

City of Mt. Vernon, Missouri

Basic Financial Statements  
Year Ended December 31, 2022

**KPM**  
CPAS & ADVISORS

## Table of Contents

<b>Independent Auditors' Report</b> .....	3
<b>Management's Discussion and Analysis</b> .....	7
<b>Basic Financial Statements</b>	
Statement of Net Position.....	13
Statement of Activities.....	15
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Net Position – Proprietary Funds.....	20
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	22
Statement of Cash Flows – Proprietary Funds .....	23
Notes to the Financial Statements.....	25
<b>Required Supplementary Information</b>	
Schedule of Changes in Net Pension Asset and Related Ratios.....	46
Schedule of Contributions.....	47
Notes to the Schedule of Contributions .....	48
Budgetary Comparison Schedule – General Fund .....	49
Budgetary Comparison Schedule – Capital Improvement Sales Tax Fund .....	51
Budgetary Comparison Schedule – Industrial Development Fund .....	52
Budgetary Comparison Schedule – ARPA Fund .....	53
Notes to the Budgetary Comparison Schedules .....	54
<b>Other Reporting Requirements</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	56
Schedule of Findings and Responses .....	58



Honorable Mayor and Board of Aldermen  
City of Mt. Vernon  
Mt. Vernon, Missouri

## **Report on the Audit of the Financial Statements**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Mt. Vernon, 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 accompanying 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 Mt. Vernon, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mt. Vernon, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343  
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension information and budgetary comparison 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2023, on our consideration of the City of Mt. Vernon, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mt. Vernon, Missouri's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
April 12, 2023

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

# City of Mt. Vernon

## Management's Discussion and Analysis

December 31, 2022

---

The Management's Discussion and Analysis of the City of Mt. Vernon'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 \$639,797 as a result of current year activities. The net position of the City's business-type activities increased by \$1,212,399 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2022, by \$36,554,398 (net position). Of this amount \$18,695,979 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City increased by \$6,727,839 primarily due to the issuance of the Series 2022 Certificates of Participation in the amount of \$8,040,000 and principal payments on debt.

### Using this Report

This 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, liabilities and deferred outflows/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 period's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflows and 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 one indicator of whether its financial health is improving or deteriorating.

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

*Governmental Activities:* Most of the City's basic services are reported here. Taxes are the primary sources 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 electric, water, and sewer services are provided here.

# City of Mt. Vernon

## Management's Discussion and Analysis

December 31, 2022

---

### **Fund Financial Statements**

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. However, 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 period-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 Mt. Vernon

## 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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total December 31, 2022</b>	<b>Total December 31, 2021</b>
<b>Assets</b>				
Current and other assets	\$ 13,628,821	\$ 12,941,198	\$ 26,570,019	\$ 18,562,161
Net pension asset	773,205	351,576	1,124,781	1,481,933
Capital assets	11,976,587	11,773,189	23,749,776	22,941,644
	<u>26,378,613</u>	<u>25,065,963</u>	<u>51,444,576</u>	<u>42,985,738</u>
<b>Deferred Outflow of Resources</b>				
Deferred pension outflows	101,815	51,530	153,345	188,478
<b>Liabilities</b>				
Other liabilities	1,493,408	1,136,984	2,630,392	2,150,649
Long-term liabilities	7,978,715	4,150,988	12,129,703	5,401,864
	<u>9,472,123</u>	<u>5,287,972</u>	<u>14,760,095</u>	<u>7,552,513</u>
<b>Deferred Inflow of Resources</b>				
Deferred pension inflows	187,929	95,499	283,428	919,501
<b>Net Position</b>				
Net investment in capital assets	9,281,874	6,954,880	16,236,754	16,220,383
Restricted	1,045,440	576,225	1,621,665	1,637,302
Unrestricted	6,493,062	12,202,917	18,695,979	16,844,517
	<u>\$ 16,820,376</u>	<u>\$ 19,734,022</u>	<u>\$ 36,554,398</u>	<u>\$ 34,702,202</u>

Total net position of the City increased by \$1,852,196 for the year due to current year activity. Total liabilities for the City have increased by \$7,207,582. Restricted net position of the City totaled \$1,621,665 as of December 31, 2022.

# City of Mt. Vernon

## Management's Discussion and Analysis

December 31, 2022

### Changes in Net Position

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Year Ended December 31, 2022</b>	<b>Total Year Ended December 31, 2021</b>
<b>Revenues and Transfers</b>				
Program Revenues				
Charges for services	\$ 406,065	\$ 9,014,065	\$ 9,420,130	\$ 10,723,344
Operating grants and contributions	110,692	-	110,692	246,934
Capital grants and contributions	-	-	-	284,394
General Revenues				
Sales taxes	2,732,123	-	2,732,123	2,176,322
Motor vehicle and gas taxes	218,892	-	218,892	197,828
Other taxes	44,057	-	44,057	43,689
Franchise fees	157,254	-	157,254	109,903
Payment in lieu of tax	871,859	-	871,859	842,804
Interest	202,538	296,577	499,115	221,231
Other revenue	55,754	4,120	59,874	93,324
Transfers	(463,100)	463,100	-	-
<b>Total Revenues and Transfers</b>	<b>4,336,134</b>	<b>9,777,862</b>	<b>14,113,996</b>	<b>14,939,773</b>
<b>Expenses</b>				
Administrative	287,736	-	287,736	303,662
Police	738,555	-	738,555	672,669
Municipal court	53,588	-	53,588	50,234
Animal control	4,592	-	4,592	1,886
Parks	238,333	-	238,333	349,078
Community center	142,205	-	142,205	127,116
Street	1,231,409	-	1,231,409	1,057,116
Planning and zoning	79,619	-	79,619	56,288
Transportation	91,218	-	91,218	97,192
Airport	21,798	-	21,798	40,379
Golf	311,775	-	311,775	278,757
Economic development	29,501	-	29,501	39,190
Industrial development	7,342	-	7,342	133,388
Debt service	458,666	-	458,666	34,009
Electric	-	6,481,032	6,481,032	8,032,409
Water	-	984,335	984,335	1,000,603
Sewer	-	1,100,096	1,100,096	1,127,557
<b>Total Expenses</b>	<b>3,696,337</b>	<b>8,565,463</b>	<b>12,261,800</b>	<b>13,401,533</b>
<i>Changes in Net Position</i>	<b>\$ 639,797</b>	<b>\$ 1,212,399</b>	<b>\$ 1,852,196</b>	<b>\$ 1,538,240</b>

# City of Mt. Vernon

## Management's Discussion and Analysis

December 31, 2022

### Governmental Activities

Governmental activities increased the net position of the City by \$639,797. Tax revenues for the City were \$4,024,185, which represents 84% of the funding of these activities. Program and other revenues for the functions totaled \$775,049, or 16% of the funding. The following table shows the cost of the City's programs as well as each program's 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 Mt. Vernon's Governmental Activities

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Administrative	\$ 287,736	\$ 54,553
Police	738,555	673,251
Municipal court	53,588	53,588
Animal control	4,592	4,304
Parks	238,333	228,303
Community center	142,205	123,555
Street	1,231,409	1,231,409
Planning and zoning	79,619	66,804
Transportation	91,218	17,094
Airport	21,798	12,567
Golf	311,775	218,643
Economic development	29,501	29,501
Industrial development	7,342	7,342
Debt service	458,666	458,666
	<u>\$ 3,696,337</u>	<u>\$ 3,179,580</u>

### Business-Type Activities

Business-type activities increased the City's net position by \$1,212,399. Last year the business-type activities increased net position by \$853,226.

### Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2022, were \$12,674,855. The General Fund increased by \$6,823,351. The Capital Improvement Sales Tax Fund increased by \$71,046. The Industrial Development Fund increased by \$22,411. The ARPA Fund increased by \$15,222.

