

CITY OF PORTAGEVILLE

Audited Financial Statements

Year ended April 30, 2022

CITY OF PORTAGEVILLE
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April 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Portageville
301 East Main Street
Portageville, MO 63873

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of City of Portageville, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Portageville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City of Portageville, as of April 30, 2022, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Portageville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 of Portageville'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.

Auditor's 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 auditor's 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Portageville'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 City of Portageville'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.

Other Matters

Management is responsible for the other information included in the annual report. The other

information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Scherer, Grayham & Clark, LLP

SCHERER, GRAYHAM & CLARK, LLP
Certified Public Accountants

Kennett, Missouri

December 6, 2022

CITY OF PORTAGEVILLE
Statement of Net Position - Modified Cash Basis
April 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 254,946.46	\$ (142,882.80)	\$ 112,063.66
Restricted Cash and Investments	<u>1,227,330.68</u>	<u>1,274,814.46</u>	<u>2,502,145.14</u>
Total Assets	<u>\$ 1,482,277.14</u>	<u>\$ 1,131,931.66</u>	<u>\$ 2,614,208.80</u>
Liabilities			
Payroll Liabilities	<u>\$ 21,668.87</u>	<u>\$ 0.00</u>	<u>\$ 21,668.87</u>
Total Liabilities	21,668.87	0.00	21,668.87
Net Position			
Reserved for Restricted Purposes	1,227,330.68	1,274,814.46	2,502,145.14
Unrestricted	<u>233,277.59</u>	<u>(142,882.80)</u>	<u>90,394.79</u>
Total Net Position	<u>1,460,608.27</u>	<u>1,131,931.66</u>	<u>2,592,539.93</u>
Total Liabilities and Net Position	<u>\$ 1,482,277.14</u>	<u>\$ 1,131,931.66</u>	<u>\$ 2,614,208.80</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Statement of Activities - Modified Cash Basis
For the year ended April 30, 2022

Functions/Programs	Program Revenues			Net (Expenses) Revenues
	Expenses	Charges for Services	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General and Administrative	\$ (2,175,122.28)	\$ 19,850.01	\$ 62,578.34	\$ (2,092,693.93)
Sales Tax	(6.00)	0.00	0.00	(6.00)
Health	(31,923.60)	615.00	0.00	(31,308.60)
Park	(230,515.68)	0.00	10,931.00	(219,584.68)
Street	(435,946.19)	15,769.02	0.00	(420,177.17)
REAP	0.00	0.00	297,427.47	297,427.47
Crime Reduction	0.00	21.90	0.00	21.90
Total Governmental Activities	(2,873,513.75)	36,255.93	370,936.81	(2,466,321.01)
Business-Type Activities:				
Water	(457,320.23)	583,955.88	0.00	126,635.65
Sewer	(414,483.64)	450,162.13	0.00	35,678.49
Solid Waste	(444,596.26)	395,331.75	0.00	(49,264.51)
Meter	(11,457.24)	12,880.00	0.00	1,422.76
Total Business-Type Activities	(1,327,857.37)	1,442,329.76	0.00	114,472.39
Total Primary Government	<u>\$(4,201,371.12)</u>	<u>\$ 1,478,585.69</u>	<u>\$ 370,936.81</u>	<u>\$(2,351,848.62)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Statement of Activities - Modified Cash Basis
For the year ended April 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Change in Net Position:			
Net (Expenses) Revenues	\$(2,466,321.01)\$	114,472.39	\$(2,351,848.62)
General Revenues:			
Taxes:			
Property Taxes	357,293.48	0.00	357,293.48
Franchise Taxes	299,245.77	0.00	299,245.77
Sales Taxes	936,623.54	0.00	936,623.54
Gasoline Taxes	91,581.99	0.00	91,581.99
Road Improvement Tax	0.00	0.00	0.00
Interest Earned	471.62	1,014.50	1,486.12
Miscellaneous	171,318.96	87,846.95	259,165.91
Loan Proceeds	332,695.00	0.00	332,695.00
Settlement Funds	0.00	641,380.00	641,380.00
Transfers	1,234,576.93	(1,234,576.93)	0.00
Total General Revenues and Transfers	3,423,807.29	(504,335.48)	2,919,471.81
Change in Net Position	957,486.28	(389,863.09)	567,623.19
Net Position - Beginning of Year	503,121.99	1,521,794.75	2,024,916.74
Net Position - End of Year	\$1,460,608.27	\$1,131,931.66	\$2,592,539.93

