

City of Normandy, Missouri

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

For the year ended September 30, 2022



City of Normandy, Missouri
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Financial Section

Independent Auditor's Report

To the Mayor and City Council
City of Normandy, Missouri

Report on the Audit of the Financial Statements*Opinions*

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 City of Normandy, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

City of Normandy, Missouri's management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 GAAS 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 GAAS 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 City of Normandy, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Normandy, Missouri'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Normandy, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

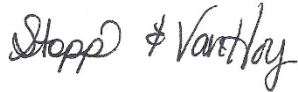
The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the 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 August 21, 2023 on our consideration of City of Normandy, Missouri'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 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 City of Normandy, Missouri's internal control over financial reporting and compliance.



Creve Coeur, Missouri
August 21, 2023

City of Normandy, Missouri
Statement of Net Position - Modified Cash Basis
September 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,982,111	-	\$ 1,982,111
Restricted cash and cash equivalents	1,232,083	-	1,232,083
Other receivables	1,194	-	1,194
Prepaid items	146,712	-	146,712
Due from other funds	-	-	-
Total Assets	<u>3,362,100</u>	<u>-</u>	<u>3,362,100</u>
Liabilities			
Funds held for others	148,045	-	148,045
Payroll withholding liabilities	25,056	-	25,056
Unearned revenue	491,821	-	491,821
Due to other funds	-	-	-
Total Liabilities	<u>664,922</u>	<u>-</u>	<u>664,922</u>
Net Position			
Restricted:			
Enabling legislation	1,535,527	-	1,535,527
Law enforcement	27,022	-	27,022
Unrestricted	<u>1,134,629</u>	<u>-</u>	<u>1,134,629</u>
Total Net Position	<u>\$ 2,697,178</u>	<u>\$ -</u>	<u>\$ 2,697,178</u>

See Notes to the Financial Statements

City of Normandy, Missouri
Statement of Activities - Modified Cash Basis
For the year ended September 30, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 812,657	\$ -	\$ 494,898	\$ -	\$ (317,759)	\$ -	\$ (317,759)
Police department	2,937,287	1,522,094	-	-	(1,415,193)	-	(1,415,193)
Public works	431,840	31,174	-	-	(400,666)	-	(400,666)
Community development	35,315	9,381	-	-	(25,934)	-	(25,934)
Recreation	51,030	-	-	-	(51,030)	-	(51,030)
Legal and court	223,400	-	-	-	(223,400)	-	(223,400)
Debt service	62,326	-	-	-	(62,326)	-	(62,326)
	<u>4,553,855</u>	<u>1,562,649</u>	<u>494,898</u>	<u>-</u>	<u>(2,496,308)</u>	<u>-</u>	<u>(2,496,308)</u>
Business-type Activities:							
Sanitation	57,316	34,960	-	-	-	(22,356)	(22,356)
Total Primary Government	<u>57,316</u>	<u>34,960</u>	<u>-</u>	<u>-</u>	<u>(2,496,308)</u>	<u>(22,356)</u>	<u>(2,518,664)</u>
General Revenues:							
Taxes:							
					1,325,521	-	1,325,521
					662,651	-	662,651
					177,389	-	177,389
					263,231	-	263,231
					83,786	-	83,786
					808	-	808
					140,576	-	140,576
					(135,063)	135,063	-
					21,684	-	21,684
					<u>2,540,583</u>	<u>135,063</u>	<u>2,675,646</u>
					\$ 44,275	\$ 112,707	\$ 156,982
					<u>2,652,903</u>	<u>(112,707)</u>	<u>2,540,196</u>
					<u>\$ 2,697,178</u>	<u>\$ -</u>	<u>\$ 2,697,178</u>

See Notes to the Financial Statements

City of Normandy, Missouri
Balance Sheet - Governmental Funds - Modified Cash Basis
September 30, 2022

	General Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 1,439,893	\$ -	\$ 542,218	\$ 1,982,111
Restricted cash and cash equivalents	140,255	1,082,876	8,952	1,232,083
Other receivables	1,194	-	-	1,194
Prepaid items	146,712	-	-	146,712
Due from other funds	104,348	1,288	37,977	143,613
Total Assets	<u>\$ 1,832,402</u>	<u>\$ 1,084,164</u>	<u>\$ 589,147</u>	<u>\$ 3,505,713</u>
Liabilities				
Funds held for others	\$ 148,045	\$ -	\$ -	\$ 148,045
Payroll withholding liabilities	25,056	-	-	25,056
Unearned revenue	491,821	-	-	491,821
Due to other funds	5,829	33,436	104,348	143,613
Total Liabilities	<u>670,751</u>	<u>33,436</u>	<u>104,348</u>	<u>808,535</u>
Fund Balances				
Nonspendable:				
Prepaid items	146,712	-	-	146,712
Restricted:				
Capital projects	-	-	306,987	306,987
Economic development	-	1,050,728	109,863	1,160,591
Law enforcement	27,022	-	9,118	36,140
Resident sewer improvement program	-	-	58,831	58,831
Unassigned	987,917	-	-	987,917
Total Fund Balances	<u>1,161,651</u>	<u>1,050,728</u>	<u>484,799</u>	<u>2,697,178</u>
Total Liabilities and Fund Balances	<u>\$ 1,832,402</u>	<u>\$ 1,084,164</u>	<u>\$ 589,147</u>	<u>\$ 3,505,713</u>

See Notes to the Financial Statements

City of Normandy, Missouri
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Modified Cash Basis
For the year ended September 30, 2022

	General Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total
Revenues				
Property taxes	\$ 96,225	\$ 52,992	\$ 59,346	\$ 208,563
Taxes - other	1,972,477	120,469	158,457	2,251,403
Grants	494,898	-	-	494,898
Licenses and permits	83,786	-	-	83,786
Fines and forfeitures	193,683	-	1,064	194,747
Charges for services	1,336,728	-	-	1,336,728
Investment income	579	5	224	808
Other	21,684	-	-	21,684
	<u>4,200,060</u>	<u>173,466</u>	<u>219,091</u>	<u>4,592,617</u>
Expenditures				
Current:				
General government	790,115	-	-	790,115
Public safety	2,557,568	-	-	2,557,568
Public works	279,338	-	-	279,338
Community development	35,315	-	12,082	47,397
Recreation	43,397	-	11,574	54,971
Legal/court	223,400	-	-	223,400
Capital outlay	501,458	-	37,282	538,740
Debt service:				
Principal	29,522	-	-	29,522
Interest and fiscal charges	32,804	-	-	32,804
	<u>4,492,917</u>	<u>-</u>	<u>60,938</u>	<u>4,553,855</u>
Excess (Deficiency) of Revenues over Expenditures	(292,857)	173,466	158,153	38,762
Other Financing Sources (Uses)				
Proceeds from sale of assets	63,441	-	-	63,441
Proceeds from insurance recovery	77,135	-	-	77,135
Issuance of notes payable	-	-	-	-
Transfers in	117,929	-	-	117,929
Transfers out	(135,063)	-	(117,929)	(252,992)
	<u>123,442</u>	<u>-</u>	<u>(117,929)</u>	<u>5,513</u>
Net Change in Fund Balance	\$ (169,415)	\$ 173,466	\$ 40,224	\$ 44,275
Fund Balance, October 1	<u>1,331,066</u>	<u>877,262</u>	<u>444,575</u>	<u>2,652,903</u>
Fund Balance, September 30	<u>\$ 1,161,651</u>	<u>\$ 1,050,728</u>	<u>\$ 484,799</u>	<u>\$ 2,697,178</u>

