

CITY OF BONNE TERRE, MISSOURI

FINANCIAL STATEMENTS

September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Bonne Terre, Missouri

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bonne Terre, Missouri, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Bonne Terre, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bonne Terre, 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 28-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023, on our consideration of the City of Bonne Terre, 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 the City of Bonne Terre, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Bonne Terre, Missouri's internal control over financial reporting and compliance.

Maloney, Wright & Robbins

Farmington, MO
August 15, 2023



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

To the Mayor and City Council
City of Bonne Terre, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bonne Terre, Missouri, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Bonne Terre, Missouri's basic financial statements, and have issued our report thereon dated August 15, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bonne Terre, 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 the City of Bonne Terre, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bonne Terre, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bonne Terre, 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 determination of financial statements.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maloney, Wright & Robbins

Farmington, MO

August 15, 2023

**CITY OF BONNE TERRE, MISSOURI
STATEMENT OF NET POSITION**

Year Ended September 30, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 1,987,474	\$ 2,067,788	\$ 4,055,262
Accounts Receivable, net of allowance	533,302	184,619	717,921
Grant Receivable	104,781	-	104,781
Due From Other Funds	86,790	-	86,790
Prepaid Insurance	77,978	33,450	111,428
Total	<u>2,790,325</u>	<u>2,285,857</u>	<u>5,076,182</u>
NONCURRENT ASSETS			
Restricted Assets:			
Restricted Cash & Cash Equivalents	2,258,378	3,224,706	5,483,084
Capital Assets-Net of Accumulated Depreciation	10,040,908	21,347,564	31,388,472
Total	<u>12,299,286</u>	<u>24,572,270</u>	<u>36,871,556</u>
TOTAL ASSETS	15,089,611	26,858,127	41,947,738
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>15,089,611</u>	<u>26,858,127</u>	<u>41,947,738</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	86,047	42,853	128,900
Accrued Salaries and Taxes	30,492	9,879	40,371
Accrued Interest Payable	-	9,205	9,205
Sales Tax Payable	-	3,796	3,796
Other Payable	1,326,144	-	1,326,144
Deposits Payable	-	123,362	123,362
Due To Other Funds	53,843	32,947	86,790
Current Portion of Long-Term Debt	-	276,000	276,000
Total	<u>1,496,526</u>	<u>498,042</u>	<u>1,994,568</u>
LONG-TERM LIABILITIES			
Accrued Vacation	46,809	15,588	62,397
Revenue Bonds Payable	-	1,404,000	1,404,000
Lease Purchase Payable	-	690,000	690,000
Less Current Maturities	-	(276,000)	(276,000)
Total	<u>46,809</u>	<u>1,833,588</u>	<u>1,880,397</u>
TOTAL LIABILITIES	1,543,335	2,331,630	3,874,965
DEFERRED INFLOWS OF RESOURCES	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>1,543,335</u>	<u>2,331,630</u>	<u>3,874,965</u>
NET POSITION			
Net Investment in Capital Assets	10,040,908	19,253,564	29,294,472
Restricted for:			
Debt Service	-	387,637	387,637
Capital Projects	541,666	-	541,666
Transportation	1,557,837	-	1,557,837
Nutrition Center	282,495	-	282,495
Historical Society	9,970	-	9,970
Public Safety	4,181	-	4,181
Sewer	-	2,922,404	2,922,404
Tax Increment Finance District	-	-	-
Unrestricted	<u>1,109,219</u>	<u>1,962,892</u>	<u>3,072,111</u>
TOTAL NET POSITION	<u>\$ 13,546,276</u>	<u>\$ 24,526,497</u>	<u>\$ 38,072,773</u>

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

**CITY OF BONNE TERRE, MISSOURI
STATEMENT OF ACTIVITIES**

Year Ended September 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position - Primary Government		
	Expenses	Charges for Services	Capital Grants & Contributions	Operating Grants & Contributions	Governmental Activities	Business-Type Activities	Totals
FUNCTIONS/PROGRAMS							
Primary Government:							
Governmental Activities:							
General Government	\$ 488,949	\$ 34,420	\$ -	\$ 156,641	\$ (297,888)	\$ -	\$ (297,888)
Public Safety	1,422,710	88,972	-	3,690	(1,330,048)	-	(1,330,048)
Public Works	919,167	291,679	202,550	318,495	(106,443)	-	(106,443)
Culture and Recreation	438,641	53,364	-	63,425	(321,852)	-	(321,852)
Nutrition	429,894	71,239	-	147,952	(210,703)	-	(210,703)
Total Governmental Activities	3,699,361	539,674	202,550	690,203	(2,266,934)	-	(2,266,934)
Business-Type Activities:							
Water	888,034	840,906	-	-	-	(47,128)	(47,128)
Sewer	1,103,084	1,374,946	4,958	-	-	276,820	276,820
Residential Housing	408,379	394,353	-	-	-	(14,026)	(14,026)
Total Business-Type Activities	2,399,497	2,610,205	4,958	-	-	215,666	215,666
Total Primary Government	\$ 6,098,858	\$ 3,149,879	\$ 207,508	\$ 690,203	(2,266,934)	215,666	(2,051,268)
General Revenues:							
Taxes							
Sales Taxes					1,157,692	-	1,157,692
Gross Receipts Tax					435,759	-	435,759
Property Tax					179,497	-	179,497
Other					97,440	-	97,440
TIF Revenue					25,527	-	25,527
Utility Pilot					225,179	(225,179)	-
Administrative Fees					200,000	(200,000)	-
Interest Income					5,726	10,381	16,107
Other					175,919	-	175,919
Gain / (Loss) on Sale of Assets					24,695	-	24,695
Transfers					9,978	(9,978)	-
Total General Revenues					2,537,412	(424,776)	2,112,636
Change in Net Position for the Year					270,478	(209,110)	61,368
Net Position - October 1, 2021					13,275,798	24,735,607	38,011,405
Net Position - September 30, 2022					\$ 13,546,276	\$ 24,526,497	\$ 38,072,773