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
 Balance Sheet - Governmental Funds - Modified Cash Basis
 April 30, 2022

	<u>General</u>	<u>Sales Tax</u>
Assets		
Cash and Investments	\$ 33,151.47	\$ 133,424.74
Restricted Cash and Investments	<u>939,630.29</u>	<u>0.00</u>
Total Assets	<u>\$ 972,781.76</u>	<u>\$ 133,424.74</u>
Liabilities		
Payroll Liabilities	<u>\$ 21,668.87</u>	<u>\$ 0.00</u>
Total Liabilities	21,668.87	0.00
Fund Balances		
Restricted	939,630.29	0.00
Unassigned	<u>11,482.60</u>	<u>133,424.74</u>
Total Fund Balances	<u>951,112.89</u>	<u>133,424.74</u>
Total Liabilities and Fund Balances	<u>\$ 972,781.76</u>	<u>\$ 133,424.74</u>

The accompanying notes are an integral part of these financial statements.

<u>Health</u>	<u>Park</u>	<u>Street</u>	<u>REAP</u>	<u>Crime Reduction</u>	<u>Total Governmental Funds</u>
\$ 0.00	\$ 87,716.07	\$ 0.00	\$ 0.00	\$ 654.18	\$ 254,946.46
<u>67,525.01</u>	<u>4,727.74</u>	<u>194,372.08</u>	<u>21,075.56</u>	<u>0.00</u>	<u>1,227,330.68</u>
<u>\$ 67,525.01</u>	<u>\$ 92,443.81</u>	<u>\$ 194,372.08</u>	<u>\$ 21,075.56</u>	<u>\$ 654.18</u>	<u>\$ 1,482,277.14</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 21,668.87
0.00	0.00	0.00	0.00	0.00	21,668.87
67,525.01	4,727.74	194,372.08	21,075.56	0.00	1,227,330.68
<u>0.00</u>	<u>87,716.07</u>	<u>0.00</u>	<u>0.00</u>	<u>654.18</u>	<u>233,277.59</u>
<u>67,525.01</u>	<u>92,443.81</u>	<u>194,372.08</u>	<u>21,075.56</u>	<u>654.18</u>	<u>1,460,608.27</u>
<u>\$ 67,525.01</u>	<u>\$ 92,443.81</u>	<u>\$ 194,372.08</u>	<u>\$ 21,075.56</u>	<u>\$ 654.18</u>	<u>\$ 1,482,277.14</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position - Modified Cash Basis
For the year ended April 30, 2022

Total Governmental Fund Balances	<u>\$ 1,460,608.27</u>
Net Position of Governmental Activities	<u><u>\$ 1,460,608.27</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Statement of Receipts, Disbursements and Changes in Fund
Balances - Governmental Funds - Modified Cash Basis
For the year ended April 30, 2022

