

REPORT OF
CITY OF NEW BLOOMFIELD, MISSOURI
YEAR ENDED DECEMBER 31, 2022

CITY OF NEW BLOOMFIELD, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Board of Aldermen
City of New Bloomfield, Missouri

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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 New Bloomfield, Missouri (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our 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.

PARTNERS

Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Benjamin E. Carrier

PARTNERS EMERITI

Robert A. Gerding
Fred W. Korte, Jr.

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.

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 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 on pages 4 – 15 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 June 7, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Gerding, Korte & Chitwood, P.C.".

June 7, 2023

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

As management of the City of New Bloomfield, Missouri, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The City has implemented Governmental Accounting Standards Board GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$2,048,839 (net position). Of this amount, \$681,658 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$229,254.
- As of the close of the current fiscal year, the City's governmental fund reported combined ending fund balances of \$310,787. Of this amount, \$2,739 is nonspendable, \$68,091 is restricted for debt service purposes, \$203,951 is restricted for other purposes, and \$36,006 is unassigned.
- At the end of the current fiscal year, the general fund had a fund balance of \$310,787.
- The City's bonds payable decreased \$69,497 due to payments on bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with the broad overview of the City's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator to whether the financial position of the City is improving or deteriorating.

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The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, transportation, cultural, parks and recreation and community development. The business-type activities of the City include Water and Wastewater operations. The government-wide financial statements can be found on pages 16 - 18 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental fund and proprietary funds.

Governmental Fund - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The City maintains one governmental fund. Information is presented in the Governmental Fund Statement Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund, which is considered to be a major fund. The basic governmental fund financial statements can be found on pages 19 - 22.

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Proprietary Funds - The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the Enterprise Fund to account for its water, sewer and trash funds.

Proprietary Funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and trash funds since they are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 41.

Governmental-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of New Bloomfield, assets exceeded liabilities and deferred inflows of resources by \$2,048,839 as of December 31, 2022.

A significant portion of the City's net position (49%) is its investments in capital assets (e.g., land, buildings, equipment, improvements, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

2022 NET POSITION

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 142,216	\$ 672,693	\$ 814,909
Restricted assets	272,042	82,636	354,678
Capital assets	1,026,329	1,163,615	2,189,944
Total Assets	<u>1,440,587</u>	<u>1,918,944</u>	<u>3,359,531</u>
Current liabilities	54,077	42,721	96,798
Long-term liabilities	557,770	561,886	1,119,656
Total Liabilities	<u>611,847</u>	<u>604,607</u>	<u>1,216,454</u>
Deferred inflows of resources	<u>94,238</u>	<u>-</u>	<u>94,238</u>
Net Position:			
Net investment in capital assets	428,688	586,603	1,015,291
Restricted	270,648	81,242	351,890
Unrestricted	35,166	646,492	681,658
Total Net Position	<u>\$ 734,502</u>	<u>\$ 1,314,337</u>	<u>\$ 2,048,839</u>

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	2021 NET POSITION		
	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 117,398	\$ 570,307	\$ 687,705
Restricted assets	157,896	104,927	262,823
Capital assets	1,143,610	1,113,131	2,256,741
Total Assets	<u>1,418,904</u>	<u>1,788,365</u>	<u>3,207,269</u>
Current liabilities	59,751	45,687	105,438
Long-term liabilities	609,882	585,058	1,194,940
Total Liabilities	<u>669,633</u>	<u>630,745</u>	<u>1,300,378</u>
Deferred inflows of resources	<u>87,306</u>	<u>-</u>	<u>87,306</u>
Net Position:			
Net investment in capital assets	500,135	514,377	1,014,512
Restricted	151,912	103,481	255,393
Unrestricted	9,918	539,762	549,680
Total Net Position	<u>\$ 661,965</u>	<u>\$ 1,157,620</u>	<u>\$ 1,819,585</u>

As of December 31, 2022, the City is able to report positive balances in all three categories of net position for the government as a whole.

Analysis of the City's Operations - Overall the City had an increase in net position of \$229,254.

Governmental Activities: Governmental activities increased the net position by \$72,537.

Business-Type Activities: Net Position from business-type activities increased by \$156,717 from \$1,157,620 to \$1,314,337. This increase was primarily due to an excess of operating revenues over operating expenses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following tables provide a summary of the City's operations for year ended December 31, 2022 and 2021.

2022 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 2,677	\$ 386,346	\$ 389,023
Operating grants and contributions	-	69,209	69,209
General Revenues:			
Property taxes	90,620	-	90,620
Sales taxes	91,927	-	91,927
Franchise taxes	36,820	-	36,820
Motor vehicle and fuel taxes	29,608	-	29,608
Interest and investment earnings	29	516	545
Other	1,153	963	2,116
Interfund transfers	(36,425)	36,425	-
Total Revenues	<u>216,409</u>	<u>493,459</u>	<u>709,868</u>
Expenses:			
Interest and fees	13,045	-	13,045
General government	103,183	-	103,183
Public safety	41,524	-	41,524
Transportation	62,301	-	62,301
Water, sewer and trash	-	336,742	336,742
Total Expenses	<u>220,053</u>	<u>336,742</u>	<u>556,795</u>
Change in net position	(3,644)	156,717	153,073
Gain on sale	76,181	-	76,181
Net Position - Beginning of Year	<u>661,965</u>	<u>1,157,620</u>	<u>1,819,585</u>
Net Position - End of Year	<u>\$ 734,502</u>	<u>\$ 1,314,337</u>	<u>\$ 2,048,839</u>

2021 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 1,907	\$ 321,463	\$ 323,370
Operating grants and contributions	-	67,901	67,901
General Revenues:			
Property taxes	86,960	-	86,960
Sales taxes	88,496	-	88,496
Franchise taxes	34,769	-	34,769
Motor vehicle and fuel taxes	29,203	-	29,203
Interest and investment earnings	195	327	522
Other	17,845	-	17,845
Interfund transfers	(3,000)	3,000	-
Total Revenues	<u>256,375</u>	<u>392,691</u>	<u>649,066</u>
Expenses:			
Interest and fees	17,037	-	17,037
General government	87,698	-	87,698
Public safety	40,780	-	40,780
Transportation	70,951	-	70,951
Water, sewer and trash	-	355,659	355,659
Total Expenses	<u>216,466</u>	<u>355,659</u>	<u>572,125</u>
Change in net position	39,909	37,032	76,941
Net Position - Beginning of Year	<u>622,056</u>	<u>1,120,588</u>	<u>1,742,644</u>
Net Position - End of Year	<u>\$ 661,965</u>	<u>\$ 1,157,620</u>	<u>\$ 1,819,585</u>

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Financial Analysis of the Government's Fund

Governmental Fund - The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirement. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental fund reported a combined ending fund balance of \$310,787.

