

REPORT OF
CITY OF NEW BLOOMFIELD, MISSOURI
YEAR ENDED DECEMBER 31, 2018

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

723 Main St.
Boonville, MO 65233

(660) 882-7000

Fax: (660) 882-7765

www.gkccpas.com

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PARTNERS

Fred W. Korte, Jr.

Joseph E. Chitwood

Travis W. Hundley

Jeffrey A. Chitwood

Amy L. Watson

Heidi N. Ross

PARTNER EMERITUS

Robert A. Gerding

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2018, 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 the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 13 be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



April 25, 2019

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

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018
(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, 2018. 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 \$1,605,955 (net position). Of this amount, \$268,732 (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 \$4,161.
- As of the close of the current fiscal year, the City's governmental fund reported combined ending fund balances of \$101,409. Of this amount, \$7,445 is assigned for police car, \$42,420 is restricted for debt service purposes, \$96,026 is restricted for other purposes, and \$(44,482) is unassigned.
- At the end of the current fiscal year, the general fund had a fund balance of \$101,409.
- The City's bonds payable decreased \$55,541 due to scheduled payments.

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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(UNAUDITED)

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 14 - 16 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 17 - 20.

CITY OF NEW BLOOMFIELD, MISSOURI
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(UNAUDITED)

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 21 - 23 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 24 - 40.

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 \$1,605,955 as of December 31, 2018.

A significant portion of the City's net position (69%) 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.

	2018 NET POSITION		
	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 30,544	\$ 319,395	\$ 349,939
Restricted assets	138,446	86,554	225,000
Capital assets	533,310	1,379,894	1,913,204
Total Assets	702,300	1,785,843	2,488,143
Current liabilities	42,582	26,458	69,040
Long-term liabilities	127,490	623,458	750,948
Total Liabilities	170,072	649,916	819,988
Deferred inflows of resources	62,200	-	62,200
Net Position:			
Net investment in capital assets	372,310	743,623	1,115,933
Restricted	136,958	84,332	221,290
Unrestricted	(39,240)	307,972	268,732
Total Net Position	\$ 470,028	\$ 1,135,927	\$ 1,605,955

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2017 NET POSITION

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 11,204	\$ 298,075	\$ 309,279
Restricted assets	132,130	79,005	211,135
Capital assets	557,849	1,469,646	2,027,495
Total Assets	<u>701,183</u>	<u>1,846,726</u>	<u>2,547,909</u>
Current liabilities	44,952	29,519	74,471
Long-term liabilities	165,955	641,228	807,183
Total Liabilities	<u>210,907</u>	<u>670,747</u>	<u>881,654</u>
Deferred inflows of resources	<u>64,461</u>	<u>-</u>	<u>64,461</u>
Net Position:			
Net investment in capital assets	358,849	815,834	1,174,683
Restricted	130,342	76,721	207,063
Unrestricted	<u>(63,376)</u>	<u>283,424</u>	<u>220,048</u>
Total Net Position	<u>\$ 425,815</u>	<u>\$ 1,175,979</u>	<u>\$ 1,601,794</u>

As of December 31, 2018, 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 \$4,161.

Governmental Activities: Governmental activities increased the net position by \$44,213.

Business-Type Activities: Net Position from business-type activities decreased by \$40,052 from \$1,175,979 to \$1,135,927. This decrease was primarily due to an excess of operating expenses over operating revenues.

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

The following tables provide a summary of the City's operations for year ended December 31, 2018 and 2017.

2018 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 4,356	\$ 300,218	\$ 304,574
Operating grants and contributions	-	-	-
General Revenues:			
Property taxes	64,613	-	64,613
Sales taxes	61,582	-	61,582
Franchise taxes	35,902	-	35,902
Motor vehicle and fuel taxes	26,987	-	26,987
Interest and investment earnings	240	492	732
Other	6,345	-	6,345
Total Revenues	200,025	300,710	500,735
Expenses:			
Interest and fees	4,915	-	4,915
General government	67,153	-	67,153
Public safety	36,265	-	36,265
Transportation	42,653	-	42,653
Courts	4,826	-	4,826
Parks	-	-	-
Water, sewer and trash	-	340,762	340,762
Total Expenses	155,812	340,762	496,574
Change in net position	44,213	(40,052)	4,161
Net Position - Beginning of Year	425,815	1,175,979	1,601,794
Net Position - End of Year	\$ 470,028	\$ 1,135,927	\$ 1,605,955

