

CITY OF ELSBERRY, MISSOURI

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY DATA
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

**CITY OF ELSBERRY, MISSOURI
DECEMBER 31, 2021**

TABLE OF CONTENTS

Page(s)

INTRODUCTORY SECTION

List of City Officials	1
-------------------------------	----------

FINANCIAL SECTION

Independent Auditor's Report	2 - 4
-------------------------------------	--------------

Management's Discussion and Analysis	5 - 12
---	---------------

Basic Financial Statements

Government-Wide Financial Statements:

Statement of Net Position	13
---------------------------	----

Statement of Activities	14
-------------------------	----

Fund Financial Statements:

Balance Sheet - Governmental Funds	15
------------------------------------	----

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	16
--	----

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
---	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
--	----

Statement of Net Position - Proprietary Funds	19
---	----

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	20
---	----

Statement of Cash Flows - Proprietary Funds	21 - 22
---	---------

Notes to Financial Statements	23 - 40
-------------------------------	---------

Required Supplementary Information (Unaudited)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: General Fund	41
---	----

Cemetery Fund	42
---------------	----

Notes to Budgetary Comparison Information	43
---	----

Schedule of Executive Summary	44
-------------------------------	----

Schedule of Changes in Net Pension Liability and Related Ratios	45
---	----

Schedule of Pension Contributions	46
-----------------------------------	----

SINGLE AUDIT SECTION

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 <i>Government Auditing Standards</i>	47 - 48
---	---------

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	49 - 51
---	---------

Schedule of Expenditures of Federal Awards	52 - 53
--	---------

Notes to Schedule of Expenditures of Federal Awards	54
---	----

Schedule of Findings and Questioned Costs	55 - 56
---	---------

Summary Schedule of Prior Audit Findings	57
--	----

CITY OF ELSBERRY, MISSOURI
LIST OF CITY OFFICIALS
DECEMBER 31, 2021

ELECTED OFFICIALS

Mayor	.....	Michael Short
Aldermen Ward 1	..... .....	Terie Harper Steve Wilch
Aldermen Ward 2	..... .....	Crystal Meyer William Taylor
Aldermen Ward 3	..... .....	Terri Davis Danielle Rockwell

MANAGEMENT TEAM

City Clerk	.....	Rachel Reed
City Treasurer	.....	Lisa Grumich
City Collector	.....	Tashua Chiodini
Chief of Police	.....	Randall Davis

OTHER PROFESSIONALS OF THE CITY

City Attorney	.....	Robert Guinness
Independent Certified Public Accountants	.....	Devereux & Company

**CITY OF ELSBERRY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Our discussion and analysis of the City of Elsberry, Missouri's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the City's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended December 31, 2021, the City's total net position increased by \$773,004 from \$4,497,769 to \$5,270,773, or 17.2% from the prior year.
- For the fiscal year ended December 31, 2021, the City's governmental activities, the total net position increased by \$208,483 from \$711,925 to \$920,408, or 29.3% from the prior year.
- For the fiscal year ended December 31, 2021, the City's business-type activities, such as Water and Sewer, the total net position increased by \$564,521 from \$3,785,844 to \$4,350,365, or 14.9% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are governmental-wide statements for each of two categories of activities, governmental, and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as liabilities (including all long-term debt).

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other nonfinancial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the general government, law enforcement, economic development, public works, community development, and parks. Sales taxes, property taxes, franchise fees, fines, and state and federal grants finance most of these activities.

- Business-type activities - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's Proprietary Funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased from \$4,497,769 to \$5,270,773 between fiscal years 2020 and 2021. Looking at the net position of governmental and business-type activities separately, governmental activities at \$208,483 had a lower increase than business-type activities at \$564,521.

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

Governmental Activities

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 239,313	\$ 232,057
Capital assets, net	<u>619,200</u>	<u>639,968</u>
Total Assets	<u>858,513</u>	<u>872,025</u>
Deferred Outflows	<u>140,966</u>	<u>80,843</u>
Liabilities		
Current liabilities	57,291	105,549
Noncurrent liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>57,291</u>	<u>105,549</u>
Deferred Inflows	<u>21,780</u>	<u>135,394</u>
Net Position		
Net investment in capital assets	619,200	639,968
Restricted	143,621	124,376
Unrestricted	<u>157,587</u>	<u>(52,419)</u>
Total Net Position	<u>\$ 920,408</u>	<u>\$ 711,925</u>

For the fiscal year ended December 31, 2021, the City's governmental activities, total assets and total liabilities increased by \$46,611. The following details the amount of the increase in governmental activities, total assets and total liabilities:

	Increase <u>(Decrease)</u>
Change in:	
Total Assets	\$ (13,512)
Deferred Outflows	<u>60,123</u>
	<u>\$ 46,611</u>

	Increase <u>(Decrease)</u>
Change in:	
Total Liabilities	\$ (48,258)
Deferred Inflows	(113,614)
Net Position	<u>208,483</u>
	<u>\$ 46,611</u>

Business Type Activities

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 3,706,046	\$ 3,066,262
Capital assets, net	<u>5,404,815</u>	<u>5,645,585</u>
Total Assets	<u>9,110,861</u>	<u>8,711,847</u>
Deferred Outflows		
	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities	310,707	321,885
Noncurrent liabilities	<u>4,449,789</u>	<u>4,604,118</u>
Total Liabilities	<u>4,760,496</u>	<u>4,926,003</u>
Deferred Inflows		
	<u>-</u>	<u>-</u>
Net Position		
Net investment in capital assets	800,725	894,438
Restricted	2,502,286	2,291,767
Unrestricted	<u>1,047,354</u>	<u>599,639</u>
Total Net Position	<u>\$ 4,350,365</u>	<u>\$ 3,785,844</u>

For the fiscal year ended December 31, 2021, the City's business type activities, total assets and total liabilities increased by \$399,014. The following details the amount of the increase in business type activities, total assets and total liabilities:

	Increase (Decrease)
Change in:	
Total Assets	\$ 399,014
	<u>\$ 399,014</u>
	Increase (Decrease)
Change in:	
Total Liabilities	\$ (165,507)
Net Position	<u>564,521</u>
	<u>\$ 399,014</u>

Total Activities

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 3,945,359	\$ 3,298,319
Capital assets, net	<u>6,024,015</u>	<u>6,285,553</u>
Total Assets	<u>9,969,374</u>	<u>9,583,872</u>
Deferred Outflows	<u>140,966</u>	<u>80,843</u>
Liabilities		
Current liabilities	367,998	427,434
Noncurrent liabilities	<u>4,449,789</u>	<u>4,604,118</u>
Total Liabilities	<u>4,817,787</u>	<u>5,031,552</u>
Deferred Inflows	<u>21,780</u>	<u>135,394</u>
Net Position		
Net investment in capital assets	1,419,925	1,534,406
Restricted	2,645,907	2,416,143
Unrestricted	<u>1,204,941</u>	<u>547,220</u>
Total Net Position	<u>\$ 5,270,773</u>	<u>\$ 4,497,769</u>

For the fiscal year ended December 31, 2021, the City's total activities, total assets and total liabilities increased by \$445,625. The following details the amount of the increase in total activities, total assets and total liabilities:

	Increase <u>(Decrease)</u>
Change in:	
Total Liabilities	\$ (213,765)
Deferred Inflows	(113,614)
Net Position	<u>773,004</u>
	<u>\$ 445,625</u>

For the year ended December 31, 2021 net position of the primary activities of the City changed as follows:

	Governmental Activities	Business Type Activities	Total
Revenues			
Charges for services	\$ 339,328.55	\$ 1,547,461.57	\$ 1,886,790.12
Total Program Revenues	<u>339,328.55</u>	<u>1,547,461.57</u>	<u>1,886,790.12</u>
Sales and use Taxes	258,891.16	13,124.66	272,015.82
City taxes	96,412.02	-	96,412.02
Street taxes	91,596.12	-	91,596.12
Franchise, and other taxes	214,389.40	-	214,389.40
Investment earnings	867.82	5,852.51	6,720.33
Other	-	92,590.76	92,590.76
Net deferred outflows/inflows	173,737.00	-	173,737.00
Total General Revenues	<u>835,893.52</u>	<u>111,567.93</u>	<u>947,461.45</u>
Total Revenues	<u>1,175,222.07</u>	<u>1,659,029.50</u>	<u>2,834,251.57</u>
Expenses			
Administrative	419,768.32	-	419,768.32
Public works	181,816.63	-	181,816.63
Police department	299,341.82	-	299,341.82
Court	40,580.86	-	40,580.86
Culture and recreation	4,464.32	-	4,464.32
Depreciation	20,767.31	-	20,767.31
Water	-	599,697.77	599,697.77
Sewer	-	494,810.85	494,810.85
Total Expenses	<u>966,739.26</u>	<u>1,094,508.62</u>	<u>2,061,247.88</u>
Excess of revenues over expenses	208,482.81	564,520.88	773,003.69
Transfers	-	-	-
Changes in net position	208,482.81	564,520.88	773,003.69
Beginning net position	711,925.50	3,785,844.32	4,497,769.82
Ending net position	<u>\$ 920,408.31</u>	<u>\$ 4,350,365.20</u>	<u>\$ 5,270,773.51</u>

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenues (Expenses). The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City of Elsberry uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Elsberry's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Elsberry's financial requirements.

General Fund – The General Fund is the chief operating fund of the City of Elsberry. The General Fund includes legislative expenses for the: General Administration, Cemetery, Emergency Services, Municipal Court, City Treasurer, City Clerk, Park and Street activities for the City. All these activities are provided to and benefit all the citizens equally and equitably. This area tends to work on the quality of life and the protection of the citizens and assets of the citizens as a group.

Proprietary Funds

Water and Sewer Funds – These funds were established under the bond ordinances to segment the operations of the Water and Sewer Funds from other activities of the City. The Water and Sewer Funds are based on a user fee system where the individuals and businesses utilizing the services pay a fee based upon a portion of the estimated cost of operation of the water and sewer utilities. This fee is subsidized by revenue transferred in from the Capital Improvement Sales Tax Fund to offset debt service costs.

BUDGET PROCESS

The operating budget is based on the Balanced Budget principle of financing current expenditures with current revenues and accumulated reserves. Operating expenditures will not be directly supported by debt. Expenditures shall include adequate funding of retirement benefits and adequate maintenance and replacement of capital and operating assets. The budgeted expenditures reflect the City's perceived needs and desires of the community based on available information and long-range planning.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of the fiscal year 2021, the City had \$6,024,015 (net of depreciation) invested in a broad range of capital assets, including police and public works equipment, buildings, park facilities, roads, and water and sewer lines.

Government activities capital assets decreased by \$20,768 and business activities capital assets decreased by \$240,770, for a total decrease of \$261,538.

More detailed information on the City’s capital position is presented in Note 4 of the financial statements.

LONG-TERM DEBT

At the end of the fiscal year 2021, the City had \$4,604,090 in outstanding debt compared to \$4,751,147 at the end of the prior fiscal year.

More detailed information on the City’s current and long-term liabilities is presented in Note 6 of these financial statements.

THE CITY’S FUNDS

General Fund Budgetary Highlights

For fiscal year 2021, actual expenditures on a budgetary basis in the General Fund were \$905,894 compared to the budget amount of \$920,705.

For fiscal year 2021, actual revenues on a budgetary basis in the General Fund were \$940,183 as compared to the budget amount of \$920,705.

Cemetery Fund Budgetary Highlights

For fiscal year 2021, actual expenditures on a budgetary basis in the Cemetery Fund were \$40,078 compared to the budget amount of \$47,957.

For fiscal year 2021, actual revenues on a budgetary basis in the Cemetery Fund were \$61,303 as compared to the budget amount of \$56,044.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The City’s elected officials and department heads considered many factors when setting the fiscal year 2022 budget, tax rates and fees that were charged for the business-type activities. To meet the anticipated needs of the City, the revenues budget is \$2,141,841 for the fiscal year 2022. The 2022 expenditures budget is \$2,141,841.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives.

If you have any questions about this report or need additional financial information, contact:

Rachel Reed
City Clerk
City of Elsberry
201 Broadway
Elsberry, Missouri 63343

**CITY OF ELSBERRY, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 109,792.05	\$ 1,098,584.77	\$ 1,208,376.82
Accounts and Taxes Receivable:			
Property and Sales	129,521.38	105,175.00	234,696.38
Restricted Assets:			
Cash and Investments	-	2,502,286.43	2,502,286.43
Capital Assets:			
Nondepreciable	403,106.00	-	403,106.00
Depreciable, Net of Depreciation	216,094.41	5,404,814.76	5,620,909.17
TOTAL ASSETS	858,513.84	9,110,860.96	9,969,374.80
DEFERRED OUTFLOWS			
Deferred Outflow Related to Pension	140,966.00	-	140,966.00
LIABILITIES			
Accounts Payable, Payroll Liabilities and Other	37,697.03	51,346.07	89,043.10
Bonds Held	19,594.50	-	19,594.50
Restricted Customer Deposits	-	105,060.00	105,060.00
Other Liabilities:			
Due in One Year from Restricted Assets	-	154,300.83	154,300.83
Due in More Than One Year	-	4,449,788.86	4,449,788.86
TOTAL LIABILITIES	57,291.53	4,760,495.76	4,817,787.29
DEFERRED INFLOWS			
Deferred Inflow Related to Pension	21,780.00	-	21,780.00
NET POSITION			
Net Investment in Capital Assets	619,200.41	800,725.07	1,419,925.48
Restricted for Cemetery	143,621.47	-	143,621.47
Restricted within Water and Sewer Fund	-	2,502,286.43	2,502,286.43
Unrestricted	157,586.43	1,047,353.70	1,204,940.13
TOTAL NET POSITION	\$ 920,408.31	\$ 4,350,365.20	\$ 5,270,773.51

