

City of Normandy, Missouri

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

For the year ended September 30, 2023



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, each major fund, and the aggregate remaining fund information of City of Normandy, Missouri, as of and for the year ended September 30, 2023, 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, each major fund, and the aggregate remaining fund information of City of Normandy, Missouri, as of September 30, 2023, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

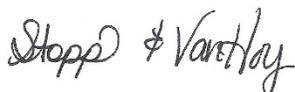
The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying

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 May 10, 2024 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
May 10, 2024

City of Normandy, Missouri
Statement of Net Position - Modified Cash Basis
September 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,879,434
Restricted cash and cash equivalents	1,288,786
Other receivables	1,194
Prepaid items	198,886
Total Assets	<u>3,368,300</u>
Liabilities	
Funds held for others	113,462
Payroll withholding liabilities	17,720
Unearned revenue	-
Total Liabilities	<u>131,182</u>
Net Position	
Restricted:	
Enabling legislation	1,652,709
Law enforcement	21,011
Unrestricted	1,563,398
Total Net Position	<u>\$ 3,237,118</u>

See Notes to the Financial Statements

City of Normandy, Missouri
Statement of Activities - Modified Cash Basis
For the year ended September 30, 2023

Functions/Programs	Expenses	Charges for Service	Program Revenue		Net (Expense) Revenue and Change in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 786,849	\$ 959	\$ -	\$ -	\$ (785,890)
Police department	2,727,268	1,376,217	212,292	86,484	(1,052,275)
Public works	582,432	30,980	-	193,045	(358,407)
Community development	82,883	-	-	16,352	(66,531)
Recreation	76,863	-	-	-	(76,863)
Legal and court	224,590	-	-	-	(224,590)
Debt service	67,992	-	-	-	(67,992)
	<u>\$ 4,548,877</u>	<u>\$ 1,408,156</u>	<u>\$ 212,292</u>	<u>\$ 295,881</u>	<u>(2,632,548)</u>

General Revenues:

Taxes:

Sales	1,388,986
Utility	686,102
Property	138,668
Other	265,695
Licenses (taxes)	147,100
Investment income	571
Gain on disposal of assets	174,116
Other miscellaneous revenue	371,250
Total General Revenues	<u>3,172,488</u>

Change in Net Position \$ 539,940

Net Position, October 1 2,697,178

Net Position, September 30 \$ 3,237,118

See Notes to the Financial Statements

City of Normandy, Missouri
Balance Sheet - Governmental Funds - Modified Cash Basis
September 30, 2023

	General Fund	Parks and Stormwater Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 1,381,038	\$ 73,803	\$ -	\$ 424,593	\$ 1,879,434
Restricted cash and cash equivalents	134,473	-	1,151,874	2,439	1,288,786
Other receivables	1,194	-	-	-	1,194
Prepaid items	198,886	-	-	-	198,886
Due from other funds	43,922	-	15,025	22,215	81,162
Total Assets	<u>\$ 1,759,513</u>	<u>\$ 73,803</u>	<u>\$ 1,166,899</u>	<u>\$ 449,247</u>	<u>\$ 3,449,462</u>
Liabilities					
Funds held for others	\$ 113,462	\$ -	\$ -	\$ -	\$ 113,462
Payroll withholding liabilities	17,720	-	-	-	17,720
Unearned revenue	-	-	-	-	-
Due to other funds	23,960	38,156	-	19,046	81,162
Total Liabilities	<u>155,142</u>	<u>38,156</u>	<u>-</u>	<u>19,046</u>	<u>212,344</u>
Fund Balances					
Nonspendable:					
Prepaid items	198,886	-	-	-	198,886
Restricted:					
Capital projects	-	-	-	285,612	285,612
Economic development	-	35,647	1,166,899	74,241	1,276,787
Law enforcement	21,011	-	-	2,152	23,163
Resident sewer improvement program	-	-	-	68,196	68,196
Unassigned	1,384,474	-	-	-	1,384,474
Total Fund Balances	<u>1,604,371</u>	<u>35,647</u>	<u>1,166,899</u>	<u>430,201</u>	<u>3,237,118</u>
Total Liabilities and Fund Balances	<u>\$ 1,759,513</u>	<u>\$ 73,803</u>	<u>\$ 1,166,899</u>	<u>\$ 449,247</u>	<u>\$ 3,449,462</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, 2023