2017 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 2,735	\$ 290,403	\$ 293,138
Operating grants and contributions	526	-	526
General Revenues:			
Property taxes	63,705	-	63,705
Sales taxes	62,619	-	62,619
Franchise taxes	30,456	-	30,456
Motor vehicle and fuel taxes	27,007	-	27,007
Interest and investment earnings	180	357	537
Other	3,780	3,587	7,367
Total Revenues	191,008	294,347	485,355
Expenses:			
Interest and fees	5,812	-	5,812
General government	51,130	-	51,130
Public safety	47,099	-	47,099
Transportation	39,680	-	39,680
Courts	8,149	-	8,149
Parks	5,243	-	5,243
Water, sewer and trash	-	314,689	314,689
Total Expenses	157,113	314,689	471,802
Change in net position	33,895	(20,342)	13,553
Net Position - Beginning of Year	391,920	1,196,321	1,588,241
Net Position - End of Year	\$ 425,815	\$ 1,175,979	\$ 1,601,794

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$101,409.

In the General Fund, the City budgeted for an increase of \$31,646 in the fund balance. Due to actual revenues and expenditures being less than budgeted, the actual fund balance increase for fiscal year 2018 was \$30,346.

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 no revisions 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, 2018 amounts to \$1,913,204 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, improvements and construction in progress.

2018 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	134,486	-	134,486
Infrastructure	379,751	-	379,751
Equipment	2,573	666,362	668,935
Sewerage system	-	681,442	681,442
Treatment plant	-	12,090	12,090
Net Capital Assets	<u>\$ 533,310</u>	<u>\$ 1,379,894</u>	<u>\$ 1,913,204</u>

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

2017 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	139,701	-	139,701
Infrastructure	396,259	-	396,259
Equipment	5,389	727,257	732,646
Sewerage system	-	709,371	709,371
Treatment plant	-	13,018	13,018
Net Capital Assets	<u>\$ 557,849</u>	<u>\$ 1,469,646</u>	<u>\$ 2,027,495</u>

Additional information on the City's capital assets can be found in Note VII on pages 35 and 36 of this report.

Debt Administration

At the end of the current fiscal year, the City of New Bloomfield had total bonded debt of \$797,271.

2018 Outstanding Debt at Year End
Revenue Bonds, General Obligation Bonds and Deposits

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 636,271	\$ 636,271
General obligation bonds	161,000	-	161,000
Compensated absences	5,490	5,490	10,980
Total	<u>\$ 166,490</u>	<u>\$ 641,761</u>	<u>\$ 808,251</u>

2017 Outstanding Debt at Year End
Revenue Bonds, General Obligation Bonds and Deposits

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$ -	\$ 653,812	\$ 653,812
General obligation bonds	199,000	-	199,000
Compensated absences	4,955	4,956	9,911
Total	<u>\$ 203,955</u>	<u>\$ 658,768</u>	<u>\$ 862,723</u>

During the fiscal year, the City's total debt decreased by \$54,472 or 6%. The decrease was due to scheduled payments.

Additional information on the City of New Bloomfield's long-term debt can be found in Note XI and XII on pages 37 and 38 of this report.

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS
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Transfers

The City made the following interfund transfers:

2018		
Disbursing Fund	Receiving Fund	Amount
Trash	Water	\$ 10,735
Water	Trash	2,436
2017		
Disbursing Fund	Receiving Fund	Amount
Trash	Water	\$ 16,032
General	Water	3,218

Economic Outlook

The Economic Outlook for 2019 for New Bloomfield, Missouri was/is partially dependent upon the results of the tax/bond measures placed on the ballot in the April 2, 2019 election. Though we still rest on a firm foundation of infrastructure, we needed the extra income that would have been forthcoming from the 1% increase in general revenue sales tax.

We need to look at other revenue sources to increase fund in City General to support the departments funded by governance funds. The current infrastructure of the town is solid and fully supports our churches, schools, businesses and population, however, we need to continue working on our infrastructure so that it does not fall into a state of disrepair. We are poised for sustainable growth in both population and business opportunities.

Petitioned State Audit:

Because of the magnitude of this expense, we hope to be able to extend this debt over a 5-year period of time. We have been informed by the State Auditor’s Office that the cost will be between \$20,000.00 to \$40,000.00, plus.

There are projects that will have to be delayed or abandoned altogether, due to this appropriation of funding.

CITY OF NEW BLOOMFIELD, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018
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Governance Fund:

Departments funded by City General are: Administration, Community Development, Municipal Court, Parks, Police/Public Safety and Streets. In order to support these 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. These funds would have assisted with the cost of the State Audit, as well as 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.

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, within the next 5-10 years under long-range planning.

General Administration:

The City Clerk is working diligently to update files and keep everything running smoothly. We will be putting together a request for proposal for several services this year; trash service will be bid in May, snow and ice removal in June, and independent auditor services for year ending 2019 in July.

