excavator in the amount of \$39,750. The agreement requires annual payments of \$10,815. If the City defaults in payments as they become due, the Seller may declare all of the indebtedness to be immediately due and payable or take possession of the equipment.

The following is a schedule of future minimum payments under the agreement:

Year Ending December 31,	<u>Direct Borrowing</u> NCL Governmenta Capital
2023	\$ 10,815
2024	10,815
2025	10,815
	32,445
	Total Minimum Payments
	Less Amount Representing Interest
	Principal Balance, December 31, 2022
	\$ 29,292

The following is a summary of the changes in governmental activities long-term liabilities for the year ended December 31, 2022:

	December 31, 2021	New Obligation	Retired	December 31, 2022	Amounts Due Within One Year
Direct Borrowing					
2020 Utility Tractor Lease	\$ 31,526	\$ -	\$ 11,134	\$ 20,392	\$ 11,134
2022 SY35 Excavator Lease	-	39,750	10,458	29,292	9,265
Compensated absences	27,115	29,270	-	56,385	-
	\$ 58,641	\$ 69,020	\$ 21,592	\$ 106,069	\$ 20,399

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

8. Long-Term Liabilities—Business-Type Activities

The business-type activities long-term liabilities at December 31, 2022, consists of the 2015 Series Sewerage System Refunding Revenue Bonds, 2021 Series Sewerage System Refunding Revenue Bonds, and the 2005 MAMU financed purchase. Debt service on the bonds and the lease certificates of participation is payable from charges for sewer services and capital improvement sales tax revenues, which is reflected as principal.

On July 1, 2015, the City issued \$565,000 in Sewerage System Refunding Revenue Bonds. The bonds bear interest from 1.50% to 2.75% and were issued to refund the 2010 Sewerage System Refunding Bonds. Principal payments are due on December 1 of each year with interest payments due semi-annually on June 1 and December 1 of each year.

The annual debt service requirements to amortize the principal on the 2015 refunding revenue bonds outstanding at December 31, 2022, are listed in the table below:

Year Ending December 31,	Direct Placement		
	Principal	Interest	Total
2023	\$ 200,000	\$ 5,500	\$ 205,500

On April 20, 2021, the City issued \$2,860,000 in Sewerage System Refunding Revenue Bonds. The bonds bear interest from 1.00% to 2.00% and were issued to refund the 2013 Sewerage System Refunding Revenue Bonds. Principal payments are due on July 1 of each year with interest payments due semi-annually on January 1 and July 1 of each year.

The annual debt service requirements to amortize the principal on the 2021 refunding revenue bonds outstanding at December 31, 2021, are listed in the table below:

Year Ending December 31,	Direct Placement		
	Principal	Interest	Total
2023	\$ -	\$ 43,398	\$ 43,398
2024	165,000	43,398	208,398
2025	180,000	40,098	220,098
2026	215,000	36,498	251,498
2027	310,000	32,198	342,198
2028	320,000	29,098	349,098
2029	330,000	25,258	355,258
2030	345,000	20,968	365,968
2031	360,000	16,138	376,138
2032	375,000	10,738	385,738
2033	260,000	4,550	264,550
	\$ 2,860,000	\$ 302,340	\$ 3,162,340

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

On May 11, 2006, the City entered into a cancelable financed purchase agreement with the 2005A Missouri Association of Municipal Utilities (MAMU) in the amount of \$1,577,000 to finance improvements to the City's sewerage system. The agreement provides for varying monthly payments of principal and interest on the 20th of each month. Interest accrues at a rate of 3.51%. If the city defaults in the payment of principle or interest, the Lender may declare all payments and other amounts payable hereunder to the end of the current fiscal year to be due. The annual debt service requirements on the agreement at December 31, 2022, are as follows:

Year Ending December 31,	Direct Borrowing			Total
	Principal	Interest	Administrative Fee	
2023	\$ 103,000	\$ 12,365	\$ (217)	\$ 115,148
2024	108,000	8,628	(423)	116,205
2025	108,000	4,848	(585)	112,263
2026	80,000	1,070	(556)	80,514
	\$ 399,000	\$ 26,911	\$ (1,781)	\$ 424,130