	General Fund	Parks and Stormwater Fund	Tax Increment Financing Fund	Nonmajor Governmental Funds	Total
Revenues					
Property taxes	\$ 103,237	\$ -	\$ 4,406	\$ 62,005	\$ 169,648
Taxes - other	2,056,960	50,910	111,754	121,159	2,289,873
Grants	491,821	-	-	16,352	508,173
Licenses and permits	147,100	-	-	-	147,100
Fines and forfeitures	88,188	-	-	666	88,854
Charges for services	1,288,322	-	-	-	1,288,322
Investment income	534	-	11	26	571
Other	371,250	-	-	-	371,250
	<u>4,547,412</u>	<u>50,910</u>	<u>116,171</u>	<u>200,208</u>	<u>4,863,791</u>
Expenditures					
Current:					
General government	720,258	-	-	-	720,258
Public safety	2,567,260	-	-	7,632	2,574,892
Public works	331,884	-	-	-	331,884
Community development	-	-	-	77,355	77,355
Recreation	69,631	13,084	-	-	69,631
Legal/court	224,590	-	-	-	224,590
Capital outlay	442,048	-	-	27,143	469,191
Debt service:					
Principal	-	-	-	33,472	33,472
Interest and fiscal charges	-	-	-	34,520	34,520
	<u>4,355,671</u>	<u>13,084</u>	<u>-</u>	<u>180,122</u>	<u>4,535,793</u>
Excess (Deficiency) of Revenues over Expenditures	191,741	37,826	116,171	20,086	327,998
Other Financing Sources (Uses)					
Proceeds from sale of assets	170,629	-	-	-	170,629
Proceeds from insurance recovery	3,487	-	-	-	3,487
Transfers in	96,863	-	-	20,000	116,863
Transfers out	(20,000)	(76,863)	-	(20,000)	(116,863)
	<u>250,979</u>	<u>(76,863)</u>	<u>-</u>	<u>-</u>	<u>174,116</u>
Net Change in Fund Balance	\$ 442,720	\$ (39,037)	\$ 116,171	\$ 20,086	\$ 502,114
Fund Balance, October 1	<u>1,161,651</u>	<u>74,684</u>	<u>1,050,728</u>	<u>410,115</u>	<u>2,697,178</u>
Fund Balance, September 30	<u>\$ 1,604,371</u>	<u>\$ 35,647</u>	<u>\$ 1,166,899</u>	<u>\$ 430,201</u>	<u>\$ 3,199,292</u>

See Notes to the Financial Statements

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2023

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. 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 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.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2023

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.

Parks and Stormwater Fund - The City uses this special revenue fund to account for taxes collected to maintain parks and stormwater improvements within the city.

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.

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 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."

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. All government-wide financial statements would be presented on the accrual basis.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

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, \$0.2820 on commercial property, and \$0.4000 on personal property per \$100 assessed valuation for the fiscal year ended September 30, 2023. Assessed value of property located within the City's boundaries for the fiscal year end was \$35,160,023.

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.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance/Equity (continued)

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.

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, 2023

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, 2023, the following funds had actual expenditures which exceeded budgeted expenditures: Parks and Stormwater Fund, Economic Development Fund, and Judicial Education 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, 2023, 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>1,879,184</u>
	<u><u>\$ 1,879,434</u></u>

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2023

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, 2023 by fund as follows:

General Fund:	
Police Evidence	\$ 75,032
Judicial Information Services	21,213
Drug Task Force	38,228
Tax Increment Financing Fund	1,151,874
Judicial Education Fund	2,439
	\$ 1,288,786

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 \$771,872 due on November 1, 2025. The City is currently in litigation with Simmons Bank and believes this promissory note to be void and of no effect due to failure to comply with mandatory provisions of Missouri law. The results of the litigation are pending.

Long-term debt activity for notes payable for the year ended September 30, 2023 was as follows:

	Balance 9/30/22	Additions	Reductions	Balance 9/30/23	Interest Paid
Governmental Activities:					
Notes Payable	\$ 876,416	\$ -	\$ (33,472)	\$ 842,944	\$ 34,520

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

For the years ending September 30,	Notes Payable		
	Principal	Interest	Total
2024	\$ 34,780	\$ 33,212	\$ 67,992
2025	36,292	31,700	67,992
2026	771,872	5,155	777,027
	\$ 842,944	\$ 70,067	\$ 913,011

Payments on notes payable are made from the Capital Improvement Fund.

City of Normandy, Missouri
Notes to the Financial Statements
For the year ended September 30, 2023

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, 2023 was 3.80% (General) and 4.80% (Police). The City remitted contributions of \$82,645 for the year ended September 30, 2023.