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

**CITY OF BONNE TERRE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2022

	Major Funds		Nonmajor Governmental Fund	Total Governmental Funds
	General Fund	Transportation Fund		
<u>ASSETS</u>				
Cash & Cash Equivalents	\$ 1,987,474	\$ -	\$ -	\$ 1,987,474
Accounts Receivable, net of allowance	372,411	102,309	58,582	533,302
Grant Receivable	54,736	50,045	-	104,781
Prepaid Insurance	66,399	11,579	-	77,978
Due From Other Funds	48,241	38,549	-	86,790
Restricted Assets				
Cash & Cash Equivalents	22,310	1,415,377	820,691	2,258,378
TOTAL ASSETS	2,551,571	1,617,859	879,273	5,048,703
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 2,551,571	\$ 1,617,859	\$ 879,273	\$ 5,048,703
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 40,350	\$ 44,428	\$ 1,269	\$ 86,047
Accrued Payroll & Payroll Taxes	26,477	4,015	-	30,492
Due To Other Funds	-	-	53,843	53,843
Other Liabilities	1,326,144	-	-	1,326,144
TOTAL LIABILITIES	1,392,971	48,443	55,112	1,496,526
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
<u>FUND BALANCES</u>				
Nonspendable				
Prepaid Items	66,399	11,579	-	77,978
Restricted				
Transportation	-	1,557,837	-	1,557,837
Senior Center	-	-	282,495	282,495
Historical Society	9,970	-	-	9,970
Capital Projects - Parks & Recreation	-	-	55,367	55,367
Capital Projects - Transportation	-	-	252,841	252,841
Tax Increment Financing	-	-	-	-
Other Capital Projects	-	-	233,458	233,458
Public Safety	4,181	-	-	4,181
Committed				
Public Safety	1,558	-	-	1,558
Library	3,976	-	-	3,976
Unassigned	1,072,516	-	-	1,072,516
TOTAL FUND BALANCES	1,158,600	1,569,416	824,161	3,552,177
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 2,551,571	\$ 1,617,859	\$ 879,273	\$ 5,048,703

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Total Governmental Funds	\$ 3,552,177
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.	
Governmental capital assets	\$ 16,759,830
Less accumulated depreciation	(6,718,922)
	10,040,908
Long-term liabilities, including leases payable, loans payable and accrued compensated balances, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.	
Accrued Compensated Balances	(46,809)
Leases Payable	-
Net Position of Governmental Activities	\$ 13,546,276

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

CITY OF BONNE TERRE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
Year Ended September 30, 2022

	Major Funds		Nonmajor Governmental Fund	Total Governmental Funds
	General Fund	Transportation Fund		
REVENUES				
Sales Tax	\$ 596,151	\$ 280,771	\$ 280,770	\$ 1,157,692
Gross Receipts Tax	435,759	-	-	435,759
Property Tax	179,497	-	-	179,497
Motor Fuel and Vehicle Taxes	-	318,495	-	318,495
Other Taxes	-	-	97,440	97,440
Charges for Services	468,435	-	71,239	539,674
Utility PILOT	225,179	-	-	225,179
Administrative Fee	200,000	-	-	200,000
TIF Revenue	-	-	25,527	25,527
Donations	6,224	-	1,559	7,783
Grant Revenues	217,532	202,550	146,393	566,475
Interest	2,560	258	2,908	5,726
Other Income	174,708	1,011	200	175,919
	<u>2,506,045</u>	<u>803,085</u>	<u>626,036</u>	<u>3,935,166</u>
EXPENSES				
General Government				
Administration	381,280	-	-	381,280
Public Safety				
Police	1,008,052	-	-	1,008,052
Court	61,836	-	-	61,836
Fire	149,575	-	-	149,575
Animal Control	13,763	-	-	13,763
Public Works				
Sanitation	246,288	-	-	246,288
Code Enforcement	17,023	-	-	17,023
Transportation	-	413,505	-	413,505
TIF District	-	-	17,506	17,506
Culture and Recreation				
Library	185,062	-	-	185,062
Parks	133,027	-	-	133,027
Pool	76,616	-	-	76,616
Nutrition				
Nutrition Center	150,357	-	277,995	428,352
Debt Service				
Principal	31,533	-	-	31,533
Interest	9	-	-	9
Capital Outlay	119,989	614,623	-	734,612
	<u>2,574,410</u>	<u>1,028,128</u>	<u>295,501</u>	<u>3,898,039</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(68,365)	(225,043)	330,535	37,127
OTHER FINANCING SOURCES (USES)				
Transfers In	109,148	314,305	-	423,453
Transfers Out	(51,814)	-	(361,661)	(413,475)
Gain (Loss) on Disposal of Assets	-	24,695	-	24,695
	<u>57,334</u>	<u>339,000</u>	<u>(361,661)</u>	<u>34,673</u>
NET CHANGE IN FUND BALANCES	(11,031)	113,957	(31,126)	71,800
BEGINNING FUND BALANCES - OCTOBER 1, 2021	<u>1,169,631</u>	<u>1,455,459</u>	<u>855,287</u>	<u>3,480,377</u>
FUND BALANCES - SEPTEMBER 30, 2022	<u>\$ 1,158,600</u>	<u>\$ 1,569,416</u>	<u>\$ 824,161</u>	<u>\$ 3,552,177</u>