The following is a summary of the changes in the long-term liabilities – business-type activities for the year ended December 31, 2022:

	December 31, 2021	Additions	Retirements	December 31, 2022	Amounts Due Within One Year
Revenue Bonds Payable					
Direct Placement					
2015 Refunding Revenue Bonds	\$ 365,000	\$ -	\$ 165,000	\$ 200,000	\$ 200,000
2021 Refunding Revenue Bonds	2,860,000	-	-	2,860,000	-
Premium	9,965	-	610	9,355	-
	3,234,965	-	165,610	3,069,355	200,000
Direct Borrowing					
2005 MAMU Financed Purchase	495,000	-	96,000	399,000	103,000
	\$ 3,729,965	\$ -	\$ 261,610	\$ 3,468,355	\$ 303,000

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

9. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Governmental Activities				
Non-depreciable capital assets				
Land	\$ 223,529	\$ -	\$ -	\$ 223,529
Construction in progress	-	40,023	-	40,023
	223,529	\$ 40,023	\$ -	263,552
Depreciable capital assets				
Building and improvements	346,712	\$ -	\$ -	346,712
Machinery and equipment	759,398	130,517	3,500	886,415
Infrastructure	1,382,228	448,612	-	1,830,840
Land improvements	181,036	-	-	181,036
Total Depreciable Capital Assets	2,669,374	\$ 579,129	\$ 3,500	3,245,003
Less accumulated depreciation				
Building and improvements	267,207	\$ 4,144	\$ -	271,351
Machinery and equipment	514,723	60,737	3,417	572,043
Infrastructure	895,411	48,296	-	943,707
Land improvements	18,933	12,621	-	31,554
Total Accumulated Depreciation	1,696,274	\$ 125,798	\$ 3,417	1,818,655
Total Depreciable Capital Assets, net	973,100			1,426,348
Total Governmental Activities Capital Assets, net	\$ 1,196,629			\$ 1,689,900

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

Administration	\$ 14,814
Emergency management	1,139
Police	29,586
Street	80,259
	\$ 125,798

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Business-Type Activities				
Sewer				
Non-depreciable capital assets				
Land	\$ 234,657	\$ -	\$ -	\$ 234,657
Depreciable capital assets				
Equipment	314,434	\$ -	\$ 2,900	311,534
Sewer plant	12,597,629	187,910	29,260	12,756,279
Total Depreciable Capital Assets	12,912,063	\$ 187,910	\$ 32,160	13,067,813
Less accumulated depreciation				
Equipment	290,848	\$ 4,917	\$ 2,900	292,865
Sewer plant	5,338,564	287,249	29,260	5,596,553
	5,629,412	\$ 292,166	\$ 32,160	5,889,418
Depreciable Capital Assets, net	7,282,651			7,178,395
Total Capital Assets-				
Business-Type Activities, net	\$ 7,517,308			\$ 7,413,052

10. 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) 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.

	2022 Valuation
Benefit Multiplier	1.50% for life, plus 0.50% to age 65
Final Average Salary	3 years
Member Contributions	0%

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms. At June 30, 2022, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	12	5	17
Inactive employees entitled to but not yet receiving benefits	10	12	22
Active employees	8	1	9
	<u>30</u>	<u>18</u>	<u>48</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 8.0% for General and 22.6% for Police of annual covered payroll.

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

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

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

The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were 115% of the PubNS-2010 Disabled 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.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash/Leverage	-25.00%	-0.29%