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, 2023 is as follows:

	Due From	Due To
General Fund	\$ 43,922	\$ 23,960
Parks and Stormwater Fund	-	38,156
Tax Increment Financing Fund	15,025	-
Nonmajor Funds	22,215	19,046
	\$ 81,162	\$ 81,162

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, 2023

Note 6 - Interfund Transactions (continued)

The following transfers were made during the fiscal year ending September 30, 2023:

	Transfers In	Transfers Out
General Fund	\$ 96,863	\$ 20,000
Parks and Stormwater Fund	-	76,863
Nonmajor Funds	20,000	20,000
	\$ 116,863	\$ 116,863

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 emergency. 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, 2023 is as follows:

Unearned revenue (SLFRF) as of September 30, 2022	\$ 491,821
Add: SLFRF grant funds deposited into City's accounts	-
Less: SLFRF grant funds earned/expended to meet program needs	(491,821)
Unearned revenue (SLFRF) as of September 30, 2023	\$ -

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, 2023

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 \$86,430. "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 \$2,160,197. 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 3.85% 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 - Conduit Debt Obligations

On May 18, 2023, the City issued a series of industrial revenue bonds to provide financial assistance to a private sector entity for the purpose of acquiring, constructing, and equipping an industrial development project deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. The principal balance outstanding on the Normandy USDA, LLC Project, Series 2023, was \$2,021,926 at September 30, 2023. The project will mature on December 1, 2045.

Note 12 - Subsequent Events

Management has evaluated events subsequent to September 30, 2023 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through May 10, 2024, the date the financial statements were available to be issued.

On August 8th, 2023 the voters of the City of Normandy and the Village of Glen Echo Park voted to consolidate into one municipality. Pursuant to Chapter of 72 of the Revised Statutes of Missouri, both municipalities consolidated six months following the election on February 8th, 2024. The new municipality retained the name, officials, employees, and tax levies of the City of Normandy, with the exception of the Sewer Lateral Fee which was increased to \$50.00 annually.

Supplementary Information

City of Normandy, Missouri
Combining Balance Sheet - Nonmajor Governmental Funds - Modified Cash Basis
September 30, 2023

	Capital Improvement Fund	Sewer Lateral Fund	Economic Development Fund	Street Improvement Fund	Judicial Education Fund	Total
Assets						
Cash and cash equivalents	\$ 43,949	\$ 66,937	\$ 81,647	\$ 232,060	\$ -	\$ 424,593
Restricted cash and cash equivalents	-	-	-	-	2,439	2,439
Other receivables	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other funds	-	1,259	-	20,956	-	22,215
Total Assets	<u>\$ 43,949</u>	<u>\$ 68,196</u>	<u>\$ 81,647</u>	<u>\$ 253,016</u>	<u>\$ 2,439</u>	<u>\$ 449,247</u>
Liabilities						
Funds held for others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll withholding liabilities	-	-	-	-	-	-
Due to other funds	11,353	-	7,406	-	287	19,046
Total Liabilities	<u>11,353</u>	<u>-</u>	<u>7,406</u>	<u>-</u>	<u>287</u>	<u>19,046</u>
Fund Balance						
Restricted:						
Capital improvements	32,596	-	-	253,016	-	285,612
Economic development	-	-	74,241	-	-	74,241
Law enforcement	-	-	-	-	2,152	2,152
Resident sewer improvement program	-	68,196	-	-	-	68,196
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>32,596</u>	<u>68,196</u>	<u>74,241</u>	<u>253,016</u>	<u>2,152</u>	<u>430,201</u>
Total Liabilities and Fund Balances	<u>\$ 43,949</u>	<u>\$ 68,196</u>	<u>\$ 81,647</u>	<u>\$ 253,016</u>	<u>\$ 2,439</u>	<u>\$ 449,247</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, 2023