	<u>General</u>	<u>Sales Tax</u>
Revenues:		
Property Taxes and Penalties	\$ 248,796.64	\$ 0.00
Franchise Taxes	299,245.77	0.00
Sales Taxes	91,873.25	807,563.79
Gasoline Taxes	0.00	0.00
Licenses and Permits	8,202.53	0.00
Court Fines	11,522.48	0.00
Charges for Services	125.00	0.00
Capital Grants	54,212.84	0.00
Interest Earned	27.65	274.09
Contributions	8,365.50	0.00
Miscellaneous	74,349.96	6.00
Loan Proceeds	<u>332,695.00</u>	<u>0.00</u>
Total Revenues	1,129,416.62	807,843.88
Expenditures:		
Employee Wages & Benefits	896,931.10	0.00
Maintenance, Operations and Contractual Services	74,119.00	0.00
Facilities and Equipment	721,253.90	0.00
General and Administrative	<u>482,818.28</u>	<u>6.00</u>
Total Expenditures	<u>2,175,122.28</u>	<u>6.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,045,705.66)	807,837.88
Other Financing Sources (Uses):		
Operating Transfers In	1,985,941.96	0.00
Operating Transfers (Out)	<u>0.00</u>	<u>(825,047.00)</u>
Net Other Financing Sources (Uses)	<u>1,985,941.96</u>	<u>(825,047.00)</u>
Net Change in Fund Balances	940,236.30	(17,209.12)
Fund Balances - Beginning of Year	<u>10,876.59</u>	<u>150,633.86</u>
Fund Balances - End of Year	<u>\$ 951,112.89</u>	<u>\$ 133,424.74</u>

The accompanying notes are an integral part of these financial statements.

Health	Park	Street	REAP	Crime Reduction	Total Governmental Funds
\$ 59,180.09	\$ 49,316.75	\$ 0.00	\$ 0.00	\$ 0.00	\$ 357,293.48
0.00	0.00	0.00	0.00	0.00	299,245.77
0.00	0.00	37,186.50	0.00	0.00	936,623.54
0.00	0.00	91,581.99	0.00	0.00	91,581.99
615.00	0.00	0.00	0.00	0.00	8,817.53
0.00	0.00	0.00	0.00	21.90	11,544.38
0.00	0.00	15,769.02	0.00	0.00	15,894.02
0.00	0.00	0.00	297,427.47	0.00	351,640.31
29.97	11.77	102.80	25.34	0.00	471.62
0.00	10,931.00	0.00	82,398.66	0.00	101,695.16
0.00	12,811.39	1,752.95	0.00	0.00	88,920.30
0.00	0.00	0.00	0.00	0.00	332,695.00
59,825.06	73,070.91	146,393.26	379,851.47	21.90	2,596,423.10
23,689.85	2,001.29	233,279.64	0.00	0.00	1,155,901.88
4,817.54	187,624.83	31,488.40	0.00	0.00	298,049.77
0.00	27,500.00	100,565.55	0.00	0.00	849,319.45
3,416.21	13,389.56	70,612.60	0.00	0.00	570,242.65
31,923.60	230,515.68	435,946.19	0.00	0.00	2,873,513.75
27,901.46	(157,444.77)	(289,552.93)	379,851.47	21.90	(277,090.65)
0.00	163,399.04	289,274.19	0.00	0.00	2,438,615.19
(12,505.21)	0.00	0.00	(366,486.05)	0.00	(1,204,038.26)
(12,505.21)	163,399.04	289,274.19	(366,486.05)	0.00	1,234,576.93
15,396.25	5,954.27	(278.74)	13,365.42	21.90	957,486.28
52,128.76	86,489.54	194,650.82	7,710.14	632.28	503,121.99
\$ 67,525.01	\$ 92,443.81	\$ 194,372.08	\$ 21,075.56	\$ 654.18	\$ 1,460,608.27

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE

Reconciliation of the Statement of Receipts, Disbursements
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities - Modified Cash Basis
For the year ended April 30, 2022

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 957,486.28</u>
Change in Net Position of Governmental Activities	<u><u>\$ 957,486.28</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Statement of Net Position - Proprietary Funds - Modified
Cash Basis
April 30, 2022

	Water	Sewer	Solid Waste	Meter	Total Proprietary Funds
Assets					
Cash and Investments	\$ (126,528.33)	\$ 0.00	\$ (16,354.47)	\$ 0.00	\$ (142,882.80)
Restricted Cash and Investments	1,068.80	772,083.91	403,830.19	97,831.56	1,274,814.46
 Total Assets	<u>\$(125,459.53)</u>	<u>\$ 772,083.91</u>	<u>\$ 387,475.72</u>	<u>\$ 97,831.56</u>	<u>\$1,131,931.66</u>
Net Position					
Reserved for Restricted Purposes	\$ 1,068.80	\$ 772,083.91	\$ 403,830.19	\$ 97,831.56	\$ 1,274,814.46
Unrestricted	(126,528.33)	0.00	(16,354.47)	0.00	(142,882.80)
 Total Net Position	<u>\$(125,459.53)</u>	<u>\$ 772,083.91</u>	<u>\$ 387,475.72</u>	<u>\$ 97,831.56</u>	<u>\$1,131,931.66</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Statement of Receipts, Disbursements and Changes in Net
Position - Proprietary Funds - Modified Cash Basis
For the year ended April 30, 2022