Discount Rate. The discount rate used to measure the total pension liability is 7.00% for the General group and 5.76% for the Police group. 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.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
General Division			
Balances at beginning of year	\$ 1,268,195	\$ 1,672,831	\$ (404,636)
Changes for the year			
Service cost	32,880	-	32,880
Interest on total pension liability	87,733	-	87,733
Difference between expected and actual experiences	(54,507)	-	(54,507)
Contributions - employer	-	26,261	(26,261)
Net investment income	-	1,066	(1,066)
Benefits paid, including refunds	(63,130)	(63,130)	-
Pension plan administrative expenses	-	(2,872)	2,872
Other (net transfer)	-	(7,970)	7,970
Net Changes	2,976	(46,645)	49,621
Balances at end of year	1,271,171	1,626,186	(355,015)
Police Division			
Balances at beginning of year	1,100,029	869,900	230,129
Changes for the year			
Service cost	18,078	-	18,078
Interest on total pension liability	74,888	-	74,888
Difference between expected and actual experiences	(94,223)	-	(94,223)
Contributions - employer	-	16,431	(16,431)
Net investment income	-	578	(578)
Changes of assumptions	197,726	-	197,726
Benefits paid, including refunds	(79,515)	(79,515)	-
Pension plan administrative expenses	-	(1,768)	1,768
Other (net transfer)	-	47,361	(47,361)
Net Changes	116,954	(16,913)	133,867
Balances at end of year	1,216,983	852,987	363,996
Total Plan Balances at end of year	\$ 2,488,154	\$ 2,479,173	\$ 8,981

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following present the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.00% for the General group and 5.76% for the Police group, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is one percentage point lower (6.00% for General and 4.76% for Police) or one percentage point higher (8.00% for General and 6.76% for Police) than the current rate.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	6.00%	7.00%	8.00%
General Division			
Total Pension Liability	\$ 1,450,729	\$ 1,271,171	\$ 1,125,629
Plan Fiduciary Net Position	1,626,186	1,626,186	1,626,186
Net Pension Liability (Asset)	(175,457)	(355,015)	(500,557)
Police Division			
Total Pension Liability	1,425,202	1,216,983	1,053,270
Plan Fiduciary Net Position	852,987	852,987	852,987
Net Pension Liability	572,215	363,996	200,283
Total Net Pension Liability (Asset)	\$ 396,758	\$ 8,981	\$ (300,274)

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

For the year ended December 31, 2022, the employer recognized pension expense of \$(38,653) in the general division and pension expense of \$(3,541) in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/(Inflows) of Resources
General Division			
Differences in experiences	\$ -	\$ (45,013)	\$ (45,013)
Changes in assumptions	-	(15,822)	(15,822)
Excess (deficit) investment returns	-	(30,583)	(30,583)
Contributions subsequent to the measurement date*	22,802	-	22,802
	<u>22,802</u>	<u>(91,418)</u>	<u>(68,616)</u>
Police Division			
Differences in experiences	-	(84,617)	(84,617)
Differences in assumptions	146,840	(2,916)	143,924
Excess (deficit) investment returns	-	(12,946)	(12,946)
Contributions subsequent to the measurement date*	14,268	-	14,268
	<u>161,108</u>	<u>(100,479)</u>	<u>60,629</u>
Total	\$ 183,910	\$ (191,897)	\$ (7,987)

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition (reduction) in the net pension asset (liability) for the year ending December 31, 2023.

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

Year Ending December 31,	Net Deferred Outflow/(Inflow) of Resources		
	General	Police	Total
2023	\$ (45,312)	\$ 9,721	\$ (35,591)
2024	(36,531)	15,127	(21,404)
2025	(32,454)	9,572	(22,882)
2026	22,879	11,941	34,820
Total	<u>\$ (91,418)</u>	<u>\$ 46,361</u>	<u>\$ (45,057)</u>

Payable to the Pension Plan

At December 31, 2022, the City did not have a payable to the pension plan.

11. 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; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from commercial insurance companies. 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.

12. Claims & Adjustments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2022, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

13. Pledged Revenues

The City has pledged future sewer customer revenues to repay the State Revolving Fund Program Series 2015 Sewerage System Refunding Revenue Bonds and the 2021 Sewerage System Refunding Revenue Bonds. The bonds are payable solely from customer net revenues and the state revolving loan fund (SRF) reserve held at the state level and are payable through 2033. Net revenues are revenues of the system less expenses of the system with the exception of depreciation plus a citizen approved Capital Improvement Sales Tax. The total principal and interest remaining to be paid on the bonds is \$3,367,840. Principal and interest paid for the current year and total customer net revenues were \$219,071 and \$591,124, respectively.

City of Kimberling City

Notes to the Financial Statements

December 31, 2022

14. Commitments

At December 31, 2022, the City had a commitment to Alliance Water Resource, Inc. in the amount of \$524,160 per year for professional services which include providing management, operation, and maintenance of the sewer system through year ended December 31, 2024.