	Capital Improvement Fund	Sewer Lateral Fund	Economic Development Fund	Street Improvement Fund	Judicial Education Fund	Total
Revenues						
Property taxes	\$ -	\$ 30,980	\$ -	\$ 31,025	\$ -	\$ 62,005
Taxes - other	70,250	-	50,909	-	-	121,159
Grants	-	-	16,352	-	-	16,352
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	666	666
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	26	-	26
Other	-	-	-	-	-	-
Total Revenues	<u>70,250</u>	<u>30,980</u>	<u>67,261</u>	<u>31,051</u>	<u>666</u>	<u>200,208</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	7,632	7,632
Public works	-	-	-	-	-	-
Community development	-	-	77,355	-	-	77,355
Recreation	-	-	-	-	-	-
Legal/court	-	-	-	-	-	-
Capital outlay	-	21,615	5,528	-	-	27,143
Debt service:						
Principal	33,472	-	-	-	-	33,472
Interest and fiscal charges	34,520	-	-	-	-	34,520
Total Expenditures	<u>67,992</u>	<u>21,615</u>	<u>82,883</u>	<u>-</u>	<u>7,632</u>	<u>180,122</u>
Excess (Deficiency) of Revenues over Expenditures	2,258	9,365	(15,622)	31,051	(6,966)	20,086
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers in	-	-	-	20,000	-	20,000
Transfers out	-	-	(20,000)	-	-	(20,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	\$ 2,258	\$ 9,365	\$ (35,622)	\$ 51,051	\$ (6,966)	\$ 20,086
Fund Balance, October 1	<u>30,338</u>	<u>58,831</u>	<u>109,863</u>	<u>201,965</u>	<u>9,118</u>	<u>410,115</u>
Fund Balance, September 30	<u>\$ 32,596</u>	<u>\$ 68,196</u>	<u>\$ 74,241</u>	<u>\$ 253,016</u>	<u>\$ 2,152</u>	<u>\$ 430,201</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 98,600	\$ 98,600	\$ 103,237	\$ 4,637
Taxes - other	2,044,397	2,136,640	2,056,960	(79,680)
Grants	463,471	463,471	491,821	28,350
Licenses and permits	79,150	141,723	147,100	5,377
Fines and forfeitures	263,500	101,699	88,188	(13,511)
Charges for services	1,295,310	1,284,560	1,288,322	3,762
Investment income	50	500	534	34
Other	10,500	362,658	371,250	8,592
Total Revenues	<u>4,254,978</u>	<u>4,589,851</u>	<u>4,547,412</u>	<u>(42,439)</u>
Expenditures				
Current:				
General government	615,191	727,141	720,258	(6,883)
Public safety	2,713,001	2,574,149	2,567,260	(6,889)
Public works	383,078	353,106	331,884	(21,222)
Community development	-	-	-	-
Recreation	58,694	53,094	69,631	16,537
Legal/court	248,329	245,029	224,590	(20,439)
Capital outlay	318,879	414,879	442,048	27,169
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>4,337,172</u>	<u>4,367,398</u>	<u>4,355,671</u>	<u>(11,727)</u>
Excess (Deficiency) of Revenues over Expenditures	(82,194)	222,453	191,741	(30,712)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	220,000	170,629	(49,371)
Proceeds from insurance recovery	-	3,487	3,487	-
Transfers in	82,194	82,194	96,863	14,669
Transfers out	-	(20,000)	(20,000)	-
Total Other Financing Sources (Uses)	<u>82,194</u>	<u>285,681</u>	<u>250,979</u>	<u>(34,702)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 508,134</u>	\$ 442,720	<u>\$ (65,414)</u>
Fund Balance, October 1			<u>1,161,651</u>	
Fund Balance, September 30			<u>\$ 1,604,371</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	75,500	75,500	50,910	(24,590)
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	20	20	-	(20)
Other	-	-	-	-
Total Revenues	<u>75,520</u>	<u>75,520</u>	<u>50,910</u>	<u>(24,610)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	10,000	10,000	13,084	3,084
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>13,084</u>	<u>3,084</u>
Excess (Deficiency) of Revenues over Expenditures	65,520	65,520	37,826	(27,694)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(62,194)	(62,194)	(76,863)	(14,669)
Total Other Financing Sources (Uses)	<u>(62,194)</u>	<u>(62,194)</u>	<u>(76,863)</u>	<u>(14,669)</u>
Net Change in Fund Balance	<u>\$ 3,326</u>	<u>\$ 3,326</u>	\$ (39,037)	<u>\$ (42,363)</u>
Fund Balance, October 1			<u>74,684</u>	
Fund Balance, September 30			<u>\$ 35,647</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ 4,406	\$ 4,406
Taxes - other	-	-	111,754	111,754
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	11	11
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>116,171</u>	<u>116,171</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	-	-	116,171	116,171
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>	<u>\$ 116,171</u>	<u>\$ 116,171</u>
Fund Balance, October 1			<u>1,050,728</u>	
Fund Balance, September 30			<u>\$ 1,166,899</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	75,500	75,500	70,250	(5,250)
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	30	30	-	(30)
Other	-	-	-	-
Total Revenues	<u>75,530</u>	<u>75,530</u>	<u>70,250</u>	<u>(5,280)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	33,871	33,871	33,472	(399)
Interest and fiscal charges	34,121	34,121	34,520	399
Total Expenditures	<u>67,992</u>	<u>67,992</u>	<u>67,992</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,538</u>	<u>7,538</u>	<u>2,258</u>	<u>(5,280)</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>\$ 7,538</u>	<u>\$ 7,538</u>	<u>\$ 2,258</u>	<u>\$ (5,280)</u>
Fund Balance, October 1			<u>30,338</u>	
Fund Balance, September 30			<u>\$ 32,596</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 30,000	\$ 30,000	\$ 30,980	\$ 980
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>30,980</u>	<u>980</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	30,000	30,000	21,615	(8,385)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>21,615</u>	<u>(8,385)</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	9,365	9,365
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>	\$ 9,365	<u>\$ 9,365</u>
Fund Balance, October 1			<u>58,831</u>	
Fund Balance, September 30			<u>\$ 68,196</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	75,500	75,500	50,909	(24,591)
Grants	-	-	16,352	16,352
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	20	20	-	(20)
Other	-	-	-	-
Total Revenues	<u>75,520</u>	<u>75,520</u>	<u>67,261</u>	<u>(8,259)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	36,800	36,800	77,355	40,555
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	20,000	20,000	5,528	(14,472)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>56,800</u>	<u>56,800</u>	<u>82,883</u>	<u>26,083</u>
Excess (Deficiency) of Revenues over Expenditures	18,720	18,720	(15,622)	(34,342)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	(20,000)	(40,000)
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(40,000)</u>
Net Change in Fund Balance	<u>\$ (1,280)</u>	<u>\$ (1,280)</u>	\$ (35,622)	<u>\$ (34,342)</u>
Fund Balance, October 1			<u>109,863</u>	
Fund Balance, September 30			<u>\$ 74,241</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 28,000	\$ 28,000	\$ 31,025	\$ 3,025
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment income	50	50	26	(24)
Other	-	-	-	-
Total Revenues	<u>28,050</u>	<u>28,050</u>	<u>31,051</u>	<u>3,001</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	130,000	130,000	-	(130,000)
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>
Excess (Deficiency) of Revenues over Expenditures	(101,950)	(101,950)	31,051	133,001
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	20,000	20,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Net Change in Fund Balance	<u>\$ (101,950)</u>	<u>\$ (101,950)</u>	<u>\$ 51,051</u>	<u>\$ 153,001</u>
Fund Balance, October 1			<u>201,965</u>	
Fund Balance, September 30			<u><u>\$ 253,016</u></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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-
Grants	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	2,400	2,400	666	(1,734)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>666</u>	<u>(1,734)</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	3,000	3,000	7,632	4,632
Public works	-	-	-	-
Community development	-	-	-	-
Recreation	-	-	-	-
Legal/court	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>7,632</u>	<u>4,632</u>
Excess (Deficiency) of Revenues over Expenditures	(600)	(600)	(6,966)	(6,366)
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>\$ (600)</u>	<u>\$ (600)</u>	<u>\$ (6,966)</u>	<u>\$ (6,366)</u>
Fund Balance, October 1			<u>9,118</u>	
Fund Balance, September 30			<u>\$ 2,152</u>	