	Water	Sewer	Solid Waste	Meter	Total Proprietary Funds
Operating Revenues					
Charges for Services:					
Collections	\$ 573,058.99	\$ 447,258.97	\$ 394,578.59	\$ 12,880.00	\$ 1,427,776.55
Settlement Funds	0.00	0.00	641,380.00	0.00	641,380.00
Other	10,896.89	2,903.16	88,600.11	0.00	102,400.16
Total Operating Revenues	583,955.88	450,162.13	1,124,558.70	12,880.00	2,171,556.71
Operating Expenses					
Employee Wages and Benefits	304,288.46	245,711.02	266,306.46	0.00	816,305.94
Maintenance, Operations and Contractual Services	31,670.00	38,826.43	145,760.53	0.00	216,256.96
Facilities and Equipment	0.00	23,574.34	23,890.51	0.00	47,464.85
Meter Refunds	0.00	0.00	0.00	11,242.59	11,242.59
General and Administrative	121,361.77	106,371.85	8,638.76	214.65	236,587.03
Total Operating Expenses	457,320.23	414,483.64	444,596.26	11,457.24	1,327,857.37
Operating Income (Loss)	126,635.65	35,678.49	679,962.44	1,422.76	843,699.34
Non-Operating Revenues (Expenses)					
Interest Earned	105.79	0.00	908.71	0.00	1,014.50
Transfers	(252,028.01)	(284,722.76)	(695,930.40)	(1,895.76)	(1,234,576.93)
Total Non-Operating Revenues (Expenses)	(251,922.22)	(284,722.76)	(695,021.69)	(1,895.76)	(1,233,562.43)
Change in Net Position	(125,286.57)	(249,044.27)	(15,059.25)	(473.00)	(389,863.09)
Net Position - Beginning of Year	(172.96)	1,021,128.18	402,534.97	98,304.56	1,521,794.75
Net Position - End of Year	\$(125,459.53)	\$ 772,083.91	\$ 387,475.72	\$ 97,831.56	\$1,131,931.66

The accompanying notes are an integral part of these financial statements.

CITY OF PORTAGEVILLE
Statement of Cash Flows - Modified Cash Basis -
Proprietary Funds
Year Ended April 30, 2022

