

**CITY OF WINCHESTER, MISSOURI**  
**AUDIT OF FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

CITY OF WINCHESTER, MISSOURI

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## INDEPENDENT AUDITOR'S REPORT

Board of Aldermen  
City of Winchester, Missouri

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the City of Winchester, Missouri, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the City of Winchester, Missouri, as of June 30, 2023, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Winchester, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter - Basis of Accounting*

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

### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a reported dated December 13, 2023, on our consideration of the City of Winchester'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 Winchester'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 Winchester's internal control over financial reporting and compliance.

***Croghan & Croghan, P.C.***  
Certified Public Accountants

Kirkwood, Missouri  
December 13, 2023

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**CITY OF WINCHESTER, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The discussion and analysis of the City's financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the City's financial performance.

The financial statements of the City have been prepared on the modified cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid versus when incurred.

**Financial Highlights**

On a government - wide basis (modified cash basis) the assets of the City of Winchester exceeded its liabilities at the close of the fiscal year by \$1,440,171.18.

As of the close of the current fiscal year, the City of Winchester's General fund reported a balance of \$1,439,732.48, and an increase of \$157,086.73.

At the end of the current fiscal year, the unrestricted net position was \$1,207,280.52. The restricted funds for the purpose of Capital Improvements and ARPA grant funds totaled \$232,451.96.

The City of Winchester has no debt service.

Table 1 provides a summary of the City's net assets for 2023 and 2022:

ASSETS	2023	2022
Cash and Investments	\$ 1,207,719.22	\$ 1,077,516.90
Restricted Assets:		
Cash and Investments	232,451.96	205,108.85
Payroll Withholding Prepaid		20.00
Total Assets	\$ 1,440,171.18	\$ 1,282,645.75

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LIABILITIES	2023	2022
Purchasing Card Credit	28.70	-
Payroll Withholdings	410.00	
Total Liabilities	438.70	-
NET POSITION		
Restricted for:		
Capital Improvements	197,290.50	117,706.10
ARPA Grant	35,161.46	87,402.75
Unrestricted	1,207,280.52	1,077,536.90
Total Net Position	\$ 1,439,732.48	\$ 1,282,645.75

Table 2 shows the change in net assets for fiscal year 2023 and 2022 for Governmental Activities:

Revenue and Expenditure Comparison for Years  
Ending June 30, 2023 and 2022

	2023	2022	Inc./Dec.
Program Revenues:			
Charges for services and sales	\$ 23,768.44	\$ 25,428.64	\$ (1,660.20)
Grants and contributions	253,525.71	253,948.89	(423.18)
General Revenues:			
Property taxes	44,899.80	43,380.82	1,518.98
Franchise and public service taxes	382,441.60	344,649.49	37,792.11
Sales taxes	246,364.75	232,940.81	13,423.94
Investment income	30,824.91	3,333.19	27,491.72
Miscellaneous	7,881.63	4,891.59	2,990.04
Total Revenue	989,706.84	908,573.43	81,133.41
Program Expenses:			
Administrative	372,519.84	411,875.51	(39,355.67)
Public safety	180,641.25	170,808.24	9,833.01
Streets and sewer	139,348.53	55,629.21	83,719.32
Park and recreation department	52,048.76	29,432.27	22,616.49
Maintenance department	88,061.73	29,350.76	58,710.97
Total Expenses	832,620.11	697,095.99	135,524.12
Increase (Decrease) in Net Position	\$ 157,086.73	\$ 211,477.44	\$ (54,390.71)

Total taxes collected made up 68% of the total revenues collected for the year ended June 30, 2023. Administrative costs, park and recreation program, and expenses for public safety made up 45%, 6%, and 22%, respectively, of total expenditures.

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**Using the Basic Financial Statements**

The City's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the modified cash basis operations of the City as a whole. The "Basic Financial Statements" section includes government-wide financial statements, fund financial statements and notes to financial statements. The government-wide financial statements, consisting of the Statement of Net Assets (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the City's modified cash basis financial condition.

By showing the change in net assets (modified cash basis) for the year, the reader may ascertain whether the City's modified cash basis financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the City's financial condition include increases in or erosion of the property tax base, current property tax laws in Missouri restricting revenue growth, facility conditions, and other factors.