Management Discussion & Analysis (Unaudited)



Management's Discussion and Analysis (Unaudited)
For the year ended September 30, 2023

I. Introduction

Our discussion and analysis of the City of Normandy's financial statements provides an overview of the City's financial activities for the fiscal year beginning October 1, 2022, and ending September 30, 2023, 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.

Background

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 population of the City of Normandy was 4,287 according to the 2020 US Census.

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 running the day-to-day operations of the city. 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 32 full-time employees that 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.

Financial Highlights

- The assets of the City of Normandy exceeded its liabilities at the close of the fiscal year on September 30, 2023, by \$3,237,118 (net position), an increase of \$539,940 from the previous year. Of this amount, \$1,563,398 represents unrestricted net position, which may be used to meet ongoing obligations to citizens and creditors.
- At the end of the fiscal year ended September 30, 2023, the City of Normandy's general fund had a fund balance of \$1,604,371 an increase of \$442,720 from the prior fiscal year.
- The increases in net position and the balance of the General Fund can primarily be attributed to the receipt of several large one-time payments as mentioned in Section III of this analysis.

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 modified cash basis of accounting.

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 and receivables.

II. Discussion of Basic Financial Statements

Overview of Financial Statements

The financial statements included in this report are 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. Generally, government-wide financial statements report both governmental activities and business type activities. However, as of Fiscal Year 2023 the City of Normandy does not have any business-type activities.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year, stating revenues and expenditures by type.

Fund Financial Statements: The fund financial statements (pages 6-7) report the City's operations in more detail than the government-wide statements. Fund financial statements report essentially the same activities as reported in the government-wide statement separate out those activity by funds. Funds segregate resources for specific activities or objectives to help ensure compliance with finance-related legal requirements. The City only has governmental funds including the General Fund, Tax Increment Financing (TIF) Fund, Capital Improvement Fund, Parks and Stormwater Fund, Economic Development Sales Tax Fund, and other non-major funds.