In the General Fund, the City budgeted for an increase of \$99,557 in the fund balance. Due to actual revenues and expenditures being more than budgeted, the actual fund balance increase for fiscal year 2022 was \$134,017.

Proprietary Funds - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights - The City made one revision to the original appropriations approved by the City Council.

Capital Assets

The City of New Bloomfield's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$2,189,944 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements and construction in progress.

2022 CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	Business-Type Activities	Total
Property, plant and equipment:			
Land and land elements	\$ 16,500	\$ 20,000	\$ 36,500
Buildings and improvements	57,399	-	57,399
Infrastructure	946,273	-	946,273
Equipment	6,157	559,317	565,474
Sewerage system	-	575,922	575,922
Treatment plant	-	8,376	8,376
Net Capital Assets	<u>\$ 1,026,329</u>	<u>\$ 1,163,615</u>	<u>\$ 2,189,944</u>

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2021 CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	Business-Type Activities	Total
Property, plant and equipment:			
Land and land elements	\$ 16,500	\$ 20,000	\$ 36,500
Buildings and improvements	135,130	-	135,130
Infrastructure	985,439	-	985,439
Equipment	6,541	486,169	492,710
Sewerage system	-	597,658	597,658
Treatment plant	-	9,304	9,304
Net Capital Assets	<u>\$ 1,143,610</u>	<u>\$ 1,113,131</u>	<u>\$ 2,256,741</u>

Additional information on the City's capital assets can be found in Note VII on pages 37 and 38 of this report.

Debt Administration

At the end of the current fiscal year, the City of New Bloomfield had total bonded debt of \$1,174,653.

2022 Outstanding Debt at Year End
Revenue Bonds, General Obligation Bonds and Other Liabilities

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 577,012	\$ 577,012
General obligation bonds	597,641	-	597,641
Compensated absences	7,250	7,250	14,500
Total	<u>\$ 604,891</u>	<u>\$ 584,262</u>	<u>\$ 1,189,153</u>

2021 Outstanding Debt at Year End
Revenue Bonds, General Obligation Bonds and Other Liabilities

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 598,754	\$ 598,754
General obligation bonds	643,475	-	643,475
Compensated absences	6,648	6,648	13,296
Total	<u>\$ 650,123</u>	<u>\$ 605,402</u>	<u>\$ 1,255,525</u>

During the fiscal year, the City's total debt decreased by \$66,372 or 5%. The decrease was due to the payment on debt.

Additional information on the City of New Bloomfield's long-term debt can be found in Note XI and XII on pages 39 - 40 of this report.

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Transfers

Transfers in 2022 were as follows:

	Transfer In	Transfer Out
General	\$ -	\$ 36,425
Water	36,037	-
Sewer	388	-
	<u>\$ 36,425</u>	<u>\$ 36,425</u>

Transfers in 2021 were as follows:

	Transfer In	Transfer Out
General	\$ -	\$ 3,000
Water	83,789	-
Sewer	1,500	82,289
	<u>\$ 85,289</u>	<u>\$ 85,289</u>

Economic Outlook

The Economic Outlook for 2023 for New Bloomfield, Missouri is good.

The current Infrastructure of the town continues to need work in order to support our churches, schools, businesses and population. We are poised for sustainable growth in both population and business opportunities. Several new homes have been built in the last few years, and current businesses are thriving.

Independent Annual Audit:

Fourth Class cities are required to perform an independent annual audit. This is a necessary Governance expense for each taxpayer in the city. Our current Independent Auditors are Gerding, Korte and Chitwood.

Petitioned State Audit: Final Report / July 2019:

As stated in the Citizens Summary, New Bloomfield's rating was "**Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, many of the prior recommendations have been implemented."

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The audit was completed July 2019. On September 3, 2019, the city received an invoice from the State Auditor's office in the amount of \$27,963.78, stating "Payment is now due". Due to the immense burden of this expense, the City negotiated a (Memorandum of Understanding payment agreement). All taxpayers will feel the weight of this audit for several years as payments are made on a quarterly basis with the final payment being made on June 30, 2024.

Governance Fund:

Departments funded by City General are: Administration, Community Development, Municipal Court, Parks, Police / Public Safety and Streets. The most effective way to operate a monetary system is to look at 'money producing' financial measures, as well as 'cost cutting' measures.

Administration:

Elections:

The City of New Bloomfield currently holds Annual Municipal Elections.

Sales Tax Revenues:

In order to support the departments funded by the general fund, a 1% General Revenue Sales Tax measure was placed on the April 2, 2019 ballot to be voted on by the people; it did not pass. Due to the non-election in both 2020 and 2021 the city did not place a 1% General Sales Tax measure on the Ballot. Fortunately, the General Sales Tax and Capital Improvement taxes have been increasing steadily, due to local buying. The City will consider the possibility of placing a 1% Sales Tax measure and a Use Tax measure on the Ballot in 2024.

If the Sales Tax increase had passed in 2019, these funds would have made it possible to look at other possible Public Safety / Policing opportunities and Community Development Issues, while adding extra support for our Parks and Streets. Not to mention, these dollars would have assisted with paying the cost of the State Audit. We will need to look at other revenue sources to increase funds in City General to support the departments funded by Governance Funds.

Enterprise Fund:

In order to continue to upgrade our water and sewer systems, the city needs to begin thinking about a new bond issue with hopeful Grant Funding. The City requested ARPA funding and due to the massive number of requests made within the State, our request was denied.

General Administration:

The City Clerk is working diligently to update files and keep everything running smoothly.

Community Development:

As our city grows, we must invest in updating our planning and mapping as well as updating our comprehensive plan. We will need to get our City Engineers and City Attorney involved in the process. In order to fund these endeavors, we need to continue to explore Sales/Use Tax Ballot measures.