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 involved in the process. We must also look at our housing inspection, building inspection and code enforcement processes following updated laws and requirements. In order to fund these endeavors, we placed a general revenue sales tax measure on the April 2, 2019 ballot. Due to its non-passage, we will do as best we are able to continue updating these services.

Court:

Understanding and complying with the new State requirements, we chose to move our Municipal Court to the Associate Circuit level. Our last municipal court was held in New Bloomfield on June 5, 2017. The cancellation of our municipal court dates in July and August of that year were due to the movement of the court system and conflicts in scheduling at the associate circuit level. Our first court date at the Callaway County Courthouse in Fulton was on September 8, 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 5, 2017.

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Parks:

2018: In the Economic Outlook for 2018, the City had planned to sell the donated land asset West of City Hall. The funds would have provided for a Small Tots Play Area.

2019 Update: Due to the fact that the 1% sales tax increase did not pass at the polls in April, the City will need to sell the land asset to help pay for the State Audit. We will have to look at other funding sources to finance a Small Tots Play Area 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 last 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 about the same as our previous part-time coverage. In order to continue to fund public safety and policing measures, the City must increase funding for City General. One of the ways would have been to vote an increase on general revenue sales tax. A measure was placed on the April 2, 2019 ballot but failed. Fortunately, the City was able to continue the intergovernmental agreement for the year 2019 using our limited City general funds.

Public Safety/Street Lights:

Our street light electricity fee has been slightly reduced due to the new type of lights being installed by Ameren U.E., as the old lights burn out.

Streets/Roads/Storm water:

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 Storm water 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 have insured backup support for funding of the bond issue without an undo burden on homeowners. In April 2017, storm water concerns were addressed by the City requesting the City engineer's input. In 2018, Allstate attended two board of alderman meetings requesting input from the public. Afterwards, a preliminary plan was drawn up for a project. A bond issue was placed on the ballot in 2019.

2019 Bond Issue:

In March of 2022, we will pay off the 2012 General Obligation Bond. In order to stabilize our tax rate; stay on top of street repairs and upgrades as well as storm water 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/storm water concerns did not pass in April 2019. We will look to capital improvement dollars for support.

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Snow and Ice Removal:

We have put together a request for proposal for snow and ice removal to be bid June 10, 2019 since we have used our last extension on our current contract.

Trash:

We have put together a request for proposal for trash services. (Bids will be opened May 13, 2019.)

Water/Sewer:

Rates:

In 2017, a public hearing was held and the rates were approved. In August 2017, Ordinance #757-17 was passed as a 5-year plan for our rates.

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. Once a year, in December, the interest will be moved to the operating account to maintain the exact amount per U.S.D.A. requirements.

Replacement and Extension Fund:

Once the \$46,560.00 was reached in the debt service reserve account, \$388.00 per month is to be placed in the replacement and extension account. This payment must occur per the U.S.D.A. requirement until our debt is paid off in 2042.

Water Reserve Funds:

We continue to save funds at \$1,000.00 a month to paint the water tower. We continue to save funds for the replacement of a well to the tune of \$300.00 a month.

Sewer:

Disinfection may be required with the 2020 permit. Estimated cost will be \$120,000.00
A second clarifier will be needed at the sewer plant in the near future. Estimated cost will be \$80,000.00.

Goals:

With a goal to continue replacing old and worn out lines, we must begin looking at a new grant/bond measurer under a long-range plan.