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 8-16 of this report.

(Continued on Next Page)

III. Government-Wide Financial Analysis

Statement of Net Position

	Net Position	
	Governmental Activities	
	September 30	
	2023	2022
Assets		
Cash and cash equivalents	\$ 1,879,434	\$ 1,982,111
Restricted cash and cash equivalents	\$ 1,288,786	\$ 1,232,083
Other receivables	\$ 1,194	\$ 1,194
prepaid items	\$ 198,886	\$ 146,712
Total Assets	\$ 3,368,300	\$ 3,362,100
Liabilities		
Funds held for others	\$ 113,462	\$ 148,045
Payroll withholding liabilities	\$ 17,720	\$ 25,056
Unearned revenue	\$ -	\$ 491,821
Total Liabilities	\$ 131,182	\$ 664,922
Net Position		
Restricted:		
Enabling legislations	\$ 1,652,709	\$ 1,535,527
Law enforcement	\$ 21,011	\$ 27,022
Unrestricted	\$ 1,563,398	\$ 1,134,629
Total Net Position	\$ 3,237,118	\$ 2,697,178

The City of Normandy total net position increased by \$539,940 from Fiscal Year 2022 to Fiscal Year 2023. Of that increase 79% (\$428,769) was an increase unrestricted net position which can primarily be attributed to decrease of unearned revenue liability for unspent State and Local Fiscal Recovery Funds.

Statement of Activities Compared to Prior Year

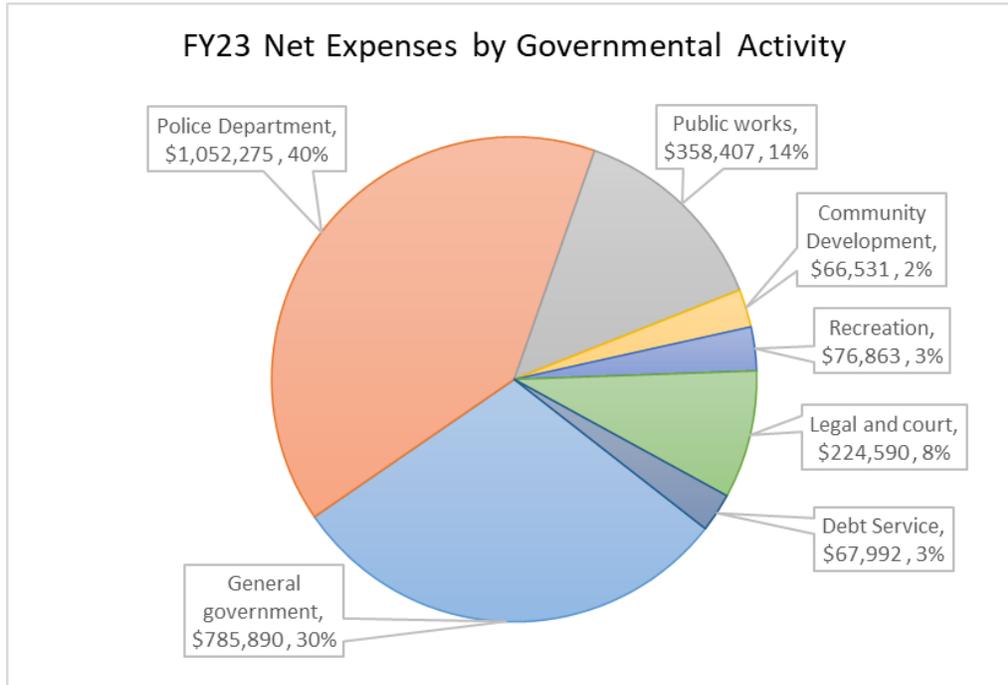
Expenses by Major Program Activities

Statement of Governmental Activities			
Expenses and Program Revenue FY 2023			
Government Function	Expenses	Charges, Fees, and Grants	Net Revenues (Expenses)
General government	\$ 786,849	\$ 959	\$ (785,890)
Police Department	\$ 2,727,268	\$ 1,674,993	\$ (1,052,275)
Public works	\$ 582,432	\$ 224,025	\$ (358,407)
Community Development	\$ 82,883	\$ 16,352	\$ (66,531)
Recreation	\$ 76,863	\$ -	\$ (76,863)
Legal and court	\$ 224,590	\$ -	\$ (224,590)
Debt Service	\$ 67,992	\$ -	\$ (67,992)
Total	\$ 4,548,877	\$ 1,916,329	\$ (2,632,548)

Expenses for governmental activities are reported by function, 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, and Pasadena Park. The total charges for services collected for police services in the reporting period were \$1,376,217 which offset the total expenses for the department by roughly half (50.4%), resulting in a net expense of \$1,415,193 after an additional \$298,776 in additional program revenues from grants.