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

CITY OF BONNE TERRE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 71,800
Amounts Reported for Governmental Activities in the Statement of Activities and Changes in Net Position were different because:	
Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets were allocated over their estimated useful lives as depreciation expense:	
Capital outlay	734,612
Depreciation	(567,128)
Capital lease payments is a use of current financial resources and, therefore is reported as an expenditure in the governmental funds but is not reported in the Statement of Activities	31,533
Change in some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in expenditures in governmental funds	
Compensated Absences	(339)
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	<u><u>\$ 270,478</u></u>

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

CITY OF BONNE TERRE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES

Year Ended September 30, 2022

	Water Fund	Sewer Fund	Housing Fund	Totals
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash & Cash Equivalents	\$ 1,363,553	\$ -	\$ 704,235	\$ 2,067,788
Accounts Receivable	72,285	112,334	-	184,619
Prepaid Insurance	12,450	15,409	5,591	33,450
Total	1,448,288	127,743	709,826	2,285,857
<u>NONCURRENT ASSETS</u>				
Restricted Assets:				
Restricted Cash & Cash Equivalents	158,967	3,065,739	-	3,224,706
Capital Assets (Net)	5,655,190	7,630,860	8,061,514	21,347,564
Total	5,814,157	10,696,599	8,061,514	24,572,270
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	7,262,445	10,824,342	8,771,340	26,858,127
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	13,153	29,144	556	42,853
Accrued Payroll & Payroll Taxes	5,278	3,955	646	9,879
Due To Other Funds	-	-	32,947	32,947
Accrued Interest Payable	4,352	4,853	-	9,205
Sales Tax Payable	3,796	-	-	3,796
Deposits Payable	92,862	-	30,500	123,362
Current Portion of Long-Term Debt	96,000	180,000	-	276,000
Total	215,441	217,952	64,649	498,042
<u>LONG-TERM LIABILITIES</u>				
Accrued Vacation	10,739	4,456	393	15,588
Revenue Bonds Payable	1,404,000	-	-	1,404,000
Lease Purchase Payable	-	690,000	-	690,000
Less Current Maturities	(96,000)	(180,000)	-	(276,000)
Total	1,318,739	514,456	393	1,833,588
TOTAL LIABILITIES	1,534,180	732,408	65,042	2,331,630
<u>DEFERRED INFLOW OF RESOURCES</u>				
	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	1,534,180	732,408	65,042	2,331,630
<u>NET POSITION</u>				
Net Investment in Capital Assets	4,251,190	6,940,860	8,061,514	19,253,564
Restricted for:				
Debt Service	158,967	228,670	-	387,637
Sewer	-	2,922,404	-	2,922,404
Unrestricted	1,318,108	-	644,784	1,962,892
TOTAL NET POSITION	\$ 5,728,265	\$ 10,091,934	\$ 8,706,298	\$ 24,526,497

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

CITY OF BONNE TERRE, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES

Year Ended September 30, 2022

	Water Fund	Sewer Fund	Housing Fund	Totals
<u>OPERATING REVENUES</u>				
Charges for Services:				
Sales to Customers	\$ 840,906	\$ 1,374,946	\$ -	\$ 2,215,852
Rental Income	-	-	394,353	394,353
	<u>840,906</u>	<u>1,374,946</u>	<u>394,353</u>	<u>2,610,205</u>
Total Operating Revenues	840,906	1,374,946	394,353	2,610,205
<u>OPERATING EXPENSES</u>				
Personnel Cost	298,778	216,876	47,053	562,707
Operating Materials and Services	332,520	399,259	142,108	873,887
Depreciation	238,722	455,440	219,218	913,380
Utility PILOT	84,757	140,422	-	225,179
Administration Fees	120,000	80,000	-	200,000
	<u>1,074,777</u>	<u>1,291,997</u>	<u>408,379</u>	<u>2,775,153</u>
Total Operating Expenses	1,074,777	1,291,997	408,379	2,775,153
OPERATING INCOME	(233,871)	82,949	(14,026)	(164,948)
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Capital Grant Proceeds	-	4,958	-	4,958
Transfers to/from Other Funds	22,758	14,759	(47,495)	(9,978)
Interest Income	5,700	4,468	213	10,381
Interest Expense	(18,014)	(31,509)	-	(49,523)
	<u>10,444</u>	<u>(7,324)</u>	<u>(47,282)</u>	<u>(44,162)</u>
Total Nonoperating Income (Loss)	10,444	(7,324)	(47,282)	(44,162)
CHANGE IN NET POSITION	(223,427)	75,625	(61,308)	(209,110)
NET POSITION-OCTOBER 1, 2021	<u>5,951,692</u>	<u>10,016,309</u>	<u>8,767,606</u>	<u>24,735,607</u>
NET POSITION - SEPTEMBER 30, 2022	<u>\$ 5,728,265</u>	<u>\$ 10,091,934</u>	<u>\$ 8,706,298</u>	<u>\$ 24,526,497</u>