The accompanying notes are an integral part of these financial statements

**CITY OF ELSBERRY, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Position</u>		
		<u>Charges for Service</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
Administrative	\$ 419,768.32	\$ 267,010.60	\$ -	\$ (152,757.72)	\$ -	\$ (152,757.72)
Public Works	181,816.63	-	-	(181,816.63)	-	(181,816.63)
Police Department	299,341.82	-	-	(299,341.82)	-	(299,341.82)
Court	40,580.86	72,317.95	-	31,737.09	-	31,737.09
Culture and Recreation	4,464.32	-	-	(4,464.32)	-	(4,464.32)
Depreciation, unallocated	20,767.31	-	-	(20,767.31)	-	(20,767.31)
TOTAL GOVERNMENTAL ACTIVITIES	<u>966,739.26</u>	<u>339,328.55</u>	<u>-</u>	<u>(627,410.71)</u>	<u>-</u>	<u>(627,410.71)</u>
Business-Type Activities						
Water and Sewer	1,094,508.62	1,547,461.57	-	-	452,952.95	452,952.95
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,061,247.88</u>	<u>\$ 1,886,790.12</u>	<u>\$ -</u>	<u>(627,410.71)</u>	<u>452,952.95</u>	<u>(174,457.76)</u>
Taxes:						
Sales and Use Taxes				258,891.16	13,124.66	272,015.82
City Taxes				96,412.02	-	96,412.02
Street Taxes				91,596.12	-	91,596.12
Franchise, Sur and Other Taxes				214,389.40	-	214,389.40
Interest Income				867.82	5,852.51	6,720.33
Net Deferred Outflows/Inflows Adjustment				173,737.00	-	173,737.00
Other Miscellaneous Revenue				-	92,590.76	92,590.76
TOTAL PRIMARY GOVERNMENT REVENUES				<u>835,893.52</u>	<u>111,567.93</u>	<u>947,461.45</u>
NET CHANGES IN NET POSITION				208,482.81	564,520.88	773,003.69
NET POSITION - BEGINNING				<u>711,925.50</u>	<u>3,785,844.32</u>	<u>4,497,769.82</u>
NET POSITION - ENDING				<u>\$ 920,408.31</u>	<u>\$ 4,350,365.20</u>	<u>\$ 5,270,773.51</u>

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Cemetery Fund	Total
ASSETS			
Cash and Investments	\$ (22,256.75)	\$ 132,048.80	\$ 109,792.05
Accounts and Taxes Receivable	113,563.46	15,957.92	129,521.38
TOTAL ASSETS	\$ 91,306.71	\$ 148,006.72	\$ 239,313.43
LIABILITIES			
Accounts Payable and Payroll Liabilities	\$ 35,290.35	\$ 2,406.68	\$ 37,697.03
Bonds Held	19,594.50	-	19,594.50
TOTAL LIABILITIES	54,884.85	2,406.68	57,291.53
FUND BALANCES			
Restricted for Cemetery	-	145,600.04	145,600.04
Unassigned	36,421.86	-	36,421.86
TOTAL FUND BALANCES	36,421.86	145,600.04	182,021.90
TOTAL LIABILITIES AND FUND BALANCES	\$ 91,306.71	\$ 148,006.72	\$ 239,313.43

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Fund Balances - Governmental Funds	\$	182,021.90
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Amounts Reported for Governmental Activities in the Statement of
Net Position are Different Because:

Capital assets used in governmental activities are not current financial resources
and, therefore, are not reported in the governmental funds:

Governmental capital assets	\$ 1,028,502.42	
Less accumulated depreciation	<u>(409,302.01)</u>	
		619,200.41

Certain deferred outflows and inflows of resources represent a consumption or
acquisition of net position in a future period and therefore are not reported
in the funds.

Deferred outflows - other post employment benefits	140,966.00
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Net pension liability is not due and payable and therefore is not recorded in
the governmental fund statements

	<u>(21,780.00)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>920,408.31</u></u>
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The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund	Cemetery Fund	Total
REVENUES			
Taxes	\$ 258,891.16	\$ -	\$ 258,891.16
Charges for Services	236,062.34	30,948.26	267,010.60
City Taxes	96,412.02	-	96,412.02
Fines and Forfeitures	72,317.95	-	72,317.95
Investment Income	547.13	320.69	867.82
Street Taxes	91,596.12		91,596.12
Franchise, Sur and Other Taxes	184,355.79	30,033.61	214,389.40
Grant	-	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	<u>940,182.51</u>	<u>61,302.56</u>	<u>1,001,485.07</u>
EXPENDITURES			
Administrative	379,689.93	40,078.39	419,768.32
Public Works	181,816.63	-	181,816.63
Police Department	299,341.82	-	299,341.82
Municipal Court	40,580.86	-	40,580.86
Culture and Recreation	4,464.32	-	4,464.32
TOTAL EXPENDITURES	<u>905,893.56</u>	<u>40,078.39</u>	<u>945,971.95</u>
NET CHANGES IN FUND BALANCE	<u>34,288.95</u>	<u>21,224.17</u>	<u>55,513.12</u>
FUND BALANCES - BEGINNING	<u>2,132.91</u>	<u>124,375.87</u>	<u>126,508.78</u>
FUND BALANCES - ENDING	<u>\$ 36,421.86</u>	<u>\$ 145,600.04</u>	<u>\$ 182,021.90</u>

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net Changes in Fund Balance - Total Governmental Funds	\$ 55,513.12
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Deferred Outflows/Inflows Adjustment	173,737.00
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over estimated useful lives and reported as depreciation expense.	
Depreciation Expense	<u>(20,767.31)</u>
NET CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 208,482.81</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 343,698.71	\$ 754,886.06	\$ 1,098,584.77
Accounts Receivable	43,411.76	61,763.24	105,175.00
Restricted Assets:			
Cash and Investments	1,966,020.87	536,265.56	2,502,286.43
TOTAL CURRENT ASSETS	<u>2,353,131.34</u>	<u>1,352,914.86</u>	<u>3,706,046.20</u>
NONCURRENT ASSETS			
Capital Assets:			
Depreciable, Net of Accumulated Depreciation	2,324,868.91	3,079,945.85	5,404,814.76
TOTAL NONCURRENT ASSETS	<u>2,324,868.91</u>	<u>3,079,945.85</u>	<u>5,404,814.76</u>
TOTAL ASSETS	<u>\$ 4,678,000.25</u>	<u>\$ 4,432,860.71</u>	<u>\$ 9,110,860.96</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Payroll Liabilities	\$ 27,812.53	\$ 23,533.54	\$ 51,346.07
Customer Deposits	105,060.00	-	105,060.00
Current Portion of Long-Term Debt			
from Restricted Assets	82,134.95	72,165.88	154,300.83
TOTAL CURRENT LIABILITIES	<u>215,007.48</u>	<u>95,699.42</u>	<u>310,706.90</u>
NONCURRENT LIABILITIES			
Notes Payable, Net of Current Portion	1,621,041.28	2,828,747.58	4,449,788.86
TOTAL NONCURRENT LIABILITIES	<u>1,621,041.28</u>	<u>2,828,747.58</u>	<u>4,449,788.86</u>
TOTAL LIABILITIES	<u>1,836,048.76</u>	<u>2,924,447.00</u>	<u>4,760,495.76</u>
NET POSITION			
Net Investment in Capital Assets	621,692.68	179,032.39	800,725.07
Restricted within Water and Sewer Fund	1,966,020.87	536,265.56	2,502,286.43
Unrestricted	244,765.52	802,588.18	1,047,353.70
TOTAL NET POSITION	<u>\$ 2,832,479.07</u>	<u>\$ 1,517,886.13</u>	<u>\$ 4,350,365.20</u>