15. Unearned Revenue

Unearned revenue consist of revenue received but not considered earned until the eligibility requirements have been met. At December 31, 2022, the unearned revenues include unspent American Rescue Plan proceeds in the Sewer Fund in the amount of \$137,579.

Required Supplementary Information

City of Kimberling City

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended December 31, 2022

Missouri Local Government Employees Retirement System (LAGERS)

	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	\$ 50,958	\$ 57,345	\$ 52,228	\$ 53,486	\$ 48,611	\$ 44,802	\$ 39,766	\$ 35,914
Interest on the total pension liability	162,621	165,829	160,913	154,162	142,234	152,182	147,786	138,702
Difference between expected and actual experience	(148,730)	(20,680)	(46,071)	(3,336)	80,904	(230,007)	(84,935)	67,750
Changes of assumptions	197,726	(42,276)	-	-	197,726	-	64,290	-
Benefit payments including refunds	(142,645)	(100,484)	(103,043)	(117,825)	(101,704)	(110,268)	(107,282)	(130,217)
<i>Net Change in Total Pension Liability</i>	119,930	59,734	64,027	86,487	367,771	(143,291)	59,625	112,149
Total Pension Liability, Beginning	2,368,224	2,308,490	2,244,463	2,157,976	1,987,931	2,131,222	2,071,597	1,959,448
Total Pension Liability, Ending	2,488,154	2,368,224	2,308,490	2,244,463	2,355,702	1,987,931	2,131,222	2,071,597
Plan Fiduciary Net Position								
Contributions - employer	42,692	79,277	72,283	67,223	64,479	53,907	51,454	51,907
Net investment income (loss)	1,644	537,692	25,502	123,245	209,953	189,208	(895)	40,059
Benefit payments, including refunds	(142,645)	(100,484)	(103,043)	(117,825)	(101,704)	(110,268)	(107,282)	(130,217)
Pension plan administrative expense	(4,640)	(4,007)	(4,706)	(3,985)	(2,988)	(2,865)	(2,607)	(3,075)
Other (net transfer)	39,391	(1,971)	3,091	2,603	5,481	(73,869)	(248,320)	87,601
<i>Net Change in Plan Fiduciary Net Position</i>	(63,558)	510,507	(6,873)	71,261	175,221	56,113	(307,650)	46,275
Plan Fiduciary Net Position, Beginning	2,542,731	2,032,224	2,039,097	1,967,836	1,792,615	1,736,502	2,044,152	1,997,877
Plan Fiduciary Net Position, Ending	2,479,173	2,542,731	2,032,224	2,039,097	1,967,836	1,792,615	1,736,502	2,044,152
Employer Net Pension Liability (Asset)	\$ 8,981	\$ (174,507)	\$ 276,266	\$ 205,366	\$ 387,866	\$ 195,316	\$ 394,720	\$ 27,445
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.64%	107.37%	88.03%	90.85%	83.54%	90.17%	81.48%	98.68%
Covered payroll	\$ 359,526	\$ 570,800	\$ 552,781	\$ 492,253	\$ 556,153	\$ 450,119	\$ 469,254	\$ 401,911
Employer's net pension liability as a percentage of covered payroll	2.50%	-30.57%	49.98%	41.72%	69.74%	43.39%	84.12%	6.83%

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

City of Kimberling City

Schedule of Contributions

Year Ended December 31, 2022

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Actuarially determined contribution	\$ 75,606	\$ 76,288	\$ 95,631	\$ 79,348	\$ 86,893	\$ 82,560	\$ 64,137	\$ 66,714	\$ 57,169	\$ 60,708
Contributions in relation to the actuarially determined contribution	<u>65,504</u>	<u>66,485</u>	<u>74,610</u>	<u>64,894</u>	<u>70,419</u>	<u>60,479</u>	<u>48,202</u>	<u>52,160</u>	<u>51,169</u>	<u>60,708</u>
Contribution deficiency (excess)	<u>\$ 10,102</u>	<u>\$ 9,803</u>	<u>\$ 21,021</u>	<u>\$ 14,454</u>	<u>\$ 16,474</u>	<u>\$ 22,081</u>	<u>\$ 15,935</u>	<u>\$ 14,554</u>	<u>\$ 6,000</u>	<u>\$ -</u>
Covered payroll	\$ 483,616	\$ 489,168	\$ 532,422	\$ 479,108	\$ 570,669	\$ 512,217	\$ 468,223	\$ 476,048	\$ 423,339	\$ 505,504
Contributions as a percentage of covered payroll	13.54%	13.59%	14.01%	13.54%	12.34%	11.81%	10.29%	10.96%	12.09%	12.01%