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

CITY OF BONNE TERRE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES

Year Ended September 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Housing Fund</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers	\$ 847,579	\$ 1,398,094	\$ 393,853	\$ 2,639,526
Payments to Suppliers	(396,112)	(437,344)	(159,080)	(992,536)
Payments to Employees	(233,447)	(169,595)	(29,746)	(432,788)
Payments to City	(204,757)	(220,422)	-	(425,179)
Net Cash Provided (Used) By Operating Activities	<u>13,263</u>	<u>570,733</u>	<u>205,027</u>	<u>789,023</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Capital Assets Purchased	(37,649)	(122,880)	-	(160,529)
Proceeds From Capital Grant	-	4,958	-	4,958
Principal Payments on Long-Term Debt	(95,000)	(170,000)	-	(265,000)
Interest Payments	(18,309)	(32,705)	-	(51,014)
Amount Due (To) / From Other Funds	-	-	32,527	32,527
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(150,958)</u>	<u>(320,627)</u>	<u>32,527</u>	<u>(439,058)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Transfer (To) From Other Funds	22,758	14,759	(47,495)	(9,978)
Interest Received	5,700	4,468	213	10,381
Net Cash Provided (Used) By Investing Activities	<u>28,458</u>	<u>19,227</u>	<u>(47,282)</u>	<u>403</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(109,237)	269,333	190,272	350,368
Balances at October 1, 2021	<u>1,631,757</u>	<u>2,796,406</u>	<u>513,963</u>	<u>4,942,126</u>
Balances at September 30, 2022	<u>\$ 1,522,520</u>	<u>\$ 3,065,739</u>	<u>\$ 704,235</u>	<u>\$ 5,292,494</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (233,871)	82,949	(14,026)	\$ (164,948)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation & Amortization Expenses	238,722	455,440	219,218	913,380
Decrease (Increase) in:				
Accounts/Grants Receivable	6,583	23,148	-	29,731
Prepaid Insurance	(1,643)	(2,084)	94	(3,633)
Increase (Decrease) in:				
Accounts Payable	(4,626)	6,360	(629)	1,105
Taxes Payable	2,470	-	-	2,470
Deposits Payable	90	-	(500)	(410)
Accrued Payroll & Vacation	5,538	4,920	870	11,328
Net Cash Provided by Operating Activities	<u>\$ 13,263</u>	<u>\$ 570,733</u>	<u>\$ 205,027</u>	<u>\$ 789,023</u>

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

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of The City of Bonne Terre, Missouri (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City of Bonne Terre, Missouri was incorporated in 1917. It currently operates as a third class city of the State of Missouri under a Mayor/City Council form of government. The City of Bonne Terre provides municipal services to its residents. The more significant of the City's accounting policies are described as follows:

The Reporting Entity

The City reports related organizations under the guidance of generally accepted accounting principles. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable or for which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Based on this criterion, the City has no component units and the accompanying financial statements represent only the City of Bonne Terre.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers. It is the City's policy to eliminate the effect of all inter-fund activity on the entity wide financial statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and other charges to users of the City's services; (2) contributions, operating and capital grants which finance annual operating activities and fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and enterprise funds are reported in separate columns with composite columns for non-major funds.

Governmental Fund Types:

The City reports the following major governmental funds:

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

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Types and Major Funds (continued)

Transportation Sales Tax Fund - established by City ordinance to account for a limited purpose sales tax designated for construction and maintenance of City streets, airport and sidewalks.

Proprietary Fund Types:

The City reports the following major enterprise funds:

Water Fund- accounts for the operating activities of the City's water utilities services.

Sewer Fund- accounts for the operating activities of the City's sewer utilities services.

Housing Fund- accounts for the operating activities of the City's apartment complex.

The three funds that are considered non-major are (1) Tax Increment Financing District Fund - established by City ordinance to account for proceeds received under the plan entitled "Redevelopment Plan for the Highway 67/47 Tax Increment Financing District", (2) the Senior Center Fund- established to record the activity of the Bonne Terre Senior Citizen's Center, and (3) the Capital Projects Fund – used to account for financial resources to be used for acquisition or construction of equipment and major capital facilities which are not financed by the proprietary fund.

A third fund type, fiduciary funds, are used to account for activities and resources that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs. The City of Bonne Terre has no fiduciary funds and no fiduciary activities are included in the financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both available and measurable. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligations bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes, intergovernmental revenues, municipal court fines and investment income. In general, other revenues are recognized when cash is received.

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Allocation of Indirect Expenses

The City allocates indirect expenses paid by the general fund to the enterprise funds. These expenses are estimated and primarily consist of administrative costs, which benefit the enterprise funds including administrative salaries and costs and occupancy costs. An inter-fund transfer is made each month from the enterprise funds to the general fund in payment of these expenses.

Cash and Investments

The City maintains a pooled cash account for general operating purposes that service the general fund, the transportation sales tax fund, the water fund and the sewer fund. Each fund's portion of the pool is reflected on its respective balance sheet as a component of cash and cash equivalents. In addition, non-pooled cash and investments are also reflected as components of cash and cash equivalents in their respective fund, some of which are restricted assets. Restricted assets are more fully discussed in Note 2.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all government investment pools to be cash equivalents.

Inventories

The enterprise funds have parts and supplies on hand for use in maintaining the water and sewer systems. These items are expensed as they are purchased.

Prepaid Expenses

Prepaid insurance is recorded for payments to insurance carriers that will benefit future periods.

Evaluation of Subsequent Events

Management has evaluated the financial statements for subsequent events through August 15, 2023, the date which these financial statements were available to be issued.

Deferred Outflow of Resources

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary fund statements of net position. No deferred outflows of resources affect the government funds financial statement in the current year.

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

The City's property, plant and equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. If historical cost was not available, the cost was estimated. The City is considered a small government under the GASB 34 guidelines and, as such, is required to record infrastructure only on a prospective basis. No infrastructure has been recorded prior to October 1, 2003. It is the City's policy to capitalize assets costing \$5,000 or more. Capital assets are depreciated using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 - 40
Improvements	7 - 40
Water and Wastewater Infrastructure	15 - 40
Furniture, Machinery and Equipment	5 - 15
Vehicles	3 - 7

Budgets and Budgetary Accounting

The City Council adopts an annual operating budget, which can be amended by the Council throughout the year. Formal budgetary accounting is employed as a management control for all funds of the City. The budget for the year ended September 30, 2022 was prepared and adopted using the modified accrual basis of accounting for governmental funds and using the full accrual basis of accounting for proprietary funds. There was one budget amendment approved during the fiscal year 2022.