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, 2018

ASSETS	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 42,568	\$ 149,288	\$ 191,856
Certificates of deposit	-	87,110	87,110
Accounts receivable, net	31,724	24,427	56,151
Accrued interest receivable	-	96	96
Prepaid expenses	1,252	7,115	8,367
Inventories	-	6,359	6,359
Internal balances	(45,000)	45,000	-
Total Current Assets	<u>30,544</u>	<u>319,395</u>	<u>349,939</u>
Restricted Assets:			
Cash and cash equivalents	78,456	58,248	136,704
Certificates of deposit	-	28,214	28,214
Accounts receivable, net	59,990	-	59,990
Accrued interest	-	92	92
Total Restricted Assets	<u>138,446</u>	<u>86,554</u>	<u>225,000</u>
Noncurrent Assets:			
Capital Assets:			
Land	16,500	20,000	36,500
Property and equipment	769,823	3,247,369	4,017,192
Accumulated depreciation	(253,013)	(1,887,475)	(2,140,488)
Total Capital Assets, net of accumulated depreciation	<u>533,310</u>	<u>1,379,894</u>	<u>1,913,204</u>
Total Assets	<u>702,300</u>	<u>1,785,843</u>	<u>2,488,143</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	977	1,247	2,224
Sales tax/primacy fees payable	-	404	404
Accrued payroll	1,117	3,382	4,499
Customer deposits	-	900	900
Current portion of long-term debt	39,000	18,303	57,303
Payable from restricted assets - accrued interest	1,488	2,222	3,710
Total Current Liabilities	<u>42,582</u>	<u>26,458</u>	<u>69,040</u>
Long-Term Liabilities:			
Bonds payable (net of current portion)	122,000	617,968	739,968
Compensated absences	5,490	5,490	10,980
Total Long-Term Liabilities	<u>127,490</u>	<u>623,458</u>	<u>750,948</u>
Total Liabilities	<u>170,072</u>	<u>649,916</u>	<u>819,988</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	62,200	-	62,200
Total Deferred Inflows of Resources	<u>62,200</u>	<u>-</u>	<u>62,200</u>
NET POSITION			
Net investment in capital assets	372,310	743,623	1,115,933
Restricted but expendable for:			
Debt service	40,932	84,332	125,264
Other purposes	96,026	-	96,026
Unrestricted	(39,240)	307,972	268,732
Total Net Position	<u>\$ 470,028</u>	<u>\$ 1,135,927</u>	<u>\$ 1,605,955</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

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		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 67,153	\$ 3,100	\$ -	\$ -	\$ (64,053)	\$ -	\$ (64,053)
Public safety	36,265	1,256	-	-	(35,009)	-	(35,009)
Streets	42,653	-	-	-	(42,653)	-	(42,653)
Courts	4,826	-	-	-	(4,826)	-	(4,826)
Interest & fees on long-term debt	4,915	-	-	-	(4,915)	-	(4,915)
Total Governmental Activities	<u>155,812</u>	<u>4,356</u>	<u>-</u>	<u>-</u>	<u>(151,456)</u>	<u>-</u>	<u>(151,456)</u>
Business-Type Activities:							
Water	160,061	122,760	-	-	-	(37,301)	(37,301)
Sewer	136,157	124,076	-	-	-	(12,081)	(12,081)
Trash	44,544	53,382	-	-	-	8,838	8,838
Total Business-Type Activities	<u>340,762</u>	<u>300,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,544)</u>	<u>(40,544)</u>
Total	<u>\$ 496,574</u>	<u>\$ 304,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (151,456)</u>	<u>\$ (40,544)</u>	<u>\$ (192,000)</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Cont'd)
YEAR ENDED DECEMBER 31, 2018

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property taxes	64,613	-	64,613
Sales taxes	61,582	-	61,582
Franchise taxes	35,902	-	35,902
Motor fuel taxes	26,987	-	26,987
Unrestricted investment earnings	240	492	732
Miscellaneous	6,345	-	6,345
Total General Revenues	195,669	492	196,161
Change in net position	44,213	(40,052)	4,161
Net position - beginning	425,815	1,175,979	1,601,794
Net position - ending	\$ 470,028	\$ 1,135,927	\$ 1,605,955

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2018

	General Fund
<u>ASSETS</u>	
Cash and cash equivalents	\$ 42,568
Taxes receivable (net)	31,724
Prepaid expenses	1,252
Restricted assets:	
Cash and cash equivalents	78,456
Receivables (net)	59,990
Total Assets	\$ 213,990
<u>LIABILITIES</u>	
Accounts payable	\$ 977
Accrued payroll	1,117
Accrued compensated absences	231
Due to other funds	45,000
Total Liabilities	47,325
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenue - taxes	65,256
Total Deferred Inflows of Resources	65,256
<u>FUND BALANCES</u>	
Restricted for:	
Debt service	42,420
Protested taxes	8,074
Streets	82,832
Capital improvements	5,120
Assigned for:	
Police car	7,445
Unassigned	(44,482)
Total Fund Balances	101,409
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 213,990
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION:	
Total Fund Balances - Governmental Fund	\$ 101,409
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 \$253,013	533,310
Receivables not collected within sixty days of year-end are not current financial resources and, therefore, are not reported in the funds	3,056
Liabilities are not due and payable in the current period and therefore are not reported in the funds	(167,747)
Net Position of Governmental Activities	\$ 470,028

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, 2018

	General Fund
REVENUES COLLECTED	
Taxes	\$ 188,632
Licenses and permits	3,100
Fines and forfeits	1,256
Miscellaneous	6,345
Interest	240
Total Revenues Collected	199,573
EXPENDITURES PAID	
General government	60,699
Public safety	32,966
Street	27,521
Courts	4,826
Debt service:	
Principal	38,000
Interest and fees	5,215
Total Expenditures Paid	169,227
Excess (Deficit) of Revenues Collected over Expenditures Paid	30,346
Fund Balance, beginning of year	71,063
Fund Balance, end of year	\$ 101,409