See accompanying Notes to the Schedule of Contributions.

City of Kimberling City

Notes to the Schedule of Contributions

Year Ended December 31, 2022

Valuation Date: February 28, 2022.

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal and Modified Terminal Funding

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

Remaining Amortization Period: 15 years for the General Division and multiple bases from 8 to 15 years for the Police Division

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 Division; 2.75% to 6.55% Police Division including wage inflation

Investment Rate of Return: 7.00%, net of investment

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

Mortality: The healthy retiree mortality tables, for post-retirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were 115% of the PubNS-2010 Disables Retiree 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 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 Kimberling City

Budgetary Comparison Schedule—General Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Ad valorem taxes, penalties and interest	\$ 215,830	\$ 222,933	\$ 222,933	\$ -
Sales tax	525,000	639,644	639,644	-
Cable franchise tax	16,000	16,425	16,425	-
Surcharge tax	8,000	-	-	-
	764,830	879,002	879,002	-
Licenses and Permits				
Occupational licenses	5,500	6,102	6,102	-
Building permits	20,000	26,380	26,380	-
Dog licenses	200	171	171	-
Liquor licenses	6,400	6,928	6,928	-
	32,100	39,581	39,581	-
Intergovernmental Revenues				
Grants	20,000	111,151	111,151	-
Charges for Services				
Fines and forfeitures	70,000	90,066	90,066	-
Miscellaneous				
Interest	3,000	2,042	2,042	-
Other	16,500	34,875	34,875	-
	19,500	36,917	36,917	-
Total Revenues	906,430	1,156,717	1,156,717	-
Expenditures				
Current				
Administrative	348,625	325,092	325,092	-
Building inspection	34,820	9,739	9,739	-
Police	609,675	666,271	666,271	-
Municipal court	76,025	65,525	65,525	-
Emergency management	1,000	-	-	-
Parks	72,930	71,771	71,771	-
Total Expenditures	1,143,075	1,138,398	1,138,398	-
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(236,645)	18,319	18,319	-
Fund Balance, January 1	831,366	831,366	831,366	-
Fund Balance, December 31	\$ 594,721	\$ 849,685	\$ 849,685	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

City of Kimberling City

Budgetary Comparison Schedule—Street Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Transportation sales taxes	\$ 400,000	\$ 484,262	\$ 484,262	\$ -
State motor vehicle fees	20,000	24,702	24,702	-
State fuel taxes	60,000	90,008	90,008	-
Road and bridge tax	13,000	21,545	21,545	-
Sanitation franchise fees	25,000	32,066	32,066	-
	518,000	652,583	652,583	-
Intergovernmental	-	126,000	126,000	-
Miscellaneous				
Interest	1,000	608	608	-
Total Revenues	519,000	779,191	779,191	-
Expenditures				
Street	548,370	805,983	805,983	-
Total Expenditures	548,370	805,983	805,983	-
<i>(Deficit) of Revenues Over Expenditures</i>	(29,370)	(26,792)	(26,792)	-
Other Financing Sources				
Financed purchase proceeds	-	39,750	39,750	-
Total Other Financing Sources	-	39,750	39,750	-
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(29,370)	12,958	12,958	-
Fund Balance, January 1	214,505	214,505	214,505	-
Fund Balance, December 31	\$ 185,135	\$ 227,463	\$ 227,463	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

City of Kimberling City

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2022

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following January 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 Board of Aldermen in late November or early December to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to January 1, ordinances are passed by Board which provide for legally adopted budgets for all funds of the City.
4. Formal budgetary integration is employed as a management control device for all funds of the City.
5. Budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.