

CITY OF BYRNES MILL, MISSOURI
AUDITED FINANCIAL STATEMENTS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen
City of Byrnes Mill, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, and each major fund information of the City of Byrnes Mill, Missouri (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, and each major fund information of the City of Byrnes Mill, Missouri, as of June 30, 2019, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The budgetary comparison schedules and related notes are the responsibility of management and are presented for purposes of additional analysis. Such information is not a required part of the basic financial statements and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the City of Byrnes Mill, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Byrnes Mill, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Byrnes Mill, Missouri's internal control over financial reporting and compliance.



Fick, Eggemeyer, and Williamson CPAs

Saint Louis, Missouri

October 15, 2021

Basic Financial Statements

CITY OF BYRNES MILL, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 190,678	\$ -	\$ 190,678
Investments	1,364,265	-	1,364,265
Due from Jefferson County, Missouri	483,667	-	483,667
Total current assets	<u>2,038,610</u>	<u>-</u>	<u>2,038,610</u>
Noncurrent assets			
None	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 2,038,610</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,038,610</u></u>
LIABILITIES			
Current liabilities			
Accrued payroll tax liabilities	\$ 4,001	\$ -	\$ 4,001
Total current liabilities	<u>4,001</u>	<u>-</u>	<u>4,001</u>
Noncurrent liabilities			
None	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>\$ 4,001</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,001</u></u>
NET POSITION			
Net investment in capital assets	\$ -	\$ -	\$ -
Restricted for:			
Sewer	-	-	-
Unassigned	2,034,609	-	2,034,609
TOTAL NET POSITION	<u><u>\$ 2,034,609</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,034,609</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Total
						Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 411,794	\$ 137,273	\$ -	\$ -	(274,521)	\$ -	\$ -	(274,521)
Public safety	37,955	55,821	2,044	-	19,910	-	-	19,910
Public works	612,468	-	5,155	-	(607,313)	-	-	(607,313)
Street department	518,213	-	-	-	(518,213)	-	-	(518,213)
Total governmental activities	1,580,430	193,094	7,199	-	(1,380,137)	-	-	(1,380,137)
Business-type activities								
Sewer	45	7,691	-	-	-	7,646	-	7,646
Total business-type activities	45	7,691	-	-	-	7,646	-	7,646
Total	\$ 1,580,475	\$ 200,785	\$ 7,199	\$ -	(1,380,137)	7,646	-	(1,372,491)
General revenues								
Taxes:								
Property taxes					163,038	-	-	163,038
Sales taxes					271,901	-	-	271,901
Motor vehicle fees					111,400	-	-	111,400
Franchise, utilities, and cable fees					145,092	-	-	145,092
Other					179,906	-	-	179,906
Interest					29,961	9	-	29,970
Sales of assets					27,679	-	-	27,679
Insurance proceeds					14,776	-	-	14,776
Unrealized gain (loss) on investments					36,242	-	-	36,242
Other					25,515	-	-	25,515
Transfer between funds					31,552	(31,552)	-	-
Total general revenues					1,037,062	(31,543)	-	1,005,519
Changes in net position					(343,075)	(23,897)	-	(366,972)
Net position - beginning					2,377,684	23,897	-	2,401,581
Net position - ending					\$ 2,034,609	\$ -	\$ -	\$ 2,034,609

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General
ASSETS	
Cash and cash equivalents	\$ 190,678
Investments	1,364,265
Due from Jefferson County, Missouri	483,667
Total assets	\$ 2,038,610
 LIABILITIES	
Accrued payroll tax liabilities	\$ 4,001
Total liabilities	4,001
 FUND BALANCES	
Unassigned	2,034,609
Total fund balances	2,034,609
Total liabilities and fund balances	\$ 2,038,610

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2019

Total fund balance - total governmental funds	\$ 2,034,609
Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:	
None	<u> -</u>
Net position of governmental activities per the statement of net position - modified cash basis - government wide	<u><u>\$ 2,034,609</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