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, 2018

Net change in fund balances - total governmental funds \$ 30,346

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:

Depreciation expense (24,539)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 452

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 38,000

Change in accrued interest payable from prior year 300

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 compensated absences (346)

Change in Net Position of Governmental Activities \$ 44,213

CITY OF NEW BLOOMFIELD, MISSOURI
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES COLLECTED				
Taxes	\$ 213,610	\$ 213,610	\$ 188,632	\$ (24,978)
Licenses and permits	3,500	3,500	3,100	(400)
Fines and forfeits	-	-	1,256	1,256
Intergovernmental	4,000	4,000	-	(4,000)
Miscellaneous	2,400	2,400	6,345	3,945
Interest	165	165	240	75
Total Revenues Collected	<u>223,675</u>	<u>223,675</u>	<u>199,573</u>	<u>(24,102)</u>
EXPENDITURES PAID				
General government	70,403	70,403	60,699	9,704
Public safety	48,470	48,470	32,966	15,504
Street	26,300	26,300	27,521	(1,221)
Courts	2,750	2,750	4,826	(2,076)
Debt service:				
Principal	37,000	37,000	38,000	(1,000)
Interest and fees	7,106	7,106	5,215	1,891
Total Expenditures Paid	<u>192,029</u>	<u>192,029</u>	<u>169,227</u>	<u>22,802</u>
Excess (Deficit) of Revenues Collected over Expenditures Paid	31,646	31,646	30,346	<u>\$ (1,300)</u>
Fund Balance, beginning of year	<u>71,063</u>	<u>71,063</u>	<u>71,063</u>	
Fund Balance, end of year	<u>\$ 102,709</u>	<u>\$ 102,709</u>	<u>\$ 101,409</u>	

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Trash	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 82,439	\$ 66,849	\$ -	\$ 149,288
Certificates of deposit	43,555	43,555	-	87,110
Accounts receivable, net	10,373	9,983	4,071	24,427
Accrued interest receivable	46	50	-	96
Prepaid expenses	3,790	3,325	-	7,115
Due from other funds	45,000	-	-	45,000
Inventories	6,359	-	-	6,359
Total Current Assets	191,562	123,762	4,071	319,395
Restricted Assets:				
Cash and cash equivalents	39,794	18,454	-	58,248
Certificates of deposit	17,969	10,245	-	28,214
Accrued interest	59	33	-	92
Total Restricted Assets	57,822	28,732	-	86,554
Noncurrent Assets:				
Capital Assets				
Land	20,000	-	-	20,000
Property and equipment	1,498,198	1,746,491	2,680	3,247,369
Accumulated depreciation	(847,506)	(1,037,289)	(2,680)	(1,887,475)
Total Capital Assets, net of accumulated depreciation	670,692	709,202	-	1,379,894
Total Assets	\$ 920,076	\$ 861,696	\$ 4,071	\$ 1,785,843
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 650	\$ 597	\$ -	1,247
Sales tax/primacy fees payable	310	94	-	404
Accrued payroll	1,691	1,691	-	3,382
Customer deposits	900	-	-	900
Current portion of long-term debt	11,712	6,591	-	18,303
Payable from restricted assets - accrued interest	1,422	800	-	2,222
Total Current Liabilities	16,685	9,773	-	26,458
Long-Term Liabilities:				
Accrued compensated absences	2,745	2,745	-	5,490
Revenue bonds payable (net of current portion)	395,501	222,467	-	617,968
Total Long-Term Liabilities	398,246	225,212	-	623,458
Total Liabilities	414,931	234,985	-	649,916
NET POSITION				
Net investment in capital assets	263,479	480,144	-	743,623
Restricted for debt service	56,400	27,932	-	84,332
Unrestricted	185,266	118,635	4,071	307,972
Total Net Position	\$ 505,145	\$ 626,711	\$ 4,071	\$ 1,135,927