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. The budgeted financial statements represented in the report reflect final budget authorization, including all amendments.

Actual expenditures exceeded budgeted expenditures in the General Fund and Transportation Fund.

Compensated Absences

City employees earn varying amounts of paid vacation benefits based on their length of service with the City. Vacation days not used within the fiscal year may be carried forward and accumulated to a maximum of 30 days. Accumulated unpaid vacation is payable to employees upon termination. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Employees receive 10 sick days per year; unused sick leave may be carried forward and accumulated to a maximum of 60 days. Upon termination, employees do not receive compensation for unused sick leave; therefore, no accrual is recorded for unused sick leave.

Post-Employment Benefits

The City does not provide any type of post-employment benefits to its employees 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.

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Proprietary funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for specific purposes such as servicing outstanding debt, construction, and specific types of expenses. All restricted assets are held in accounts that are expendable in nature.

Certain assets in the general fund, capital projects fund and transportation fund have restrictions on them that have been imposed by ordinances of the City Council. The general fund also has funds that have been restricted by the donors of such assets.

Utility Deposits in the Water Fund

Utility deposits collected by the City from City utility patrons are deposited and shown as a liability on the City's books. The actual liability for deposits being held by the City for eventual return to the patrons as of September 30, 2022 is \$92,862.

Rent Deposits in Housing Fund

Rent deposits collected by the City from renters are deposited and shown as a liability on the City's books. The actual liability for deposits being held by the City for eventual return to the renters as of September 30, 2022 is \$30,500.

Deferred Inflows of Resources

The acquisition of assets which are applicable to a future reporting period are referred to as Deferred Inflows of Resources. Certain receipts of the City may be applicable to services provided in future accounting periods and only become revenue upon the use of the service or commencement of contract. At September 30, 2022, the City had no such deferred inflow of resources.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Council through approval of resolutions. Assigned fund balances is a limitation imposed by a designation of the City Council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use the restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

The City adopted GASB Statement No. 87, *Leases*; GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; GASB Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*; and certain sections of GASB Statement No.99, *Omnibus 2022*. The incorporation of these statements has no impact on the presentation of the financial statements contained herein.

Future Accounting Pronouncements

This report does not incorporate GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Informative Technology Arrangements*; certain sections of GASB Statements No. 99, *Omnibus 2022*; GASB Statement No 100, *Accounting Changes and Error Corrections—an Amendment of GASB 62*; and GASB Statement No. 101, *Compensated Absences*. The City will adopt and implement these statements when required.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits include all funds held in checking accounts, money market accounts, and cash on hand. Unrestricted investments include certificates of deposit with original maturities of greater than three months. Deposits and investments are stated at cost, which approximates fair value. Restricted investments include amounts held in trust as required by certain bond covenants and certificates of deposit with maturities of greater than three months.

The City complies with Missouri state statute and allows investments in obligations of the United States, the State of Missouri, certain bonds of political subdivisions within Missouri, and out-of-state municipal bond, provided they are rated in the highest nationally ranked category.

Deposits and investments were categorized as follows at September 30, 2022:

<u>Type</u>	<u>Amount</u>	<u>Reconciliation to the Statement of Net Position</u>	
		Current Assets:	
Cash Deposits	\$7,526,666	Cash and Cash Equivalents	\$ 4,055,262
Money Market Accounts	1,753,008		
Money Market Mutual Funds	257,067	Noncurrent Assets:	
Bond Mutual Funds	0	Restricted Cash & Cash Equivalents	5,483,084
Petty Cash	1,605	Restricted Investments	0
	<u>\$ 9,538,346</u>		<u>\$ 9,538,346</u>

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Missouri Statutes require that all funds of the City on deposit in financial institutions must be collateralized by the depository institution with appropriate securities to the extent not provided by FDIC insurance. At September 30, 2022 the deposits and investments of the City were fully insured or collateralized by securities held in the City's name or by a line of credit.

Concentrations – The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Interest Rate Risks and Credit Risks – Interest rate risk is the risk that the fair value of investments will fall due to changes in general interest rates. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. The maturities of investments and credit quality ratings held by the City at September 30, 2022 are as follows:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The Entity has the following fair value measurements as of September 30, 2022:

- Mutual funds-Valued at daily closing price as reported by the fund. Mutual funds held by the City are open end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded. All of these funds are Level 1 investments.

Investment Maturities					
Type	Fair Value	Less than One Year	1-5 Years	6-10 Years	Credit Quality Rating
Money Market Mutual Funds	\$ 257,067	\$ 257,067	\$ -	\$ -	AAAm
	\$ 257,067	\$ 257,067	\$ -	\$ -	

Restricted Cash and Investments- Certain proceeds of the City's bonds, as well as certain resources, are set aside for debt service, capital projects and other special purposes. Other cash balances are restricted by enabling legislation. At September 30, 2022, the balance of the restricted cash is as follows:

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	<u>Debt Service</u>			
	<u>Reserves</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 0	\$ 0	\$ 22,310	\$ 22,310
Capital Projects Fund	0	540,347	0	540,347
Transportation Fund	0	0	1,415,377	1,415,377
Tax Increment Financing Fund	0	0	0	0
Senior Nutrition Center Fund	0	0	280,344	280,344
Water Fund	158,967	0	0	158,967
Sewer Fund	228,670	0	2,837,069	3,065,739
	<u>\$ 387,637</u>	<u>\$ 540,347</u>	<u>\$ 4,555,100</u>	<u>\$ 5,483,084</u>