**Governmental Fund Analysis**

	<u>2023 Actual</u>	<u>Preliminary Budget</u>	<u>Final Budget</u>
Revenues Collected			
Taxes	\$ 673,706.15	\$ 612,000.00	\$ 612,000.00
Licenses and permits	14,394.80	16,000.00	16,000.00
Fines and forfeitures	8,223.64	7,620.00	7,620.00
Intergovernmental	253,525.71	245,000.00	245,000.00
Interest	30,824.91	5,500.00	5,500.00
Miscellaneous	9,031.63	4,625.00	4,625.00
Total Revenue	<u>989,706.84</u>	<u>890,745.00</u>	<u>890,745.00</u>
Program Expenses:			
Administrative	372,519.84	355,975.00	351,400.03
Public safety	180,641.25	188,795.00	180,641.25
Streets and sewer	139,348.53	276,200.00	208,497.58
Park and recreation	52,048.76	18,700.00	58,016.06
Maintenance	88,061.73	51,075.00	92,190.08
Total Expenses	<u>832,620.11</u>	<u>890,745.00</u>	<u>890,745.00</u>
Increase in Net Position	157,086.73	-	-
Net Position, July 1, 2022	<u>1,282,645.75</u>	<u>1,282,645.75</u>	<u>1,282,645.75</u>
Net Position, June 30, 2023	<u>\$ 1,439,732.48</u>	<u>\$ 1,282,645.75</u>	<u>\$ 1,282,645.75</u>



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### **General Fund Budgetary Highlights**

Over the course of the year, the Board of Aldermen revised the City's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri Statutes for Municipal Government Finance, Section 67 RSMo. requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted June 8, 2022, and the final budget amendment was adopted on June 14, 2023.

A schedule showing the General Fund's original budget and the final budget figure compared with actual modified cash basis operating results is provided in this report in Statement 1.

### **Capital Assets and Debt Administration**

The City operates under the modified cash basis of accounting; therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements.

### **Budgetary Analysis**

The City of Winchester received a total of \$154,121.75 from the American Recovery Plan Act (ARPA) funds during this fiscal year. That amount, along with the same amount in the last fiscal year, allowed the City Officials to focus on replacing worn equipment, creating a new residential and commercial database and removing an old maintenance garage that had a deteriorating foundation. The Maintenance Garage is expected to be completed in early 2024. These projects and updates would not have been possible without this grant funding.

#### GRANTS:

Two grants were received in this fiscal year. The first was the second tranche for a Federal Grant that was received in two amounts of \$152,650.79 and \$1,470.96 from the American Recovery Plan Act (ARPA). The City elected to use a "standard allowance" of \$10 million to spend on government services through the period of performance. Projects for this fiscal year included: consulting research, replacement of baseball backstops and additional fencing in the park, drainage repair in the park, demolition of Maintenance Garage #1, temporary storage pod, and a deposit for a Tuff Shed storage building to be the new Maintenance Garage #1, and purchase of a new Kubota Utility Vehicle and Kubota riding mower to replace old equipment.

Two additional grants were received from MIRMA, the Missouri Intergovernmental Risk Management Association, an insurance pool to which the City of Winchester has a membership. The first was for \$2,000.00, which helped cover some of the cost for the bullet resistant fiberglass material behind the end legs, modesty panels and under surfaces of the dias for the board members. This will now provide additional security and reassurance that City Officials will have a safer place in the event of a shooter incident.

The second grant provided partial reimbursement in the amount of \$715.88 to the City for the purchase of new barricades to be used for street work and emergencies.

During this fiscal year, the City was able to complete a major concrete slab replacement project on

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various city streets. This took place in April and was completed in May for a total amount of \$102,172.10.

### **Economic Factors and Next Year's Budget**

The economic factors considered for the fiscal year 2022 - 2023 budget include the impact of the National, State and Local economic activity. The Board of Aldermen intend that the proposed budget for 2023 - 2024 will continue to fund all current city services and provide the same level of commitment for all of our residents.

### **Contacting the City's Financial Management**

While this Management's Discussion & Analysis is designed to provide a general overview of the modified cash basis financial condition and operations of the City, citizen groups, taxpayers, and creditors may want further details. To obtain such details, please contact Barbara Beckett, City Administrator/Treasurer, at the Winchester City Hall, 109 Lindy Blvd., Winchester, Missouri 63021-5299 or call 636/391-0600 during regular office hours, Monday through Friday, 9:00 a.m. to 4:00 p.m., Central Time.