REVENUES	<u>General</u>
Property taxes	\$ 163,038
Taxes - other	708,299
Fees and fines	193,094
Grants	7,199
Interest	29,961
Sales of assets	27,679
Insurance proceeds	14,776
Unrealized gain (loss) on investments	36,242
Other	25,515
Total revenues	<u>1,205,803</u>
EXPENDITURES	
General government	411,794
Public safety	37,955
Public works	612,468
Street department	518,213
Total expenditures	<u>1,580,430</u>
Excess (deficiency) of revenues over expenditures	<u>(374,627)</u>
OTHER FINANCING SOURCES (USES)	
Transfers	31,552
Total other financing sources (uses)	<u>31,552</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(343,075)</u>
Fund balances - beginning	<u>2,377,684</u>
Fund balances - ending	<u>\$ 2,034,609</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	\$ (343,075)
Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:	
None	<u>-</u>
Net change in net position of governmental activities per the statement of activities - modified cash basis - government wide	<u><u>\$ (343,075)</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2019

	Sewer Fund
ASSETS	
Current assets	
None	\$ -
Total current assets	-
Noncurrent assets	
None	-
Total noncurrent assets	-
Total assets	\$ -
LIABILITIES	
Current liabilities	
None	\$ -
Total current liabilities	-
Noncurrent liabilities	
None	-
Total noncurrent liabilities	-
Total liabilities	\$ -
NET POSITION	
Restricted for:	
Sewer	\$ -
Total net position	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Sewer Fund
OPERATING REVENUES	
Sewer collections and fees	\$ 7,691
Total operating revenues	7,691
OPERATING EXPENSES	
Administration fees	45
Total operating expenses	45
Operating income (loss)	7,646
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	9
Total non-operating revenues (expenses)	9
Change in net position before transfers	7,655
Transfers between funds	(31,552)
Change in net position	(23,897)
Net position - beginning	23,897
Net position - ending	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 7,691
Payments to suppliers	(45)
TOTAL OPERATING ACTIVITIES	7,646
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in interfund payable	(1,647)
TOTAL CAPITAL AND RELATED FINANCING ACTIVITIES	(1,647)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	9
TOTAL INVESTING ACTIVITIES	9
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers between funds	(31,552)
TOTAL NON-CAPITAL FINANCING ACTIVITIES	(31,552)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(25,544)
Cash, cash equivalents, and restricted cash - beginning	25,544
Cash, cash equivalents, and restricted cash - ending	\$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 7,646
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
None	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 7,646

The notes to the financial statements are an integral part of this statement.

CITY OF BYRNES MILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Byrnes Mill, Missouri was incorporated in 1986. The City operates under the Mayoral form of government. The Board of Aldermen consists of six members. The City of Byrnes Mill is a fourth-class city and operates under the Missouri State statute regulating cities of this class.

Reporting Entity

The City defines its financial reporting entity in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB 14). GASB 14 requirements for the inclusion of component units are based primarily upon whether the City's governing body has any significant amount of financial accountability for potential component units. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the potential component unit may provide specific financial benefits to, or impose specific financial burdens on, the City. Currently, the City does not have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position-modified cash basis and the statement of activities-modified cash basis) report information on all of the non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements.

The statement of activities-modified cash basis demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. The major governmental fund is the General Fund and is reported as a separate column in the fund financial statements.

Measurement Focus and Basis of Accounting

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

In the government-wide statement of net position - modified cash basis and the statement of activities-modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

CITY OF BYRNES MILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, all governmental funds use a “current financial resources” measurement focus as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the statements of assets, liabilities, and fund balances-modified cash basis.

The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

In the government-wide statement of net position-modified cash basis, the statement of activities-modified cash and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. Modifications to the cash basis include investments, due from Jefferson County, Missouri, accrued payroll liabilities, and interfund balances.

Governmental Fund Balances

Fund Balance is the difference between assets and liabilities in a Governmental Fund. The following types of fund balances may be presented in the Governmental Funds Statement of Assets, Liabilities, and Fund Balances-modified cash basis:

Unassigned - available expendable financial resources in a Governmental Fund that are not designated for a specific purpose. The following fund comprises the unassigned fund balance:
General Fund.

The City uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal contracts that prohibit doing this.

Fund Accounting - Financial activities of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two categories: governmental and proprietary. An emphasis is placed on funds within the governmental and proprietary categories. The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

CITY OF BYRNES MILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

Proprietary funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The government reports the following major governmental funds:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

The government reports the following proprietary funds:

Sewer Fund - This fund is used to account for special assessments to be used for the maintenance of sewer lateral lines within the City.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City uses restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Cash and Investments

For the purpose of the statement of net position-modified cash basis, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or other short-term investments with an original maturity of three months or less. Investments in promissory note trustee accounts are not considered cash equivalents.