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Court:

Understanding and complying with the new State regulations, we chose to move our Municipal Court to the Associate Circuit level. Our first Court date at the Callaway County Courthouse in Fulton was on September 8th, 2017. We no longer have the expenses related to the staffing, training, or supplies for a Court Clerk or Municipal Judge. However, we must retain the services of a Prosecuting Attorney. Once a month, the County Court Clerk's office sends us a check and we pay the law enforcement training fee (LET) to the State; the remainder is placed in the City General fund. We are required to permanently house and retain the records of the New Bloomfield Municipal Court from its inception to the final Court date of June 5th, 2017. This is one of the ongoing expenses to the City.

Parks:

Due to the fact that the 1% Sales Tax increase did not pass at the Polls in April 2019, the City sold a land asset to help make the payments for the State Audit. We will have to look to other funding sources to finance a Small Tots Play Area in the Park in the future.

Public Safety/Police:

Due to the desire to protect both our citizens and the safety of our Police officers, the City was blessed by the good will of a nearby community who offered in the middle of the year (2018) to help us with our policing needs. We were able to retain full time (24 hour) services under a contractual agreement that does exactly what we needed; protects both our citizens and our Police officers on a full-time basis. The current Full-Time Police coverage costs the City less than our previous Part-Time coverage. In order to continue to fund Public Safety and Policing measures, the City must increase funding for City General. Fortunately, the City was able to continue the intergovernmental agreement for the next 5 years under a mutually beneficial contract which ends on December 31, 2025.

Public Safety / Street Lights:

Our Street Light electricity fee has been increasing slightly due to inflation. A new type of lights continue to be installed by Ameren U.E. as the old lights burn out and are replaced.

Streets/Roads/Stormwater:

History: As early as January 2017, Steve Goehl addressed the Council concerning ways to look at a new measure/s for Road and Street repairs and improvements as well as Stormwater issues. A suggestion was made to look at a Sales Tax measure at the same time planning for a Bond Issue. The passage of a Sales Tax would insure backup support for funding of the Bond Issue without an undo burden on homeowners.

2019 Bond Issue / 2020 Street/Related Stormwater Project:

In order to attempt to stabilize our tax rate; stay on top of street repairs and upgrades as well as Stormwater issues, the city placed a Bond Issue on the Ballot in April 2019. This Bond Issue was successful with over 57% of the vote required to pass the measure. However, the General Revenue Sales Tax measure which would have provided backup funding for Street/Stormwater concerns did not pass in April, 2019.

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

In 2020, we paid off the 2012 Street Bond Issue as well as bid out the \$680,000 Street/Related Stormwater project. The funding for the payoff of the 2012 Bond Issue was paid from the remaining Street Bond Reserve Account (#13196) and Capital Improvement Sales Tax dollars. The completion of the Street/Stormwater Project is a considerable blessing to the community as evidenced by a good quality job with a real upgrade to the city. In 2021, as promised in the Bond literature we were able to set the 2022 Debt Service Tax Rate at the Ballot Issue level of 0.9200 for the payoff of the loan in 12 years. The 2023 rate should stay about the same.

Snow and Ice Removal:

The Snow and Ice Removal contract was signed with Roettgen Excavating in 2022, which will expire June 10, 2026. The Snow and Ice Removal contract will be rebid in June 2026.

Solid Waste:

Republic Services will continue to remove our Solid Waste under contract until May 2024. As part of the Contract, a Spring Cleanup is held in May/June each year. This contract will be re-bid in 2024.

Water/Sewer:

Rates:

In 2021, a Public Hearing was held and the rates were approved. In November 2021, Ordinance #833-21 was passed as a 5-year plan for our annual rate increase ending in the year 2026.

The rate study was conducted per the Department of Natural Resources timeline. In 2021, the U.S.D.A. loan was refinanced through Central Bank at the rate of 2.9% for the duration of the loan. (2042)

Debt Service Reserve Account:

In 2018, we reached our goal of the \$46,560.00 required for the Debt Service Reserve Account by placing \$388.00 per month into this reserve account per the U.S.D.A. loan agreement requirement. Once our loan was moved to a bank, this reserve account is no longer required. These dollars may be moved at any time, for possible future loans.

Replacement and Extension Fund:

Once the \$46,560.00 was reached in the Debt Service Reserve Account, \$388.00 per month was required to be placed in the Replacement and Extension Account. In 2021, because of moving our loan to a bank, this is no longer a requirement. However, because of good practice, \$388.00 is continuing to be deposited on a monthly basis into this account.

Water Reserve Funds:

We continue to save funds at \$1,000.00 a month to paint/maintain the Water Tower. The Water Tower paint job was completed in the summer of 2022, both internal and external.

We continue to save funds for the replacement of a well to the tune of \$150.00 a month.

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Sewer:

- Disinfection is required with the 2021 permit under a 4 year plan. The Department of Natural Resources has sent us a schedule to complete. We are operating under the third year of the plan.
- The City of New Bloomfield has been working to reduce the Infiltration and Inflow within the Sewer System. TREKK Design Group LLC was hired under a Grant/Loan from D.N.R. to perform Flow monitoring and Smoke testing on our system. The City will ultimately have to choose between treating our wastewater at our facility and/or regionalization of our Sewer System, whichever serves the community best and is the most cost effective.

Goals:

With a goal to continue replacing old and worn out lines, we must begin looking at a new GRANT / BOND measure under a long-range plan. We are in continuous contact with Congressman Blaine Luetkemeyer's office as well as Senator Travis Fitzwater to finance the project.

Land/Building Sale:

Following the receipt of Bid Proposals, the MoDot facility was sold to Meadow Lake Acres Country Club. The money was placed in the two remaining accounts from which it ultimately came. Due to the loss of a storage facility for pipes, supplies, etc., a new maintenance building is in the planning process.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of New Bloomfield, Missouri, P.O. Box 77, New Bloomfield, Missouri 65063, call (573) 491-3614.