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Investments	\$ 1,207,719.22
Restricted Assets:	
Cash and Investments	<u>232,451.96</u>
Total Assets	<u>1,440,171.18</u>
 <u>LIABILITIES</u>	
Purchasing Card Credit	28.70
Payroll Withholdings	<u>410.00</u>
Total Liabilities	<u>438.70</u>
 <u>NET POSITION</u>	
Restricted for:	
Capital Improvements	197,290.50
ARPA Grant	35,161.46
Unrestricted	<u>1,207,280.52</u>
Total Net Position	<u>\$ 1,439,732.48</u>

See accompanying notes to basic financial statements.

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenditures Paid	Program Revenues Received			Net(Expenses) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
Administrative	\$ 372,519.84	\$ 14,394.80	\$	\$ 21,552.71	\$ (336,572.33)
Public Safety	180,641.25	8,223.64			(172,417.61)
Streets and Sewer	139,348.53		97,403.96		(41,944.57)
Park and Recreation Program	52,048.76	1,150.00		42,374.00	(8,524.76)
Maintenance Department	88,061.73			57,033.58	(31,028.15)
Total governmental activities:	\$ 832,620.11	\$ 23,768.44	\$ 97,403.96	\$ 120,960.29	(590,487.42)
<b>General Revenues:</b>					
Taxes					
Property Taxes 44,899.80					
Franchise and Public Service Taxes 382,441.60					
Sales Tax 246,364.75					
Grant not restricted to specific program 35,161.46					
Investment Income 30,824.91					
Miscellaneous 7,881.63					
Total General Revenues 747,574.15					
Change in Net Position					157,086.73
Net Position - beginning					1,282,645.75
Net Position - ending					\$ 1,439,732.48

See accompanying notes to basic financial statements.

CITY OF WINCHESTER, MISSOURI  
 BALANCE SHEET - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash and Investments	\$ 1,207,719.22	\$ 1,207,719.22
Restricted Assets:		
Cash and Investments	232,451.96	232,451.96
Total Assets	\$ 1,440,171.18	\$ 1,440,171.18

FUND BALANCES

Liabilities:		
Purchasing Card Credit	\$ 28.70	\$ 28.70
Payroll Withholdings	410.00	410.00
Total Liabilities	438.70	438.70

Fund Balance		
Restricted:		
Capital Improvements	\$ 197,290.50	\$ 197,290.50
ARPA Grant	35,161.46	35,161.46
Unassigned	1,207,280.52	1,207,280.52
Total Fund Balance	1,439,732.48	1,439,732.48
Total Liabilities and Fund Balance	\$ 1,440,171.18	

Reconciliation to Statement of Net Position - Modified Cash Basis

Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:

There are no adjustments

Total net position - governmental activities	\$ 1,439,732.48
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See accompanying notes to basic financial statements.

CITY OF WINCHESTER, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023

	General Fund	Total Governmental Funds
<b>REVENUES:</b>		
Taxes	\$ 673,706.15	\$ 673,706.15
Licenses and Permits	14,394.80	14,394.80
Fines and Forfeitures	8,223.64	8,223.64
Intergovernmental	253,525.71	253,525.71
Interest	30,824.91	30,824.91
Miscellaneous	9,031.63	9,031.63
	<u>989,706.84</u>	<u>989,706.84</u>
<b>EXPENDITURES:</b>		
Administrative	372,519.84	372,519.84
Public Safety	180,641.25	180,641.25
Streets and Sewer	139,348.53	139,348.53
Park and Recreation Program	52,048.76	52,048.76
Maintenance Department	88,061.73	88,061.73
	<u>832,620.11</u>	<u>832,620.11</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	157,086.73	157,086.73
<b>FUND BALANCE, JULY 1, 2022</b>	<u>1,282,645.75</u>	<u>1,282,645.75</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>\$ 1,439,732.48</u>	<u>\$ 1,439,732.48</u>
<b>Reconciliation to the Statement of Activities - Modified Cash Basis</b>		
Change in fund balance		\$ 157,086.73
Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:		
There are no adjustments		<u>-</u>
Changes in net position of governmental activities		<u>\$ 157,086.73</u>

See accompanying notes to basic financial statements.