Certificates of deposit held at local banks with an original maturity of more than three months are valued at cost and labeled as certificates of deposit in the financial statements.

Investments and certificates of deposit held in brokerage accounts are carried at fair value and labeled as investments in the financial statements. Fair value is based on quoted market prices. Additional cash and investment disclosures are presented in the following notes.

CITY OF BYRNES MILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of basic financial statements in conformity with a comprehensive basis of accounting other than U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Compensated Absences

Accumulated unpaid sick pay is not accrued on the government-wide financial statements due to the application of the modified cash basis of accounting. Vacation and sick pay are not accrued and paid at termination or death.

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; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Interfund Transactions

Interfund transfers may be used to: 1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance sewer lateral improvements in accordance with the budgetary authorization, or 3) move revenues in excess of current year expenditures to other funds.

Note 2 - DEPOSITS AND INVESTMENTS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Missouri or political subdivision debt obligations, or surety bonds.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's investment policy requires all investments to be made in accordance with applicable legal requirements with consideration of investment safety.

Accordingly, the City maintains collateral agreements with its financial institutions. At June 30, 2019, the carrying amount of the City's demand deposits totaled \$190,678 and bank balances totaled \$162,925, which was entirely insured by the Federal Deposit Insurance Corporation (FDIC).

CITY OF BYRNES MILL, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 2 - DEPOSITS AND INVESTMENTS (continued)

Investment Policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policies adopted by the City Council complying with State Statutes. In general, City funds may be invested in: (1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged; (2) bonds, notes, debentures, or other similar obligations of the United States of America or its agencies; (3) interest-bearing savings accounts, certificates of deposit or any other investments constituting direct obligations of any bank; (4) short-term obligations of corporations organized in the United States with assets exceeding \$500,000 if such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase, as long as such purchases do not exceed ten percent of the corporation's outstanding obligations and no more than one-third of the public agency's funds may be invested in short term obligations of corporations; and (5) money market mutual funds registered under the Investment Company Act of 1940, provided the portfolio of any such money market mutual fund is limited to obligations described in items (1) or (2) above.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy provides for the Mayor, as directed by the City, to determine the best available rate for investment or reinvestment of maturing funds invested on time deposit, offered by the authorized depositories and investment companies approved by the City, and to make such investment or reinvestment for a period of no longer than eighteen months.

As of June 30, 2019, the City held the following investments:

<u>Types of investments:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Primary government:		
Certificates of deposit - brokerage	\$ 1,364,265	\$ 1,364,265
Total primary government	<u>\$ 1,364,265</u>	<u>\$ 1,364,265</u>

Note 3 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described as follows:

CITY OF BYRNES MILL, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 3 - FAIR VALUE MEASUREMENTS (continued)

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

Certificates of deposit: Valued at fair value based on quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets by level, within the fair value hierarchy, the City's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Certificates of deposit - brokerage	\$ -	\$ 1,364,265	\$ -	\$ 1,364,265
Total at fair value	\$ -	\$ 1,364,265	\$ -	\$ 1,364,265

Note 4 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by December 31. The county collects the property tax and remits it to the City. The assessed valuation of the tangible real, personal taxable, and public utility property for the calendar year 2019 for purposes of local taxation was \$44,305,522. The tax levy per \$100 of the assessed valuation of tangible taxable property was .3887.

CITY OF BYRNES MILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5 - MUNICIPAL COURT TRAFFIC VIOLATIONS FINES AND COSTS

Missouri State statutes require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. All fines and costs from traffic violations in excess of 20% of the City’s “annual general operating revenue” are required to be remitted to the director of the department of revenue for annual distribution to the schools of the county. “Annual general operating revenue of the City” is defined by the Missouri State Auditor as revenue that is not required by the enacting ordinance law or Constitution to be used only for a designated purpose and can be used to pay any bill or obligation of the City. This includes, but is not limited to, general sales tax, general property tax, and fees from certain licenses and permits, interest, fines, and penalties. “General Operation Revenues” does not include, among other items, designated sales or use taxes, user fees, grant funds, or other revenue designated by law, ordinance, or Constitution, for a specific purpose.