# City of Mt. Vernon

## Management's Discussion and Analysis

December 31, 2022

---

### General Fund Budgetary Highlights

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

- The original revenue budget of \$3,812,765 was increased to \$4,226,657 to reflect actual revenues.
- The original expenditures budget of \$11,265,535 was decreased to \$5,088,629 to reflect actual expenditures.

### Capital Assets and Debt Administration

#### Capital Assets

Capital assets of the governmental activities were \$11,976,587 (net of accumulated depreciation) as of December 31, 2022. This represents a \$1,169,993 increase from the prior year primarily due to the park, pool and street projects in process for \$1,900,851, infrastructure improvements for \$180,271 and equipment purchases of \$180,271. Capital assets for business-type activities were \$11,773,189 as of December 31, 2022. This represents a decrease of \$361,861 due to additions of \$487,922 and depreciation on assets of \$849,783.

#### Debt

Total debt of the governmental activities as of December 31, 2022, consists of the Series 2021 Certificates of Participation and Series 2022 Certificates of Participation in the amounts of \$687,397 and \$7,683,336 respectively.

Total debt of the business-type activities as of December 31, 2022, was \$5,043,889. This consists of \$2,755,289 in Series 2008 Revenue Bonds, \$1,854,443 in Series 2021 Certificates of Participation and \$434,157 in Series 2022 Certificates of Participation.

### Economic Factors and Next Year's Budget

Economic factors that will influence the local economy and the City's 2023 budget include the ongoing effects of inflation on industries and businesses, the rising price of consumer products for families, and disruptions in the supply chain. The opening of the new lumber yard and travel center will have a positive effect on employment availability and sale tax revenue. Several governmental facilities are in various stages of development and will have a positive influence on the economy.

### Contacting the City's Financial Management

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

City of Mt. Vernon  
109 N. Hickory, P.O. Box 70  
Mt. Vernon, MO 65712  
(417) 466-2122

Jason Haymes, Mayor  
Joe Kelley, City Administrator  
Melissa Aduddle, City Clerk  
Shari Weldy, Treasurer

# City of Mt. Vernon

## Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current			
Cash and cash equivalents - unrestricted	\$ 5,925,285	\$ 9,061,099	\$ 14,986,384
Investments	218,839	776,799	995,638
Interest receivable	1,182	3,395	4,577
Taxes receivable	576,073	-	576,073
Utilities receivable, net	-	1,710,202	1,710,202
Intergovernmental receivable	10,123	-	10,123
Other receivable	7,879	-	7,879
Prepaid expenses	20,555	2,955	23,510
Inventory	-	318,275	318,275
Noncurrent			
Restricted cash and cash equivalents	6,868,885	904,926	7,773,811
Utilities receivable, net	-	163,547	163,547
Net pension asset	773,205	351,576	1,124,781
Capital Assets			
Non-depreciable	2,207,987	411,800	2,619,787
Depreciable, net	9,768,600	11,361,389	21,129,989
<b>Total Assets</b>	26,378,613	25,065,963	51,444,576
<b>Deferred Outflow of Resources</b>			
Deferred pension outflows	101,815	51,530	153,345

See accompanying Notes to the Financial Statements.

# City of Mt. Vernon

## Statement of Net Position

December 31, 2022

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Current			
Accrued expenses	35,551	33,428	68,979
Deposits payable	-	103,121	103,121
Unearned revenue	918,415	-	918,415
Accrued interest payable	59,385	85,492	144,877
Current portion of long-term debt	480,057	914,943	1,395,000
	1,493,408	1,136,984	2,630,392
Noncurrent			
Compensated absences payable	88,039	22,042	110,081
Revenue bonds payable, net	-	2,385,289	2,385,289
Certificates of participation payable, net	7,890,676	1,743,657	9,634,333
	7,978,715	4,150,988	12,129,703
<b>Total Liabilities</b>	9,472,123	5,287,972	14,760,095
<b>Deferred Inflow of Resources</b>			
Deferred pension inflows	187,929	95,499	283,428
	187,929	95,499	283,428
<b>Net Position</b>			
Net investment in capital assets	9,281,874	6,954,880	16,236,754
Restricted	1,045,440	576,225	1,621,665
Unrestricted	6,493,062	12,202,917	18,695,979
<b>Total Net Position</b>	\$ 16,820,376	\$ 19,734,022	\$ 36,554,398

See accompanying Notes to the Financial Statements.

# City of Mt. Vernon

## Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Administrative	\$ (287,736)	\$ 233,183	\$ -	\$ -	\$ (54,553)	\$ -	\$ (54,553)
Police	(738,555)	28,833	36,471	-	(673,251)	-	(673,251)
Municipal court	(53,588)	-	-	-	(53,588)	-	(53,588)
Animal control	(4,592)	288	-	-	(4,304)	-	(4,304)
Parks	(238,333)	2,030	8,000	-	(228,303)	-	(228,303)
Community center	(142,205)	18,650	-	-	(123,555)	-	(123,555)
Street	(1,231,409)	-	-	-	(1,231,409)	-	(1,231,409)
Planning and zoning	(79,619)	12,815	-	-	(66,804)	-	(66,804)
Transportation	(91,218)	7,903	66,221	-	(17,094)	-	(17,094)
Airport	(21,798)	9,231	-	-	(12,567)	-	(12,567)
Golf	(311,775)	93,132	-	-	(218,643)	-	(218,643)
Economic development	(29,501)	-	-	-	(29,501)	-	(29,501)
Industrial development	(7,342)	-	-	-	(7,342)	-	(7,342)
Debt service	(458,666)	-	-	-	(458,666)	-	(458,666)
<b>Total Governmental Activities</b>	<b>(3,696,337)</b>	<b>406,065</b>	<b>110,692</b>	<b>-</b>	<b>(3,179,580)</b>	<b>-</b>	<b>(3,179,580)</b>
Business-type activities							
Electric	(6,481,032)	6,830,389	-	-	-	349,357	349,357
Water	(984,335)	1,062,217	-	-	-	77,882	77,882
Sewer	(1,100,096)	1,121,459	-	-	-	21,363	21,363
<b>Total Business-Type Activities</b>	<b>(8,565,463)</b>	<b>9,014,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448,602</b>	<b>448,602</b>
<b>Total Government</b>	<b>\$ (12,261,800)</b>	<b>\$ 9,420,130</b>	<b>\$ 110,692</b>	<b>\$ -</b>	<b>(3,179,580)</b>	<b>448,602</b>	<b>(2,730,978)</b>
General Revenues							
Sales taxes					2,732,123	-	2,732,123
Motor vehicle taxes					218,892	-	218,892
Other taxes					44,057	-	44,057
Franchise fees					157,254	-	157,254
Payment in lieu of tax					871,859	-	871,859
Interest					202,538	296,577	499,115
Other revenue					55,754	4,120	59,874
Transfers					(463,100)	463,100	-
<b>Total General Revenues and Transfers</b>					<b>3,819,377</b>	<b>763,797</b>	<b>4,583,174</b>
<i>Changes in Net Position</i>					639,797	1,212,399	1,852,196
Net Position, Beginning of year					16,180,579	18,521,623	34,702,202
<b>Net Position, End of year</b>					<b>\$ 16,820,376</b>	<b>\$ 19,734,022</b>	<b>\$ 36,554,398</b>

See accompanying Notes to the Financial Statements.