CITY OF NEW BLOOMFIELD, MISSOURI
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 102,807	\$ 502,098	\$ 604,905
Certificates of deposit	-	119,426	119,426
Accounts receivable, net	36,670	34,442	71,112
Accrued interest receivable	-	130	130
Prepaid expenses	2,739	5,190	7,929
Inventories	-	11,407	11,407
Total Current Assets	142,216	672,693	814,909
Restricted Assets:			
Cash and cash equivalents	191,253	82,636	273,889
Accounts receivable, net	80,789	-	80,789
Total Restricted Assets	272,042	82,636	354,678
Noncurrent Assets:			
Capital Assets:			
Land	16,500	20,000	36,500
Property and equipment	1,365,046	3,386,431	4,751,477
Accumulated depreciation	(355,217)	(2,242,816)	(2,598,033)
Total Capital Assets, net of accumulated depreciation	1,026,329	1,163,615	2,189,944
Total Assets	1,440,587	1,918,944	3,359,531
LIABILITIES			
Current Liabilities:			
Accounts payable	1,684	1,059	2,743
Sales tax/primacy fees payable	-	566	566
Accrued payroll	1,641	3,416	5,057
Current portion of accrued audit payable	2,237	560	2,797
Customer deposits	-	13,350	13,350
Current portion of bonds payable	47,121	22,376	69,497
Payable from restricted assets - accrued interest	1,394	1,394	2,788
Total Current Liabilities	54,077	42,721	96,798
Long-Term Liabilities:			
Bonds payable (net of current portion)	550,520	554,636	1,105,156
Compensated absences	7,250	7,250	14,500
Total Long-Term Liabilities	557,770	561,886	1,119,656
Total Liabilities	611,847	604,607	1,216,454
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	94,238	-	94,238
Total Deferred Inflows of Resources	94,238	-	94,238
NET POSITION			
Net investment in capital assets	428,688	586,603	1,015,291
Restricted but expendable for:			
Debt service	66,697	81,242	147,939
Other purposes	203,951	-	203,951
Unrestricted	35,166	646,492	681,658
Total Net Position	\$ 734,502	\$ 1,314,337	\$ 2,048,839

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 103,183	\$ 1,875	\$ -	\$ -	\$ (101,308)	\$ -	\$ (101,308)
Public safety	41,524	802	-	-	(40,722)	-	(40,722)
Streets	62,301	-	-	-	(62,301)	-	(62,301)
Interest & fees on long-term debt	13,045	-	-	-	(13,045)	-	(13,045)
Total Governmental Activities	<u>220,053</u>	<u>2,677</u>	<u>-</u>	<u>-</u>	<u>(217,376)</u>	<u>-</u>	<u>(217,376)</u>
Business-Type Activities:							
Water	161,822	155,197	69,209	-	-	62,584	62,584
Sewer	127,550	166,260	-	-	-	38,710	38,710
Trash	47,370	64,889	-	-	-	17,519	17,519
Total Business-Type Activities	<u>336,742</u>	<u>386,346</u>	<u>69,209</u>	<u>-</u>	<u>-</u>	<u>118,813</u>	<u>118,813</u>
Total	<u>\$ 556,795</u>	<u>\$ 389,023</u>	<u>\$ 69,209</u>	<u>\$ -</u>	<u>\$ (217,376)</u>	<u>\$ 118,813</u>	<u>\$ (98,563)</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Cont'd)
YEAR ENDED DECEMBER 31, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	90,620	-	90,620
Sales taxes	91,927	-	91,927
Franchise taxes	36,820	-	36,820
Motor fuel taxes	29,608	-	29,608
Unrestricted investment earnings	29	516	545
Miscellaneous	1,153	963	2,116
Interfund transfers	(36,425)	36,425	-
Total General Revenues	213,732	37,904	251,636
Change in net position before Special Items	(3,644)	156,717	153,073
Special Items			
Gain on sale of capital assets	76,181	-	76,181
Change in net position	72,537	156,717	229,254
Net position - beginning	661,965	1,157,620	1,819,585
Net position - ending	<u>\$ 734,502</u>	<u>\$ 1,314,337</u>	<u>\$ 2,048,839</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2022

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 102,807
Taxes receivable (net)	36,670
Prepaid expenses	2,739
Restricted assets:	
Cash and cash equivalents	191,253
Receivables (net)	80,789
Total Assets	<u>\$ 414,258</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 1,684
Accrued payroll	1,641
Accrued audit payable	2,237
Total Liabilities	<u>5,562</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenue - taxes	97,909
Total Deferred Inflows of Resources	<u>97,909</u>
<u>FUND BALANCES</u>	
Nonspendable	
Prepaid expenses	2,739
Restricted for:	
Debt service	68,091
Protested taxes	4,157
Streets	194,166
Capital improvements	5,628
Unassigned	36,006
Total Fund Balances	<u>310,787</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 414,258</u>

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION:

Total Fund Balances - Governmental Fund	\$ 310,787
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$355,217	1,026,329
Receivables not collected within sixty days of year-end are not current financial resources and, therefore, are not reported in the funds	3,671
Liabilities are not due and payable in the current period and therefore are not reported in the funds	(606,285)
Net Position of Governmental Activities	<u>\$ 734,502</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2022

	General Fund
REVENUES COLLECTED	
Taxes	\$ 248,590
Licenses and permits	1,875
Fines and forfeits	802
Miscellaneous	151,152
Interest	29
Total Revenues Collected	<u>402,448</u>
EXPENDITURES PAID	
General government	103,878
Public safety	41,524
Street	23,135
Debt service:	
Principal	45,834
Interest and fees	17,635
Total Expenditures Paid	<u>232,006</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	170,442
Other Financing Uses	
Transfers Out	<u>(36,425)</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Uses	134,017
Fund Balance, beginning of year	<u>176,770</u>
Fund Balance, end of year	<u><u>\$ 310,787</u></u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds	\$ 134,017
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Additionally, governmental funds report the sale of capital assets as miscellaneous revenue while governmental activities report the gain on sale as special items:

Depreciation expense	(43,462)
Gain on sale of capital assets	(73,819)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	386
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bond principal payments paid	45,834
Change in accrued interest payable from prior year	4,590

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

Accrued audit payable	5,593
Accrued compensated absences	(602)