See Notes to the Financial Statements

City of Normandy, Missouri
Statement of Net Position
Proprietary Fund - Modified Cash Basis
September 30, 2022

	Sanitation Fund
Assets	
Cash and cash equivalents	\$ -
Restricted cash and cash equivalents	-
Other receivables	-
Prepaid items	-
Due from other funds	-
Total Assets	-
Liabilities	
Funds held for others	-
Payroll withholding liabilities	-
Unearned revenue	-
Due to other funds	-
Total Current Liabilities	-
Net Position	
Restricted	-
Unrestricted	-
Total Net Position	\$ -

See Notes to the Financial Statements

City of Normandy, Missouri
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Fund - Modified Cash Basis
For the year ended September 30, 2022

	Sanitation Fund
Operating Revenues	
Sanitation charges and fees	\$ 33,772
Other revenues	1,188
Total Operating Revenues	34,960
Operating Expenses	
Materials and supplies	6,306
Utilities and maintenance	49,760
Other	1,250
Total Operating Expenses	57,316
Operating Income (Loss)	(22,356)
Non-operating Revenues (Expenses)	
Interest income	-
Interest expense	-
Total Non-operating Revenues (Expenses)	-
Income (Loss) Before Transfers	(22,356)
Transfers in (out)	135,063
	135,063
Change in Net Position	\$ 112,707
Net Position, October 1	(112,707)
Net Position, September 30	\$ -

See Notes to the Financial Statements

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies

The City of Normandy, Missouri (the "City") was incorporated as a village within St. Louis County, Missouri in May of 1945. In 1978, the residents voted to approve the Village of Normandy becoming a third class city as provided by Missouri state statutes, and established a Mayor/City Administrator/City Council form of government. The City's major operations include police protection, street maintenance and improvements, parks and recreation, community development, and general administrative services. The basic financial statements have been prepared in conformity with the modified cash basis of accounting as applied to governmental agencies. The significant accounting policies applied by the City in the preparation of the accompanying financial statements are summarized below:

Reporting Entity

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The inclusion or exclusion of component units is based on the elected officials accountability to their constituents. The financial reporting entity follows the same accountability. In addition, the financial statements of the reporting entity should allow the user to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units. Criteria for inclusion of an entity into the primary governmental unit (in blended or discrete presentation) includes, but is not limited to, legal standing, fiscal dependency, imposition of will, and the primary recipient of services. The City presently has no component units included within its reporting entity.

Basic Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities, and reports information on all of the activities of the Primary Government. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges that would distort direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental and business-type function is self enhancing or draws from the general revenues of the City.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all the financial resources and legally authorized activities of the City, except those required to be accounted for in other specialized funds.

Tax Increment Financing Fund - The City uses this special revenue fund to account for the activity from the Natural Bridge Road Redevelopment Area.

The other governmental funds of the City are considered nonmajor. They consist of special revenue funds which account for specific revenue sources that are legally restricted to expenditures for specific purposes.

The City reports the following major proprietary funds:

Sanitation Fund - The Sanitation Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues received, expenses paid, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. The Sanitation Fund operations were discontinued during the fiscal year.

Measurement Focus and Basis of Accounting

Measurement Focus

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus is applied.

The government-wide financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus, as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. The City defines available for purposes of revenue recognition in the governmental fund financial statements as when revenue is received, not earned. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities and business-type activities are presented using a modified cash basis of accounting. This basis recognizes revenues when they are received and recognizes expenditures when cash payments are made. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, revenues are recognized in the accounting period when they are received. Measurable means the amount is known. Available means they have been collected. This availability period determines financial resources that are "current."

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Basis of Accounting (continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for the proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis.

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Certain cash and cash equivalents are restricted for specific activities or for activities of special revenue funds.

Capital Assets

The City's modified cash basis of accounting recognizes purchases of capital assets as an expenditure (capital outlay) in the period incurred. Therefore, no assets are capitalized or depreciated in these financial statements.

Compensated Absences

The policy for vacation pay allows employees to take time off with pay. The policy allows employees to carry forward up to 80 hours per calendar year. Any days carried forward must be used in the following year by no later than May 1. Sick leave is accumulated at a rate of 8 hours per month up to 960 hours maximum and is available only to provide compensation during periods of illness or injury. Sick leave is not paid out upon dismissal or resignation; however, retirees are entitled to one-third of accumulated sick leave on the date of departure from employment. The City considers all vacation and sick leave pay to be expensed when paid.

Post-Employment Benefits

The City does not provide post-employment benefits, except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

Property Taxes

Property taxes attached as an enforceable lien on property as of January 1. Taxes are billed and collected by St. Louis County and remitted to the City after collection. Tax statements are mailed to property owners by November 15, and are payable on or before January 1 of the following year. All unpaid taxes levied then become delinquent as of January 1 of the following year. The certified tax rate was \$0.2720 on residential property, \$0.2840 on commercial property, and \$0.4000 on personal property per \$100 assessed valuation for the fiscal year ended September 30, 2022. Assessed value of property located within the City's boundaries for the fiscal year end was \$32,616,635.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance/Equity

Restricted net position represents amounts restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments). All remaining net position is considered unrestricted. When both restricted and unrestricted sources are available for use, it is the City's policy to use restricted first, then unrestricted resources as they are needed.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - Resources which cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed - Resources which are subject to limitations the government imposes upon itself by passing a resolution by the City Council, and that remain binding unless removed in the same manner.

Assigned - Resources neither restricted nor committed for which a government has a stated intended use as established by the City Council or an official to which the City Council has delegated the authority to assign amounts for specific purposes.

Unassigned - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The City Council is the highest level of decision-making authority that establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose.

As discussed in Note 1, restricted funds are used first as appropriate when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and then finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

The City has not adopted a formal minimum fund balance policy.

Budgets and Budgetary Accounting

Per state statute, at the fund level, actual expenditures are not to exceed budgeted appropriations; however, with proper approval by the City Council, budgetary transfers between departments can be made. Prior to October 1, the City Administrator prepares the proposed budget for submission to the City Council for the fiscal year beginning on October 1.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. A budgetary comparison schedule is required to be presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. Revenues and expenditures are reported when they result from cash transactions.