	Water	Sewer	Solid Waste	Meter	Total Proprietary Funds
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 583,955.88	\$ 450,162.13	\$ 483,178.70	\$ 12,880.00	\$ 1,530,176.71
Settlement Funds	0.00	0.00	641,380.00	0.00	641,380.00
Payments to Suppliers	(153,031.77)	(168,772.62)	(178,289.80)	(11,457.24)	(511,551.43)
Payments to Employees	(304,288.46)	(245,711.02)	(266,306.46)	0.00	(816,305.94)
Payments from (to) Other Funds	(252,028.01)	(284,722.76)	(695,930.40)	(1,895.76)	(1,234,576.93)
Net Cash Provided by Operating Activities	(125,392.36)	(249,044.27)	(15,967.96)	(473.00)	(390,877.59)
Cash Flows from Investing Activities:					
Interest Income	105.79	0.00	908.71	0.00	1,014.50
Net Cash Provided (Used) by Investing Activities	105.79	0.00	908.71	0.00	1,014.50
Net Increase in Cash and Cash Equivalents	(125,286.57)	(249,044.27)	(15,059.25)	(473.00)	(389,863.09)
Balance - Beginning of Year	(172.96)	1,021,128.18	402,534.97	98,304.56	1,521,794.75
Balance - End of Year	\$(125,459.53)	\$ 772,083.91	\$ 387,475.72	\$ 97,831.56	\$ 1,131,931.66
Reconciliation to Statement of Net Position					
Cash and Cash Equivalents	\$(126,528.33)	\$ 0.00	\$(16,354.47)	\$ 0.00	\$(142,882.80)
Segregated Cash and Cash Equivalents	1,068.80	772,083.91	403,830.19	97,831.56	1,274,814.46
Total Cash and Cash Equivalents - End of Year	\$(125,459.53)	\$ 772,083.91	\$ 387,475.72	\$ 97,831.56	\$ 1,131,931.66
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 126,635.65	\$ 35,678.49	\$ 679,962.44	\$ 1,422.76	\$ 843,699.34
Changes in Assets:					
Payments from (to) Other Funds	(252,028.01)	(284,722.76)	(695,930.40)	(1,895.76)	(1,234,576.93)
Net Cash Provided by Operating Activities	\$(125,392.36)	(249,044.27)	(15,967.96)	(473.00)	(390,877.59)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Portageville operates under an elected Mayor/Council form of government. The City's major operations include public safety (police and fire), highways and streets, water services, sewer services, solid waste services, recreation and parks, and general administrative services.

The City's financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements of the Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

A. Reporting Entity

The City's reporting entity includes the mayor/council and all related organizations for which the City exercises oversight responsibility.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include but are not limited to the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters.

The other criterion used to evaluate potential component units for inclusion in or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The City has determined that no other outside entity meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such oversight that would result in the City being considered a component unit of said entity.

B. Basic Financial Statements - Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements distinguish government-wide activities, generally supported by taxes and City general revenues from business-type activities, generally financed in whole or in part with fees charged to external customers.

C. Basic Financial Statements - Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities and fund equity, revenues, and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are provided for governmental and proprietary funds. Major governmental and proprietary funds are reported in separate columns.

D. Measurement Focus and Basis of Accounting

Government-wide statements are presented using the "economic resources" measurement focus. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheets.

The City's governmental and proprietary funds use the modified cash basis of accounting. Revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

F. Investments

Investments are limited to bank savings accounts and certificates of deposit and are carried at cost.

F. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds of the City. Annual modified cash basis operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the various funds of the City, and the same basis of accounting is used to reflect the actual revenues and expenditures/expenses. Budgets for certain Special Revenue Funds, Capital Projects Funds, and Special Assessment Funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the department level or by projects.

CITY OF PORTAGEVILLE
Notes to Financial Statements
For the year ended April 30, 2022

G. Inventories

The City does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

H. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on all taxable real and personal property of the City in November. Taxes become payable December 31, and are considered delinquent thereafter.

I. Vacation and Sick Leave

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Such amounts unused and which are vested in the employee are not allowed to accumulate.

NOTE 2 - CASH AND INVESTMENTS

The City complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At April 30, 2022, the carrying amount of the City's deposits was \$2,614,209 and the bank balance was \$2,917,201. Of that bank balance, \$399,107 was covered by federal depository insurance and \$2,518,094 was covered by collateral held in the City's name.

NOTE 3 - GOVERNMENTAL FUND BALANCE AND NET POSITION

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes, as follows:

Nonspendable fund balance - amounts associated with inventories, prepaid amounts, long-term loans and notes receivables, and properties held for resale.

Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

Committed fund balance - amounts that can be used only for the specific purposes determined by formal action of the City's Council (the City's highest level of decision-making authority).

CITY OF PORTAGEVILLE
Notes to Financial Statements
For the year ended April 30, 2022

Assigned fund balance - amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds this is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 4 - EMPLOYEE RETIREMENT SYSTEM

A. Summary of Significant Accounting Policies

The City participates in the Missouri Local Government Employees Retirement System (LAGERS). The financial statements of the City were prepared using the modified cash basis of accounting. Therefore, employer contributions are recognized when paid and the City's net pension liability and deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

B. Plan Description

The City of Portageville defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. 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 the responsibility of LAGERS 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, and may be accessed at www.molagers.org.