Change in Net Position of Governmental Activities	\$ <u>72,537</u>
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CITY OF NEW BLOOMFIELD, MISSOURI
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES COLLECTED				
Taxes	\$ 314,051	\$ 248,590	\$ 248,590	\$ -
Licenses and permits	5,250	1,875	1,875	-
Fines and forfeits	1,500	802	802	-
Miscellaneous	500	151,152	151,152	-
Interest	275	29	29	-
Total Revenues Collected	321,576	402,448	402,448	-
EXPENDITURES PAID				
General government	90,875	103,878	103,878	-
Public safety	40,900	41,524	41,524	-
Street	26,775	23,135	23,135	-
Debt service:				
Principal	45,834	45,834	45,834	-
Interest and fees	17,635	17,635	17,635	-
Total Expenditures Paid	222,019	232,006	232,006	-
Excess (Deficit) of Revenues Collected over Expenditures Paid	99,557	170,442	170,442	-
Other Financing Uses				
Transfers In (Out)	-	(36,425)	(36,425)	-
Excess (Deficit) of Revenues Collected over Expenditures Paid and Other Financing Uses	99,557	134,017	134,017	\$ -
Fund Balance, beginning of year	176,770	176,770	176,770	
Fund Balance, end of year	\$ 276,327	\$ 310,787	\$ 310,787	

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Trash	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 272,101	\$ 173,903	\$ 56,094	\$ 502,098
Certificates of deposit	64,075	55,351	-	119,426
Accounts receivable, net	14,674	13,594	6,174	34,442
Accrued interest receivable	65	65	-	130
Prepaid expenses	2,595	2,595	-	5,190
Inventories	11,407	-	-	11,407
Total Current Assets	364,917	245,508	62,268	672,693
Restricted Assets:				
Cash and cash equivalents	54,928	27,708	-	82,636
Total Restricted Assets	54,928	27,708	-	82,636
Noncurrent Assets:				
Capital Assets				
Land	20,000	-	-	20,000
Property and equipment	1,630,797	1,752,954	2,680	3,386,431
Accumulated depreciation	(1,087,152)	(1,152,984)	(2,680)	(2,242,816)
Total Capital Assets, net of accumulated depreciation	563,645	599,970	-	1,163,615
Total Assets	\$ 983,490	\$ 873,186	\$ 62,268	\$ 1,918,944
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 426	\$ 633	\$ -	1,059
Sales tax/primacy fees payable	474	92	-	566
Accrued payroll	1,708	1,708	-	3,416
Current portion of accrued audit payable	280	280	-	560
Customer deposits	13,350	-	-	13,350
Current portion of long-term debt	11,188	11,188	-	22,376
Payable from restricted assets - accrued interest	697	697	-	1,394
Total Current Liabilities	28,123	14,598	-	42,721
Long-Term Liabilities:				
Accrued compensated absences	3,625	3,625	-	7,250
Revenue bonds payable (net of current portion)	277,318	277,318	-	554,636
Total Long-Term Liabilities	280,943	280,943	-	561,886
Total Liabilities	309,066	295,541	-	604,607
NET POSITION				
Net investment in capital assets	275,139	311,464	-	586,603
Restricted for debt service	54,231	27,011	-	81,242
Unrestricted	345,054	239,170	62,268	646,492
Total Net Position	\$ 674,424	\$ 577,645	\$ 62,268	\$ 1,314,337

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Trash	Total
Operating Revenues:				
Charges for services	\$ 155,197	\$ 166,260	\$ 64,889	\$ 386,346
Miscellaneous	909	54	-	963
Total Operating Revenues	<u>156,106</u>	<u>166,314</u>	<u>64,889</u>	<u>387,309</u>
Operating Expenses:				
Administrative costs	8,941	7,795	-	16,736
Depreciation	59,452	29,126	-	88,578
Insurance	1,867	1,867	-	3,734
Professional fees	13,344	4,704	-	18,048
Replacements and repairs	1,919	363	-	2,282
Operational costs	17,513	24,869	47,370	89,752
Personnel services	50,209	50,249	-	100,458
Total Operating Expenses	<u>153,245</u>	<u>118,973</u>	<u>47,370</u>	<u>319,588</u>
Net operating income (loss)	<u>2,861</u>	<u>47,341</u>	<u>17,519</u>	<u>67,721</u>
Nonoperating Revenue (Expense):				
Investment income	264	252	-	516
Interest expense and fees	(8,577)	(8,577)	-	(17,154)
Intergovernmental grants	69,209	-	-	69,209
Transfers in/(out)	36,037	388	-	36,425
Net Nonoperating Revenue (Expense)	<u>96,933</u>	<u>(7,937)</u>	<u>-</u>	<u>88,996</u>
Net income (loss)	99,794	39,404	17,519	156,717
Net position - beginning of year	<u>574,630</u>	<u>538,241</u>	<u>44,749</u>	<u>1,157,620</u>
Net position - end of year	<u>\$ 674,424</u>	<u>\$ 577,645</u>	<u>\$ 62,268</u>	<u>\$ 1,314,337</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 147,937	\$ 156,542	\$ 60,539	\$ 365,018
Cash paid to suppliers	(45,386)	(41,778)	(51,050)	(138,214)
Cash paid to employees	(49,938)	(49,978)	-	(99,916)
Net cash provided (used) by operating activities	<u>52,613</u>	<u>64,786</u>	<u>9,489</u>	<u>126,888</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(10,871)	(10,871)	-	(21,742)
Interest paid on capital debt	(8,577)	(8,577)	-	(17,154)
Intergovernmental grants	69,209	-	-	69,209
Purchase of capital assets	(132,600)	(6,463)	-	(139,063)
Interfund transfers in/(out)	81,037	388	-	81,425
Net cash provided (used) by capital and related financing activities	<u>(1,802)</u>	<u>(25,523)</u>	<u>-</u>	<u>(27,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of certificates of deposit	(64,075)	(55,351)	-	(119,426)
Proceeds from certificates of deposit	63,507	55,566	-	119,073
Interest received	265	252	-	517
Net cash provided (used) by investing activities	<u>(303)</u>	<u>467</u>	<u>-</u>	<u>164</u>
Net increase (decrease) in cash and cash equivalents	50,508	39,730	9,489	99,727
Balances - beginning of year	<u>276,521</u>	<u>161,881</u>	<u>46,605</u>	<u>485,007</u>
Balances - end of year	<u>\$ 327,029</u>	<u>\$ 201,611</u>	<u>\$ 56,094</u>	<u>\$ 584,734</u>
Cash and cash equivalents	\$ 272,101	\$ 173,903	\$ 56,094	\$ 502,098
Restricted cash and cash equivalents	54,928	27,708	-	82,636
Total cash and cash equivalents, end of year	<u>\$ 327,029</u>	<u>\$ 201,611</u>	<u>\$ 56,094</u>	<u>\$ 584,734</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,861	\$ 47,341	\$ 17,519	\$ 67,721
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	59,452	29,126	-	88,578
Change in assets and liabilities:				
Receivables, net	(10,119)	(9,772)	(4,350)	(24,241)
Prepaid expenses	165	165	-	330
Inventories	(1,104)	-	-	(1,104)
Customer deposits	1,950	-	-	1,950
Accounts and other payables	(863)	(2,345)	(3,680)	(6,888)
Accrued expenses	271	271	-	542
Net cash provided by operating activities	<u>\$ 52,613</u>	<u>\$ 64,786</u>	<u>\$ 9,489</u>	<u>\$ 126,888</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of New Bloomfield, Missouri operates under a Council form of government and provides the following services as authorized by its charter: public safety, public works, culture, sewage and waterworks.