For the year ended September 30, 2022, the following funds had actual expenditures which exceeded budgeted expenditures: Sewer Lateral Fund and Park and Stormwater Fund.

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting may require management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 2 - Risk Management

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. The City is a member participant in the public entity risk pool which is an insurance purchasing group created pursuant to Missouri Statute Chapter 537.700. The purpose of the risk pool is to provide workers compensation coverage to participating public entities. Annual premiums are collected from each member participant based on a five-year loss ratio, frequency rate, severity rate, loss rate, and safety program as well as actuarial projections on the pool as a whole to produce sufficient funds to pay losses and expenses. Effective July 1, 2003, the public entity risk pool added property coverage to its services offered to such participating members.

The pool carries two types of excess insurance: Specific Excess and Aggregate Excess. Specific Excess is designed for the catastrophic loss. The Trust has a self-insured retention of \$250,000 then the specific excess attaches and pays to an unlimited amount. The Aggregate Excess insurance is designed to minimize the amount of potential assessment for each member. The assessable gap is part of each members annual premium. The City has purchased commercial insurance for other areas of risk that included reasonable deductible amounts. The portion of uninsured loss is not expected to be significant with respect to the financial position of the City. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Note 3 - Cash and Investments

Missouri Statutes require that all funds of the City on deposit in financial institutions must be collateralized by the depository institution with appropriate securities to the extent not provided by FDIC insurance. At September 30, 2022, the deposits and investments of the City were fully insured by \$250,000 FDIC coverage and collateralized by securities held in the City's name. Cash and cash equivalents and investments were categorized as follows:

Petty cash	\$ 250
Demand deposits	<u>1,981,861</u>
	<u><u>\$ 1,982,111</u></u>

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 3 - Cash and Investments (continued)

Restricted Cash and Cash Equivalents

Statutory requirements have resulted in the establishment of restricted cash and cash equivalents balances. A schedule of restricted cash and cash equivalents at September 30, 2022 by fund as follows:

General Fund:	
Police Evidence	\$ 93,328
Judicial Information Services	8,699
Drug Task Force	38,228
Tax Increment Financing Fund	1,082,876
Judicial Education Fund	8,952
	\$ 1,232,083

The City does not currently have a deposit and investment policy that limits their allowable deposits or investments and addresses the specific types of risk to which the City is exposed.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposit may not be returned to it. The City does not have a policy for custodial credit risk.

Note 4 - Long-Term Debt

Notes Payable

On November 6, 2020, the City signed a promissory note with Simmons Bank for \$935,000 for the purchase of real property located within City limits. The note is payable in monthly installments of \$5,666, with interest payable at 3.95%, with a final balloon payment of \$771,327 due on November 1, 2025.

Long-term debt activity for notes payable for the year ended September 30, 2022 was as follows:

	Balance 9/30/21	Additions	Reductions	Balance 9/30/22	Interest Paid
Governmental Activities:					
Notes Payable	\$ 905,938	\$ -	\$ (29,522)	\$ 876,416	\$ 32,804

Annual debt service requirements to maturity for the notes payable are as follows:

For the years ending September 30,	Notes Payable		
	Principal	Interest	Total
2023	\$ 33,506	\$ 34,486	\$ 67,992
2024	34,780	33,212	67,992
2025	36,292	31,700	67,992
2026	771,838	5,155	776,993
	\$ 876,416	\$ 104,553	\$ 980,969

Payments on notes payable are made from the General Fund.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 5 - Missouri Local Government Employees Retirement System (LAGERS)

Plan Description

The City participates in the Missouri Local Government Employee Retirement System (LAGERS), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by Sections 70.600 - 70.755 RSMo. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri, 65102 or by calling (800) 477-4334.

Pension Benefits

Upon termination of employment, any member who is vested is entitled to either an unreduced benefit annuity, payable at age sixty (police and fire fighters, age fifty-five), or a reduced benefit annuity, payable at age fifty-five (police and fire fighters, age fifty). Any member with less than five years of creditable service will be refunded accumulated plan contributions.

Funding Policy

The City's full-time employees do not contribute part of their salaries to the plan. The City is required to contribute an actuarially determined rate. The contribution rate for the year ended September 30, 2022 was 5.80% (General) and 6.10% (Police). The City remitted contributions of \$125,325 for the year ended September 30, 2022.

Note 6 - Interfund Transactions

The outstanding balances between funds result mainly from the time lag between dates that: 1) reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The composition of interfund balances as of September 30, 2022 is as follows:

	Due From	Due To
General Fund	\$ 104,348	\$ 5,829
Tax Increment Financing Fund	1,288	33,436
Nonmajor Funds	37,977	104,348
	\$ 143,613	\$ 143,613

Interfund transfers were used to 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) use restricted revenues collected in the General Fund to finance capital improvements and other funds in accordance with budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 6 - Interfund Transactions (continued)

The following transfers were made during the fiscal year ending September 30, 2022:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 117,929	\$ 135,063
Nonmajor Funds	-	117,929
Proprietary Funds:		
Sanitation Fund	135,063	-
	\$ 252,992	\$ 252,992

Note 7 - Tax Increment Financing

The City organized a Tax Increment Financing District within a portion of the City on February 7, 2006, as amended June 16, 2011 and November 1, 2011, as authorized under Sections 99.800 through 99.865 of the RSMo. for municipalities to undertake redevelopment projects in blighted, conservation, or economic development areas. The redevelopment plan, known as the "Natural Bridge Road Redevelopment Area," contains approximately 107 acres along Natural Bridge Road between the University of Missouri - St. Louis on the west and Lucas-Hunt Road on the east including 57 parcels within the City's boundaries. The accounting for redevelopment projects funded by TIF financing is done in a separate Tax Increment Financing Fund; the City collects economic activity taxes and payments in lieu of taxes dedicated to the project. The project is still currently seeking a developer.

Note 8 - Coronavirus State and Local Fiscal Recovery Grant

During the fiscal year ended September 30, 2022, the City was a recipient of \$985,646 of Coronavirus State and Local Fiscal Recovery (SLFRF) funds. This program was authorized by the American Rescue Plan Act to support response to and recovery from the COVID-19 public health program. These essential funds are designed to fight the pandemic and support families and businesses struggling with its public health and economic impacts; maintain vital public services, even amid declines in revenue resulting from the crisis; and build a strong, resilient, and equitable recovery by making investments that support long-term growth and opportunity.