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, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Trash	Total
Operating Revenues:				
Charges for services	\$ 121,931	\$ 124,073	\$ 53,382	\$ 299,386
Miscellaneous	829	3	-	832
Total Operating Revenues	<u>122,760</u>	<u>124,076</u>	<u>53,382</u>	<u>300,218</u>
Operating Expenses:				
Administrative costs	10,331	11,216	-	21,547
Depreciation	60,896	28,856	-	89,752
Insurance	2,512	1,301	-	3,813
Professional fees	6,124	5,924	-	12,048
Replacements and repairs	898	966	-	1,864
Operational costs	16,757	32,986	44,544	94,287
Personnel services	45,033	45,033	-	90,066
Total Operating Expenses	<u>142,551</u>	<u>126,282</u>	<u>44,544</u>	<u>313,377</u>
Net operating income (loss)	<u>(19,791)</u>	<u>(2,206)</u>	<u>8,838</u>	<u>(13,159)</u>
Nonoperating Revenue (Expense):				
Transfers in/(out)	8,299	-	(8,299)	-
Investment income	238	254	-	492
Interest expense and fees	(17,510)	(9,875)	-	(27,385)
Net Nonoperating Revenue (Expense)	<u>(8,973)</u>	<u>(9,621)</u>	<u>(8,299)</u>	<u>(26,893)</u>
Net income (loss)	(28,764)	(11,827)	539	(40,052)
Net position - beginning of year	<u>533,909</u>	<u>638,538</u>	<u>3,532</u>	<u>1,175,979</u>
Net position - end of year	<u>\$ 505,145</u>	<u>\$ 626,711</u>	<u>\$ 4,071</u>	<u>\$ 1,135,927</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 124,631	\$ 123,965	\$ 53,744	\$ 302,340
Cash paid to suppliers	(39,489)	(54,402)	(45,672)	(139,563)
Cash paid to employees	(44,622)	(44,622)	-	(89,244)
Net cash provided (used) by operating activities	<u>40,520</u>	<u>24,941</u>	<u>8,072</u>	<u>73,533</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from/(to) other funds	8,299	-	(8,299)	-
Net cash provided (used) by noncapital financing activities	<u>8,299</u>	<u>-</u>	<u>(8,299)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(11,225)	(6,316)	-	(17,541)
Interest paid on capital debt	(17,510)	(9,875)	-	(27,385)
Net cash provided (used) by capital and related financing activities	<u>(28,735)</u>	<u>(16,191)</u>	<u>-</u>	<u>(44,926)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in certificates of deposit	(139)	(165)	-	(304)
Interest received	238	254	-	492
Net cash provided (used) by investing activities	<u>99</u>	<u>89</u>	<u>-</u>	<u>188</u>
Net increase (decrease) in cash and cash equivalents	20,183	8,839	(227)	28,795
Balances - beginning of year	102,050	76,464	227	178,741
Balances - end of year	<u>\$ 122,233</u>	<u>\$ 85,303</u>	<u>\$ -</u>	<u>\$ 207,536</u>
Cash and cash equivalents	\$ 82,439	\$ 66,849	\$ -	\$ 149,288
Restricted cash and cash equivalents	39,794	18,454	-	58,248
Total cash and cash equivalents, end of year	<u>\$ 122,233</u>	<u>\$ 85,303</u>	<u>\$ -</u>	<u>\$ 207,536</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (19,791)	\$ (2,206)	\$ 8,838	\$ (13,159)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories:				
Depreciation expense	60,896	28,856	-	89,752
Change in assets and liabilities:				
Receivables, net	1,871	(111)	362	2,122
Prepaid expenses	(1,065)	(1,836)	-	(2,901)
Inventories	1,009	-	-	1,009
Customer deposits	900	-	-	900
Accounts and other payables	(3,711)	(173)	(1,128)	(5,012)
Accrued expenses	411	411	-	822
Net cash provided by operating activities	<u>\$ 40,520</u>	<u>\$ 24,941</u>	<u>\$ 8,072</u>	<u>\$ 73,533</u>

See notes to the basic financial statements

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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, 2018

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, 2018

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.

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, 2018

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, 2018

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, 2018, employees of the City had accumulated earned vacation and compensatory time aggregating \$10,980 of which –

- \$5,490 has been recorded in the government-wide, governmental activities, noncurrent liabilities
- \$5,490 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, 2018

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”. See Note VI for details of interfund transactions, including receivables and 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, 2018

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.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

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.

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, 2018 are as follows:

	Maturities	Carrying Value
Deposits:		
Demand deposits		\$ 328,560
Time deposits	04/05/19	28,214
Time deposits	06/03/19	29,860
Time deposits	01/03/20	57,250
Total deposits		\$ 443,884
Reconciliation to Statement of Net Position:		
Current Assets:		
Cash and cash equivalents		\$ 191,856
Certificates of deposit		87,110
Restricted Assets:		
Cash and cash equivalents		136,704
Certificates of deposit		28,214
Total		\$ 443,884

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$480,296 at December 31, 2018, 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, 2018, are provided in the previous schedule.

CITY OF NEW BLOOMFIELD, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

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, 2018, the City had no concentration of credit risk.