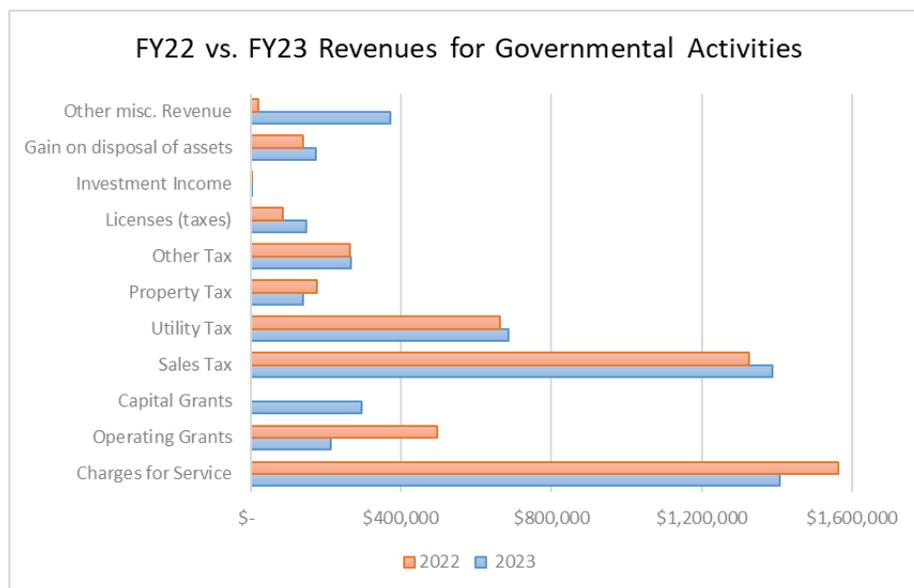
The next largest activity in terms of gross expenses is General Government (17.3%). General government activities are primarily made up of administrative salaries, liability and property insurance for the City, and professional fees. The third largest activity by gross expense was Public Works (12.8%). Public Works includes expenditures 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:



Governmental Activities Revenue

Fiscal Year 2023 saw a \$493,842 increase in total general revenues compared to Fiscal Year 2022. Of this amount \$50,659 of the increase can be attributed to increased taxes of all kinds and \$349,566 of the increase is due to increased other miscellaneous revenue. Other miscellaneous revenue in 2023 was primarily made up of receipt of a bond issuance fee for Chapter 100 bonds as well as legal settlements and back-taxes for unpaid utility taxes.



Government-Wide Financial Analysis

In Fiscal Year 2023 the City's overall financial position improved significantly as compared to the prior year. This increase, however, was primarily due to one-time revenues which are not likely to be repeated in future fiscal years. Most notable of these one-time revenues were:

- The recognition of \$491,821 in income for State and Local Fiscal Recovery Funds (SLFRF). These funds were claimed as lost revenue pursuant to the US Department of Treasury 2023 Interim Final Rule and were used for operating and capital expenses.
- A \$240,000 bond issuance fee for Chapter 100 bonds which were issued for the construction and lease of a USDA food testing laboratory currently under construction at 7654 Natural Bridge Road.
- \$112,541 in various legal settlements including Winchester, Missouri et al. v. Charter Communication for unpaid taxes.

IV. 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, 2023: non-spendable, restricted, and unassigned. Non-spendable fund balance includes amounts that cannot be spent for legal or practical reasons. 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, 2023, the General Fund reported a fund balance of \$1,604,371, which is a \$442,720 increase in fund balance compared to the prior fiscal year. Of the General Fund balance, \$1,384,474 (86.3%) is unassigned and available for use.

Our analysis shows that the fund balance of the General Fund increased significantly primarily due to the one-time revenues mentioned in the government-wide financial statements, all of which occurred in the general fund.

The Natural Bridge Redevelopment Area Tax Increment Financing (TIF) Special Allocation Fund reported a fund balance of \$1,166,899, with the entire fund being restricted. This is an increase in fund balance of \$116,171 compared to the prior fiscal year. The TIF district was originally established in 2002 and its revenues are made up primarily of Economic Activity Taxes (EATs) and Payments in Lieu of Taxes (PILOTs) along the Natural Bridge corridor. The City Council of the City of Normandy in 2023 voted to dissolve the fund. As a result, the collections of PILOTs were

reduced during the fiscal year reporting period. As of the date of this report, the fund has been dissolved.