# City of Mt. Vernon

## Balance Sheet – Governmental Funds

December 31, 2022

	Special Revenue Funds				Total Governmental Funds
	General Fund	Capital Improvement Sales Tax Fund	Industrial Development Fund	ARPA Fund	
<b>Assets</b>					
Cash and cash equivalents - unrestricted	\$ 4,202,765	\$ 462,996	\$ 1,244,015	\$ 15,509	\$ 5,925,285
Investments - unrestricted	-	218,839	-	-	218,839
Taxes receivable	488,100	87,973	-	-	576,073
Intergovernmental receivable	10,123	-	-	-	10,123
Other receivable	7,879	-	-	-	7,879
Interest receivable	-	1,182	-	-	1,182
Prepaid expenses	20,555	-	-	-	20,555
Restricted cash and cash equivalents	5,950,470	-	-	918,415	6,868,885
<b>Total Assets</b>	<b>\$ 10,679,892</b>	<b>\$ 770,990</b>	<b>\$ 1,244,015</b>	<b>\$ 933,924</b>	<b>\$13,628,821</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accrued expenses	\$ 35,551	\$ -	\$ -	\$ -	\$ 35,551
Unearned revenue	-	-	-	918,415	918,415
<b>Total Liabilities</b>	35,551	-	-	918,415	953,966
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid expenses	20,555	-	-	-	20,555
<b>Restricted for</b>					
Park construction projects	3,283,937	-	-	-	3,283,937
Pool construction projects	1,830,337	-	-	-	1,830,337
Street construction projects	561,746	-	-	-	561,746
Playground equipment	5,376	-	-	-	5,376
Park sales tax	269,074	-	-	-	269,074
Capital improvements	-	770,990	-	-	770,990
<b>Committed to</b>					
Debt service	110,086	-	-	-	110,086
<b>Assigned to</b>					
Industrial development	-	-	1,244,015	-	1,244,015
Economic development	291,368	-	-	-	291,368
ARPA	-	-	-	15,509	15,509
Unassigned	4,271,862	-	-	-	4,271,862
<b>Total Fund Balances</b>	<b>10,644,341</b>	<b>770,990</b>	<b>1,244,015</b>	<b>15,509</b>	<b>12,674,855</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,679,892</b>	<b>\$ 770,990</b>	<b>\$ 1,244,015</b>	<b>\$ 933,924</b>	<b>\$13,628,821</b>

See accompanying Notes to the Financial Statements.



## City of Mt. Vernon

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

December 31, 2022

---

Fund balance - total governmental funds	\$ 12,674,855
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	46,125,121
Less accumulated depreciation	<u>(34,148,534)</u>
	11,976,587
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	773,205
Deferred outflows due to pension	101,815
Deferred inflows due to pension	<u>(187,929)</u>
	687,091
Compensated absences are not accrued in the governmental funds, but rather are recognized as an expenditure when paid	(88,039)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(59,385)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(8,370,733)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 16,820,376</u></u>

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

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

Year Ended December 31, 2022

	Special Revenue Funds				Total Governmental Funds
	General Fund	Capital Improvement Sales Tax Fund	Industrial Development Fund	ARPA Fund	
<b>Revenues</b>					
Taxes	\$ 3,500,334	\$ 523,850	\$ -	\$ -	\$ 4,024,184
Licenses and permits	19,290	-	-	-	19,290
Intergovernmental revenues	102,692	-	-	-	102,692
Charges for services	357,942	-	-	-	357,942
Fines and forfeitures	27,477	-	-	-	27,477
Miscellaneous	218,922	10,296	23,209	15,222	267,649
<b>Total Revenues</b>	4,226,657	534,146	23,209	15,222	4,799,234
<b>Expenditures</b>					
Current					
Administrative	309,786	-	-	-	309,786
Police	833,688	-	-	-	833,688
Municipal court	55,847	-	-	-	55,847
Animal control	4,592	-	-	-	4,592
Parks	1,640,251	-	-	-	1,640,251
Community center	111,980	-	-	-	111,980
Street	1,040,735	-	-	-	1,040,735
Planning and zoning	83,075	-	-	-	83,075
Transportation	72,464	-	-	-	72,464
Airport	9,648	-	-	-	9,648
Golf	383,282	-	-	-	383,282
Economic development	30,138	-	-	-	30,138
Industrial development	-	-	798	-	798
Debt service					
Principal, interest and fees	513,143	-	-	-	513,143
<b>Total Expenditures</b>	5,088,629	-	798	-	5,089,427
<i>Excess (Deficit) of Revenues Over Expenditures</i>	(861,972)	534,146	22,411	15,222	(290,193)
<b>Other Financing Sources (Uses)</b>					
Certificates of participation proceeds	7,605,843	-	-	-	7,605,843
Premium on debt issuance	79,480	-	-	-	79,480
Operating transfers in (out)	-	(463,100)	-	-	(463,100)
<b>Total Other Financing Sources (Uses)</b>	7,685,323	(463,100)	-	-	7,222,223
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	6,823,351	71,046	22,411	15,222	6,932,030
Fund Balance, January 1	3,820,990	699,944	1,221,604	287	5,742,825
<b>Fund Balance, December 31</b>	<b>\$ 10,644,341</b>	<b>\$ 770,990</b>	<b>\$ 1,244,015</b>	<b>\$ 15,509</b>	<b>\$ 12,674,855</b>

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

### 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 balances - total governmental funds	\$ 6,932,030
--	--------------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense.

Capital outlay	2,187,846
Depreciation	(1,017,853)
	1,169,993

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	149,677
Change in compensated absences	18,943
	168,620

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

Repayment of principal on debt	113,694
Certificate of Participation proceeds	(7,605,843)
Discount on debt issuance	(3,395)
Premium on debt issuance	(77,493)
Change in accrued interest payable	(57,809)
	(7,630,846)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 639,797</b>

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

### Statement of Net Position – Proprietary Funds

December 31, 2022

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 5,731,125	\$ 1,835,402	\$ 1,494,572	\$ 9,061,099
Investments	554,848	221,951	-	776,799
Interest receivable	2,197	1,198	-	3,395
Utilities receivable, net	1,419,879	138,088	152,235	1,710,202
Prepaid expenses	1,301	1,654	-	2,955
Inventory	248,741	69,534	-	318,275
<b>Total Current Assets</b>	<b>7,958,091</b>	<b>2,267,827</b>	<b>1,646,807</b>	<b>11,872,725</b>
Noncurrent Assets				
Restricted Cash and cash equivalents	203,678	5,692	695,556	904,926
Utilities receivable, net	163,547	-	-	163,547
Net pension asset	214,341	137,235	-	351,576
Capital Assets				
Non-depreciable	155,875	157,389	98,536	411,800
Depreciable, net	3,083,075	2,457,126	5,821,188	11,361,389
<b>Total Capital Assets</b>	<b>3,238,950</b>	<b>2,614,515</b>	<b>5,919,724</b>	<b>11,773,189</b>
<b>Total Noncurrent Assets</b>	<b>3,820,516</b>	<b>2,757,442</b>	<b>6,615,280</b>	<b>13,193,238</b>
<b>Total Assets</b>	<b>11,778,607</b>	<b>5,025,269</b>	<b>8,262,087</b>	<b>25,065,963</b>
<b>Deferred Outflow of Resources</b>				
Deferred pension outflows	31,077	20,453	-	51,530

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

### Statement of Net Position – Proprietary Funds

December 31, 2022

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>Liabilities</b>				
Current Liabilities				
Accrued expenses	27,058	6,370	-	33,428
Utility deposits	103,121	-	-	103,121
Accrued interest payable	1,307	3,800	80,385	85,492
Current maturities of long-term debt	141,705	336,487	436,751	914,943
<b>Total Current Liabilities</b>	<b>273,191</b>	<b>346,657</b>	<b>517,136</b>	<b>1,136,984</b>
Long-Term Liabilities				
Compensated absences payable	10,127	11,915	-	22,042
Revenue bonds payable, net	-	-	2,385,289	2,385,289
Certificates of participation payable, net	444,146	987,792	311,719	1,743,657
<b>Total Long-Term Liabilities</b>	<b>454,273</b>	<b>999,707</b>	<b>2,697,008</b>	<b>4,150,988</b>
<b>Total Liabilities</b>	<b>727,464</b>	<b>1,346,364</b>	<b>3,214,144</b>	<b>5,287,972</b>
<b>Deferred Inflow of Resources</b>				
Deferred pension inflows	66,912	28,587	-	95,499
<b>Net Position</b>				
Net investment in capital assets	2,753,656	1,295,928	2,905,296	6,954,880
Restricted	-	-	576,225	576,225
Unrestricted	8,261,652	2,374,843	1,566,422	12,202,917
<b>Total Net Position</b>	<b>\$ 11,015,308</b>	<b>\$ 3,670,771</b>	<b>\$ 5,047,943</b>	<b>\$ 19,734,022</b>