IV. ACCOUNTS RECEIVABLE

The following is a schedule of enterprise fund accounts receivable balances at December 31, 2018:

	Water	Sewer	Trash	Total
Accounts Receivable	\$ 10,373	\$ 9,983	\$ 4,071	\$ 24,427
Less Allowance for Uncollectible	-	-	-	-
Balance December 31, 2018	\$ 10,373	\$ 9,983	\$ 4,071	\$ 24,427

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 2017 levy was based was \$6,546,840. The 2017 property tax assessment was budgeted for the 2018 fiscal year.

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

Fund	2018 Levy (dollars)	2017 Levy (dollars)
Debt Service	\$ 0.6322	\$ 0.6799
General	0.3019	0.3047
	\$ 0.9341	\$ 0.9846

CITY OF NEW BLOOMFIELD, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

V. TAX REVENUE AND TAXES RECEIVABLE (continued)

The following is a schedule of governmental fund property taxes receivable balances at December 31, 2018:

Property Taxes Receivable	\$	61,478
Less Allowance for Uncollectible		-
		61,478
	\$	61,478

The receipts of current taxes for the year ended December 31, 2018, assessed in 2017, aggregate approximately 93% of the assessment computed on the basis of the total levy shown above.

The property taxes assessed in 2018 are shown as deferred inflows on the combined balance sheet because the City has budgeted to use these monies in fiscal year 2019.

The legal debt margin (the amount of general obligation bonds the City could issue with voter approval) at December 31, 2018 is computed as follows:

Total 2018 Assessed Valuation:		\$ 6,658,748	
Ordinary Debt (1)	10%		\$ 665,875
Additional Debt (2)	10%		665,875
Constitutional Debt Limit	20%		1,331,750
Less: Current G.O. Bonds			(161,000)
Available Debt Margin			\$ 1,170,750

(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.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

VI. INTERFUND BALANCES AND TRANSFER

Interfund balances for the year ended December 31, 2018, consisted of the following:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Water Fund	General Fund	\$ 45,000

This amount represents the amount the water fund loaned the general fund for purchase of a building.

Interfund transfers for the year ended December 31, 2018 were as follows:

<u>Disbursing Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
Trash	Water	\$ 10,735
Water	Trash	2,436

The purpose of the trash transfer was to transfer the trash administrative fees from the trash fund to the water fund.

The purpose of the water transfer was to transfer for a negative pooled cash balance at December 31, 2018.

VII. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation by major class at December 31, 2018 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental-type activities:				
Capital assets, not being depreciated:				
Land	\$ 16,500	\$ -	\$ -	\$ 16,500
Total capital assets, not being depreciated	16,500	-	-	16,500
Capital assets, being depreciated:				
Buildings and improvements	185,129	-	-	185,129
Infrastructure	495,231	-	-	495,231
Machinery and equipment	89,463	-	-	89,463
Total capital assets, being depreciated	769,823	-	-	769,823
Less accumulated depreciation for:				
Buildings and improvements	(45,428)	(5,215)	-	(50,643)
Infrastructure	(98,972)	(16,508)	-	(115,480)
Machinery and equipment	(84,074)	(2,816)	-	(86,890)
Total accumulated depreciation	(228,474)	(24,539)	-	(253,013)
Total capital assets, being depreciated, net	541,349	(24,539)	-	516,810
Government-type activities, capital assets, net	\$ 557,849	\$ (24,539)	\$ -	\$ 533,310

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

VII. PROPERTY, PLANT AND EQUIPMENT (continued)

	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	-	-	1,508,638
Sewerage system	1,648,491	-	-	1,648,491
Treatment plant	77,386	-	-	77,386
Total capital assets, being depreciated	<u>3,247,369</u>	<u>-</u>	<u>-</u>	<u>3,247,369</u>
Less accumulated depreciation for:				
Furniture and fixtures	(6,860)	-	-	(6,860)
Lab equipment	(5,994)	-	-	(5,994)
Distribution system and equipment	(781,381)	(60,895)	-	(842,276)
Sewerage system	(939,120)	(27,929)	-	(967,049)
Treatment plant	(64,368)	(928)	-	(65,296)
Total accumulated depreciation	<u>(1,797,723)</u>	<u>(89,752)</u>	<u>-</u>	<u>(1,887,475)</u>
Total capital assets, being depreciated, net	<u>1,449,646</u>	<u>(89,752)</u>	<u>-</u>	<u>1,359,894</u>
Business-type activities, capital assets, net	<u>\$ 1,469,646</u>	<u>\$ (89,752)</u>	<u>\$ -</u>	<u>\$ 1,379,894</u>

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

Governmental activities:	
General government	\$ 5,717
Public safety	2,314
Highways and streets, including depreciation of infrastructure assets	<u>16,508</u>
Total depreciation expense - governmental activities	<u>\$ 24,539</u>
Business-type activities:	
Water	\$ 60,896
Sewer	28,856
Total depreciation expense - business-type activities	<u>\$ 89,752</u>

CITY OF NEW BLOOMFIELD, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$4,203 for the year ended December 31, 2018.