CITY OF WINCHESTER, MISSOURI  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023

**1. Summary of Significant Accounting Principles**

The financial statements of the City of Winchester, Missouri have been prepared on the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. Principals Used to Determine Scope of Entity**

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position-modified cash basis and the Statement of Activities-modified cash basis present financial information about the City's governmental activities. These statements include the financial activities of the overall government in its entirety excluding fiduciary activities. Government activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities-modified cash basis presents a comparison between direct expenses and program revenue for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes, are presented as general revenues. The City has the following program revenues in each activity:

General Government	Licenses, permits and fees; operating grant; capital grant
Public Safety	Fine revenue
Streets and Sewer	Vehicle fees and sales tax and gasoline excise tax shared by the State; operating grants
Park and Recreation	Fees and rental; operating grant
Maintenance Department	Operating grant; capital grant

## Fund Financial Statements

During the year, the City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of the governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

## Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary, and fiduciary. The City does not maintain any proprietary funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may, or must, be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

### Governmental Funds:

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

### C. Measurement Focus and Basis of Accounting

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

### Measurement Focus

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. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost and recovery) and financial position. All assets and liabilities (whether current or noncurrent, financial or non-financial) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given



period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

#### Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include payroll withholdings and other short-term liabilities including purchasing card credit, arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

#### D. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund.
2. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments.
4. The budget was formally adopted on June 8, 2022.
5. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made

during the year are reflected in the budget information included in the financial statements. Budget amounts are as originally adopted, or as amended by the Board of Aldermen.

6. Budgets for all funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operations are presented in the statements of revenues, expenditures, and changes in fund balance-budget and actual in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

#### E. Capital Assets

Capital outlays are recorded as expenditures when incurred. These capital outlays represent the cost of land, buildings and improvements, and furniture and equipment. The City does not maintain a record of its capital assets.

#### F. Inventory

The City does not maintain inventory cost records. Inventory is accounted for using the purchase method in which supplies are charged to expenditures when purchased.

#### G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

The restricted assets at June 30, 2023 are as follows:

Capital Improvement Sales Tax	\$ 197,290.50
ARPA Grant	<u>35,161.46</u>
	<u>\$ 232,451.96</u>

#### H. Governmental Fund Balances

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable-Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted-Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed-Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority.

Assigned-Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed.

Unassigned-The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also City policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangement in place.

#### I. Net Position

Net position represents the difference between assets and liabilities.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted for Capital Improvements: The City has restricted \$197,290.50 for purposes of capital improvements.

Restricted for ARPA Grant: The City has restricted \$35,161.46 for purposes of ARPA grant funding.

#### J. Fines and Court Costs

Missouri statute now requires municipalities to report an accounting of the percent of annual general operating revenue from fines and court costs for minor traffic violations. The City's fines, court costs and other revenues pertaining to minor traffic violations totaled \$4,325.28 for the fiscal year. "Annual general operating revenue" is defined in the statute and may or may not include various sources of the City's revenues. "General operating revenue" totaled \$509,589.00. The City's fines and court costs for minor traffic violations are .85% "annual general operating revenue."

#### K. Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

L. Adoption of New Accounting Standards

The City adopted GASB Statement 99, *Omnibus 2022*.

M. Pensions

Because of the accounting method used, the City does not record the net pension asset, deferred outflows of resources, or deferred inflows of resources for the pension plan.

2. Cash and Investments

The City is governed by the deposit and investment limitations of City policy and state law. The depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes.

The cash and investments held at June 30, 2023, and reported at cost are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Carrying Value</u>
Cash on hand		<u>\$ 100.00</u>
Deposits:		
Demand deposits	N/A	939,919.65
Savings accounts	N/A	202,274.10
Non-negotiable certificates of deposit	various	<u>297,877.43</u>
		<u>1,440,171.18</u>
Total cash and investments		<u>\$ 1,440,171.18</u>

Custodial Credit Risk-Deposits-Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2023, the City's bank balances of \$1,456,450.03 were covered by the Federal Deposit Insurance Corporation (FDIC) or were collateralized by the pledging financial institution or its agent in the City's name.

Reconciliation to financial statements:

Cash and Investments	\$ 1,207,719.22
Restricted Assets:	
Cash and Investments	<u>232,451.96</u>
	<u>\$ 1,440,171.18</u>

3. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the City.