The City has adopted an accounting policy to defer income from the SLFRF program until expenditures of the funds are made. An accounting of the funds for the fiscal year ended September 30, 2022 is as follows:

Unearned revenue (SLFRF) as of September 30, 2021	\$ -
Add: SLFRF grant funds deposited into City's accounts	985,646
Less: SLFRF grant funds earned/expended to meet program needs	(493,825)
Unearned revenue (SLFRF) as of September 30, 2022	\$ 491,821

Note 9 - Claims and Contingencies

Litigation

The City generally follows the practice of recognizing and disclosing liabilities resulting from claims and legal actions only when they become fixed and determinable in amount. At this time, a reasonable estimate as to the amount or range of potential loss and/or gain cannot be provided.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2022

Note 9 - Claims and Contingencies (continued)

Federal and State Assisted Programs

The City has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as inappropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial. No provision has been made in the accompanying financial statements for the potential refund of grant monies.

Note 10 - Missouri Legislation

House Bill 103 amending Section 302.341.2 RSMo became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for traffic violations. The City was not required to and did not account for the fines and court costs for traffic violations separately from the total fines and court costs prior to August 28, 2013. For the year ended September 30, 2022, total fines and court costs revenues for the fiscal year, which include fines and court costs related to traffic violations, summed to \$184,302. “Annual general operating revenue of the city” is not defined in the amended statute and may or may not include various sources of the City’s revenues. However, the City’s general revenue fund tax revenue alone totaled \$2,068,702. Using general fund tax revenue and total fines and court costs as the “annual general operating revenue”, the City’s total fines and court costs revenues are only 8.18% of this total “annual general operating revenue”, which is substantially below the 30% threshold requirement of the amended statute. This clearly demonstrates at a minimum that the City in no way exceeded the percentage requirement regardless of how “annual general operating revenue” is calculated.

Note 11 - Subsequent Events

Management has evaluated events subsequent to September 30, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through August 21, 2023, the date the financial statements were available to be issued.

Supplementary Information

City of Normandy, Missouri
Combining Balance Sheet - Nonmajor Governmental Funds - Modified Cash Basis
September 30, 2022

	Capital Improvement Fund	Sewer Lateral Fund	Parks and Stormwater Fund	Economic Development Fund	Street Improvement Fund	Judicial Education Fund	Total
Assets							
Cash and cash equivalents	\$ 82,121	\$ 57,247	\$ 60,033	\$ 105,800	\$ 237,017	\$ -	\$ 542,218
Restricted cash and cash equivalents	-	-	-	-	-	8,952	8,952
Other receivables	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Due from other funds	6,578	1,584	14,651	14,998	-	166	37,977
Total Assets	<u>\$ 88,699</u>	<u>\$ 58,831</u>	<u>\$ 74,684</u>	<u>\$ 120,798</u>	<u>\$ 237,017</u>	<u>\$ 9,118</u>	<u>\$ 589,147</u>
Liabilities							
Funds held for others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll withholding liabilities	-	-	-	-	-	-	-
Due to other funds	58,361	-	-	10,935	35,052	-	104,348
Total liabilities	<u>58,361</u>	<u>-</u>	<u>-</u>	<u>10,935</u>	<u>35,052</u>	<u>-</u>	<u>104,348</u>
Fund Balance							
Restricted:							
Capital improvements	30,338	-	74,684	-	201,965	-	306,987
Economic development	-	-	-	109,863	-	-	109,863
Law enforcement	-	-	-	-	-	9,118	9,118
Resident sewer improvement program	-	58,831	-	-	-	-	58,831
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	<u>30,338</u>	<u>58,831</u>	<u>74,684</u>	<u>109,863</u>	<u>201,965</u>	<u>9,118</u>	<u>484,799</u>
Total Liabilities and Fund Balances	<u>\$ 88,699</u>	<u>\$ 58,831</u>	<u>\$ 74,684</u>	<u>\$ 120,798</u>	<u>\$ 237,017</u>	<u>\$ 9,118</u>	<u>\$ 589,147</u>

City of Normandy, Missouri
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Modified Cash Basis
For the year ended September 30, 2022

	Capital Improvement Fund	Sewer Lateral Fund	Parks and Stormwater Fund	Economic Development Fund	Street Improvement Fund	Judicial Education Fund	Total
Revenues							
Property taxes	\$ -	\$ 31,174	\$ -	\$ -	\$ 28,172	\$ -	\$ 59,346
Taxes - other	67,527	-	45,465	45,465	-	-	158,457
Grants	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	1,064	1,064
Charges for services	-	-	-	-	-	-	-
Investment income	-	-	-	-	17	207	224
Other	-	-	-	-	-	-	-
Total Revenues	<u>67,527</u>	<u>31,174</u>	<u>45,465</u>	<u>45,465</u>	<u>28,189</u>	<u>1,271</u>	<u>219,091</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community development	-	-	-	12,082	-	-	12,082
Recreation	-	-	11,574	-	-	-	11,574
Legal/court	-	-	-	-	-	-	-
Capital outlay	-	33,147	-	4,135	-	-	37,282
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>33,147</u>	<u>11,574</u>	<u>16,217</u>	<u>-</u>	<u>-</u>	<u>60,938</u>
Excess (Deficiency) of Revenues over Expenditures	67,527	(1,973)	33,891	29,248	28,189	1,271	158,153
Other Financing Sources (Uses)							
Proceeds from sale of assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(67,000)	-	(50,929)	-	-	-	(117,929)
Total Other Financing Sources (Uses)	<u>(67,000)</u>	<u>-</u>	<u>(50,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,929)</u>
Net Change in Fund Balance	\$ 527	\$ (1,973)	\$ (17,038)	\$ 29,248	\$ 28,189	\$ 1,271	\$ 40,224
Fund Balance, October 1	<u>29,811</u>	<u>60,804</u>	<u>91,722</u>	<u>80,615</u>	<u>173,776</u>	<u>7,847</u>	<u>444,575</u>
Fund Balance, September 30	<u>\$ 30,338</u>	<u>\$ 58,831</u>	<u>\$ 74,684</u>	<u>\$ 109,863</u>	<u>\$ 201,965</u>	<u>\$ 9,118</u>	<u>\$ 484,799</u>