XI. LONG-TERM DEBT

On July 3, 2012 the City issued Series 2012 General Obligation Bonds in the amount of \$365,000 for the purpose of constructing and improving the streets and roads of the City, including related storm water drainage. The bonds are set to mature on March 1, 2022 and have rates varying between 1.625% and 2.9%. Annual payments required over the life of the bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 39,000	\$ 4,001	\$ 43,001
2020	39,000	2,973	41,973
2021	41,000	1,813	42,813
2022	42,000	609	42,609
Total	<u>\$ 161,000</u>	<u>\$ 9,396</u>	<u>\$ 170,396</u>

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

XI. LONG-TERM DEBT (continued)

Series 2006 Revenue Bonds

On July 11, 2007 the City issued Series 2006 A and B Combined Waterworks and Sewerage System Revenue bonds in the amount of \$790,200, which were issued to finance construction projects to the wastewater treatment facilities and infrastructure. The revenue bonds bear an interest rate of 4.25% and are scheduled for final 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
2019	\$ 18,300	\$ 26,688	\$ 44,988
2020	19,094	25,894	44,988
2021	19,921	25,067	44,988
2022	20,784	24,204	44,988
2023	21,685	23,303	44,988
2024-2028	123,362	101,578	224,940
2029-2033	152,511	72,429	224,940
2034-2038	189,212	36,392	225,604
2039-2042	71,402	3,503	74,905
Total	<u>\$ 636,271</u>	<u>\$ 339,058</u>	<u>\$ 975,329</u>

XII. CHANGES IN GENERAL LONG-TERM LIABILITIES

During the year ended December 31, 2018 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	\$ 199,000	\$ -	\$ (38,000)	\$ 161,000	\$ 39,000
Compensated absences	4,955	2,655	(2,120)	5,490	231
Governmental activities Long-term liabilities	<u>\$ 203,955</u>	<u>\$ 2,655</u>	<u>\$ (40,120)</u>	<u>\$ 166,490</u>	<u>\$ 39,231</u>
Business-Type Activities:					
Revenue bonds	\$ 653,812	\$ -	\$ (17,541)	\$ 636,271	\$ 18,303
Compensated absences	4,956	2,655	(2,121)	5,490	231
Business-type activities Long-term liabilities	<u>\$ 658,768</u>	<u>\$ 2,655</u>	<u>\$ (19,662)</u>	<u>\$ 641,761</u>	<u>\$ 18,534</u>

CITY OF NEW BLOOMFIELD, MISSOURI
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018 are as follows:

	General Fund
Fund Balances:	
Nonspendable	\$ -
Restricted	138,446
Committed	-
Assigned	7,445
Unassigned	(44,482)
	\$ 101,409

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

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 2018 required 70%, 60% and 59% of net revenues of the Water, Sewer and General Funds, respectively. The total principal and interest remaining to be paid on the bonds is \$624,211 in the Water Fund, \$351,118 in the Sewer Fund and \$170,396 in the General Fund. Principal and interest paid on the water bonds in the current year was \$28,735 and net revenues in the Water Fund in the current year were \$41,343. Principal and interest paid on the sewer bonds in the current year was \$16,191 and net revenues in the Sewer Fund in the current year were \$26,904. Principal and interest paid on the general obligation bonds in the current year was \$43,215 and net revenues in the General Fund were \$73,561.

CITY OF NEW BLOOMFIELD, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

XVI. FINES

Fines and penalties revenue as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances is \$1,256 for the year ended December 31, 2018, which is 1% of general fund revenues.

XVII. CONSIDERATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 25, 2019, 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



GERDING, KORTE & CHITWOOD CPAS
Professional Corporation
Certified Public Accountants

**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**

723 Main St.
Boonville, MO 65233
(660) 882-7000
Fax: (660) 882-7765

www.gkccpas.com

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

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 25, 2019.

PARTNER EMERITUS

Robert A. Gerding

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. However, material weaknesses may exist that have not been identified. 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 (2018-001).

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

City's Responses to Finding

The City's responses 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 it.

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.



April 25, 2019

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

CITY OF NEW BLOOMFIELD, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2018

2018-001	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:	Segregation of duties for the Clerk is cost prohibitive for the City at this time. Until such time as funds are available to fund a second employee, the Board of Aldermen will continue to review all financial records monthly and provide general oversight accountability.