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

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

Year Ended December 31, 2022

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>Operating Revenues</b>				
Charges for services	\$ 6,825,996	\$ 1,055,879	\$ 1,121,459	\$ 9,003,334
Miscellaneous	4,393	6,338	-	10,731
<b>Total Operating Revenues</b>	6,830,389	1,062,217	1,121,459	9,014,065
<b>Operating Expenses</b>				
Salaries and wages	374,087	201,974	-	576,061
Employee benefits	39,924	28,647	-	68,571
Gas and oil	10,576	13,135	206	23,917
Materials and supplies	179	62,685	13,293	76,157
Insurance	42,059	27,109	19,064	88,232
Power purchased	4,490,467	-	-	4,490,467
Payment in lieu of tax	667,015	99,641	105,204	871,860
Telephone and utilities	5,198	5,855	3,062	14,115
Repairs and maintenance	378,705	108,211	100,458	587,374
Professional fees	4,450	8,491	126,857	139,798
Other expenses	38,142	23,545	3,645	65,332
Depreciation	260,406	226,516	362,861	849,783
Administrative	158,101	149,561	177,391	485,053
<b>Total Operating Expenses</b>	6,469,309	955,370	912,041	8,336,720
<i>Operating Income</i>	361,080	106,847	209,418	677,345
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	114,754	37,672	144,151	296,577
Nonoperating revenue	3,990	130	-	4,120
Interest and fees expense	(11,723)	(28,965)	(188,055)	(228,743)
<b>Total Nonoperating Revenues (Expenses)</b>	107,021	8,837	(43,904)	71,954
<i>Income Before Operating Transfers</i>	468,101	115,684	165,514	749,299
Operating Transfers In	-	102,220	360,880	463,100
<i>Net Income</i>	468,101	217,904	526,394	1,212,399
Net Position, January 1	10,547,207	3,452,867	4,521,549	18,521,623
<b>Net Position, December 31</b>	<b>\$ 11,015,308</b>	<b>\$ 3,670,771</b>	<b>\$ 5,047,943</b>	<b>\$ 19,734,022</b>

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

### Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2022

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 7,346,972	\$ 1,072,365	\$ 1,132,611	\$ 9,551,948
Cash paid to suppliers	(5,684,626)	(495,994)	(549,180)	(6,729,800)
Cash paid to employees	(463,852)	(271,538)	-	(735,390)
<b>Net Cash Provided by Operating Activities</b>	<u>1,198,494</u>	<u>304,833</u>	<u>583,431</u>	<u>2,086,758</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating transfers in	-	102,220	360,880	463,100
Nonoperating revenue	3,990	130	-	4,120
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>3,990</u>	<u>102,350</u>	<u>360,880</u>	<u>467,220</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(250,855)	(157,389)	(79,678)	(487,922)
Certificates of participation proceeds	102,076	165,544	166,537	434,157
Payment of bond principal	-	-	(357,325)	(357,325)
Payment of certificates of participation principal	(77,673)	(830,966)	(34,023)	(942,662)
Payment of interest and fees expense	(10,970)	(36,826)	(196,709)	(244,505)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(237,422)</u>	<u>(859,637)</u>	<u>(501,198)</u>	<u>(1,598,257)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received	113,017	36,749	144,151	293,917
(Purchase) of investments	(3,058)	(1,321)	-	(4,379)
<b>Net Cash Provided by Investing Activities</b>	<u>109,959</u>	<u>35,428</u>	<u>144,151</u>	<u>289,538</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,075,021	(417,026)	587,264	1,245,259
Cash and Cash Equivalents, Beginning of year	4,859,782	2,258,120	1,602,864	8,720,766
<b>Cash and Cash Equivalents, End of year</b>	<u>5,934,803</u>	<u>1,841,094</u>	<u>2,190,128</u>	<u>9,966,025</u>
Less Restricted Cash and Cash Equivalents	203,678	5,692	695,556	904,926
<b>Unrestricted Cash and Cash Equivalents</b>	<u><u>\$ 5,731,125</u></u>	<u><u>\$ 1,835,402</u></u>	<u><u>\$ 1,494,572</u></u>	<u><u>\$ 9,061,099</u></u>

See accompanying Notes to the Financial Statements.

## City of Mt. Vernon

### Statement of Cash Flows – Proprietary Funds

Year Ended December 31, 2022

	Enterprise Funds			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income	\$ 361,080	\$ 106,847	\$ 209,418	\$ 677,345
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	260,406	226,516	362,861	849,783
(Increase) decrease in				
Utilities receivable	515,143	10,148	11,152	536,443
Prepaid expenses	67	67	-	134
Inventory	110,199	2,507	-	112,706
Net pension asset	28,156	23,602	-	51,758
Deferred pension outflow	8,653	7,253	-	15,906
Increase (decrease) in				
Accounts payable	-	(335)	-	(335)
Accrued expenses	6,603	1,021	-	7,624
Meter deposits payable	1,440	-	-	1,440
Deferred pension inflow	(88,006)	(73,769)	-	(161,775)
Compensated absences payable	(5,247)	976	-	(4,271)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,198,494</u>	<u>\$ 304,833</u>	<u>\$ 583,431</u>	<u>\$ 2,086,758</u>

See accompanying Notes to the Financial Statements.



# City of Mt. Vernon

## 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 (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water, sewer and electric 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 organized under the laws of the State of Missouri and is a primary government, which is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the 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 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. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

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

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

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

---

### Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use 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. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, 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 not accounted for in other funds.

*Capital Improvement Sales Tax Fund:* The Capital Improvement Sales Tax Fund is used to account for the proceeds of specific revenue sources restricted, committed, or assigned for expenditures for specified purposes.

*Industrial Development Fund:* The Industrial Development Fund is used to account for resources restricted, committed, or assigned for industrial development.

*ARPA Fund:* The ARPA Fund is used to account for resources restricted, committed, or assigned for the American Rescue Plan Act funding.

The City reports the following major proprietary funds:

*Electric Fund:* The Electric Fund accounts for the activities and capital improvements of the City's electric operations.

*Water Fund:* The Water Fund accounts for the activities and capital improvements of the City's water operations.

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

### Capital Assets

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

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

---

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

Land improvements	20 years
Electric plant	30 years
Water and sewer systems	30-50 years
Buildings and improvements	50 years
Major moveable equipment	7-15 years
Infrastructure	50 years

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

### **Pooled Cash and Cash Equivalents**

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, cash equivalents are deposits available on demand or with an original maturity of less than three months at the time of purchase.

### **Compensated Absences**

Employees earn vacation time based on their 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.

### **Inventories**

Inventories are stated at cost using first in, first out method.

### **Investments**

Investments consist of certificates of deposit with maturities in excess of three months.

### **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.

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

---

### 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:* is 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.

### Net Position

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

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

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

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

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

### Unearned Revenue

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

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

---

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows 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, deferred amounts relating to the retirement plan.

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

### Pensions

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

### Program Revenues

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

## 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 are 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>Total</u>
Certificates of Deposit	2/23/2023 - 3/31/2024	<u>\$ 995,638</u>

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

### 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 with securities.

### Custodial Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment. The City's Certificates of Deposit are entirely insured or collateralized by a trust department of a bank that does not hold the collateralized deposits.

### Interest Rate Risk

The City has no formal policy on interest rate risk.