B. Basic Financial Statements – Government-Wide 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 categorize primary activities as either governmental or business-type. The City's general fund is classified as a governmental activity. The City's water, sewer, and trash services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, public works, etc.). The functions are also supported by general government revenues (property, sales and franchise taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property sales or franchise taxes, interest income, etc.).

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are direct costs and program revenues reported for the various functions concerned which would be distorted if eliminated.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Major funds are reported as separate columns in the fund financial statements. Each individual fund of the City is considered to be a major fund.

The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the City:

General Fund

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

Proprietary Funds

The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The City has three enterprise funds: water, sewer, and trash. The operating revenues of these funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. The *water fund* accounts for the billing and collection of charges for water service for most city residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services.
2. The *sewer fund* is used to account for the provisions of sanitary sewer services to the residents of the city and a limited number of customers outside the city limits. All activities necessary to provide such services are accounted for in this fund.
3. The *trash fund* accounts for the provision of solid waste collection contracted to a third party. All activities necessary to provide such services are accounted for in this fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The revenues susceptible to accrual are property taxes, sales taxes, franchise taxes and interest income. All other governmental fund type revenues are recognized when received.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an estimated useful life in excess of one year and an initial unit cost of \$5,000 or greater.

Capital assets for all fund types are recorded at cost or estimated historical cost where cost could not be determined from available records. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are expensed as incurred.

In accordance with the provisions of GASB 34, the City has elected to report infrastructure assets on a prospective basis only. Therefore, the infrastructure balance will represent additions from January 1, 2004 and thereafter.

Fixed assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-50 years
Improvements	10-20 years
Equipment	5-10 years
Treatment plant, distribution and accessories	5-80 years
Other infrastructure	10-50 years

F. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

G. Cash and Cash Equivalents

The City considers all highly liquid debt instruments and certificates of deposits purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit with a maturity greater than three months are not considered cash equivalents.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Governmental Fund Balances

Generally, governmental fund balances represent the difference between the assets and liabilities under the current financial resources measurement focus of accounting. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- **Nonspendable:** Fund balances reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted:** Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations or other governments.
- **Committed:** Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the Board of Aldermen may modify or rescind the commitment.
- **Assigned:** Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed.
- **Unassigned:** Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use funds in the following order: Committed, Assigned, then Unassigned.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

As noted previously, equity for government-wide and proprietary fund financial statements is classified as net position and displayed in three components.

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and increased by any unspent proceeds.
2. Restricted net position – Consists of net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provision or enabling legislation. Net position is reported as restricted using the same definitions as used for restricted fund balance described in the section above.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

I. Compensated Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

At December 31, 2022, employees of the City had accumulated earned vacation and compensatory time aggregating \$14,500 of which –

- \$7,250 has been recorded in the government-wide, governmental activities, noncurrent liabilities
- \$7,250 has been recorded in the proprietary funds and government-wide, business-type activities, noncurrent liabilities

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Inter-Fund Receivables and Payable

Short-term amounts owed between funds are classified as “Due to/from other funds”. There were no inter-fund receivables or payables at year-end.

K. 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

L. Materials Inventory

Materials inventories of the enterprise funds are valued at historical cost when known, or at lower of current replacement costs or market value.

For the governmental funds, materials inventories are expensed when purchased.

M. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use for revenue bond debt service. Governmental funds report restricted assets for cash deposited in bank accounts legally restricted for specific uses such as general obligation bond debt service, streets, capital improvement and law enforcement training.

N. Post Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

O. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Function

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note III-A, all deposits were fully insured or collateralized.

B. Budgets

The City adopts a budget as required by Missouri Statute. Expenditures in excess of budget must be approved by the Board.

Deposits 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.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

Investments - The City may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

The deposits and investments held at December 31, 2022 are as follows:

	<u>Maturities</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 878,794
Time deposit	06/06/23	29,140
Time deposit	07/07/23	30,219
Time deposit	01/09/24	60,067
Total deposits		<u>\$ 998,220</u>
Reconciliation to Statement of Net Position:		
Current Assets:		
Cash and cash equivalents		\$ 604,905
Certificates of deposit		119,426
Restricted Assets:		
Cash and cash equivalents		273,889
Total		<u>\$ 998,220</u>

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$995,930 at December 31, 2022, which was fully insured by depository insurance or secured with collateral.

Investment interest rate risk. The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2022, are provided in the previous schedule.

Investment credit risk. The Board has given the Clerk the authority to invest idle funds of the City in low-risk investments such as United States government securities or collateralized certificates of deposit.

Concentration of investment credit risk. The City places no limit on the amount it may invest in any one issuer. At December 31, 2022, the City had no concentration of credit risk.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

IV. ACCOUNTS RECEIVABLE

The following is a schedule of enterprise fund accounts receivable balances at December 31, 2022:

	Water	Sewer	Trash	Total
Accounts Receivable	\$ 14,674	\$ 13,594	\$ 6,174	\$ 34,442
Less Allowance for Uncollectible	-	-	-	-
Balance December 31, 2022	<u>\$ 14,674</u>	<u>\$ 13,594</u>	<u>\$ 6,174</u>	<u>\$ 34,442</u>

The allowance amount is based upon management's estimate of uncollectible accounts.

V. TAX REVENUE AND TAXES RECEIVABLE

Property taxes for the current year were assessed and collected by Callaway County and subsequently remitted to the City. Property taxes are assessed as of January 1 each year for property located in the City and first billed (levied) the following October/November. Taxes not paid by December 31 are considered delinquent. The tax levy of the City is established by the Mayor and Board of Alderman around August of each year. The assessed value for property located in the City on which the fiscal year 2021 levy was based was \$7,361,754. The 2021 property tax assessment was budgeted for the 2022 fiscal year.