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 98,500	\$ 98,500	\$ 96,225	\$ (2,275)
Taxes - other	1,985,000	1,985,000	1,972,477	(12,523)
Grants	70,000	695,569	494,898	(200,671)
Licenses and permits	94,350	94,350	83,786	(10,564)
Fines and forfeitures	248,500	248,500	193,683	(54,817)
Charges for services	1,440,661	1,440,661	1,336,728	(103,933)
Investment income	2,000	2,000	579	(1,421)
Other	3,900	3,900	21,684	17,784
Total Revenues	<u>3,942,911</u>	<u>4,568,480</u>	<u>4,200,060</u>	<u>(368,420)</u>
Expenditures				
Current:				
General government	700,767	745,510	790,115	44,605
Public safety	2,654,482	2,786,115	2,557,568	(228,547)
Public works	359,763	349,763	279,338	(70,425)
Community development	49,587	49,587	35,315	(14,272)
Recreation	22,998	22,998	43,397	20,399
Legal/court	173,772	173,772	223,400	49,628
Capital outlay	15,000	607,689	501,458	(106,231)
Debt service:				
Principal	65,000	65,000	29,522	(35,478)
Interest and fiscal charges	-	-	32,804	32,804
Total Expenditures	<u>4,041,369</u>	<u>4,800,434</u>	<u>4,492,917</u>	<u>(307,517)</u>
Excess (Deficiency) of Revenues over Expenditures	(98,458)	(231,954)	(292,857)	(60,903)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	63,441	63,441
Proceeds from insurance recovery	-	31,754	77,135	45,381
Transfers in	31,998	98,998	117,929	18,931
Transfers out	-	-	(135,063)	(135,063)
Total Other Financing Sources (Uses)	<u>31,998</u>	<u>130,752</u>	<u>123,442</u>	<u>(7,310)</u>
Net Change in Fund Balance	<u>\$ (66,460)</u>	<u>\$ (101,202)</u>	\$ (169,415)	<u>\$ (68,213)</u>
Fund Balance, October 1			<u>1,331,066</u>	
Fund Balance, September 30			<u>\$ 1,161,651</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Tax Increment Financing Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 60,000	\$ 60,000	\$ 52,992	\$ (7,008)
Taxes - other	85,000	85,000	120,469	35,469
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	5	5
Other	-	-	-	-
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>173,466</u>	<u>28,466</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>145,000</u>	<u>145,000</u>	<u>173,466</u>	<u>28,466</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 173,466</u>	<u>\$ 28,466</u>
Fund Balance, October 1			<u>877,262</u>	
Fund Balance, September 30			<u>\$ 1,050,728</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Improvement Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	67,000	67,000	67,527	527
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	30	30	-	(30)
Other	-	-	-	-
Total Revenues	<u>67,030</u>	<u>67,030</u>	<u>67,527</u>	<u>497</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>67,030</u>	<u>67,030</u>	<u>67,527</u>	<u>497</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(67,000)	(67,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(67,000)</u>	<u>(67,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 67,030</u>	<u>\$ 30</u>	<u>\$ 527</u>	<u>\$ 497</u>
Fund Balance, October 1			<u>29,811</u>	
Fund Balance, September 30			<u>\$ 30,338</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Sewer Lateral Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 30,000	\$ 30,000	\$ 31,174	\$ 1,174
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>31,174</u>	<u>1,174</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	30,000	30,000	33,147	3,147
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>33,147</u>	<u>3,147</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(1,973)	(1,973)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	\$ (1,973)	<u>\$ (1,973)</u>
Fund Balance, October 1			<u>60,804</u>	
Fund Balance, September 30			<u>\$ 58,831</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Parks and Stormwater Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	48,000	48,000	45,465	(2,535)
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	20	20	-	(20)
Other	-	-	-	-
Total Revenues	<u>48,020</u>	<u>48,020</u>	<u>45,465</u>	<u>(2,555)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	10,000	10,000	11,574	1,574
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>11,574</u>	<u>1,574</u>
Excess (Deficiency) of Revenues over Expenditures	38,020	38,020	33,891	(4,129)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(31,998)	(31,998)	(50,929)	(18,931)
Total Other Financing Sources (Uses)	<u>(31,998)</u>	<u>(31,998)</u>	<u>(50,929)</u>	<u>(18,931)</u>
Net Change in Fund Balance	<u>\$ 6,022</u>	<u>\$ 6,022</u>	\$ (17,038)	<u>\$ (23,060)</u>
Fund Balance, October 1			<u>91,722</u>	
Fund Balance, September 30			<u>\$ 74,684</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Economic Development Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	45,000	45,000	45,465	465
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	20	-	(20)
Other	-	-	-	-
Total Revenues	<u>45,000</u>	<u>45,020</u>	<u>45,465</u>	<u>445</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	39,000	39,000	12,082	(26,918)
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	4,135	4,135
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>39,000</u>	<u>39,000</u>	<u>16,217</u>	<u>(22,783)</u>
Excess (Deficiency) of Revenues over Expenditures	6,000	6,020	29,248	23,228
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,000</u>	<u>\$ 6,020</u>	\$ 29,248	<u>\$ 23,228</u>
Fund Balance, October 1			<u>80,615</u>	
Fund Balance, September 30			<u>\$ 109,863</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street Improvement Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 28,000	\$ 28,000	\$ 28,172	\$ 172
Taxes - other	-	-	-	-
Grants	66,000	66,000	-	(66,000)
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	50	50	17	(33)
Other	-	-	-	-
Total Revenues	<u>94,050</u>	<u>94,050</u>	<u>28,189</u>	<u>(65,861)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	71,000	71,000	-	(71,000)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>71,000</u>	<u>71,000</u>	<u>-</u>	<u>(71,000)</u>
Excess (Deficiency) of Revenues over Expenditures	23,050	23,050	28,189	5,139
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 23,050</u>	<u>\$ 23,050</u>	\$ 28,189	<u>\$ 5,139</u>
Fund Balance, October 1			<u>173,776</u>	
Fund Balance, September 30			<u>\$ 201,965</u>	

City of Normandy, Missouri
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Judicial Education Fund - Modified Cash Basis
For the year ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	1,800	1,800	1,064	(736)
Charges for services	-	-	-	-
Investment income	-	-	207	207
Other	-	-	-	-
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>1,271</u>	<u>(529)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	1,800	1,800	-	(1,800)
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>(1,800)</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	1,271	1,271
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	\$ 1,271	<u>\$ 1,271</u>
Fund Balance, October 1			<u>7,847</u>	
Fund Balance, September 30			<u>\$ 9,118</u>	

Management Discussion & Analysis (Unaudited)



Management's Discussion and Analysis (Unaudited)
For the year ended September 30, 2022

Our discussion and analysis of the City of Normandy's financial performance provides an overview of the City's financial activities for the fiscal year beginning October 1, 2021 and ending September 30, 2022, within the limitations of the City's cash basis of accounting. Please read the following in conjunction with the City's financial statements that begin on the preceding pages.

Financial Highlights

- The assets of the City of Normandy exceeded its liabilities at the close of the fiscal year on September 30, 2022, by \$2,697,178 (net position). Of this amount, \$1,134,629 represents unrestricted net position, which may be used to meet ongoing obligations to citizens and creditors.
- At the end of the year ended September 30, 2022, the City of Normandy's general fund had a fund balance of \$1,161,651, a decrease of \$169,415 from the end of prior fiscal year. The unassigned fund balance of the general fund was \$987,917 at the close of the fiscal year.
- The City of Normandy's primary source of revenue in the 2022 fiscal year were property taxes, sales taxes, utility taxes, and charges for service for the provision of police and court services to other municipalities.
- The City of Normandy closed its only proprietary fund during the 2022 fiscal year, which required a transfer from the General Fund to the discontinued Sanitation Fund in the amount of \$135,063.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the City's cash basis of accounting.