## 4. Restricted Assets

Cash and cash equivalents, fund balance and net position have been restricted in the following funds and activities as follows:

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Net Position</b>
<b>General Fund</b>		
Handicap playground equipment	\$ 5,376	\$ 5,376
Park sales tax	269,074	269,074
2022 Certificates of Participation		
Park project funds	3,283,937	-
Pool project funds	1,830,337	-
Street project funds	561,746	-
	<u>\$ 5,950,470</u>	<u>\$ 274,450</u>
<b>Capital Improvement Sales Tax Fund</b>		
Capital improvement sales tax	<u>\$ -</u>	<u>\$ 770,990</u>
<b>ARPA Fund</b>		
American Rescue Plan Act	<u>\$ 918,415</u>	<u>\$ -</u>

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Net Position</b>
<b>Electric Fund</b>		
2022 Certificates of Participation		
Project funds	\$ 100,557	\$ -
Customer Deposits	103,121	-
	\$ 203,678	\$ -
<b>Water Fund</b>		
2022 Certificates of Participation		
Project funds	\$ 5,692	\$ -
	\$ 5,692	\$ -
<b>Sewer Fund</b>		
2008 Waterworks and Sewerage System Bonds		
Principal and Interest Funds	\$ 398,779	\$ 398,779
Debt Service Reserve Fund	177,446	177,446
2022 Certificates of Participation		
Project funds	119,331	-
	\$ 695,556	\$ 576,225

## 5. Accounts Receivable

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

	<b>Accounts Receivable</b>	<b>Allowance</b>	<b>Net Accounts Receivable</b>	<b>Amounts Due Within One Year</b>
<b>Utilities Receivable</b>				
<i>Enterprise Funds</i>				
Electric Fund	\$ 1,613,426	\$ (30,000)	\$ 1,583,426	\$ 1,419,879
Water Fund	143,088	(5,000)	138,088	138,088
Sewer Fund	157,235	(5,000)	152,235	152,235
	\$ 1,913,749	\$ (40,000)	\$ 1,873,749	\$ 1,710,202

During February 2021, the City experienced a polar vortex which created additional electric charges in the amount of \$1,489,832. Instead of charging customers at that time, the City approved adding a fuel charge adjustment to current customer bills each month to recover the amount the City paid, not to exceed a period of five years. The long-term utilities receivable amount related to these charges is \$163,547 at December 31, 2022.

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

### 6. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at December 31, 2022, consists of the Series 2021 and 2022 Certificates of Participation and compensated absences.

#### Series 2021 Certificates of Participation

On September 14, 2021, the City issued \$3,010,000 in Series 2021 Certificates of Participation to refund the Series 2014 and Series 2016 Certificates of Participation for water, sewer, electric and street improvements. \$814,672 of the certificates was recorded as long-term debt within the governmental activities and \$2,195,328 was recorded as long-term debt within the business-type activities. In the event of default, the Trustee may declare all rents payable to be due or may take possession of the property. The Certificates of Participation bear interest ranging from .50% to .80% with interest payments due March 1 and September 1 each year and principal payments due March 1, each year. The annual debt service requirements to amortize the principal on the certificates outstanding at December 31, 2022, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 725,000	\$ 14,734	\$ 739,734
2024	725,000	10,565	735,565
2025	730,000	5,835	735,835
2026	410,000	1,640	411,640
	<u>\$ 2,590,000</u>	<u>\$ 32,774</u>	<u>\$ 2,622,774</u>
Governmental Activities	\$ 700,978		
Business-Type Activities			
Electric Fund	492,620		
Water Fund	1,180,282		
Sewer Fund	216,120		
	<u>\$ 2,590,000</u>		

#### Series 2022 Certificates of Participation

On April 1, 2022, the City issued \$8,040,000 in Series 2022 Certificates of Participation to finance the costs of (1) improving the municipal park, but not limited to improving the City's existing swimming pool and related facilities, adding sports fields, constructing a combination concession/restroom building, improving access and parking, and related site improvements and (2) extending and improving certain City streets. \$7,605,843 of the certificates was recorded as long-term debt within the governmental activities and \$434,157 was recorded as long-term debt within the business-type activities. In the event of default, the Trustee may declare all rents payable to be due or may take possession of the property. The Certificates of Participation bear interest ranging from 3.0 % to 5.0% with interest payments due April 15 and October 15 each year and principal payments due April 15, each year. The annual debt service requirements to amortize the principal on the certificates outstanding at December 31, 2022, are as follows:



## City of Mt. Vernon

### Notes to the Financial Statements

December 31, 2022

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 300,000	\$ 286,163	\$ 586,163
2024	310,000	270,913	580,913
2025	315,000	255,288	570,288
2026	325,000	239,288	564,288
2027	335,000	222,788	557,788
2028-2032	1,840,000	936,971	2,776,971
2033-2037	2,135,000	625,684	2,760,684
2038-2042	2,480,000	229,359	2,709,359
	<u>\$ 8,040,000</u>	<u>\$ 3,066,454</u>	<u>\$ 11,106,454</u>
Governmental Activities	\$ 7,605,843		
Business-Type Activities			
Electric Fund	102,076		
Water Fund	165,544		
Sewer Fund	166,537		
	<u>\$ 8,040,000</u>		

The following table is a summary of the changes in Long-Term Liabilities – Governmental Activities:

	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2022</u>	<u>Amounts Due Within One Year</u>
Certificates of Participation					
Series 2021	\$ 814,672	\$ -	\$ 113,694	\$ 700,978	\$ 196,257
Series 2022	-	7,605,843	-	7,605,843	283,800
	814,672	7,605,843	113,694	8,306,821	480,057
Unamortized Debt Discount	(16,976)	-	3,395	(13,581)	-
Unamortized Premium	-	79,480	(1,987)	77,493	-
	(16,976)	79,480	1,408	63,912	-
	797,696	7,685,323	115,102	8,370,733	480,057
Compensated Absences	106,982	-	18,943	88,039	-
	<u>\$ 904,678</u>	<u>\$ 7,685,323</u>	<u>\$ 134,045</u>	<u>\$ 8,458,772</u>	<u>\$ 480,057</u>

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

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

The business-type activities long-term debt at December 31, 2022, consists of the 2008 Combined Waterworks and Sewerage System revenue bonds, the Series 2021 and 2022 Certificates of Participation and compensated absences.

#### Sewer Fund

##### *Series 2008 Combined Waterworks and Sewerage System Revenue Bonds*

During 2008, the City issued \$5,715,000 in Combined Waterworks and Sewerage System Revenue Bonds. In the event of default, DNR would pursue any available remedies at law or equity by suit, action, mandamus or other proceeding to enforce and compel the payment of principal and interest on the bonds and all other amounts due under the Ordinance and other loan documents, and/or the performance of the duties and obligations of the City under the loan documents, which may include, but is not limited to, the payment of damages, penalties, interest fees and expenses. The bonds bear interest at 4.00% to 5.75%. Interest payments are due semi-annually on July 1 and January 1 of each year with principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at .714% of the outstanding principal amount of the revolving fund loan balances. The bonds outstanding at December 31, 2022, are due as follows:

Year Ending December 31,	Direct Placement			Total
	Principal	Interest	Administrative Fee	
2023	\$ 370,000	\$ 147,131	\$ 19,778	\$ 536,909
2024	375,000	126,456	17,136	518,592
2025	385,000	105,128	14,459	504,587
2026	395,000	82,944	11,710	489,654
2027	405,000	59,944	8,889	473,833
2028	415,000	36,369	5,998	457,367
2029	425,000	12,219	3,035	440,254
	<u>\$ 2,770,000</u>	<u>\$ 570,191</u>	<u>\$ 81,005</u>	<u>\$ 3,421,196</u>

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

The following table is a summary of the changes in the Long-Term Debt – Business-Type Activities:

	<b>Balance December 31, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2022</b>	<b>Amounts Due Within One Year</b>
<b>Electric Fund</b>					
Compensated Absences	\$ 15,374	\$ -	\$ 5,247	\$ 10,127	\$ -
Certificates of Participation					
Series 2021	572,504	-	79,884	492,620	137,895
Series 2022	-	102,076	-	102,076	3,810
	<u>572,504</u>	<u>102,076</u>	<u>79,884</u>	<u>594,696</u>	<u>141,705</u>
Unamortized Debt Discount	(11,056)	-	(2,211)	(8,845)	-
	<u>561,448</u>	<u>102,076</u>	<u>77,673</u>	<u>585,851</u>	<u>141,705</u>
<b>Total Electric Fund</b>	<b>576,822</b>	<b>102,076</b>	<b>82,920</b>	<b>595,978</b>	<b>141,705</b>
<b>Water Fund</b>					
Compensated Absences	10,939	976	-	11,915	-
Certificates of Participation					
Series 2005	645,000	-	645,000	-	-
Series 2021	1,371,634	-	191,352	1,180,282	330,310
Series 2022	-	165,544	-	165,544	6,177
	<u>2,016,634</u>	<u>165,544</u>	<u>836,352</u>	<u>1,345,826</u>	<u>336,487</u>
Unamortized Debt Discount	(26,933)	-	(5,386)	(21,547)	-
	<u>1,989,701</u>	<u>165,544</u>	<u>830,966</u>	<u>1,324,279</u>	<u>336,487</u>
<b>Total Water Fund</b>	<b>2,000,640</b>	<b>166,520</b>	<b>830,966</b>	<b>1,336,194</b>	<b>336,487</b>
<b>Sewer Fund</b>					
Certificates of Participation					
Series 2021	251,190	-	35,070	216,120	60,538
Series 2022	-	166,537	-	166,537	6,213
	<u>251,190</u>	<u>166,537</u>	<u>35,070</u>	<u>382,657</u>	<u>66,751</u>
Unamortized Debt Discount	(5,234)	-	(1,047)	(4,187)	-
	<u>245,956</u>	<u>166,537</u>	<u>34,023</u>	<u>378,470</u>	<u>66,751</u>
Direct Placement					
Revenue Bonds					
Series 2008	3,130,000	-	360,000	2,770,000	370,000
Unamortized Debt Discount	(17,386)	-	(2,675)	(14,711)	-
	<u>3,112,614</u>	<u>-</u>	<u>357,325</u>	<u>2,755,289</u>	<u>370,000</u>
<b>Total Sewer Fund</b>	<b>3,358,570</b>	<b>166,537</b>	<b>391,348</b>	<b>3,133,759</b>	<b>436,751</b>
	<u><u>\$ 5,936,032</u></u>	<u><u>\$ 435,133</u></u>	<u><u>\$ 1,305,234</u></u>	<u><u>\$ 5,065,931</u></u>	<u><u>\$ 914,943</u></u>

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

### 8. Capital Assets

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

	<b>Balance December 31, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2022</b>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets				
Land	\$ 307,136	\$ -	\$ -	\$ 307,136
Construction in progress	-	1,900,851	-	1,900,851
<b>Total Non-depreciable Capital Assets</b>	<b>307,136</b>	<b>\$ 1,900,851</b>	<b>\$ -</b>	<b>2,207,987</b>
<b>Depreciable Capital Assets</b>				
Land improvements	367,556	\$ -	\$ -	367,556
Building and improvements	2,907,944	-	-	2,907,944
Major moveable equipment	1,554,425	106,724	-	1,661,149
Infrastructure	38,800,214	180,271	-	38,980,485
<b>Total Depreciable Capital Assets</b>	<b>43,630,139</b>	<b>\$ 286,995</b>	<b>\$ -</b>	<b>43,917,134</b>
<b>Less Accumulated Depreciation</b>				
Land improvements	249,889	\$ 10,714	\$ -	260,603
Building and improvements	690,719	55,967	-	746,686
Major moveable equipment	1,316,193	100,489	-	1,416,682
Infrastructure	30,873,880	850,683	-	31,724,563
<b>Total Accumulated Depreciation</b>	<b>33,130,681</b>	<b>\$ 1,017,853</b>	<b>\$ -</b>	<b>34,148,534</b>
<b>Total Depreciable Capital Assets, net</b>	<b>10,499,458</b>			<b>9,768,600</b>
<b>Total Governmental Activities     Capital Assets, net</b>	<b>\$ 10,806,594</b>			<b>\$ 11,976,587</b>

Depreciation expense was charged to functions as follows:

Administrative	\$ 31,874
Police	17,043
Parks	41,947
Street	825,754
Industrial development	6,544
Transportation	18,754
Airport	12,150
Golf	28,075
Community center	34,968
Economic development	744
	<b>\$ 1,017,853</b>

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
<b>Business-Type Activities</b>				
<i>Electric Fund</i>				
Non-Depreciable Capital Assets				
Land	\$ 155,875	\$ -	\$ -	\$ 155,875
Depreciable Capital Assets				
Electric plant	7,782,416	\$ 250,855	\$ -	8,033,271
Less Accumulated Depreciation				
Electric plant	4,689,790	\$ 260,406	\$ -	4,950,196
<b>Total Depreciable Capital Assets, net</b>	3,092,626			3,083,075
<i>Water Fund</i>				
Non-Depreciable Capital Assets				
Construction in Progress	-	\$ 157,389	\$ -	157,389
Depreciable Capital Assets				
Water plant	6,513,549	\$ -	\$ -	6,513,549
Less Accumulated Depreciation				
Water plant	3,829,907	\$ 226,516	\$ -	4,056,423
<b>Total Depreciable Capital Assets, net</b>	2,683,642			2,457,126
<i>Sewer Fund</i>				
Non-Depreciable Capital Assets				
Land	53,808	\$ -	\$ -	53,808
Construction in Progress	-	44,728	-	44,728
<b>Total Non-Depreciable Capital Assets</b>	53,808	\$ 44,728	\$ -	98,536
Depreciable Capital Assets				
Sewer plant	15,963,432	\$ 34,950	\$ -	15,998,382
Less Accumulated Depreciation				
Sewer plant	9,814,333	\$ 362,861	\$ -	10,177,194
<b>Total Depreciable Capital Assets, net</b>	6,149,099			5,821,188
<b>Total Capital Assets - Business -     Type Activities, net</b>	\$ 12,135,050			\$ 11,773,189

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

### 9. Employee Pension Plan

#### General Information about the Pension Plan

*Plan Description.* The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755.

As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

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

	<u>2022 Valuation</u>
Benefit multiplier	1.50% for life
Final average salary	5 years
Member contributions	0%

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

*Employees Covered by Benefit Terms.* At June 30, 2022, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	20	5
Inactive employees entitled to but not yet receiving benefits	8	14
Active employees	19	8
	<u>47</u>	<u>27</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 10.5% (General) and 8.6% (Police) of annual covered payroll.

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

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

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

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

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

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

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

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

<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%

*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.