The City's property tax levies, per \$100 assessed valuation, are as follows:

	2022 Levy (dollars)	2021 Levy (dollars)
Debt Service	\$ 0.9200	\$ 0.9200
General	0.3025	0.3025
	<u>\$ 1.2225</u>	<u>\$ 1.2225</u>

The following is a schedule of governmental fund property taxes receivable balances at December 31, 2022:

Property Taxes Receivable	\$ 90,788
Less Allowance for Uncollectible	-
	<u>\$ 90,788</u>

The receipts of current taxes for the year ended December 31, 2022, assessed in 2021, aggregate approximately 92% of the assessment computed on the basis of the total levy shown above.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

V. TAX REVENUE AND TAXES RECEIVABLE (continued)

The property taxes assessed in 2022 are shown as deferred inflows on the combined balance sheet because the City has budgeted to use these monies in fiscal year 2023.

The legal debt margin (the amount of general obligation bonds the City could issue with voter approval) at December 31, 2022 is computed as follows:

Total 2022 Assessed Valuation:		<u>\$ 7,977,399</u>	
Ordinary Debt (1)	10%		\$ 797,740
Additional Debt (2)	10%		<u>797,740</u>
Constitutional Debt Limit	20%		1,595,480
Less: Current G.O. Bonds			<u>(597,641)</u>
Available Debt Margin			<u><u>\$ 997,839</u></u>

(1) Article VI, Section 26(b) and (c) of the Missouri Constitution provides, with a vote of four-sevenths qualified electors voting, a city may incur an indebtedness not to exceed in aggregate 10 percent of the value of taxable tangible property of the City, for any purposes authorized in the charter of the City or by any general law of the State of Missouri.

(2) Article VI, Section 26(d) and (e) of the Missouri Constitution provides, with a vote of four-sevenths qualified electors voting, a city may become indebted an additional 10 percent of the value of taxable property of the City for the purpose of acquiring right of way; construction, extending and improving streets and/or sanitary or sewer systems; and purchasing or constructing water works, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20 percent of the value of the taxable tangible property of the City.

VI. INTERFUND TRANSFERS

The City transferred the following between funds in 2022:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 36,425
Water	36,037	-
Sewer	388	-
	<u>\$ 36,425</u>	<u>\$ 36,425</u>

The \$776 transfer was for reimbursement of expenses.

The \$35,649 transfer was for payment to the water fund when city property was sold.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

VII. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation by major class at December 31, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental-type activities:				
Capital assets, not being depreciated:				
Land	\$ 16,500	\$ -	\$ -	\$ 16,500
Total capital assets, not being depreciated	<u>16,500</u>	<u>-</u>	<u>-</u>	<u>16,500</u>
Capital assets, being depreciated:				
Buildings and improvements	201,694	-	(93,000)	108,694
Infrastructure	1,174,989	-	-	1,174,989
Machinery and equipment	81,363	-	-	81,363
Total capital assets, being depreciated	<u>1,458,046</u>	<u>-</u>	<u>(93,000)</u>	<u>1,365,046</u>
Less accumulated depreciation for:				
Buildings and improvements	(66,564)	(3,912)	19,181	(51,295)
Infrastructure	(189,550)	(39,166)	-	(228,716)
Machinery and equipment	(74,822)	(384)	-	(75,206)
Total accumulated depreciation	<u>(330,936)</u>	<u>(43,462)</u>	<u>19,181</u>	<u>(355,217)</u>
Total capital assets, being depreciated, net	<u>1,127,110</u>	<u>(43,462)</u>	<u>(73,819)</u>	<u>1,009,829</u>
Government-type activities, capital assets, net	<u>\$ 1,143,610</u>	<u>\$ (43,462)</u>	<u>\$ (73,819)</u>	<u>\$ 1,026,329</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total capital assets, not being depreciated	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Capital assets, being depreciated:				
Furniture and fixtures	6,860	-	-	6,860
Lab equipment	5,994	-	-	5,994
Distribution system and equipment	1,508,638	132,600	-	1,641,238
Sewerage system	1,648,491	6,462	-	1,654,953
Treatment plant	77,386	-	-	77,386
Total capital assets, being depreciated	<u>3,247,369</u>	<u>139,062</u>	<u>-</u>	<u>3,386,431</u>
Less accumulated depreciation for:				
Furniture and fixtures	(6,860)	-	-	(6,860)
Lab equipment	(5,994)	-	-	(5,994)
Distribution system and equipment	(1,022,469)	(59,452)	-	(1,081,921)
Sewerage system	(1,050,833)	(28,198)	-	(1,079,031)
Treatment plant	(68,082)	(928)	-	(69,010)
Total accumulated depreciation	<u>(2,154,238)</u>	<u>(88,578)</u>	<u>-</u>	<u>(2,242,816)</u>
Total capital assets, being depreciated, net	<u>1,093,131</u>	<u>50,484</u>	<u>-</u>	<u>1,143,615</u>
Business-type activities, capital assets, net	<u>\$ 1,113,131</u>	<u>\$ 50,484</u>	<u>\$ -</u>	<u>\$ 1,163,615</u>

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

VII. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 4,296
Highways and streets, including depreciation of infrastructure assets	<u>39,166</u>
Total depreciation expense - governmental activities	<u>\$ 43,462</u>
Business-type activities:	
Water	\$ 59,452
Sewer	<u>29,126</u>
Total depreciation expense - business-type activities	<u>\$ 88,578</u>

VIII. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance. Settled claims have not exceeded the commercial coverage in any of the past three years. There are no significant reductions in coverage compared to the prior year.

IX. LITIGATION

The City may become involved in lawsuits arising in the ordinary course of business. Based on discussions with the City Attorney, management believes there is no outstanding matter which could have a material effect on the financial statements of the City.

X. RETIREMENT PLAN

Effective January 1, 2005 the City established a Simplified Employee Pension plan. Effective November, 2018 eligible participants must have served as full-time City employees for a period of five years.