NOTE 3 – CAPITAL ASSETS

	<u>Balance</u> <u>September 30,</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2022</u>
Government Activities:				
Capital Assets, not depreciated				
Land	\$ 1,469,460	\$ 0	\$ 0	\$ 1,469,460
Capital Assets, depreciated				
Buildings	8,916,163	0	0	8,916,163
Infrastructure	2,620,870	525,198	0	3,146,068
Furniture, Machinery & Equipment	2,414,572	209,414	0	2,623,986
Vehicles	604,153	0	0	604,153
	<u>14,555,758</u>	<u>734,612</u>	<u>0</u>	<u>15,290,370</u>
	<u>6,151,794</u>	<u>567,128</u>	<u>0</u>	<u>6,718,922</u>
Total Capital Assets, depreciated	<u>8,403,964</u>	<u>\$ 167,484</u>	<u>\$ 0</u>	<u>8,571,448</u>
Capital Assets, Net	<u>\$ 9,873,424</u>			<u>\$ 10,040,908</u>
Proprietary Activities:				
Capital Assets, not depreciated				
Construction in Progress	\$ 17,380	\$ 37,649	\$ 17,380	\$ 37,649
Land	873,000	0	0	873,000
Capital Assets, depreciated				
Buildings	8,370,216	0	0	8,370,216
Infrastructure	25,762,060	30,768	0	25,792,828
Furniture, Machinery & Equipment	694,400	109,490	0	803,890
Vehicles	205,160	0	0	205,160
	<u>35,031,836</u>	<u>140,258</u>	<u>0</u>	<u>35,172,094</u>
Less Accumulated Depreciation	<u>13,821,799</u>	<u>913,380</u>	<u>0</u>	<u>14,735,179</u>
Total Capital Assets, depreciated	<u>21,210,037</u>	<u>\$ (773,122)</u>	<u>0</u>	<u>20,436,915</u>
Capital Assets, Net	<u>\$ 22,100,417</u>			<u>\$ 21,347,564</u>

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3 – CAPITAL ASSETS (Continued)

The depreciation expense by function is as follows:

<u>Function</u>	<u>Depreciation Expense</u>
General Government	\$ 106,690
Public Safety	182,880
Public Works	228,434
Culture and Recreation	46,453
Nutrition	2,675
Water	238,722
Sewer	455,440
Housing	219,218
TOTAL	<u>\$ 1,480,512</u>

The amount of assets held under capital lease at September 30, 2022 are as follows:

<u>Fund/Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Water Fund Infrastructure	2,144,211	1,197,775	946,436
Wastewater Fund Infrastructure	5,241,887	2,987,441	2,254,446
	<u>\$ 7,386,098</u>	<u>\$ 4,185,216</u>	<u>\$ 3,200,882</u>

NOTE 4- ACCOUNTS RECEIVABLE

In the governmental funds, accounts receivable consists primarily of sales tax revenue due from the state, gross receipts tax due from utility companies, amounts due from residents for trash services, and amounts due for municipal court fines. These receivables are recorded when they are both measurable and available.

In the proprietary funds accounts receivable consists of amounts due from customers for utility services provided. These receivables are recorded when the earning process is complete and utility services have been provided.

The municipal court receivable amount is shown net of an allowance for doubtful collections. Based on historical information, the City estimates that amounts due from 2020 and prior will not be collected. The City considers all other accounts receivable to be fully collectible, therefore, the only allowance recorded herein is \$314,076 for uncollectible municipal court fines and costs.

CITY OF BONNE TERRE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 5 – LONG-TERM DEBT AND CAPITAL LEASES

Governmental Activities

Lease Payable

During November 2017, the City entered into a capital lease agreement with a financial institution to purchase a trash truck for the sanitation department. The truck is included in capital assets at a cost of \$119,000. Interest has been imputed at a rate of 2.5% and the City makes annual payments. The final payment on this capital lease was paid in November 2021. The balance as of September 30, 2022 was \$0.00.

Other – Compensated Absences

Governmental Funds compensated absences are reported as accrued in the government-wide financial statements.

Fund/Description	Balance			Balance		
	September 30, 2021	Additions	Deletions	September 30, 2022		
General Fund	\$ 43,013	\$ 43,242	\$ (43,013)	\$ 43,242		
Transportation Fund	3,457	3,567	(3,457)	3,567		
	<u>\$ 46,470</u>	<u>\$ 46,809</u>	<u>\$ (46,470)</u>	<u>\$ 46,809</u>		

Business Type Activities

Revenue Bonds

Series 2015

During 2015, the City entered into a direct loan program with the State of Missouri for an amount not to exceed \$1,985,000 for the construction of waterworks improvements. The interest rate is 1.24%. Semiannual interest and principal installments are due on the balance owed at the time each installment is due. During the year the City paid back principal of \$95,000. This debt is collateralized by the water system. The balance due at September 30, 2022 was \$1,404,000.

The annual requirements to debt service for these bonds are as follows:

Year Ended September 30,	Water		
	Principal	Interest	Total
2023	96,000	17,112	113,112
2024	98,000	15,915	113,915
2025	100,000	14,694	114,694
2026	102,000	13,448	115,448
2027	104,000	12,177	116,177
2028-2032	545,000	41,106	586,106
2033-2035	359,000	7,973	366,973
Total	<u>\$ 1,404,000</u>	<u>\$ 122,425</u>	<u>\$ 1,526,425</u>

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5 – LONG-TERM DEBT AND CAPITAL LEASES - (Continued)

As of September 30, 2022, the City had no direct borrowing or direct placement debt.