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

### Changes in the Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)
	(a)	(b)	(a) - (b)
<b>General Division</b>			
Balance at beginning of year	\$ 4,070,474	\$ 5,053,017	\$ (982,543)
Changes for the year			
Service Cost	90,118	-	90,118
Interest on total pension liability	280,758	-	280,758
Changes of assumptions	(47,718)		(47,718)
Benefits paid, including refunds	(211,454)	(211,454)	-
Contributions - employer	-	98,856	(98,856)
Net investment income	-	3,139	(3,139)
Administrative expenses	-	(4,972)	4,972
Other changes	-	17,307	(17,307)
<i>Net changes</i>	<u>111,704</u>	<u>(97,124)</u>	<u>208,828</u>
Balances at end of year	4,182,178	4,955,893	(773,715)
<b>Police Division</b>			
Balance at beginning of year	1,732,221	2,231,611	(499,390)
Changes for the year			
Service Cost	37,173	-	37,173
Interest on total pension liability	120,491	-	120,491
Changes of assumptions	28,557		28,557
Contributions - employer	-	37,349	(37,349)
Benefits paid, including refunds	(59,393)	(59,393)	-
Net investment income	-	1,359	(1,359)
Administrative expenses	-	(2,653)	2,653
Other changes	-	1,842	(1,842)
<i>Net changes</i>	<u>126,828</u>	<u>(21,496)</u>	<u>148,324</u>
Balances at end of year	1,859,049	2,210,115	(351,066)
<b>Total Plan Balances at End of Year</b>	<u>\$ 6,041,227</u>	<u>\$ 7,166,008</u>	<u>\$ (1,124,781)</u>



# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

The net pension (asset) has been allocated as follows:

<b>Governmental Activities</b>	\$ (773,205)
<b>Business-Type Activities</b>	
Electric Fund	(214,341)
Water Fund	(137,235)
	(351,576)
	\$ (1,124,781)

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

	<b>1% Decrease 6.00%</b>	<b>Current Single Discount Rate Assumption 7.00%</b>	<b>1% Increase 8.00%</b>
<b>General Division</b>			
Total Pension Liability	\$ 4,724,710	\$ 4,182,178	\$ 3,729,639
Fiduciary Net Position	4,955,893	4,955,893	4,955,893
Net Pension Liability (Asset)	(231,183)	(773,715)	(1,226,254)
<b>Police Division</b>			
Total Pension Liability	2,145,457	1,859,049	1,626,882
Fiduciary Net Position	2,210,115	2,210,115	2,210,115
Net Pension Liability (Asset)	(64,658)	(351,066)	(583,233)
<b>Total Net Pension Liability (Asset)</b>	\$ (295,841)	\$ (1,124,781)	\$ (1,809,487)

### 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 a pension credit of \$57,410 in the general division and \$48,406 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources.

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
<b>General Division</b>			
Differences between expected and actual experience	\$ 61,763	\$ (36,808)	\$ 24,955
Assumption changes	-	(49,520)	(49,520)
Net difference between projected and actual earnings on pension plan investments	-	(123,836)	(123,836)
Contributions subsequent to the measurement date*	51,639	-	51,639
	113,402	(210,164)	(96,762)
<b>Police Division</b>			
Differences between expected and actual experience	20,844	(29,751)	(8,907)
Assumption changes	-	(2,444)	(2,444)
Net difference between projected and actual earnings on pension plan investments	-	(41,069)	(41,069)
Contributions subsequent to the measurement date*	19,099	-	19,099
	39,943	(73,264)	(33,321)
	\$ 153,345	\$ (283,428)	\$ (130,083)

Deferred outflows and (inflows) have been allocated as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
<b>Governmental Activities</b>	\$ 101,815	\$ (187,929)	\$ (86,114)
<b>Business-Type Activities</b>			
Electric Fund	31,077	(66,912)	(35,835)
Water Fund	20,453	(28,587)	(8,134)
	51,530	(95,499)	(43,969)
	\$ 153,345	\$ (283,428)	\$ (130,083)

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

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

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 Outflows (Inflows) of Resources		
	General	Police	Total
2022	\$ (36,095)	\$ (36,095)	\$ (72,190)
2023	(8,415)	(8,415)	(16,830)
2024	(38,725)	(38,725)	(77,450)
2025	30,815	30,815	61,630
	<u>\$ (52,420)</u>	<u>\$ (52,420)</u>	<u>\$ (104,840)</u>

### Payable to the Pension Plan

At December 31, 2022, the City had no outstanding amounts of contributions to the pension plan required, therefore no payable was reported.

## 10. Risk Management

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

## 11. 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.

## 12. Pledged Revenues

### Sewer Fund

The City has pledged future sewer customer revenues to repay the 2008 Combined Waterworks and Sewerage Bonds issued to improve and expand the sewer system. The bonds are payable solely from sewer customer net revenues and are payable through 2029. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal and interest remaining to be paid on the bonds is \$3,340,191. Principal and interest paid for the current year and total customer net revenues were \$527,206 and \$572,279, respectively. In addition, interest subsidies paid \$111,037 of the total interest expense.

# City of Mt. Vernon

## Notes to the Financial Statements

December 31, 2022

### 13. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Improvement Sales Tax Fund	\$ -	\$ 463,100
Water Fund	102,220	-
Sewer Fund	360,880	-
	<u>\$ 463,100</u>	<u>\$ 463,100</u>

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

### 14. Commitments

At December 31, 2022, the City had the following commitments:

- Westport Pools, Inc., for the pool project in the amount of \$1,504,458
- Emery Sapp & Sons, Inc., for a street project in the amount of \$643,160
- Frantz Water Solutions, LLC to operate the wastewater treatment plant through November 2024. The agreement requires monthly payments of \$8,500. The City will pay \$102,000 and \$93,500 in 2023 and 2024 respectively.

### 15. Unearned Revenue

Unearned revenue consists of revenue received but not considered earned until the appropriate expenses have been incurred. At December 31, 2021, these unearned revenues include unspent grant proceeds in the ARPA Fund in the amount of \$918,415.

## Required Supplementary Information

# City of Mt. Vernon

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

Year Ended December 31, 2022

<b>Missouri Local Government Employees Retirement System (LAGERS)</b>								
	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
<b>Total Pension Liability</b>								
Service Cost	\$ 127,291	\$ 129,863	\$ 113,011	\$ 109,584	\$ 112,616	\$ 109,749	\$ 105,333	\$ 102,995
Interest on the total pension liability	401,249	405,141	376,215	364,011	344,436	332,715	308,700	290,431
Difference between expected and actual experience	-	(10,671)	152,976	(56,236)	63,503	(80,692)	(76,174)	39,249
Change of assumptions	(19,161)	(100,938)	-	-	-	-	173,310	-
Benefit payments	(270,847)	(285,143)	(219,009)	(281,309)	(217,929)	(185,656)	(178,681)	(184,874)
<i>Net Change in Total Pension Liability</i>	238,532	138,252	423,193	136,050	302,626	176,116	332,488	247,801
Total Pension Liability, Beginning	5,802,695	5,664,443	5,241,250	5,105,200	4,802,574	4,626,458	4,293,970	4,046,169
<b>Total Pension Liability, Ending</b>	<u>6,041,227</u>	<u>5,802,695</u>	<u>5,664,443</u>	<u>5,241,250</u>	<u>5,105,200</u>	<u>4,802,574</u>	<u>4,626,458</u>	<u>4,293,970</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	136,205	133,888	114,472	104,832	111,335	108,435	105,811	117,296
Pension plan net investment income	4,498	1,607,664	73,157	360,875	650,872	549,387	(10,438)	95,127
Benefit payments	(270,847)	(285,143)	(219,009)	(281,309)	(217,929)	(185,656)	(178,681)	(184,874)
Pension plan administrative expense	(7,625)	(6,678)	(9,010)	(7,729)	(5,208)	(5,142)	(5,047)	(5,593)
Other	19,149	16,221	(7,531)	(67,777)	33,829	13,761	36,267	22,996
<i>Net Change in Plan Fiduciary Net Position</i>	(118,620)	1,465,952	(47,921)	108,892	572,899	480,785	(52,088)	44,952
Plan Fiduciary Net Position, Beginning	7,284,628	5,818,676	5,866,597	5,757,705	5,184,806	4,704,021	4,756,109	4,711,157
<b>Plan Fiduciary Net Position, Ending</b>	<u>7,166,008</u>	<u>7,284,628</u>	<u>5,818,676</u>	<u>5,866,597</u>	<u>5,757,705</u>	<u>5,184,806</u>	<u>4,704,021</u>	<u>4,756,109</u>
<b>Employer Net Pension (Asset)</b>	<u>\$ (1,124,781)</u>	<u>\$ (1,481,933)</u>	<u>\$ (154,233)</u>	<u>\$ (625,347)</u>	<u>\$ (652,505)</u>	<u>\$ (382,232)</u>	<u>\$ (77,563)</u>	<u>\$ (462,139)</u>
Plan fiduciary net position as a percentage of the total pension liability	118.62%	125.54%	102.72%	111.93%	112.78%	107.96%	101.68%	110.76%
Covered payroll	\$ 1,244,389	\$ 1,403,602	\$ 1,362,812	\$ 1,122,128	\$ 1,204,918	\$ 1,211,152	\$ 1,157,245	\$ 1,136,396
Employer's net pension asset as a percentage of covered payroll	(90.39)%	(105.58)%	(11.32)%	(55.73)%	(54.15)%	(31.56)%	(6.70)%	(40.67)%