Total court fines and costs	\$ 100,530
Total general operating revenue of the City	\$ 1,133,656
Court fines and costs as a percentage of total general operating revenues	8.87%

Note 6 - FINANCE LEASES

- I. During June 2018, the City entered into a lease agreement with Canon Solutions America for a copier machine. Required minimum lease payments are \$134 for a term of 60 months. The lease ends in June 2023 and does not subject the City to any additional lease payments.
- II. During December 2018, the City entered into a lease agreement with Canon Solutions America for a copier machine. Required minimum lease payments are \$61 for a term of 60 months. The lease ends in December 2023 and does not subject the City to any additional lease payments.
- III. During December 2018, the City entered into a lease agreement with Canon Solutions America for a copier machine. Required minimum lease payments are \$143 for a term of 39 months. The lease ends in December 2023 and does not subject the City to any additional lease payments.
- IV. During September 2017, the City entered into a lease agreement with Ford Motor Credit Company for two 2017 Ford Explorers. Required annual lease payments are \$15,420 for a term of 4 years. The lease ended in September 2020 and did not subject the City to any additional lease payments. Subsequent to fiscal year end, the City paid off its financing agreement for the Ford Explorers.
- V. During March 2019, the City entered into a lease agreement with GM Financial for a 2019 Chevrolet Tahoe. Required annual lease payments are \$9,848 for a term of 4 years. The lease ends in March 2022 and does not subject the City to any additional lease payments.

CITY OF BYRNES MILL, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

Note 6 - FINANCE LEASES (continued)

Future minimum payments are as follows:

For the fiscal year ending June 30,		
2020	\$	29,330
2021		29,330
2022		13,480
2023		2,341
2024		368
Total	<u>\$</u>	<u>74,850</u>

Lease payments associated with these leases totaled \$29,006 for the fiscal year ended June 30, 2019.

Note 7 - TAX REVENUE SHARING AGREEMENT

On January 1, 2018, the City entered an annual Tax Sharing Agreement with Jefferson County, Missouri (the "County"). The agreement states that the County desires and agrees to share with the City revenue generated by the imposition of a county-wide sales tax at the rate of one-half of one-percent for capital improvements to publicly maintained roads, as adopted by the voters of Jefferson County on April 1, 1986 and authorized by the County Commission on April 10, 1896. The original tax expired 15 years from the date of its original authorization in 1986 and was subsequently extended twice for two additional fifteen-year renewals subsequent to the original date of expiration.

On January 1, 2019, the City renewed its Tax Sharing Agreement with the County for an additional year. For the fiscal year ended June 30, 2019, the City received \$133,487 of sales tax revenue from the County. Subsequent to fiscal year end, the City renewed its agreement for tax revenue sharing twice, each for an additional year in 2020 and 2021.

Note 8 - CONTRACT AGREEMENTS

On January 1, 2019, the City entered into an agreement with Jefferson County, Missouri for animal control services starting January 1, 2019 and ending December 31, 2019. The City agrees to pay \$40 for each trip made by the County for animals captured and impounded by the City, \$40 for each animal chemically captured, \$30 per request for routine capture assistance, and \$20 per day for each animal boarded and cared for by the County. The total amount paid for animal control services as of June 30, 2019 was \$840. Subsequent to fiscal year end, the City renewed its agreement for animal control services twice, each for an additional year of services for 2020 and 2021.

CITY OF BYRNES MILL, MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 15, 2021, the date in which the financial statements were available for issue, and noted the following reportable events.

On September 5, 2019, the City entered into a two-year agreement with Bi-State Landscaping Supply, Inc. for salt removal services. With threat of a flood at the location of 4197 Lower Byrnes Mill Road, Bi-State agreed to remove one hundred percent of salt on premises at no charge to the City. Salt will be measured and documented at time of removal. Upon flood water receding, Bi-State will return fifty percent of the salt and the City is responsible for the remaining fifty percent.

During September 2020, the City made its final payment to Ford Motor Credit Company for two 2017 Ford Explorers as mentioned in Note 6.

On January 1, 2020 and 2021, the City renewed its Tax Sharing Agreement with Jefferson County, Missouri as mentioned in Note 7.