The City contributes a maximum of 5% of the eligible employee's wages. Contributions made by the City totaled \$4,115 for the year ended December 31, 2022.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

XI. LONG-TERM DEBT

On March 26, 2020, the City issued Series 2020 General Obligation Bonds in the amount of \$680,000 for street and storm water improvements. The bonds are set to mature on September 1, 2033 and have a rate of 2.79%. Annual payments required over the life of the bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 47,121	\$ 16,348	\$ 63,469
2024	48,445	15,024	63,469
2025	49,807	13,663	63,470
2026	51,205	12,263	63,468
2027	52,644	10,825	63,469
2028-2032	286,255	31,090	317,345
2033	62,164	1,305	63,469
Total	<u>\$ 597,641</u>	<u>\$ 100,518</u>	<u>\$ 698,159</u>

On September 1, 2021, the City issued Series 2021 Combined Waterworks and Sewerage System Refunding Revenue Bonds in the amount of \$613,779, which were issued to refund the Series 2006 bonds. The revenue bonds bear an interest rate of 2.9% and are scheduled for maturity in 2042. These bonds are secured by future water and wastewater revenues. Annual payments required over the life of the bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 22,378	\$ 16,572	\$ 38,950
2024	23,031	15,919	38,950
2025	23,704	15,246	38,950
2026	24,396	14,553	38,949
2027	25,109	13,841	38,950
2028-2032	136,984	57,765	194,749
2033-2037	158,194	36,555	194,749
2038-2042	163,216	12,061	175,277
Total	<u>\$ 577,012</u>	<u>\$ 182,512</u>	<u>\$ 759,524</u>

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

XII. CHANGES IN GENERAL LONG-TERM LIABILITIES

During the year ended December 31, 2022 the following changes occurred in liabilities reported in long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 643,475	\$ -	\$ (45,834)	\$ 597,641	\$ 47,121
Compensated absences	6,648	2,655	(2,053)	7,250	-
Governmental activities Long-term liabilities	<u>\$ 650,123</u>	<u>\$ 2,655</u>	<u>\$ (47,887)</u>	<u>\$ 604,891</u>	<u>\$ 47,121</u>
Business-Type Activities:					
Revenue bonds	\$ 598,754	\$ -	\$ (21,742)	\$ 577,012	\$ 22,376
Compensated absences	6,648	2,655	(2,053)	7,250	-
Business-type activities Long-term liabilities	<u>\$ 605,402</u>	<u>\$ 2,655</u>	<u>\$ (23,795)</u>	<u>\$ 584,262</u>	<u>\$ 22,376</u>

XIII. CONTINGENT LIABILITIES

The City may receive federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to request for reimbursement or to withholding of future funding for expenditures disallowed for noncompliance with the terms of the grants and state funding. The federal granting agency will determine whether or not any expenditures will be disallowed. The City is not aware of any noncompliance with federal or state provisions that might require the City to provide reimbursement.

XIV. FUND BALANCE

Classifications of fund balances at December 31, 2022 are as follows:

	General Fund
Fund Balances:	
Nonspendable	\$ 2,739
Restricted	272,042
Committed	-
Assigned	-
Unassigned	36,006
	<u>\$ 310,787</u>

The City has not adopted a policy that sets forth a minimum fund balance amount.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

XV. PLEDGED REVENUES

The Water, Sewer and General Funds have pledged future revenues, net of specified operating expenses, to repay general obligation and revenue bonds that were issued for water, sewer and street improvements. The bonds are payable from net revenues from the Water, Sewer and General Funds and are payable through 2042. Annual principal and interest payments in 2022 required 15%, 25% and 27% of net revenues of the Water, Sewer and General Funds, respectively. The total principal and interest remaining to be paid on the bonds is \$379,762 in the Water Fund, \$379,762 in the Sewer Fund and \$698,159 in the General Fund. Principal and interest paid on the water bonds in the current year was \$19,448 and net revenues in the Water Fund in the current year were \$131,786. Principal and interest paid on the sewer bonds in the current year was \$19,448 and net revenues in the Sewer Fund in the current year were \$76,719. Principal and interest paid on the general obligation bonds in the current year was \$63,469 and net revenues in the General Fund were \$233,911.

XVI. FINES

Fines and penalties revenue as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances is \$802 for the year ended December 31, 2022, which is 1% of general fund revenues.

XVII. ACCRUED STATE AUDIT PAYABLE

In 2019, the City signed a memorandum of understanding payment agreement with the Missouri State Auditor to pay for the cost of the City's state audit. The agreement requires quarterly payments of the \$1,398.19, with the final payment due June 30, 2024. The following is a summary of activity in 2022:

Balance December 31, 2021	\$	8,391
2022 payments		(5,594)
Balance December 31, 2022	\$	<u>2,797</u>

XVIII. CONSIDERATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 7, 2023, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

COMPLIANCE AND INTERNAL CONTROL

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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**

Honorable Mayor and Members
of the Board of Aldermen
City of New Bloomfield, Missouri

PARTNERS

Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Benjamin E. Carrier

PARTNERS EMERITI

Robert A. Gerding
Fred W. Korte, Jr.

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 *Governmental 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 New Bloomfield, Missouri (the "City"), 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 and have issued our report thereon dated June 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (2022-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of 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 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.



June 7, 2023

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

CITY OF NEW BLOOMFIELD, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022

2022-001	Accounting Personnel/Segregation of Duties
Criteria:	Proper segregation of duties reduces the risk of errors and fraud and is an important internal control.
Condition:	It is recognized that the small number of accounting and clerical personnel of the City precludes the application of internal accounting control procedures possible in a larger organization.
Context:	During our audit we reviewed City policies and procedures and determined adequate segregation of duties did not exist.
Effect:	A small number of employees perform several accounting duties.
Cause:	The City does not have the financial resources to hire enough personnel to segregate duties.
Recommendation:	The City should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.
View of Responsible Officials & Planned Corrective Action:	<p>As of this time it is cost prohibitive for the City of New Bloomfield to hire additional clerical staff. The City of New Bloomfield recognizes the importance of internal accounting control measures and makes every effort to maintain a checks/balance system. City ordinances and policy/procedures have been put in place so that financial records are routinely reviewed by the Board of Aldermen.</p> <p>In addition, the City of New Bloomfield retains an outside auditor for yearly independent audits and an outside independent accountant to assist the clerk in reviewing payroll financial reports.</p> <p>All account payable checks require two signatures, to include the City Clerk, Alderwomen Rosemary Augustine and/or Mayor Pro Tem Gary Hoelscher.</p> <p>The City of New Bloomfield is taking all reasonable measures possible to reduce the risk of errors and fraud until such a time additional staff can be hired.</p>