The assessed valuation of the tangible taxable property for the calendar year 2022 for purposes of local taxation was:

St. Louis County	
Real Estate	\$ 22,757,150
Personal Property	3,862,648
State Assessed Utilities	<u>329,434</u>
Total	<u>\$ 26,949,232</u>

The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2022 for purposes of local taxation was:

General Revenue	
Residential	\$ 0.1550
Commercial	\$ 0.1780
Personal Property	\$ 0.2610

#### 4. Short-term Debt

The City has a \$50,000.00 revolving credit purchase card for operating expenses. Amounts not paid in full each month will be charged a variable interest rate of prime plus 8%. City policy is to pay in full each month.

Short-term debt activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Draws	Repayments	Balance June 30, 2023
Purchase card credit	\$ -	\$ 35,885.03	\$ (35,856.33)	\$ 28.70

#### 5. Retirement Plan

##### **General Information about the Pension Plan**

*Plan description.* The City of Winchester defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City of Winchester participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1982 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. 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](http://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 5 years of credited service. Employees who retire on or after age 60 with 5 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 5 years of credited service and after attaining age 55 and receive a reduced allowance.

Benefit Multiplier:	1.25% for life, plus 0.75% to age 62
Final Average Salary:	5 years
Member Contributions:	0%

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.

*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. Employer contribution rate is .3% of annual covered payroll. For the year ended June 30, 2023 the City contributed \$380.52 as required.

## **6. Employee Benefit Plans**

The City offers its employees a Section 457 Deferred Compensation Plan ("Plan"). The Plan, available to all City employees, permits them to defer a portion of their salary for investment purposes. The City has engaged a private contractor to administer the Plan and there are trust provisions so that Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City makes no contribution to the Plan.

The City also offers a Section 125 cafeteria plan to all employees. Under this plan, the deferred portion can be used to purchase health insurance benefits.

## **7. Contingencies**

The City is defendant in various litigations. The aggregate liability, after insurance coverage, is not determinable at this time. No provision has been made in the accompanying statements for settlement costs, if any.

The City has participated in federal and state grant programs. The programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements could be established at some future date.

Also, the City is involved in legal action regarding the collection of certain gross receipts taxes. The amount of gross receipts taxes at issue at June 30, 2023, is \$17,245.95. The ultimate resolution of this matter is unknown at this time.

## **8. Commitments**

The City contracts for police services with the City of Ballwin. The contract commenced on October 1, 2019 and expires on December 31, 2024, unless terminated earlier, with required monthly payments of \$14,179.81, effective November, 2022. The City also contracts for municipal court services with the City of Ballwin. The contract commenced on June 6, 2019 and expires on May 31, 2024, with required monthly payments of \$1,000.00.

## **9. Lease**

The City is committed under an extended non-cancelable, one-year lease for a copier. This lease is considered a short-term lease. Lease expenditures for the year ended June 30, 2023, amounted to \$2,061.80.

<u>Year end June 30,</u>	<u>Amount</u>
2024	\$ 2,010.24
2025	\$ 2,010.24
2026	\$ 2,010.24
2027	\$ 2,010.24
2028	\$ 2,010.24

## **10. Participation in a Public Entity Risk Pool-(MIRMA)**

The City is member of the Missouri Intergovernmental Risk Management Association (MIRMA), a protected self-insurance program of political subdivisions. The City does not pay premiums to purchase insurance policies, but pays an assessment to be a member of self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The City believes it is not possible to estimate the range of contingent losses to be borne by the City. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in insurance coverage from the prior year.