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
REVENUES			
Charges for Services	\$ 827,587.87	\$ 719,873.70	\$ 1,547,461.57
Other	92,590.76	-	92,590.76
Taxes	13,124.66	-	13,124.66
TOTAL OPERATING REVENUES	<u>933,303.29</u>	<u>719,873.70</u>	<u>1,653,176.99</u>
OPERATING EXPENSES			
Personnel Services	37,326.07	-	37,326.07
Postage	3,116.42	-	3,116.42
Office Supplies	794.00	-	794.00
Utilities	31,184.72	9,151.44	40,336.16
Contracted Services	282,323.80	281,581.56	563,905.36
Special Projects	4,833.00	4,966.00	9,799.00
Repairs and Maintenance	12,788.24	8,904.56	21,692.80
Miscellaneous	1,482.93	1,522.42	3,005.35
Customer Deposit Refunds	4,456.31	-	4,456.31
Depreciation	117,364.86	123,405.74	240,770.60
Insurance	22,491.99	4,436.80	26,928.79
Operating Supplies	27,034.00	4,192.58	31,226.58
Other Taxes and Fees	16,349.22	1,539.00	17,888.22
TOTAL OPERATING EXPENSES	<u>561,545.56</u>	<u>439,700.10</u>	<u>1,001,245.66</u>
OPERATING INCOME	<u>371,757.73</u>	<u>280,173.60</u>	<u>651,931.33</u>
NONOPERATING REVENUE (EXPENSE)			
Investment Income	5,826.40	26.11	5,852.51
Interest and Fiscal Charges	(38,152.21)	(55,110.75)	(93,262.96)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(32,325.81)</u>	<u>(55,084.64)</u>	<u>(87,410.45)</u>
NET CHANGES IN NET POSITION	339,431.92	225,088.96	564,520.88
TOTAL NET POSITION - BEGINNING	<u>2,493,047.15</u>	<u>1,292,797.17</u>	<u>3,785,844.32</u>
TOTAL NET POSITION - ENDING	<u>\$ 2,832,479.07</u>	<u>\$ 1,517,886.13</u>	<u>\$ 4,350,365.20</u>

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 976,119.93	\$ 686,434.78	1,662,554.71
Cash Paid to Suppliers	(444,180.70)	(316,294.36)	(760,475.06)
Cash Paid to Employees	(23,305.88)	-	(23,305.88)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>508,633.35</u>	<u>370,140.42</u>	<u>878,773.77</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payment of Interest Expense	(38,152.21)	(55,110.75)	(93,262.96)
Principal Repayments and Other	(76,227.79)	(70,829.25)	(147,057.04)
NET CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(114,380.00)</u>	<u>(125,940.00)</u>	<u>(240,320.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Income	5,826.40	26.11	5,852.51
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	400,079.75	244,226.53	644,306.28
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,909,639.83</u>	<u>1,046,925.09</u>	<u>2,956,564.92</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,309,719.58</u>	<u>\$ 1,291,151.62</u>	<u>\$ 3,600,871.20</u>
Reconciliation of Cash and Cash Equivalents:			
Cash and Investments	\$ 343,698.71	\$ 754,886.06	\$ 1,098,584.77
Restricted Cash and Investments	1,966,020.87	536,265.56	2,502,286.43
Total Cash and Cash Equivalents	<u>\$ 2,309,719.58</u>	<u>\$ 1,291,151.62</u>	<u>\$ 3,600,871.20</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ELSBERRY, MISSOURI
RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

	Water Fund	Sewer Fund	Total
OPERATING INCOME	<u>\$ 371,757.73</u>	<u>\$ 280,173.60</u>	<u>\$ 651,931.33</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation	117,364.86	123,405.74	240,770.60
(Increase) Decrease in Assets:			
Accounts Receivable	(3,578.38)	(16,730.52)	(20,308.90)
Increase (Decrease) in Liabilities:			
Accounts Payable	(732.89)	(1,163.50)	(1,896.39)
Other Liabilities	23,822.03	(10,285.27)	13,536.76
Customer Deposits	-	(5,259.63)	(5,259.63)
TOTAL ADJUSTMENTS	<u>136,875.62</u>	<u>89,966.82</u>	<u>226,842.44</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 508,633.35</u></u>	<u><u>\$ 370,140.42</u></u>	<u><u>\$ 878,773.77</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Elsberry, Missouri (the City) incorporated in 1879, is a fourth class city. The City operates under a Mayor and Board of Aldermen form of government, and provides for the following services as authorized by its charter; public safety, public works, sanitation, parks and general administration. The City has provided the significant accounting policies applied by the City in the preparation of the accompanying combined financial statements. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America. The more significant accounting and reporting policies and practices employed by the City are as follows:

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the financial activities of the City (the Primary Government) and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

B. Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's funds).

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information about the City as a whole. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, transactions between the governmental and business-type activities have been eliminated. Exceptions to this general rule are charges between the City's Water and Sewer Fund and the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, public improvements, cultural and recreation and planning and development. The business-type activities of the City include water and sewer services.

The City's net position is reported in three components – net investment in capital assets; restricted net position; and unrestricted net position. The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

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 revenue includes: 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.

CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (continued)

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are the General Fund and the Cemetery Fund. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for the determination of major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60-days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt are recognized when due.

Sales tax, franchise tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Sometimes the City will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

The City reports the following major governmental funds:

The General Fund – The City's primary operating fund, which accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds. Included in the General Fund are the transactions for the general operations, emergency services, streets, municipal court, and park.

Cemetery Fund – The Fund is used to provide for the care and maintenance of the City's cemetery through the collection of property taxes and fees.

The City reports the following major proprietary funds:

The Water Fund – The City uses this proprietary fund to account for the activities of providing water service to the citizens of the City.

The Sewer Fund – The City uses this proprietary fund to account for the activities of providing sewer services to the citizens of the City.

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

D. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights, street lights, sewer lines and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Capital Assets (continued)

estimated useful life in excess of one year. Infrastructure assets with an initial cost of \$25,000 or more are also capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of the donation. The cost of normal maintenance and repairs that do not add the value of the asset or materially extend asset lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was \$0 interest was capitalized during the year ended December 31, 2021. Interest incurred in the construction or acquisition of governmental funds' capital assets is not capitalized, in accordance with the provisions of GASB Statement No. 37.

Capital assets of the City are depreciated using a straight-line method over the following estimated useful lives:

Major Group	Life
Buildings and Improvements	5 – 40 years
Equipment	7 – 10 years
Land Improvements	20 years
Infrastructure	10 – 50 years

As a result of the implementation of GASB 34, the City is accounting for infrastructure assets on its financial statements. The government-wide financial statements do not reflect those infrastructure assets completed prior to July 1, 2000.

E. Budgets

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types on the modified accrual basis. All annual appropriations lapse at year-end.

F. Pooled Cash and Cash Equivalents

The City maintains a cash money-market pool that is used by all funds. Interest income is allocated to each fund in proportion to each fund's ownership of the pool each month. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less when purchased are considered to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds under generally accepted accounting principles, cash and cash equivalents are distinguished only for those funds.