On January 1, 2020 and 2021, the City renewed its agreement with Jefferson County, Missouri for animal control services as mentioned in Note 8.

On January 20, 2020, the City entered into a lease agreement with GM Financial for a 2020 Chevy Tahoe. Required annual lease payments are \$9,848 for a term of 4 years. The lease ends in January 2023 and does not subject the City to any additional lease payments.

On May 11, 2021, the City entered into a lease agreement with GM Financial for a 2021 Chevy Tahoe. Required annual lease payments are \$10,128 for a term of 4 years. The lease ends in May 2024 and does not subject the City to any additional lease payments.

SUPPLEMENTAL INFORMATION

CITY OF BYRNES MILL, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 185,000	\$ 185,000	\$ 163,038	\$ (21,962)
Taxes - other	915,776	915,776	708,299	(207,477)
Fees and fines	226,900	226,900	193,094	(33,806)
Grants	37,000	37,000	7,199	(29,801)
Interest	37,500	37,500	29,961	(7,539)
Sales of assets	-	-	27,679	27,679
Insurance proceeds	-	-	14,776	14,776
Unrealized gain (loss) on investments	-	-	36,242	36,242
Other	70,000	70,000	25,515	(44,485)
Total revenues	<u>1,472,176</u>	<u>1,472,176</u>	<u>1,205,803</u>	<u>(266,373)</u>
EXPENDITURES				
General government	261,920	261,920	411,794	(149,874)
Public safety	36,725	36,725	37,955	(1,230)
Public works	620,571	620,571	612,468	8,103
Street department	494,460	494,460	518,213	(23,753)
Total expenditures	<u>1,413,676</u>	<u>1,413,676</u>	<u>1,580,430</u>	<u>(166,754)</u>
Excess (deficiency) of revenues over expenditures	<u>58,500</u>	<u>58,500</u>	<u>(374,627)</u>	<u>(433,127)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	31,552	(31,552)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>31,552</u>	<u>(31,552)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ 58,500</u>	<u>\$ 58,500</u>	<u>(343,075)</u>	<u>\$ (464,679)</u>
Fund balance - beginning			<u>2,377,684</u>	
Fund balance - ending			<u>\$ 2,034,609</u>	

CITY OF BYRNES MILL, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 SEWER FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Sewer collections and fees	\$ -	\$ -	\$ 7,691	\$ 7,691
Interest	-	-	9	9
Total revenues	<u>-</u>	<u>-</u>	<u>7,700</u>	<u>7,700</u>
EXPENDITURES				
Current Operating				
Administration fees	-	-	45	(45)
Total expenditures	<u>-</u>	<u>-</u>	<u>45</u>	<u>(45)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,655</u>	<u>7,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	(31,552)	31,552
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,552)</u>	<u>31,552</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>(23,897)</u>	<u>\$ 39,207</u>
Fund balance - beginning			<u>23,897</u>	
Fund balance - ending			<u>\$ -</u>	

CITY OF BYRNES MILL, MISSOURI
 NOTES TO BUDGETARY COMPARISON SCHEDULE
 JUNE 30, 2019

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

The Board follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Formal budgetary integration is employed as a management control device during the fiscal year for all governmental funds. The budgets are adopted on a modified cash basis of accounting.
2. The board members of the City approves the tax rate by ordinance. Once this rate has been established, the Board approves the total budget appropriation and amendments.
3. Unused appropriations lapse at the end of the fiscal year.

Note 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

	<u>Expenditures</u>	<u>Appropriations</u>
General Fund	\$ 1,580,430	\$ 1,413,676
Sewer Fund	\$ 31,597	\$ -

Federal Compliance Section

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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 Board of Alderman
City of Byrnes Mill, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund information of the City of Byrnes Mill, Missouri, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Byrnes Mill, Missouri's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Byrnes Mill, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Fick, Eggemeyer, & Williamson CPAs
Saint Louis, Missouri
October 15, 2021

CITY OF BYRNES MILL, MISSOURI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards - N/A

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Reportable conditions identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Type of auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with <i>Uniform Guidance</i>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low risk auditee?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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CITY OF BYRNES MILL, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings

There are no reportable conditions to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

CITY OF BYRNES MILL, MISSOURI
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary Schedule of Prior Audit Findings

There were no prior year audit findings.