## Supplementary Information



CITY OF WINCHESTER, MISSOURI  
 SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>REVENUES:</b>				
<b>Taxes:</b>				
Real Estate	\$ 35,000.00	\$ 35,000.00	\$ 35,030.74	\$ 30.74
Personal Property	7,500.00	7,500.00	9,869.06	2,369.06
Utilities	850.00	850.00	909.72	59.72
Paid under Protest	700.00	700.00	695.36	(4.64)
Gross Receipts (Utilities)				
Gas	32,000.00	32,000.00	36,891.71	4,891.71
Electric	55,000.00	55,000.00	55,796.43	796.43
Water	16,000.00	16,000.00	18,945.57	2,945.57
Telephone	21,000.00	21,000.00	18,845.25	(2,154.75)
Cable TV	14,000.00	14,000.00	34,422.32	20,422.32
Sales Tax	232,000.00	232,000.00	246,364.75	14,364.75
Prop P Sales Tax	85,000.00	85,000.00	96,264.62	11,264.62
Capital Improvement Sales Tax	110,000.00	110,000.00	117,268.49	7,268.49
Cigarette Tax	2,900.00	2,900.00	2,401.13	(498.87)
Financial Institution Tax	50.00	50.00	1.00	(49.00)
Total Taxes	<u>612,000.00</u>	<u>612,000.00</u>	<u>673,706.15</u>	<u>61,706.15</u>
<b>Licenses and Permits:</b>				
Excavation Permit Fee	200.00	200.00	200.00	-
Occupancy Permits	600.00	600.00	530.00	(70.00)
Board of Adjustment Fee	75.00	75.00		(75.00)
Merchant's Licenses	13,500.00	13,500.00	12,809.00	(691.00)
Liquor Licenses	1,500.00	1,500.00	855.80	(644.20)
Special Use Permits	125.00	125.00		(125.00)
Total Licenses and Permits	<u>16,000.00</u>	<u>16,000.00</u>	<u>14,394.80</u>	<u>(1,605.20)</u>
<b>Fines and Forfeitures:</b>				
CVC Court Fines	20.00	20.00	26.64	6.64
Court Costs and Fines	7,500.00	7,500.00	8,053.00	553.00
Law Enforcement Training	100.00	100.00	144.00	44.00
Total Fines and Forfeitures	<u>7,620.00</u>	<u>7,620.00</u>	<u>8,223.64</u>	<u>603.64</u>
<b>Intergovernmental</b>				
Missouri Gas Tax	42,000.00	42,000.00	51,496.20	9,496.20
Motor Vehicle Tax	22,000.00	22,000.00	23,225.70	1,225.70
County Road & Bridge	21,000.00	21,000.00	22,682.06	1,682.06
Grant Funding	160,000.00	160,000.00	156,121.75	(3,878.25)
Total Intergovernmental	<u>245,000.00</u>	<u>245,000.00</u>	<u>253,525.71</u>	<u>8,525.71</u>
Interest	<u>5,500.00</u>	<u>5,500.00</u>	<u>30,824.91</u>	<u>25,324.91</u>
<b>Miscellaneous:</b>				
Ballfield User Fee	900.00	900.00	1,150.00	250.00
Advertising Reimbursement	300.00	300.00		(300.00)
Pavilion Reservation Fee	575.00	575.00	780.00	205.00
Answering Service User Fee	200.00	200.00	210.00	10.00
False Alarm Fee	50.00	50.00		(50.00)
Miscellaneous Reimbursement to City	1,500.00	1,500.00	6,891.63	5,391.63
Miscellaneous Income	1,000.00	1,000.00		(1,000.00)
Construction Bond	100.00	100.00		(100.00)
Total Miscellaneous	<u>4,625.00</u>	<u>4,625.00</u>	<u>9,031.63</u>	<u>4,406.63</u>
Total Revenues	<u>890,745.00</u>	<u>890,745.00</u>	<u>989,706.84</u>	<u>98,961.84</u>