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

# City of Mt. Vernon

## Schedule of Contributions

Year Ended December 31, 2022

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

<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
2013	\$ 127,611	\$ 127,611	\$ -	\$ 1,105,715	11.54%
2014	124,258	124,258	-	1,149,142	10.81%
2015	109,190	109,190	-	1,166,326	9.36%
2016	106,407	101,918	(4,489)	1,146,220	8.89%
2017	114,505	114,505	-	1,258,267	9.10%
2018	105,846	105,847	1	1,221,688	8.66%
2019	106,448	106,448	-	1,252,737	8.50%
2020	125,032	125,032	-	1,447,329	8.64%
2021	146,611	139,544	(7,067)	1,448,813	9.63%
2022	137,972	137,972	-	1,394,326	9.90%

See accompanying Notes to the Schedule of Contributions.

# City of Mt. Vernon

## 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:* Multiple bases from 8 to 15 years for general and police divisions

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

*Inflation:* 2.75% wage inflation; 2.25% price inflation

*Salary Increases:* 2.75% to 6.75% including wage inflation (General); 2.75% to 6.55% including wage inflation (Police)

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

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

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

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

*Other Information:* None



## City of Mt. Vernon

### Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
City sales tax	\$ 910,000	\$ 1,049,041	\$ 1,049,041	\$ -
Transportation sales tax	460,000	523,850	523,850	-
Park sales tax	335,000	382,270	382,270	-
Use tax	136,000	253,111	253,111	-
Motor vehicle tax	190,000	218,892	218,892	-
Utility franchise tax	105,500	157,254	157,254	-
Payment in lieu of tax	887,660	871,859	871,859	-
Other taxes	38,000	44,057	44,057	-
	3,062,160	3,500,334	3,500,334	-
Licenses and Permits				
Occupational licenses	6,000	6,475	6,475	-
Building permits	15,000	12,815	12,815	-
	21,000	19,290	19,290	-
Intergovernmental Revenues				
Grants	117,880	102,692	102,692	-
Charges for Services				
Taxi	9,200	7,903	7,903	-
Animal control	400	288	288	-
Park	6,000	2,030	2,030	-
Golf fees	95,000	93,132	93,132	-
Airport hanger rent	7,200	9,231	9,231	-
Community center	14,000	18,650	18,650	-
Cemetery	1,000	1,345	1,345	-
Trash	210,000	225,363	225,363	-
	355,800	357,942	357,942	-
Fines and Forfeitures				
City court fines	38,000	27,477	27,477	-
Miscellaneous				
Interest	7,800	153,835	153,835	-
Donations	8,000	8,000	8,000	-
Other	202,125	57,087	57,087	-
	217,925	218,922	218,922	-
<b>Total Revenues</b>	3,812,765	4,226,657	4,226,657	-

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Mt. Vernon

### Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Expenditures</b>				
Current				
Administrative	428,232	309,786	309,786	-
Police	1,010,994	833,688	833,688	-
Municipal court	72,268	55,847	55,847	-
Animal control	17,572	4,592	4,592	-
Parks	6,500,093	1,640,251	1,640,251	-
Community center	149,568	111,980	111,980	-
Street	2,082,663	1,040,735	1,040,735	-
Planning and zoning	139,874	83,075	83,075	-
Transportation	107,537	72,464	72,464	-
Airport	17,160	9,648	9,648	-
Golf	450,625	383,282	383,282	-
Economic development	52,235	30,138	30,138	-
Debt service				
Principal, interest and fees	236,714	513,143	513,143	-
<b>Total Expenditures</b>	11,265,535	5,088,629	5,088,629	-
<i>(Deficit) of Revenues Over Expenditures</i>	(7,452,770)	(861,972)	(861,972)	-
<b>Other Financing Sources</b>				
Certificates of participation proceeds	7,520,355	7,605,843	7,605,843	-
Premium on debt issuance	-	79,480	79,480	-
<b>Total Other Financing Sources</b>	7,520,355	7,685,323	7,685,323	-
<i>Excess of Revenues and Other Sources Over Expenditures</i>	67,585	6,823,351	6,823,351	-
Fund Balance, January 1	3,820,990	3,820,990	3,820,990	-
<b>Fund Balance, December 31</b>	\$ 3,888,575	\$ 10,644,341	\$ 10,644,341	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Mt. Vernon

### Budgetary Comparison Schedule – Capital Improvement Sales Tax Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Taxes				
City sales tax	\$ 462,000	\$ 523,850	\$ 523,850	\$ -
Miscellaneous				
Interest	1,100	10,296	10,296	-
<b>Total Revenues</b>	463,100	534,146	534,146	-
<b>Expenditures</b>				
Current				
Capital improvements	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	463,100	534,146	534,146	-
<b>Other Financing (Uses)</b>				
Operating transfers (out)	(463,100)	(463,100)	(463,100)	-
<i>Excess of Revenues Over Expenditures and Other (Uses)</i>	-	71,046	71,046	-
Fund Balance, January 1	699,944	699,944	699,944	-
<b>Fund Balance, December 31</b>	\$ 699,944	\$ 770,990	\$ 770,990	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Mt. Vernon

### Budgetary Comparison Schedule – Industrial Development Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Miscellaneous				
Interest	\$ 2,600	\$ 23,185	\$ 23,185	\$ -
Other	-	24	24	-
<b>Total Revenues</b>	2,600	23,209	23,209	-
<b>Expenditures</b>				
Current				
Industrial development	-	798	798	-
<b>Total Expenditures</b>	-	798	798	-
<i>Excess of Revenues Over Expenditures</i>	2,600	22,411	22,411	-
Fund Balance, January 1	1,221,604	1,221,604	1,221,604	-
<b>Fund Balance, December 31</b>	\$ 1,224,204	\$ 1,244,015	\$ 1,244,015	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

## City of Mt. Vernon

### Budgetary Comparison Schedule – ARPA Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Miscellaneous				
Interest	\$ -	\$ 15,222	\$ 15,222	\$ -
<b>Total Revenues</b>	-	15,222	15,222	-
<b>Expenditures</b>				
Current				
ARPA	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess of Revenues Over Expenditures</i>	-	15,222	15,222	-
Fund Balance, January 1	-	-	287	287
<b>Fund Balance, December 31</b>	\$ -	\$ 15,222	\$ 15,509	\$ 287

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Mt. Vernon

## 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 the Board of Aldermen 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 and Special Revenue Funds 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.

## **Other Reporting Requirements**



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

Honorable Mayor and Board of Aldermen  
City of Mt. Vernon, Missouri  
Mt. Vernon, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Mt. Vernon, Missouri, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Mt. Vernon, Missouri's basic financial statements, and have issued our report thereon, dated April 12, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, as item 2022-001 that we consider to be a material weakness.



### **Report on Compliance and other Matters**

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

### **City of Mt. Vernon, Missouri's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
April 12, 2023

# City of Mt. Vernon

## Schedule of Findings and Responses

Year Ended December 31, 2022

---

### Material Weakness

#### 2022-001 Segregation of Duties

*Condition:* Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Criteria:* Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* The limited number of available personnel prohibits segregation of incompatible duties.