C. Benefits Provided

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

February 28, 2021

Benefit Multiplier:	1.25%
Final Average Salary:	5 Years
Member Contributions:	0.00%

D. Benefit Changes After Retirement

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.

E. 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 11.3% (General) and 8.3% (Police) of annual covered payroll.

The City's contributions to LAGERS were \$115,350 for the year ended June 30, 2021.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2022, the date which the financial statements were available to be issued.

CITY OF PORTAGEVILLE
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - General Fund -
Modified Cash Basis
For the year ended April 30, 2022

	<u>Budgeted Amounts</u>		Actual (Modified Cash Basis)	Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes and Penalties	\$ 328,500.00	\$ 328,500.00	\$ 248,796.64	\$ (79,703.36)
Franchise Taxes	327,200.00	327,200.00	299,245.77	(27,954.23)
Sales Taxes	0.00	0.00	91,873.25	91,873.25
Licenses and Permits	9,500.00	9,500.00	8,202.53	(1,297.47)
Court Fines	20,200.00	20,200.00	11,522.48	(8,677.52)
Charges for Services	0.00	0.00	125.00	125.00
Capital Grants	47,154.00	47,154.00	54,212.84	7,058.84
Interest Earned	100.00	100.00	27.65	(72.35)
Contributions	0.00	0.00	8,365.50	8,365.50
Contributions	0.00	0.00	332,695.00	332,695.00
Miscellaneous	20,600.00	20,600.00	74,349.96	53,749.96
Total Revenues	753,254.00	753,254.00	1,129,416.62	376,162.62
Expenditures:				
General and Administrative	413,500.00	413,500.00	1,221,588.94	808,088.94
Police	807,909.00	807,909.00	885,775.62	77,866.62
Fire	81,900.00	81,900.00	67,757.72	(14,142.28)
Total Expenditures	1,303,309.00	1,303,309.00	2,175,122.28	871,813.28
Excess (Deficiency) of Revenues Over (Under) Expenditures	(550,055.00)	(550,055.00)	(1,045,705.66)	(495,650.66)
Other Financing Sources (uses):				
Operating Transfers In	0.00	0.00	1,985,941.96	1,985,941.96
Operating Transfers (Out)	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	1,985,941.96	1,985,941.96
Net Change in Fund Balances	(550,055.00)	(550,055.00)	940,236.30	1,490,291.30
Fund Balance - Beginning of Year	10,876.59	10,876.59	10,876.59	0.00
Fund Balance - End of Year	\$ (539,178.41)	\$ (539,178.41)	\$ 951,112.89	\$ 1,490,291.30

CITY OF PORTAGEVILLE
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Sales Tax Fund -
Modified Cash Basis
For the year ended April 30, 2022

	<u>Budgeted Amounts</u>		Actual (Modified Cash Basis)	Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales Taxes	\$ 675,000.00	\$ 675,000.00	\$ 807,563.79	\$ 132,563.79
Interest Earned	0.00	0.00	274.09	274.09
Miscellaneous	0.00	0.00	6.00	6.00
Total Revenues	675,000.00	675,000.00	807,843.88	132,843.88
Expenditures:				
General and Administrative	450.00	450.00	6.00	(444.00)
Total Expenditures	450.00	450.00	6.00	(444.00)
Excess (Deficiency) of Revenues Over (Under) Expenditures	674,550.00	674,550.00	807,837.88	133,287.88
Other Financing Sources (Uses):				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers (Out)	0.00	0.00	(825,047.00)	(825,047.00)
Net Other Financing Sources (Uses)	0.00	0.00	(825,047.00)	(825,047.00)
Net Change in Fund Balances	674,550.00	674,550.00	(17,209.12)	(691,759.12)
Fund Balances - Beginning of Year	150,633.86	150,633.86	150,633.86	0.00
Fund Balances - End of Year	<u>\$ 825,183.86</u>	<u>\$ 825,183.86</u>	<u>\$ 133,424.74</u>	<u>\$ (691,759.12)</u>