Report Components

This annual report consists of four parts as follows:

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities (pages 4-5) provide information about the activities of the City and are designed to

provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

Fund Financial Statements: The fund financial statements (pages 6-9) report the City's operations in more detail than the government-wide statements by providing information about the City's governmental funds including the General Fund, Tax Increment Financing (TIF) Fund, other nonmajor governmental funds as well as providing information regarding the City's now discontinued proprietary fund.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements. The notes to the financial statements are on pages 10-18 of this report.

Other: The Managements' Discussion and Analysis provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Basis of Accounting

The City has elected to present its financial statements on a modified cash basis of accounting. On a modified cash basis, revenues are recognized when cash is received and deposited. Expenditures are recorded in the accounting period when bills are paid.

Cash-basis accounting is easier to use on a day-to-day basis because there are fewer transactions to manage. Accounting on accrual basis is a long-term goal for the City of Normandy; however, the City currently lacks the resources to implement accrual basis accounting. Factors we considered when deciding which basis our organization should use included:

- The extent to which our organization has payables, receivables, etc. on an ongoing basis. The City currently has few unpaid bills or outstanding grants or fees throughout the year, and cash-basis accounting will give substantially the same financial picture of the City as accrual-basis.
- The size of the City's budget and the relatively small number of payables or receivables.

Financial Reporting

The Statement of Net Position and the Statement of Activities together report the City's net position and the changes that occurred in the 2022 Fiscal Year. The City's net position is one way to measure the City's overall financial position and whether the City's financial position is improving or deteriorating. There are other factors, such as changes in intergovernmental

reimbursement, receipt of grants, or changes in the tax base, that need to be considered in assessing the overall financial condition of the City.

Statement of Net Position

Net Position	Governmental Activities	Business-type Activities	Total
Restricted:			
Enabling legislation	\$1,535,527	-	\$1,535,527
Law enforcement	\$27,022	-	\$27,022
Unrestricted	\$1,134,629	-	\$1,134,629
Total Net Position	\$2,697,178	-	\$2,697,178

For governmental assets, the largest portion of the City of Normandy net position (57.9%) is restricted. These resources are subject to external restrictions on how they may be used. A majority of the restricted funds is made up of the Natural Bridge Tax Increment Financing Special Allocation Fund, \$1,050,728 (67.2% of restricted funds), with the rest of restricted funds primarily belonging to other non-major funds, including restricted sales tax funds such as capital improvement, parks and stormwater, and economic development. The remaining unrestricted balance of \$1,134,629 (42.1%) may be used to meet the City’s obligations.

Business-type assets show no net assets at year end. This is the result of the dissolution of the Sanitation Fund and the move to private contracting and billing for the provision of solid waste pick-up services within the City.

Statement of Activities

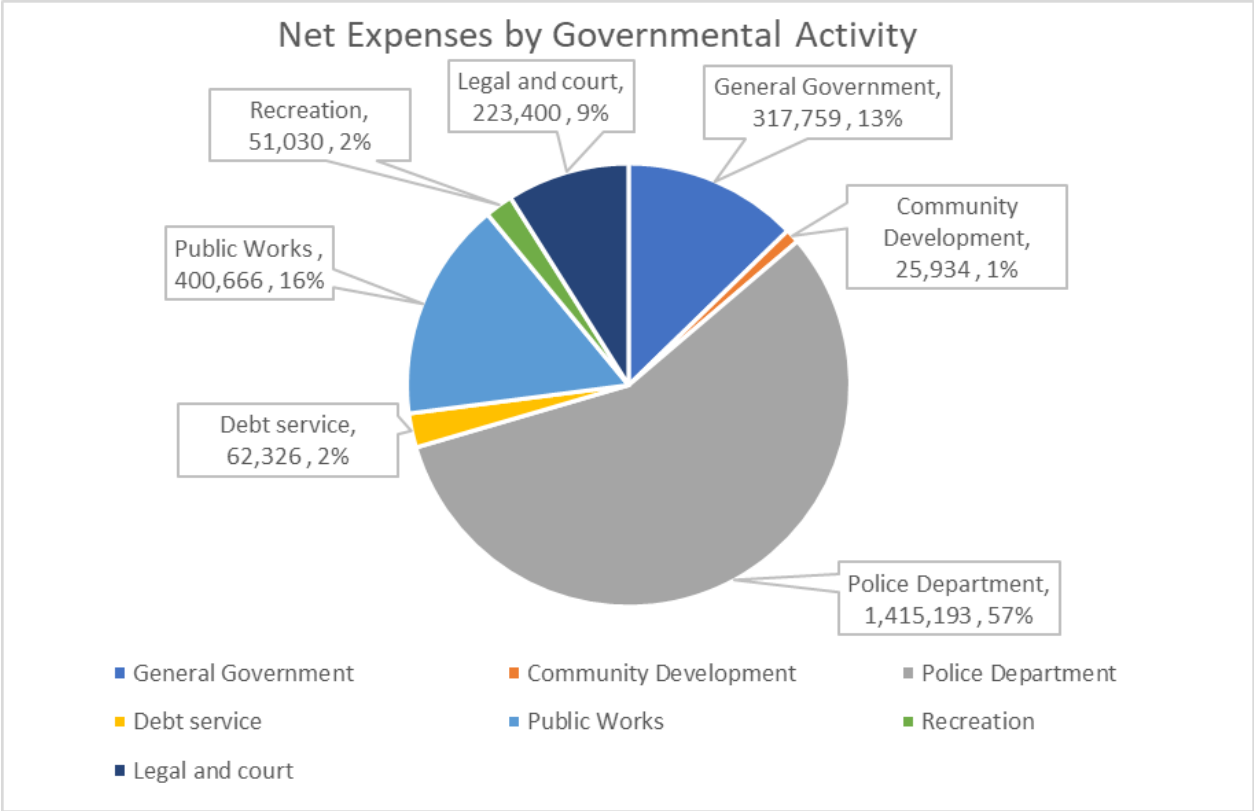
Expenses by Major Program Activities

Expenses for governmental activities are reported by function, generally divided by the different departments. These expenses are sometimes offset by charges for services, operating grants and contributions, and capital grants and contributions. The most notable example of charges for services in the Statement of Activities are funds collected from other municipalities for contracted police services with the Normandy Police Department (NPD). Within the financial reporting period, NPD provided police services to the neighboring municipalities of Bellerive Acres, Bel-Ridge, Cool Valley, Glen Echo Park, Greendale, Pasadena Park, and Pasadena Hills. The total charges for services collected for police services in the reporting period were \$1,522,094, which offset the total expenses for the department by over half (51.8%), resulting in a net expense of \$1,415,193.