CITY OF WINCHESTER, MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

EXPENDITURES:	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
Administrative:				
Mayor	\$ 5,040.00	\$ 5,040.00	\$ 5,040.00	\$ -
Board of Aldermen	14,880.00	14,880.00	14,880.00	
City Clerk Salary	73,500.00	76,618.62	76,618.62	
Asst. City Clerk Salary		19,052.14	19,052.14	
Cleaning Personnel	5,400.00	5,370.00	5,370.00	
Bookkeeper/Clerical Staff	32,000.00	32,708.55	39,008.55	(6,300.00)
Court Clerk/General Office	38,420.00	21,832.28	21,832.28	
Legal Services	24,000.00	23,400.00	23,400.00	
Litigation	100.00			
Code Enforcement Officer	4,200.00	4,200.00	4,200.00	
City Hall Utilities & Services	15,000.00	14,018.76	14,054.64	(35.88)
Notices - Newspaper	2,500.00	2,265.00	2,265.00	
Accounting	12,700.00	14,030.00	14,030.00	
Unemployment Benefits	200.00			
Insurance (General)	13,000.00	315.00	16,378.00	(16,063.00)
Insurance (Staff)	54,300.00	47,998.64	47,998.64	
LAGERS	4,400.00	380.52	340.61	39.91
Federal Medicare	3,300.00	3,614.60	3,346.52	268.08
FICA	13,765.00	14,798.78	14,452.78	346.00
Dues	3,770.00	2,671.51	2,671.51	
Administrator Car Allowance	3,600.00	3,600.00	3,600.00	
Election Board	900.00	902.50	902.50	
Office Supplies	600.00	2,964.03	2,964.03	
Stationery and Writing Impl.	200.00	27.64	27.64	
Household Supplies	300.00	588.68	602.40	(13.72)
Postage	450.00	471.42	471.42	
Other Supplies	200.00	523.79	538.77	(14.98)
Recycling	100.00			
Newsletter	6,000.00	6,476.00	6,476.00	
Copier Supplies	2,300.00	2,120.42	2,120.42	
Education & Training	1,500.00	2,473.21	2,473.21	
Travel & Public Relations	1,500.00	1,763.62	1,763.62	
Pictures	25.00	10.40	3.80	6.60
Soda, Coffee, Etc.	50.00	118.15	118.15	
Lafayette Older Adults Program	500.00	500.00	500.00	
Appreciation Picnic	25.00	25.00		25.00
Computer Supplies	1,300.00	1,068.31	1,068.31	
Computer Programming	3,500.00	3,527.25	3,527.25	
Computer Repairs	1,000.00	524.00		524.00
City Hall Furniture	5,000.00	8,988.95	8,986.96	1.99
City Hall Remodeling	5,800.00	8,156.16	8,109.07	47.09
ADA City Requirements	100.00	49.10		49.10
Miscellaneous	550.00	105.00	105.00	
Community Wide Clean-up		3,222.00	3,222.00	
Total Administrative	<u>355,975.00</u>	<u>351,400.03</u>	<u>372,519.84</u>	<u>(21,119.81)</u>

CITY OF WINCHESTER, MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

EXPENDITURES: (Continued)	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>Public Safety:</b>				
Municipal Court	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ -
CVC State Portion	20.00	25.53	25.53	
Forms	100.00			
Law Enforcement Training	100.00	144.00	144.00	
REJIS	1,000.00	1,975.00	1,975.00	
Emergency Preparedness Material	1,000.00			
Emergency Preparedness Labor	1,000.00			
Emergency Preparedness Contractual	1,000.00			
Emergency Management Training	500.00			
Police Contract (St. Louis County)	170,000.00	166,496.72	166,496.72	
Community Preservations	2,000.00			
Miscellaneous - Public Safety	75.00			
<b>Total Public Safety</b>	<b>188,795.00</b>	<b>180,641.25</b>	<b>180,641.25</b>	<b>-</b>
<b>Streets and Sewer:</b>				
Street Lights	18,000.00	19,443.13	19,443.13	-
Snow Removal-Contracted	16,000.00	11,498.74	3,704.29	7,794.45
Snow Removal-Labor	200.00	200.00	135.00	65.00
Snow Removal-Supplies	7,000.00	8,778.27	8,778.27	
Street Cleaning	1,000.00	1,406.00	1,406.00	
Street Repairs-Contracted	225,000.00	158,861.05	102,172.10	56,688.95
Street Repairs-Labor	500.00	527.38	527.38	
Street Repairs-Supplies	100.00	596.48	596.48	
Engineering	1,500.00	250.00	250.00	
Street Striping-Supplies	4,000.00	4,000.00		4,000.00
Street Striping-Labor	500.00	186.53	154.25	32.28
Right-of-Way Labor	800.00	800.00	735.88	64.12
Storm Sewers	500.00	850.00	850.00	
Storm Sewers-Labor	500.00	500.00	200.00	300.00
Signs	200.00	200.00	188.00	12.00
Sign Installation & Painting Labor	300.00	300.00	164.18	135.82
Miscellaneous - Street & Sewers	100.00	100.00	43.57	56.43
<b>Total Streets and Sewer</b>	<b>276,200.00</b>	<b>208,497.58</b>	<b>139,348.53</b>	<b>69,149.05</b>
<b>Park and Recreation:</b>				
Park Water	1,700.00	1,700.00	1,117.83	582.17
Park Electric	800.00	762.23	751.42	10.81
Park Sewer	1,000.00	1,000.00	786.41	213.59
Park Maintenance Labor	200.00	136.11	136.11	
Easter Egg Hunt		800.00	561.82	238.18
Party in Park	2,000.00	2,000.00	182.52	1,817.48
Park Program	200.00	200.00	129.38	70.62
Contracted Improvements	3,000.00	41,516.06	41,516.06	
Halloween	150.00	187.77	187.77	
Park Pavilion Inspectors	500.00	385.15	300.00	85.15
Landscaping	4,000.00	5,384.00	5,384.00	
Playground Improvements	1,500.00	1,500.00	591.85	908.15
Safety Maintenance	50.00	16.07		16.07
Tree City Tree Planting/Initial Care	1,500.00	116.00	90.92	25.08
Tree City Tree Removal	2,000.00	2,000.00		2,000.00
Tree City Other Expenses		97.82	97.82	
Miscellaneous	100.00	214.85	214.85	
<b>Total Park and Recreation</b>	<b>18,700.00</b>	<b>58,016.06</b>	<b>52,048.76</b>	<b>5,967.30</b>
<b>Maintenance Department:</b>				
Park-Grass Cutting - Contracted	7,700.00	5,900.00	5,900.00	-
Park-Grass Cutting	100.00			
Park Buildings Labor	200.00	261.88	261.88	
Park Grounds Labor	5,000.00	5,120.51	5,120.51	