CITY OF PORTAGEVILLE
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Health Fund -
Modified Cash Basis
For the year ended April 30, 2022

	<u>Budgeted Amounts</u>		Actual (Modified Cash Basis)	Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes and Penalties	\$ 58,150.00	\$ 58,150.00	\$ 59,180.09	\$ 1,030.09
Licenses and Permits	200.00	200.00	615.00	415.00
Interest Earned	0.00	0.00	29.97	29.97
Miscellaneous	0.00	0.00	0.00	0.00
Total Revenues	58,350.00	58,350.00	59,825.06	1,475.06
Expenditures:				
Health	36,045.00	36,045.00	31,923.60	(4,121.40)
Total Expenditures	36,045.00	36,045.00	31,923.60	(4,121.40)
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,305.00	22,305.00	27,901.46	5,596.46
Other Financing Sources (Uses):				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers (Out)	0.00	0.00	(12,505.21)	(12,505.21)
Net Other Financing Sources (Uses)	0.00	0.00	(12,505.21)	(12,505.21)
Net Change in Fund Balances	22,305.00	22,305.00	15,396.25	(6,908.75)
Fund Balances - Beginning of Year	52,128.76	52,128.76	52,128.76	0.00
Fund Balances - End of Year	\$ 74,433.76	\$ 74,433.76	\$ 67,525.01	\$ (6,908.75)

CITY OF PORTAGEVILLE

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Park Fund - Modified
Cash Basis

For the year ended April 30, 2022

	<u>Budgeted Amounts</u>		Actual (Modified Cash Basis)	Actual Over (Under) Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes and Penalties	\$ 39,100.00	\$ 39,100.00	\$ 49,316.75	\$ 10,216.75
Interest Earned	10.00	10.00	11.77	1.77
Contributions	0.00	0.00	10,931.00	10,931.00
Miscellaneous	3,000.00	3,000.00	12,811.39	9,811.39
Total Revenues	42,110.00	42,110.00	73,070.91	30,960.91
Expenditures:				
Park	4,710.00	4,710.00	230,515.68	225,805.68
Total Expenditures	4,710.00	4,710.00	230,515.68	225,805.68
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,400.00	37,400.00	(157,444.77)	(194,844.77)
Other Financing Sources (Uses):				
Operating Transfers In	0.00	0.00	163,399.04	163,399.04
Operating Transfers (Out)	(25,000.00)	(25,000.00)	0.00	25,000.00
Net Other Financing Sources (Uses)	(25,000.00)	(25,000.00)	163,399.04	188,399.04
Net Change in Fund Balances	12,400.00	12,400.00	5,954.27	(6,445.73)
Fund Balances - Beginning of Year	86,489.54	86,489.54	86,489.54	0.00
Fund Balances - End of Year	\$ 98,889.54	\$ 98,889.54	\$ 92,443.81	\$ (6,445.73)

CITY OF PORTAGEVILLE
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Street Fund -
Modified Cash Basis
For the year ended April 30, 2022

	Budgeted Amounts		Actual (Modified Cash Basis)	Actual Over (Under) Final Budget
	Original	Final		
Revenues:				
Sales Taxes	\$ 38,000.00	\$ 38,000.00	\$ 37,186.50	\$ (813.50)
Gasoline Taxes	75,000.00	75,000.00	91,581.99	16,581.99
Charges for Services	12,000.00	12,000.00	15,769.02	3,769.02
Interest Earned	60.00	60.00	102.80	42.80
Miscellaneous	1,000.00	1,000.00	1,752.95	752.95
Total Revenues	126,060.00	126,060.00	146,393.26	20,333.26
Expenditures:				
Street	366,900.00	366,900.00	435,946.19	69,046.19
Total Expenditures	366,900.00	366,900.00	435,946.19	69,046.19
Excess (Deficiency) of Revenues Over (Under) Expenditures	(240,840.00)	(240,840.00)	(289,552.93)	(48,712.93)
Other Financing Sources (Uses):				
Operating Transfers In	0.00	0.00	289,274.19	289,274.19
Operating Transfers (Out)	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	289,274.19	289,274.19
Net Change in Fund Balances	(240,840.00)	(240,840.00)	(278.74)	240,561.26
Fund Balances - Beginning of Year	194,650.82	194,650.82	194,650.82	0.00
Fund Balances - End of Year	\$ (46,189.18)	\$ (46,189.18)	\$ 194,372.08	\$ 240,561.26