The nonmajor governmental funds are made up of restricted funds for various programs. The nonmajor funds include the Capital Improvement 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 \$430,201. The largest fund balance of the nonmajor funds was held by the Street Improvement Fund, with an ending balance of \$253,016. The second and third largest fund balances of the nonmajor funds were held by the Economic Development Fund at \$74,241 and the Sewer Lateral Fund at \$68,196.

V. General Fund Budgetary Highlights

Actual revenues, expenditures, and other financing sources were less than what was in the Fiscal Year 2023 amended budget. Revenues overall came in \$42,439 (1%) less than what was budgeted, primarily due to inaccurate utility tax projections. Expenditures in the General Fund came in \$11,727 under budget, which is generally due to vacant positions in the Public Works and Police Departments. Other financing sources also came in under budget by \$34,702, primarily due to the City not liquidating certain assets before the end of the Fiscal Year as previously planned. The final budget for Fiscal Year 2023 had a net change in fund balance of \$508,134 due to the City Council choosing to save revenues that were not likely to be repeated (such as the Chapter 100 bond issuance fee and the Winchester v. Charter settlement) in order to replenish fund balance. The City fell \$65,414 short of this amount primarily due to budgeted revenues coming up short for the reasons explained above.

VI. Economic Factors and Next Year's Budget

The following currently known facts, decision, or conditions that are expected to have a significant impact on the future of financial position of the City are as follows:

- In Fiscal Year 2024, the City saw significant increases in insurance premiums for property, liability, and worker's compensation insurance. The increase in premiums can be attributed to wider trends in the insurance market as well as the City's loss history. In the past 5 years the City's liability insurance carrier, MOPERM, settled a number of claims, including most notably a \$1.3 million class action settlement against the City for Davis et al. v. City of Normandy.
- In April of 2024, the City passed ordinance #806, changing the City's status relating to the ½ cent capital improvement sales tax authorized in 94.890 from an option 1 to an option 2 city. This change will result in the City receiving additional funds from a St. Louis County sales tax pool based on population and is projected to result up to an additional \$270,000 annually for the Capital Improvement Fund for the City.

- On February 8th, 2024, the City of Normandy consolidated with the Village of Glen Echo Park. The consolidated City retained the name, employees, and officials of the City of Normandy. The consolidation resulted in adding an additional 122 residents to the City of Normandy and 66 single-family houses.
- In 2024, the Natural Bridge Redevelopment Tax Increment Financing District refunded all Economic Activity Taxes (EATs) collected before dissolving the TIF, resulting in \$937,893 being refunded to the City's Capital Improvement Fund, Parks and Storm Water Fund, and Economic Development Fund.

VII. 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 (314) 385-3300.



Samuel D. Johnson, MPA
City Administrator
City of Normandy, Missouri

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, 2023, 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 May 10, 2024.

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 2023-002 and 2023-003 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

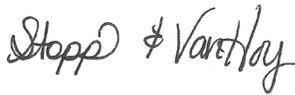
those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2023-001.

City of Normandy, Missouri's Responses to Findings

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

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
May 10, 2024

City of Normandy, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2023

Financial Statement Findings

2023-001 **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: Parks and Stormwater Fund, Economic Development Fund, and Judicial Education Fund. This finding is a repeat finding and was reported in the prior year as finding 2022-001.

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 nonmajor funds to ensure that they do not exceed appropriations in future years.

2023-002 **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. This finding is a repeat finding and was reported in the prior year as finding 2022-002.

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 hopes to have a comprehensive policy before the start of the 2024 fiscal year audit.

City of Normandy, Missouri
Schedule of Findings and Responses
For the year ended September 30, 2023

Financial Statement Findings (continued)

2023-003 **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. This finding is a repeat finding and was reported in the prior year as finding 2022-003.

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 conduct a fraud risk assessment to identify key risk and will adjust internal control procedures to mitigate risks where appropriate before the start of the 2024 fiscal year audit.

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, 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.

Status: Management has not implemented effective corrective action, therefore, this finding will be repeated in the current year as 2023-001.

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

Financial Statement Findings (continued)

2022-002 **Status:** Management has not implemented effective corrective action, therefore, this finding will be repeated in the
(cont.) current year as 2023-002.

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.

Status: Management has not implemented effective corrective action, therefore, this finding will be repeated in the current year as 2023-003.

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.

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

Financial Statement Findings (continued)

2022-004 **Management's Response:** Management will review policies and procedures regarding tracking cash and fund
(cont.) 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.

Status: Management has implemented effective corrective action, therefore, this finding will not be repeated.

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.

Status: Management has implemented effective corrective action, therefore, this finding will not be repeated.