Investments are stated at fair value, determined by quoted market prices. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, collateralized certificates of deposit and the State Treasurer's Investment Pool.

CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Receivables consist primarily of taxes, franchise fees, interest, and water and sewer charges. The City grants credit to residents for water and sewer service. Service is discontinued if the bill is not paid within two billing cycles. The City assesses a penalty of 10% on water and sewer if not paid by the 15th of the following month. No interest is charged on past due accounts. The City has not established an allowance for uncollectible accounts. Only the amounts to be received in the following month are reflected in these financial statements.

H. Compensated Absences

The policy for vacation pay allows employees to take time off with pay. One year's worth of vacation may be carried over to the next year but an employee cannot accumulate more than two years of vacation. It is not probable that the City will compensate the employees with cash payments for any accrued vacation pay. Employees are provided sick leave but are not paid for unused time upon termination of employees. As a result, no liability has been reported.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. This item relates to the change in actual and projected earnings in calculating the pension asset and employer contributions made subsequent to the measurement date of June 30, 2021.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. This item relates to the change in actual and projected experience in calculating the pension liability.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) have been provided by LAGERS.

J. Long-Term Liabilities

General long-term obligations consist of the non-current portion of bonds payable, other post-employment benefits, and other long-term liabilities. In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in all statements as incurred.

In the governmental fund financial statements, general long-term obligations are not reported as liabilities because they do not require the use of current resources. Governmental fund types recognize bond premiums and discounts

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Liabilities (continued)

during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuance are reported as other financing uses. Principal repayments are reported as debt service expenditures.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could vary from the estimates that management uses.

L. Restricted Cash and Investments

Certain cash and investments are restricted for the repayment of debt, construction or purchase of assets or repair and replacement of assets with outstanding debt.

M. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as equity transfers. All other inter-fund transactions are reported as transfers and are reported “net” in the fund financial statements. Transfers between governmental funds are eliminated in the conversion to the government-wide financial statements, while transfers between governmental and proprietary funds are reported “net”.

N. Equity

In the governmental fund financial statements, equity can be displayed in five components as follows:

Nonspendable – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

Committed – This consists of amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority (the Board of Aldermen) by the end of the year. The

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity (continued)

Board of Aldermen can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Aldermen can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund. However, in governmental funds other than the General Fund, it may be necessary to report a negative unassigned fund balance in that fund if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to these purposes.

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of amounts that do not meet the definition of “net investment in capital assets” or “restricted”.

O. Subsequent Events

Events that have occurred subsequent to December 31, 2021, have been evaluated through August 8, 2022, which is the date the financial statements were available to be issued.

The extent of the impact of Coronavirus Disease (COVID-19) on the City’s financial statements is uncertain at this time. The City is continuing to monitor and evaluate the pandemic’s effects on the City.

2. LEGAL COMPLIANCE - BUDGET

The City’s policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended December 31, 2021.

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. LEGAL COMPLIANCE – BUDGET (CONTINUED)

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to January 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal period commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) The City utilizes multiple public budget workshops that the public is invited to attend and make comments. The proposed budget is available for public inspection prior to the budget workshops.
- 3) Prior to December 31, the budget is legally enacted through passage of an ordinance.
- 4) The City Administrator is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
- 5) All appropriations lapse at year-end.

The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Aldermen. The budget was amended during the year.

3. CASH AND INVESTMENTS

A. Deposits

Missouri State Statutes authorize the City to deposit funds in obligations of the U.S. Treasury, federal agencies and instrumentalities; certificates of deposit; and repurchase agreements. Custodial credit risk for deposits is the risk that, in event of a bank failure, the government's deposits may not be returned to it. The City's deposit policy for custodial credit risk is set by statutes. Statutes require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities, which are the same type as authorized for investment by the City, are limited to the following as prescribed by state statutes:

- Bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States.
- Other short-term obligations of the United States.

The City maintains a cash and investment pool which is available for use by all funds for the purpose of increasing income through investment activities. Interest is allocated to the various funds based on average cash or investment balances. The pool includes money market funds and certificates of deposit. Each fund type's portion of this pool is displayed on the statement of financial position as "Cash and cash equivalents" under each fund's caption.

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. CASH AND INVESTMENTS (CONTINUED)

The City’s deposits are categorized to give an indication of the level of custodial risk assumed by the City at December 31, 2021. Deposits, categorized by level of custodial risk, were as follows as of December 31, 2021:

	<u>Cash and Cash Equivalents</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balance			
Insured by the FDIC	\$ 250,000	\$ -	\$ 250,000
Collateralized with securities pledged by the financial institution in the City's name	<u>3,154,549</u>	<u>306,115</u>	<u>3,460,664</u>
Totals	<u>\$ 3,404,549</u>	<u>\$ 306,115</u>	<u>\$ 3,710,664</u>
Carrying Value	<u>\$ 3,404,549</u>	<u>\$ 306,115</u>	<u>\$ 3,710,664</u>

A reconciliation of cash and cash equivalents as shown on the government-wide statement of net position is as follows, which excludes the bond balance:

<u>Government-Wide Statement of Net Position</u>	
	<u>Primary Government</u>
Cash and cash equivalents	\$ 1,208,378
Restricted assets:	
Cash and cash equivalents	<u>2,502,286</u>
Total	<u>\$ 3,710,664</u>

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. The City does have a formal interest rate risk policy.

Credit risk – 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. State statutes authorize the City to invest in obligations of the U.S. Treasury, and federal agencies and instrumentalities; certificates of deposit issued by Missouri banks; and repurchase agreements. The City has no investment policy that would further limit its investment choice.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer.

Custodial credit risk in investments – For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The City does not have any custodial risk in investments.

CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

3. CASH AND INVESTMENTS (CONTINUED)

B. Fair Value Measurements

For assets and liabilities required to be reported at fair value, U.S. generally accepted accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by U.S. generally accepted accounting principles is as follows:

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The City's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The City's assets and liabilities measured at fair value on a recurring basis as of December 31, 2021, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows: no investments are classified as Level 1, 2 or 3 above.

CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2021 is as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 403,106	\$ -	\$ -	\$ 403,106
Capital Assets, Being Depreciated:				
Buildings	139,212	-	-	139,212
Equipment and Vehicles	196,511	-	-	196,511
Infrastructure	289,514	-	-	289,514
Total Capital Assets Being Depreciated	<u>625,237</u>	<u>-</u>	<u>-</u>	<u>625,237</u>
Less Accumulated Depreciation for:				
Buildings	(87,938)	(4,651)	-	(92,589)
Equipment and Vehicles	(158,008)	(6,618)	-	(164,626)
Infrastructure	(142,588)	(9,499)	-	(152,087)
Total Accumulated Depreciation	<u>(388,534)</u>	<u>(20,768)</u>	<u>-</u>	<u>(409,302)</u>
Total Capital Assets, Being Depreciated, Net	<u>236,862</u>	<u>(20,768)</u>	<u>-</u>	<u>216,094</u>
Subtotal Governmental Activities	<u>\$ 639,968</u>	<u>\$ (20,768)</u>	<u>\$ -</u>	<u>\$ 619,200</u>
Business-Type Activities				
Capital Assets, Being Depreciated:				
Buildings	\$ 40,261	\$ -	\$ -	\$ 40,261
Equipment and Vehicles	294,710	-	-	294,710
Infrastructure	7,560,639	-	-	7,560,639
Total Capital Assets Being Depreciated	<u>7,895,610</u>	<u>-</u>	<u>-</u>	<u>7,895,610</u>
Less Accumulated Depreciation for:				
Buildings	(25,522)	(1,004)	-	(26,526)
Equipment and Vehicles	(231,299)	(20,363)	-	(251,662)
Infrastructure	(1,993,204)	(219,403)	-	(2,212,607)
Total Accumulated Depreciation	<u>(2,250,025)</u>	<u>(240,770)</u>	<u>-</u>	<u>(2,490,795)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,645,585</u>	<u>(240,770)</u>	<u>-</u>	<u>5,404,815</u>
Subtotal Business-Type Activities	<u>\$ 5,645,585</u>	<u>\$ (240,770)</u>	<u>\$ -</u>	<u>\$ 5,404,815</u>
Total, Net Capital Assets	<u>\$ 6,285,553</u>	<u>\$ (261,538)</u>	<u>\$ -</u>	<u>\$ 6,024,015</u>

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

4. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Fund	\$ <u>20,768</u>
Business-Type Activities:	
Water and Sewer	\$ <u>240,770</u>

5. LONG-TERM DEBT

The following is a summary of the outstanding debt in the Proprietary Funds:

During 2004, the City issued Waterworks and Sewerage System Revenue Bonds for the extension and improvement of the water and sewer system. The bonds are recorded in the Proprietary Funds and will be serviced by those funds. On December 31, 2021, the outstanding principal on the bonds consists of following:

Waterworks and Sewerage System	
Refunding Revenue Bonds – Series 2002	\$ <u>70,000</u>
UMB Bank, N.A.	
Interest Rate – 2.05% to 5.5%	
Matures – 2023, Current \$35,000	
Annual Payments on January 1 and July 1	
Payments of \$35,000 to \$39,800	

During 2012, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds for the purpose of acquiring, constructing, improving and extending the City’s combined waterworks and sewerage system. This project is being administered by the USDA Rural Development. USDA Rural Development is disbursing the funds until the project is complete and the final bonds are issued. The debt is recorded in the Proprietary Funds and will be serviced by those funds. On December 31, 2021, the outstanding principal on the bonds consists of following:

Combined Waterworks and Sewerage System Revenue Bonds	\$ <u>1,633,176</u>
Interest Rate – 2.00%	
Annual Payments of \$79,380 beginning October 23, 2016,	
Interest Only Prior to October 23, 2016	
Matures – 2048, Current \$47,135	

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. LONG-TERM DEBT (CONTINUED)

During 2018, the City approved the issuance of Combined Waterworks and Sewerage System Revenue Bonds for the purpose of acquiring, constructing, improving and extending the City’s combined waterworks and sewerage system. This project is being administered by the USDA Rural Development. USDA Rural Development is disbursing the funds until the project is complete and the final bonds are issued. The debt is recorded in the Proprietary Funds and will be serviced by those funds. On December 31, 2021, the outstanding principal on the bonds consists of following:

Combined Waterworks and Sewerage System Revenue Bonds	<u>\$ 2,900,913</u>
Interest Rate – 1.875%	
Monthly Payments of \$10,495 beginning June 21, 2018,	
Interest Only Prior to June 21, 2018	
Matures – 2053, Current \$72,166	

The annual principal and interest requirements of the Proprietary Funds’ debt are as follows for the years ended December 31:

	<u>Payments</u>	<u>Interest</u>	<u>Principal</u>
2022	\$ 243,820.00	\$ 89,519.17	\$ 154,300.83
2023	242,070.00	85,453.00	156,617.00
2024	205,320.00	81,341.78	123,978.22
2025	205,320.00	205,320.00	126,385.29
2026-2029	821,280.00	290,718.42	530,561.58
2030-2034	1,026,600.00	303,346.89	723,253.11
2035-2039	1,026,600.00	230,340.76	796,259.24
2040-2044	1,026,600.00	149,957.13	876,642.87
2045-2049	910,902.16	63,631.44	847,270.72
2050-2052	274,594.57	5,773.74	268,820.83
	<u>\$ 5,983,106.73</u>	<u>\$ 1,505,402.33</u>	<u>\$ 4,604,089.69</u>

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. LONG-TERM DEBT (CONTINUED)

A summary of changes in long-term debt for the year December 31, 2021, is as follows:

	Balance, Beginning <u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	Balance, End <u>of Year</u>	Due Within <u>One Year</u>
Business-Type Activities:					
Waterworks and Sewerage					
System Revenue Bonds	\$ 100,000	\$ -	\$ (30,000)	\$ 70,000	\$ 35,000
Combined Waterworks and Sewerage					
System Revenue Bonds	1,679,404	-	(46,228)	1,633,176	47,135
Combined Waterworks and Sewerage System Revenue Bonds	<u>2,971,743</u>	<u>-</u>	<u>(70,829)</u>	<u>2,900,914</u>	<u>72,166</u>
Total Long-Term Debt	<u>\$ 4,751,147</u>	<u>\$ -</u>	<u>\$ (147,057)</u>	<u>\$ 4,604,090</u>	<u>\$154,301</u>

The revenue bonds are collateralized by the revenue from the sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. Deposits in the revenue bond funds are to be made by the first day of each month. The ordinances also contain certain provisions which require the City to maintain pledged revenues, as defined in the ordinances, for each year of at least 110% of the annual debt service requirements. For fiscal year December 31, 2021, the revenue bond coverage was in compliance.

6. PROPERTY TAX

The City's property tax is levied each year on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed values are established by the Lincoln County Assessment Board. Taxes are levied on September 1 and payable by December 31. A lien is placed on the property on January 1 and is then subject to interest and penalties. During August 2021, the City adopted the current tax rates. The City's tax rate was levied at \$0.5176 and \$0.1552 per \$100 of assessed valuation for the General Fund and the Cemetery Fund, respectively. The total assessed valuations for 2021 was \$18,810,599, which was an increase of \$2,066,820 over 2020.

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

7. COURT FINES AND FEES

Missouri Revised Statute 479.359.1 requires that municipalities annually calculate the percentage of annual general operating revenue received from fines, bond forfeitures, and court costs for minor traffic violations, including amended charges for any minor traffic violations. Any funds generated from fines and court costs for traffic violations, including amended charges, which are in excess of 20% of the annual general operating revenue of a City, must be sent to the Director of the Department of Revenue for distribution to the schools within the county. The City collected total fees of \$72,318 in court fines and fees for traffic violations, and other court fees, which was 7.22% of general revenues for the year ended December 31, 2021.

8. COMMITMENTS AND CONTINGENCIES

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workman's compensation; liability, crime, and employee errors and omissions; and natural disasters. The City purchases commercial insurance to provide coverage for general liability, property damage, and workers' compensation. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

B. Litigation

The City is involved in lawsuits arising in the ordinary course of activities. While these cases may have future financial effect, management, based on advice of counsel, believes that their ultimate outcome will not be material to the basic financial statements.

9. RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the plan 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. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of five years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. RETIREMENT PLAN (CONTINUED)

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

	General	Police	Total
Retirees and Beneficiaries	8	1	9
Inactive, Non-Retired Members	0	10	10
Active Members	1	4	5
Total	9	15	24

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan.

Net Pension Liability. The employer’s net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions. The total pension liability in the February 28, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increase	2.75% to 6.75% including inflation
Investment Rate of Return	7.00% net of investment and administrative expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety Groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability to the Single Discount Rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.00%, as well as what the employer’s Net Pension Liability would be using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

General Division	Current Rate of			Police Division	Current Rate of		
	<u>1% Decrease</u>	<u>7.00%</u>	<u>1% Increase</u>		<u>1% Decrease</u>	<u>7.00%</u>	<u>1% Increase</u>
Total Pension Liability	\$ 515,464	\$ 467,813	\$ 427,586	Total Pension Liability	\$ 286,339	\$ 247,653	\$ 216,682
Plan Fiduciary Net Position	<u>446,033</u>	<u>446,033</u>	<u>446,033</u>	Plan Fiduciary Net Position	<u>388,619</u>	<u>388,619</u>	<u>388,619</u>
Net Pension Liabilities/(Asset)	<u>69,431</u>	<u>21,780</u>	<u>(18,447)</u>	Net Pension Liabilities/(Asset)	<u>(102,280)</u>	<u>(140,966)</u>	<u>(171,937)</u>

Total Divisions

	Current Rate of		
	<u>1% Decrease</u>	<u>7.00%</u>	<u>1% Increase</u>
Total Pension Liability	\$ 801,803	\$ 715,466	\$ 644,268
Plan Fiduciary Net Position	<u>834,652</u>	<u>834,652</u>	<u>834,652</u>
Net Pension Liabilities/(Asset)	<u>(32,849)</u>	<u>(119,186)</u>	<u>(190,384)</u>

**CITY OF ELSBERRY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. RETIREMENT PLAN (CONTINUED)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expenses as follows:

Year Ending	<u>Net Deferred Outflow of Resources</u>		
<u>June 30,</u>	<u>General</u>	<u>Police</u>	<u>Total</u>
2022	\$ (23,296)	\$ (36,522)	\$ (59,818)
2023	(17,888)	(7,911)	(25,799)
2024	(16,853)	(8,388)	(25,241)
2025	(20,778)	(12,024)	(32,802)
2026	-	-	-
Thereafter	-	-	-
Total	<u>\$ (78,815)</u>	<u>\$ (64,845)</u>	<u>\$ (143,660)</u>

The LAGERS schedules of the Executive Summary, Changes in Net Position Liability and Related Ratios, and Pension Contributions are included in the Required Supplementary Information section of these financial statements.

**CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes - Sales and Use	\$ 214,000.00	\$ 214,000.00	\$ 258,891.16	\$ 44,891.16
Charges for Services	215,825.00	215,825.00	236,062.34	20,237.34
City Taxes	98,000.00	98,000.00	96,412.02	(1,587.98)
Fines and Forfeitures	90,350.00	90,350.00	72,317.95	(18,032.05)
Investment Income	1,565.00	1,565.00	547.13	(1,017.87)
Street Taxes, etc.	91,452.00	91,452.00	91,596.12	144.12
Franchise, Sur and Other Taxes	209,513.00	209,513.00	184,355.79	(25,157.21)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>920,705.00</u>	<u>920,705.00</u>	<u>940,182.51</u>	<u>19,477.51</u>
EXPENDITURES				
Administrative	420,231.32	420,231.32	379,689.93	40,541.39
Public Works	170,760.00	170,760.00	181,816.63	(11,056.63)
Police Department	268,768.68	268,768.68	299,341.82	(30,573.14)
Municipal Court	24,300.00	24,300.00	40,580.86	(16,280.86)
Culture and Recreation	36,645.00	36,645.00	4,464.32	32,180.68
TOTAL EXPENDITURES	<u>920,705.00</u>	<u>920,705.00</u>	<u>905,893.56</u>	<u>14,811.44</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	34,288.95	<u>\$ 34,288.95</u>
FUND BALANCES, BEGINNING OF YEAR	<u>2,132.91</u>	<u>2,132.91</u>	<u>2,132.91</u>	
FUND BALANCES, END OF YEAR	<u>\$ 2,132.91</u>	<u>\$ 2,132.91</u>	<u>\$ 36,421.86</u>	

**CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CEMETERY FUND
YEAR ENDED DECEMBER 31, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
OPERATING REVENUES				
Taxes	\$ 25,000.00	\$ 25,000.00	\$ 30,033.61	\$ 5,033.61
Charges for Services	12,493.04	12,493.04	30,948.26	18,455.22
Investment Income	250.00	250.00	320.69	70.69
Miscellaneous	18,301.26	18,301.26	-	(18,301.26)
TOTAL OPERATING REVENUES	<u>56,044.30</u>	<u>56,044.30</u>	<u>61,302.56</u>	<u>5,258.26</u>
EXPENDITURES				
Cemetery Expenditures	<u>47,956.96</u>	<u>47,956.96</u>	<u>40,078.39</u>	<u>7,878.57</u>
TOTAL EXPENDITURES	<u>47,956.96</u>	<u>47,956.96</u>	<u>40,078.39</u>	<u>7,878.57</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,087.34	8,087.34	21,224.17	<u>\$ 13,136.83</u>
FUND BALANCES, BEGINNING OF YEAR	<u>124,375.87</u>	<u>124,375.87</u>	<u>124,375.87</u>	
FUND BALANCES, END OF YEAR	<u>\$ 132,463.21</u>	<u>\$ 132,463.21</u>	<u>\$ 145,600.04</u>	

**CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON INFORMATION
DECEMBER 31, 2021**

BUDGETARY INFORMATION

The City's policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended December 31, 2021.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Prior to January 1, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal period commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) The City utilizes multiple public budget workshops that the public is invited to attend and make comments. The proposed budget is available for public inspection prior to the budget workshops.
- 3) Prior to December 31, the budget is legally enacted through passage of an ordinance.
- 4) The City Administrator is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen.
- 5) All appropriations lapse at year-end.

The primary basis of budgetary control is at the fund level. The budget was amended during the year.

The Budgetary Comparison Schedules presented as required supplementary information present comparisons of legally adopted budgets with the actual data. Budgetary data is developed using the cash basis of accounting which is an accounting basis other than accounting principles generally accepted in the United States of America.

**CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
EXECUTIVE SUMMARY
YEAR ENDED DECEMBER 31, 2021**

	General	Police
Actuarial Valuation Date	February 28, 2021	February 28, 2021
Measurement Date of the Net Pension Liability	June 30, 2021	June 30, 2021
Membership		
Number of		
- Retirees and Beneficiaries	8	1
- Inactive, Nonretired Members	-	10
- Active Members	1	4
Total	9	15
Covered Payroll	\$ 31,793	\$ 156,025
Net Pension Liability		
Total Pension Liability	\$ 467,813	\$ 247,653
Plan Fiduciary Net Position	446,033	388,619
Net Pension Liability/(Asset)	\$ 21,780	\$ (140,966)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.34%	156.92%
Net Pension Liability as a Percentage of Covered Payroll	68.51%	-90.35%
Development of the Single Discount Rate		
Single Discount Rate	7.00%	7.00%
Long-Term Expected Rate of Investment Return	7.00%	7.00%
Long-Term Municipal Bond Rate*	1.92%	1.92%
Last year ending February 28 in the 100-year projection period for which projected benefit payments are fully funded	2121	2121
Total Pension Expense	\$ (5,200)	\$ (36,966)

* Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.

CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND INVESTMENT
LAGERS (GENERAL AND POLICE DIVISIONS)
YEAR ENDED DECEMBER 31, 2021

	June 30, 2021		
	General	Police	Total
Total Pension Liability			
Service cost	\$ 5,363	\$ 4,343	\$ 9,706
Interest on the total pension liability	33,285	15,854	49,139
Change of benefit terms	-	-	-
Difference between expected and actual experience	12,740	16,759	29,499
Changes of assumptions	(21,563)	(503)	(22,066)
Benefit payments, including refunds	(36,334)	(10,504)	(46,838)
Net Change in Total Pension Liability	(6,509)	25,949	19,440
Total Pension Liability - Beginning	474,322	221,704	696,026
Total Pension Liability - Ending	<u>\$ 467,813</u>	<u>\$ 247,653</u>	<u>\$ 715,466</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 15,357	\$ 11,270	\$ 26,627
Contributions - employees	-	-	-
Net investment income	127,720	82,197	209,917
Benefit payments, including refunds	(36,334)	(10,504)	(46,838)
Pension plan administrative expense	(923)	(823)	(1,746)
Other (net transfer)	1,285	3,932	5,217
Net Change in Plan Fiduciary Net Position	107,105	86,072	193,177
Plan Fiduciary Net Position - Beginning	338,928	302,547	641,475
Plan Fiduciary Net Position - Ending	<u>\$ 446,033</u>	<u>\$ 388,619</u>	<u>\$ 834,652</u>
Employer Net Pension Liability (Asset)	<u>\$ 21,780</u>	<u>\$ (140,966)</u>	<u>\$ (119,186)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.34%	156.92%	116.66%
Covered Employee Payroll	\$ 31,793	\$ 156,025	\$ 187,818
Employer's Net Pension Asset as a Percentage of Covered Employee Payroll	68.51%	-90.35%	-63.46%
Total Pension Expense	<u>\$ (5,200)</u>	<u>\$ (36,966)</u>	<u>\$ (42,166)</u>

**CITY OF ELSBERRY, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAGERS (GENERAL AND POLICE DIVISIONS)
LAST TEN FISCAL YEARS ENDED DECEMBER 31, 2021**

Year Ended December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 32,352.96	\$ 31,645.92	\$ 707.04	\$ 180,286.10	17.55%
2013	34,056.96	34,057.09	(0.13)	192,974.79	17.65%
2014	37,234.04	33,479.03	3,755.01	174,186.24	19.22%
2015	32,088.43	32,088.37	0.06	177,932.61	18.03%
2016	28,166.16	28,166.20	(0.04)	170,344.25	16.53%
2017	34,272.80	29,775.64	4,497.16	187,295.77	15.90%
2018	32,357.69	29,305.08	3,052.61	174,767.54	16.77%
2019	37,442.01	26,984.98	10,457.03	117,203.82	23.02%
2020	27,594.36	25,898.44	1,695.92	113,915.57	22.73%
2021	27,052.84	26,336.78	716.06	209,588.63	12.57%

Notes to Schedule of Contributions

Valuation Date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021 to June 30, 2021 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll Amortization method is used to amortize the UAAL over a closed period of years.
Remaining Amortization Period	Multiple bases from 8 to 15 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary Increases	2.75% to 6.75% including wage inflation
Investment Rate of Return	7.00%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups. Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.
Other Information	None.

**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 Honorable Mayor and Members of
The Board of Aldermen
City of Elsberry, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elsberry, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Elsberry, Missouri’s basic financial statements, and have issued our report thereon dated August 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Elsberry, 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 Elsberry, Missouri’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Elsberry, 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 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Elsberry, 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 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 City'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 City of Elsberry, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Devereux & Company
St. Charles, Missouri
August 8, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of
The Board of Aldermen
City of Elsberry, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Elsberry, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Elsberry, Missouri's major federal programs for the year ended December 31, 2021. City of Elsberry, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Elsberry, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Elsberry, Missouri and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Elsberry, Missouri's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Elsberry, Missouri's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Elsberry, Missouri's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Elsberry, Missouri's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Elsberry, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Elsberry, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Elsberry, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elsberry, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Elsberry, Missouri’s basic financial statements. We issued our report thereon dated August 8, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Devereux & Company
St. Charles, Missouri
August 8, 2022

**CITY OF ELSBERRY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture (USDA)</u>		
Passed Through Missouri Department of Natural Resources		
Loan 1-Water and Waste Disposal Systems for Rural Communities	10.760	\$ 1,633,176.23
Loan 2-Water and Waste Disposal Systems for Rural Communities	10.760	<u>2,900,913.46</u>
TOTAL DISBURSEMENTS / EXPENDITURES		<u><u>\$ 4,534,089.69</u></u>
Loan 1 - Balance, Beginning of the Year		\$ 1,679,404.02
Principal Payments made for the Year		<u>(46,227.79)</u>
Loan 1 - Balance, End of the Year		<u><u>\$ 1,633,176.23</u></u>
Loan 2 - Balance, Beginning of the Year		\$ 2,971,742.71
Principal Payments made for the Year		<u>(70,829.25)</u>
Loan 2 - Balance, End of the Year		<u><u>\$ 2,900,913.46</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF ELSBERRY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of Auditor's Report Issued Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of Auditor's Report Issued on Compliance for Major Programs Unmodified

Any audit findings disclosed that are required to be reported to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Programs:

CFDA Number Name of Federal Program or Cluster

10.760 Water and Waste Disposal Systems for Rural Communities

Dollar Threshold Used to Distinguish Between Type A and Type B Programs \$ 750,000

Auditee Qualified as Low-Risk Auditee _____ Yes X No

CITY OF ELSBERRY, MISSOURI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Elsberry, Missouri under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Elsberry, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Elsberry, Missouri.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City of Elsberry, Missouri has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – SUB-RECIPIENTS

There were no awards passed through to sub-recipients.

**CITY OF ELSBERRY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Elsberry, Missouri were prepared in accordance with U.S. GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of the City of Elsberry, Missouri, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City of Elsberry, Missouri expresses an unmodified opinion on all major federal programs.
6. There were no audit findings related to major federal awards programs which would require to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs was two loans, U.S. Department of Agriculture (USDA), passed through the Missouri Department of Natural Resources Assistance Listing Number 10.760.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City of Elsberry, Missouri did not qualify as a low-risk auditee for the year ended December 31, 2021.

**CITY OF ELSBERRY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**CITY OF ELSBERRY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020**

In accordance with Governmental Auditing Standards, this section reports the auditors' follow-up on action taken by the City of Elsberry, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2020.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.