CITY OF PORTAGEVILLE
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - REAP Fund - Modified
Cash Basis
For the year ended April 30, 2022

	Budgeted Amounts		Actual (Modified Cash Basis)	Actual Over (Under) Final Budget
	Original	Final		
Revenues:				
Capital Grants	\$ 0.00	\$ 0.00	\$ 297,427.47	\$ 297,427.47
Interest Earned	0.00	0.00	25.34	25.34
Miscellaneous	0.00	0.00	82,398.66	82,398.66
Total Revenues	0.00	0.00	379,851.47	379,851.47
Expenditures:				
REAP	0.00	0.00	0.00	0.00
Total Expenditures	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	0.00	0.00	379,851.47	379,851.47
Other Financing Sources (Uses):				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers (Out)	0.00	0.00	(366,486.05)	(366,486.05)
Net Other Financing Sources (Uses)	0.00	0.00	(366,486.05)	(366,486.05)
Net Change in Fund Balances	0.00	0.00	13,365.42	13,365.42
Fund Balances - Beginning of Year	7,710.14	7,710.14	7,710.14	0.00
Fund Balances - End of Year	\$ 7,710.14	\$ 7,710.14	\$ 21,075.56	\$ 13,365.42

CITY OF PORTAGEVILLE
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual - Crime Reduction
Fund - Modified Cash Basis
For the Year Ended April 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual (Modified Cash Basis)</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Charges for Services	\$ 0.00	\$ 0.00	\$ 21.90	\$ 21.90
Total Revenues	0.00	0.00	21.90	21.90
Expenditures:				
Crime Reduction	0.00	0.00	0.00	0.00
Total Expenditures	0.00	0.00	0.00	0.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	0.00	0.00	21.90	21.90
Other Financing Sources (Uses):				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers (Out)	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	0.00	0.00
Net Change in Fund Balances	0.00	0.00	21.90	21.90
Fund Balances - Beginning of Year	632.28	632.28	632.28	0.00
Fund Balances - End of Year	\$ 632.28	\$ 632.28	\$ 654.18	\$ 21.90

CITY OF PORTAGEVILLE
 Note to Budgetary Comparison Schedules
 April 30, 2022

Note 1 - Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67, RSMo, the City adopts a budget for each fund.
2. Beginning in February, the Board of Alderman, Mayor, City Accountant, and City Clerk hold meetings once or twice a month to develop a budget for the fiscal year which begins May 1. These meetings continue into April when the final draft is completed. The budget includes estimated receipts and proposed disbursements for all City funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
3. In May, the budget is legally enacted by a vote of the Outgoing Council.
4. Subsequent to its formal approval of the budget, the Council has the authority to make necessary adjustments to the budget by formal vote of the Council. Budgeted amounts are as originally adopted, or as amended by the Council.
5. Budgets for City funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

Note 2 - Budgeted Expenditures in Excess of Budgeted Receipts Plus Beginning Fund Balance

The following funds had budgeted expenditures in excess of budgeted receipts plus the beginning fund balance amount:

	Budgeted Expenditures	Budgeted Receipts Plus Beginning Fund Balance <u>Fund Balance</u>
General Fund	\$ 1,303,309.00	\$ 764,130.59
Street Fund	366,900.00	320,710.82

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Portageville

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Portageville, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Portageville's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Portageville'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 Portageville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Portageville's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Portageville's financial statements

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scherer, Grayham & Clark, LLP

SCHERER, GRAYHAM & CLARK, LLP
Certified Public Accountants

Kennett, Missouri

December 6, 2022