	<u>Proprietary</u>
	<u>Revenue Bonds</u>
Balance, October 1, 2021	\$ 1,499,000
Issuances	0
Retirements	(95,000)
Balance, September 30, 2022	<u>\$ 1,404,000</u>
Due In One Year	<u>\$ 96,000</u>

Certificates of Participation

Series 2008

The lease is with the Bank of New York Mellon with the proceeds being used to acquire, install and construct improvements to the City's sewerage system and construct storm water lines. The certificates of participation were issued on February 1, 2008 at par and have maturity values of \$3,040,000. The lease is renewable annually at the option of the City through February 1, 2028. At the end of the lease term the infrastructure property will be transferred to the City. At September 30, 2022, the balance on the lease was \$690,000. Interest rates on the certificates are 4.22%.

Interest shown as direct expense in the statement of activities is as follows: \$9 in public works, \$18,014 in water and \$31,509 in sewer.

Other – Compensated Absences

<u>Fund/Description</u>	Balance		Balance	
	October 1, 2021	Additions	Deletions	September 30, 2022
Housing Fund	\$ -	\$ 393	\$ -	\$ 393
Water Fund	7,523	10,739	(7,523)	10,739
Sewer Fund	1,475	4,456	(1,475)	4,456
	<u>\$ 8,998</u>	<u>\$ 15,588</u>	<u>\$ (8,998)</u>	<u>\$ 15,588</u>

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6 – NET POSITION RESTRICTED BY ENABLING LEGISLATION

The amount of net position restricted by enabling legislation at September 30, 2022 is as follows:

Fund		
Debt Service	\$	387,637
Capital Projects		541,666
Transportation Tax		1,557,837
Nutrition Center		282,495
Historical Society		9,970
Public Safety		4,181
Sewer		2,922,404
Tax-Increment Financing		-
Total	<u>\$</u>	<u>5,706,190</u>

NOTE 7 - 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 a public entity risk pool, which is a corporate and political body created pursuant to Missouri Statute Chapter 537.70. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The City has also purchased commercial insurance for other areas of risk that are not covered by the public entity risk pool that includes reasonable deductible amounts. The portion of uninsured loss is not expected to be significant with respect to the financial position of the City.

Currently the City has several claims pending for which they are the defendant. In all cases, the liability to the City is reasonably possible but not probable. The City's insurance provider would cover liability and they intend to aggressively defend against these claims. Management and their legal counsel represent that it is impossible to predict the amount or range of potential loss, if any, for each of the existing claims.

NOTE 8 - RETIREMENT PLAN

The City maintains a SIMPLE Retirement Plan (Savings Incentive Match Plan for Employees of Small Employers). Employees who earn at least \$5,000 per year from the City are eligible to participate. Employees may contribute up to \$14,000 (\$17,000 if age 50 or over) during the calendar year 2022 to the Plan and the City will contribute up to 3% of the employees' annual salary. The fiscal agent for the plan is the Pioneer Group, Inc. The City forfeits rights to all contributions; therefore none of the plan assets are included in the financial statements. The City contributed \$22,161 and the employees contributed \$37,930 to the plan for the year ended September 30, 2022.

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9 – TIF FINANCING

On July 14, 1998, the City adopted tax increment financing (TIF) to fund infrastructure improvements in a designated redevelopment area outlined in the plan entitled "Redevelopment Plan for the Highway 67/47 Tax Increment Financing District." The TIF mechanism is authorized under Sections 99.800 through 99.865 of the RSMo. To encourage economic development and expansion of retail acquisition and infrastructure improvements such as storm water improvements, street and curb construction, and water and sewer system extensions.

The redevelopment plan allocated a portion of local sales tax revenue generated by economic activities (EATS) and payments-in-lieu of taxes (PILOTS) within the redevelopment district. 100% of new EATS and 100% of new commercial and industrial PILOTS within the redevelopment district were captured. All residential PILOTS were passed on to the taxing entities. These revenues were used to reimburse the City and developers for costs incurred in the redevelopment area. The amount of additional funds created in the redevelopment area was determined by comparing EATS and PILOTS from the base year to the EATS and PILOTS from the current year. Once the amount was determined, funds were collected by the TIF from the various taxing entities. EATS payments were made to the developers quarterly and PILOTS payments were made annually.

Redevelopment agreements were signed with various entities to reimburse them for approved costs that provide economic development and infrastructure improvements. These agreements determined what costs would be reimbursed through revenue collected in the redevelopment area.

The plan allowed for the issuance of TIF Notes, if necessary, to fund the public improvements over the twenty-three year redevelopment period. Five separate TIF agreements had TIF notes during the inception of the TIF. As of September 30, 2022, TIF notes had been issued in the amount of \$4,155,702 and have a balance of \$3,555,702 as of September 30, 2022. Two of the TIF agreements have been paid off. The remaining TIF notes have accrued interest of \$8,575,800. These notes are payable only from revenues generated by the TIF District. The City is not liable to repay these notes and, as such, the notes are not recorded as a liability herein.

The City has also entered into an agreement with a developer whereby the developer incurs cost and the City has the option to repay him as funds become available. No formal note exists. The repayment will only be made from revenues generated by the TIF District. The City is not liable to make repayments and, therefore there is no liability and no interest is accrued. The amount of cost the City has not repaid this developer at September 30, 2022 is \$14,419.

During the year ended September 30, 2022, the TIF had a total revenue of \$25,527 all of which was from sales tax. The City does not expect any future revenue from this TIF agreement as the plan expired on July 14, 2021.

The accounting for redevelopment projects funded by TIF financing is done in the TIF Fund, which is presented as a non-major fund of the City.