The next largest activity in terms of gross expenses is General Government (17.8%) which was largely offset by operating grants primarily in the form of State and Local Fiscal Recovery Funds

(SLFRF), the entirety of which the City was able to claim as lost revenue. General government activities are primarily made up of administrative salaries, liability and property insurance for the City, and professional fees. The third largest activity by gross expense was Public Works (9.5%). Generally responsible for streets, facilities, and general maintenance duties, the expenses associated with Public Works are primarily made up of salaries and capital expenditures.

Net expenses by governmental activities are made up of the following:

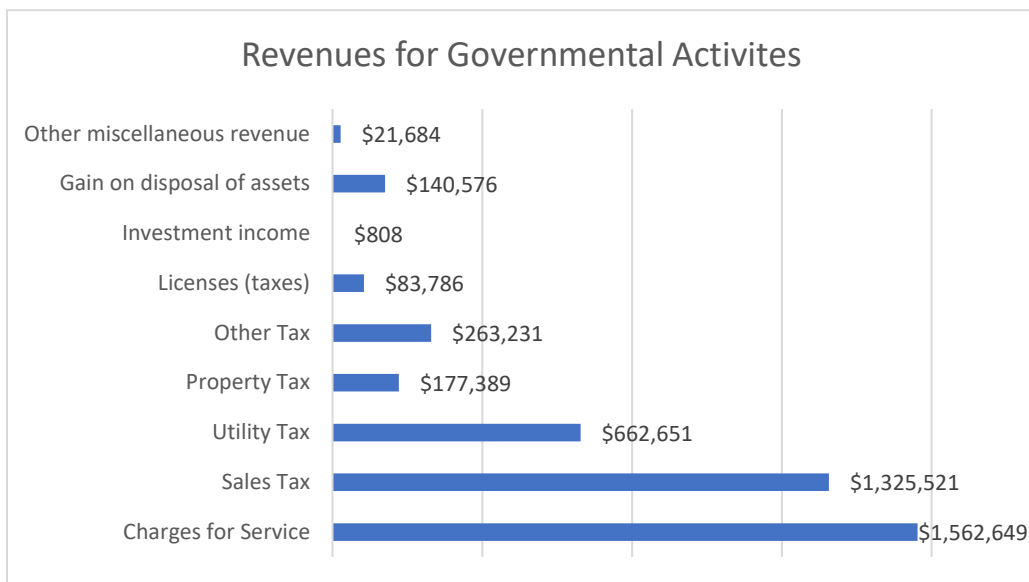


In addition, the governmental activities, the City also reported \$22,356 in net expense in business type activities by providing solid-waste pick-up services through the City’s now discontinued Sanitation Fund. As of January 1, 2022, the City began contracting with a third party to act as the exclusive waste service provider for all single-family homes in the City. Since the beginning of the exclusive service provider contract all fees for service have been billed directly to homeowners by the service provider at agreed upon rates set forth in the contract. As noted in the Combined Statement of Revenues, Expenditures and Changes in Governmental Funds (pg. 7), the General Fund had to transfer out \$135,036 to the Sanitation Fund to close out the remaining negative balance on the proprietary fund.

Governmental Activities Revenue

The primary source of revenues for governmental activities are various forms of taxes. The largest single source of revenue by type of tax is Sales Tax making up 52.2% of general revenues. The City levies several different types of sales tax including a 1% general sales tax which is pooled with other municipalities in St. Louis County, a ½ cent public safety sales tax pooled with St. Louis County, a ½ cent capital improvement sales tax, a ½ cent parks and stormwater tax, a ½ cent economic development tax, and additional incremental sales tax collected for sales conducted within the Natural Bridge Tax Incremental Financing District. The next largest source of general revenue for governmental activities are Utility Taxes, which are made up Gross Receipt Taxes and Franchise Taxes which utility companies and other franchises pay for the right to provide the service and for the use of the right Right-of-Way. These taxes totaled \$662,651 in the reported fiscal year and make up 26.1% of general revenue for governmental activities.

The various sources of revenues for governmental activities for the fiscal year ended September 30, 2022:



Financial Analysis of the City of Normandy’s Funds

The focus of the City of Normandy’s governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. 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.

The City reported three categories of fund balances in the fiscal year ending September 30, 2022: nonspendable, restricted, and unassigned. Nonspendable fund balance includes amounts that

cannot be spent for legal or practical reasons. In the reported fiscal year, these funds were entirely made up of pre-paid expenses for the City's insurance premiums. Restricted fund balance includes amounts restricted to specific purposes by state statute or external parties such as capital improvement funds, park funds, economic development funds, drug forfeiture funds, and funds in the sewer lateral insurance programs. The unassigned fund balance includes all remaining amounts.

The General Fund is the chief operating fund of the City of Normandy. At the end of fiscal year ending September 30, 2022, the General Fund reported a fund balance of \$1,161,651. Of this \$987,917 (85%) represented unassigned balances with most of the remainder being \$146,712 of non-spendable funds in the form of prepaid expenses.

The Natural Bridge Redevelopment Area Tax Increment Financing (TIF) Special Allocation Fund reported a fund balance of \$1,050,728, with the entire fund being restricted. The TIF district was originally established in 2002 and is made up of Economic Activity Taxes (EATs) and Payments in Lieu of Taxes (PILOTs) generally along the Natural Bridge corridor. The City Council of the City of Normandy has since voted to dissolve the fund shortly after the reporting period for the fiscal year ending September 30, 2022, ended.

The nonmajor governmental funds are made up of restricted funds for various programs. The nonmajor funds include the Capital Improvement Sales Tax Fund, the Parks and Stormwater Sales Tax Fund, the Economic Development Fund, the Street Improvement Fund, the Sewer Lateral Fund, and the Judicial Education Fund. Together these funds ended with a balance of \$484,799, all of which is restricted. The largest fund balance of the nonmajor funds was held by the Street Improvement Fund with \$201,965 (41.7%). The second and third largest fund balances of the nonmajor funds were held by the Economic Development Fund at \$109,863 (22.7%) and the Parks and Stormwater Fund at \$74,684 (15.4%).

General Fund Budgetary Highlights

Overall, the General Fund saw a decrease in fund balance of \$169,415 in the reporting period. This is primarily due to a transfer to close out the sanitation fund, which had a negative balance of \$135,063. It was also due to a budgeted deficit of \$101,202 for debt service and legal expenses. The General fund came significantly under budget both in revenues and expenditures. Revenues came under budget by \$368,420 because of a change in the way use tax is calculated in St. Louis County, courts being backlogged because of COVID-19, and various SLFRF projects being delayed. Expenditures came under budget by \$307,517 due to understaffing in the police department and SLFRF projects being delayed until the next fiscal year due to supply chain issues caused by COVID-19.