NOTE 10 – ECONOMIC DEPENDENCY

A major portion of the City's utility receipts is from the State of Missouri for the utilities at the correctional facility located in Bonne Terre. For the year ended September 30, 2022, revenue from the state comprised 46% of the operating revenue in the water fund and 47% of the sales to customers in the sewer fund.

CITY OF BONNE TERRE, MISSOURI

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11 – INTERFUND TRANSFERS & DUE TO/DUE FROMS

During the year transfers were made between funds for various purposes. Also, at certain times during the year amounts are owed between funds for various reasons. Below is a chart of the transfers made during the year and the amounts that are owed by one fund to another.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose</u>
General	Water	\$ 22,758	ARPA Funds
General	Sewer	14,759	ARPA Funds
General	Transportation	14,297	ARPA Funds
Capital Projects	General	109,148	Capital Purchases
Capital Projects	Transportation	300,007	Capital Purchases
TIF	Transportation	124,874	Excess TIF Funds
Housing	General	47,495	Capital Purchases

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Housing	General	\$ 32,947	Monthly Expenditures
Capital	General	2,828	Capital Expenditures
Capital	Transportation	38,549	Capital Expenditures
Senior Center	General	12,466	Salary Reimbursement

NOTE 12 - UNEARNED REVENUE

Unearned revenue is money received for which the rights to the money have not yet been earned. These funds are recorded as other payables on the balance sheet. The general fund unearned revenue of \$1,293,509 represents American Recovery Plan Act funding which was received, but is not considered earned until eligibility requirements for the expenditures are met. These funds are reported in Other Liabilities on the government wide statement of net position and governmental funds balance sheet.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BONNE TERRE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
GENERAL FUND

Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Sales Tax	\$ 533,500	\$ 588,500	\$ 596,151	\$ 7,651
Gross Receipts Tax	384,500	428,500	435,759	7,259
Property Tax	163,300	179,300	179,497	197
Other Taxes	-	-	-	-
Charges for Services	583,030	627,180	468,435	(158,745)
Utility Pilot	241,000	241,000	225,179	(15,821)
Administrative Fee	200,000	200,000	200,000	-
Donations	7,100	3,600	6,224	2,624
Grant Revenues	7,600	797,600	217,532	(580,068)
Interest	1,700	1,700	2,560	860
Other Income	28,563	30,663	174,708	144,045
Total Revenue	2,150,293	3,098,043	2,506,045	(591,998)
<u>EXPENDITURES</u>				
General Government				
Administration	348,160	378,160	381,280	(3,120)
Public Safety				
Police	866,300	989,300	1,008,052	(18,752)
Court	59,360	60,860	61,836	(976)
Fire	108,800	137,800	149,575	(11,775)
Animal Control	8,100	10,600	13,763	(3,163)
Public Works				
Sanitation	215,050	251,050	246,288	4,762
Code Enforcement	30,590	15,590	17,023	(1,433)
Culture and Recreation				
Library	194,220	187,220	185,062	2,158
Parks	124,500	132,500	133,027	(527)
Pool	61,000	74,000	76,616	(2,616)
Nutrition	137,430	149,430	150,357	(927)
Debt Service				
Principal	32,300	31,300	31,533	(233)
Interest	-	-	9	(9)
Capital Outlay	65,200	141,000	119,989	21,011
Total Expenditures	2,251,010	2,558,810	2,574,410	(15,600)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(100,717)	539,233	(68,365)	(607,598)
<u>OTHER FINANCING SOURCES(USES)</u>				
Transfers In	97,500	105,879	109,148	3,269
Transfers Out	-	(51,814)	(51,814)	-
Gain (Loss) on Disposal of Assets	3,900	3,900	-	(3,900)
Total Other Financing Sources & Uses	101,400	57,965	57,334	(631)
EXCESS OF REVENUES AND TRANSFERS OVER (UNDER) EXPENDITURES	\$ 683	\$ 597,198	(11,031)	\$ (608,229)
FUND BALANCE, OCTOBER 1, 2021			1,169,631	
FUND BALANCE, SEPTEMBER 30, 2022			\$ 1,158,600	

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

CITY OF BONNE TERRE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-
TRANSPORTATION FUND

Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Sales Tax	\$ 262,500	\$ 277,500	\$ 280,771	\$ 3,271
Motor Fuel and Vehicle Taxes	287,800	308,659	318,495	9,836
Interest Income	300	300	258	(42)
Grant Income	284,265	202,265	202,550	285
Other Income	<u>100</u>	<u>100</u>	<u>1,011</u>	<u>911</u>
Total Revenue	834,965	788,824	803,085	14,261
EXPENDITURES				
Street Department	494,700	420,700	413,505	7,195
Capital Outlay	<u>739,265</u>	<u>571,265</u>	<u>614,623</u>	<u>(43,358)</u>
Total Expenditures	<u>1,233,965</u>	<u>991,965</u>	<u>1,028,128</u>	<u>(36,163)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(399,000)	(203,141)	(225,043)	(21,902)
OTHER FINANCING SOURCES (USES)				
Transfers In	455,000	279,711	314,305	34,594
Gain / (Loss) on Disposal of Assets	<u>5,000</u>	<u>24,000</u>	<u>24,695</u>	<u>695</u>
Total Other Financing Sources (Uses)	<u>460,000</u>	<u>303,711</u>	<u>339,000</u>	<u>35,289</u>
EXCESS OF REVENUES AND OTHER SOURCES (USES) OVER (UNDER) EXPENDITURES	<u>\$ 61,000</u>	<u>\$ 100,570</u>	113,957	<u>\$ 13,387</u>
FUND BALANCE, OCTOBER 1, 2021			<u>1,455,459</u>	
FUND BALANCE, SEPTEMBER 30, 2022			<u>\$ 1,569,416</u>	

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