Council-Mayor-City Administrator Form of Government

The City of Normandy was incorporated as a 3rd class city in 1977 when the Town of Normandy and the Village of Berdell Hills consolidated. Cities of the 3rd classification in the State of Missouri are governed by Chapter 77 of the Revised Statutes of Missouri and have the powers that are expressly granted therein in order to provide services to residents.

The City of Normandy has a Council-Mayor form of government with a City Administrator who acts as the Chief Administrative Officer of the City and assists the Mayor in ensuring that day-to-day operations of the City are run effectively. The City Council acts as the governing body and consists of eight Council members made up of two from each ward. The Council is responsible for creating and passing legislation and caring for the finances of the City. The City of Normandy employs approximately 40 full time employees in order to provide services through its various departments.

The City of Normandy's mission is to provide a high level of public service and to grow the community through transparent, accountable, and professional governance. This mission is supported by upholding the City's core values of professionalism, integrity, and transparency.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator at 7700 Natural Bridge Road, Normandy, MO 63121, or telephone at (314) 385-3300.



Samuel D. Johnson, MPA
City Administrator

Other Information

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*

Independent Auditor's Report

To the Mayor and City Council
City of Normandy, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of City of Normandy, Missouri as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Normandy, Missouri's basic financial statements, and have issued our report thereon dated August 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Normandy, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Normandy, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Normandy, Missouri'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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-002, 2022-003, 2022-004, and 2022-005 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Normandy, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with

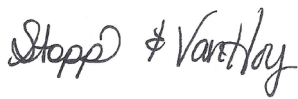
those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2022-001.

City of Normandy, Missouri's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Creve Coeur, Missouri
August 21, 2023

City of Normandy, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2022

Financial Statement Findings

2022-001 **Criteria:** Per state statute, at the fund level, actual expenditures are not to exceed budgeted appropriations; however, with proper approval by City Council, budgetary transfers between departments can be made.

Condition: During the audit, it was noted that the City was not in compliance with Missouri state statute. The following funds had actual expenditures which exceeded budgeted expenditures: Sewer Lateral Fund and Park and Stormwater Fund.

Cause: Oversight

Effect: The City is in violation of Missouri Revised Statutes due to exceeding budgets in certain funds.

Recommendation: We recommend that the City periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: Management will more closely monitor expenditures in non-major funds to ensure that they do not go over budget moving forward. In cases where expenditures over budget are unavoidable, as was the case in the Sewer Lateral Fund, budget amendments allocating sufficient dollars will be presented to the City Council.

2022-002 **Criteria:** Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, which is effective for periods ending on or after December 15, 2009, as amended by SAS No. 122, *Statements on Auditing Standards: Clarification and Recodification*, considers inadequate documentation of the components of internal control to be at least a significant deficiency.

Condition: Documentation of the City's internal controls has not been prepared.

Cause: Management has not prepared documentation of internal controls.

Effect: Without documented internal controls, the City may not be able to ensure that controls are in place, communicated and operating effectively.

Recommendation: We recommend that the City develop the required internal control documentation. In addition, we recommend studying the COSO internal control guidance and tools as a means to begin the process. Once this documentation is complete, those charged with governance have a responsibility to understand the controls and ensure they are operating effectively.

Management's Response: Management is currently working on documenting its current internal control policies and procedures which are currently in place and hope to have a comprehensive policy before the completion of the audit for the 2023 fiscal year.

City of Normandy, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2022

Financial Statement Findings (continued)

2022-003 **Criteria:** Antifraud programs and controls are the policies and procedures put in place by an organization to help ensure that management directives are carried out. They are part of the overall system of internal control established to achieve reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Condition: During our audit, we noted there is no formal fraud risk assessment in place.

Cause: Management has not prepared documentation of risk assessments, including identifying risks and mitigating controls.

Effect: Lack of an appropriate fraud risk assessment process may result in certain risks not being identified by the City's management. Opportunities to commit and conceal a fraud or irregularity may go undetected by management without proper assessment procedures.

Recommendation: We recommend that the City address various risks in the environment, including risk of fraud occurring by performing assessments to identify, analyze, and manage these risks.

Management's Response: As a part of creating documentation for internal control policies and procedures, management will also conduct a fraud risk assessment to identify key risk and will adjust internal control procedures to mitigate risks where appropriate before the completion of the audit for the 2023 fiscal year.

2022-004 **Criteria:** Strong internal controls over financial statement reporting require that accurate cash and fund balances be tracked for all funds.

Condition: During our audit, we noted the City was not adequately tracking cash and fund balances for all City funds within the accounting system. Approximately \$30,295 in outstanding checks older than 18 months were not adequately tracked and reconciled within the accounting system. Additionally, the City has not implemented procedures to remit dormant checks to the Missouri State Treasurer's Office in accordance with state statutes regarding unclaimed property.

Cause: Oversight.

Effect: Because cash and fund balances are not adequately being tracked within the accounting system, it is possible that cash and fund balances are materially misstated due to error or fraud.

Recommendation: We recommend that the City utilize their accounting software to adequately track cash and fund balances. Bank reconciliations prepared by the outside accountant should be reviewed and approved on a timely basis by management. Additionally, all outstanding checks should be monitored and remitted to the Missouri State Treasurer's Office in accordance with state statutes for government entities.

Management's Response: Management will review policies and procedures regarding tracking cash and fund balances and monitoring outstanding checks and incorporate the auditor's recommendations into our accounting practices. New policies and procedures to this end will be implemented before the completion of the audit for the 2023 fiscal year.

City of Normandy, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2022

Financial Statement Findings (continued)

2022-005 **Criteria:** During the audit, we noted numerous account balances across several funds that were not reconciled as part of the year-end closing process. Consequently, we were required to make material adjusting entries to the financial statements to correct errors that would have been detected by management during a normal monthly and annual closing process.

Condition: Strong internal control over financial statements require a closing process to ensure all accounts are reconciled and the financial statements are free from material misstatement.

Cause: Management did not follow a formal monthly and annual closing process.

Effect: Without a monthly and annual closing process, errors in the financial statements may remain undetected by management.

Recommendation: We recommend management develop a monthly and annual closing process. This process should include procedures to review and reconcile all accounts in every fund the City maintains. By implementing a closing process, management will have more reliable financial information to make decisions.

Management's Response: Management will review its current end of month and annual closing process and look to make changes to provide a more thorough and formal review of all accounts. New policies and procedures to this end will be implemented before the completion of the audit for the 2023 fiscal year.

City of Normandy, Missouri
Follow-Up on Prior Audit Findings For An Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards* , this section reports the auditor's follow-up on action taken by the City of Normandy, Missouri, on the applicable findings in the prior audit report issued for the year ending September 30, 2021. The City has not participated in the audit process for several years and recently resumed being audited starting with the fiscal year ending September 30, 2022. Follow up to the current year findings will be performed in subsequent audits.