CITY OF WINCHESTER, MISSOURI  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Maintenance Department: (Continued)				
Park Maintenance Supplies	\$ 1,000.00	\$ 668.35	\$ 668.35	\$ -
City-Grass Cutting	700.00	1,150.23	1,150.23	
Pavilion Labor	1,000.00	794.73	794.73	
Restroom Labor	1,700.00	1,503.81	1,501.43	2.38
Miscellaneous Labor	1,000.00	4,666.29	4,666.29	
Holiday Compensation	1,600.00	1,379.00	1,379.00	
Gas and Fuel	600.00	329.64	328.05	1.59
Housekeeping Supplies	300.00	21.57	21.57	
Maintenance/Housekeeping Supplies	400.00	800.62	800.62	
Building Supplies	150.00	8.29	8.29	
Lawn & Plumbing Supplies	13,700.00	13,316.69	13,316.69	
Hardware	100.00			
Tools	100.00	388.76	388.76	
Mosquito Spray	300.00	195.00	195.00	
City Hall Maintenance Labor	2,000.00	2,800.84	2,800.84	
City Hall Maintenance Supplies	500.00	65.31	65.31	
Contracted Labor & Repairs	2,000.00			
Equipment Repairs Supplies	150.00	805.63	805.63	
Equipment Repairs Labor	500.00	549.81	549.81	
Park Vandalism-Labor	375.00	146.63	28.00	118.63
Park Vandalism-Supplies	200.00	200.00		200.00
Safety Training & Equipment	950.00	2,051.41	2,039.16	12.25
Services, Utilities & Bldg. Repair	3,200.00	12,917.22	12,917.22	
Maintenance Building Repairs	800.00			
Equipment	500.00	31,897.86	31,897.86	
Transportation/Time & Cost	500.00	500.00	456.50	43.50
Tree City Tree Maintenance	3,500.00	3,500.00		3,500.00
Miscellaneous	250.00	250.00		250.00
Total Maintenance Dept.	<u>51,075.00</u>	<u>92,190.08</u>	<u>88,061.73</u>	<u>4,128.35</u>
TOTAL EXPENDITURES	<u>890,745.00</u>	<u>890,745.00</u>	<u>832,620.11</u>	<u>58,124.89</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	157,086.73	157,086.73
FUND BALANCE, JULY 1, 2022	<u>1,282,645.75</u>	<u>1,282,645.75</u>	<u>1,282,645.75</u>	<u>-</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ 1,282,645.75</u>	<u>\$ 1,282,645.75</u>	<u>\$ 1,439,732.48</u>	<u>\$ 157,086.73</u>

CITY OF WINCHESTER, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
JUNE 30, 2023

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

1. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund.
2. The City Treasurer submits to the Mayor and the Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments.
4. The budget was formally adopted on June 8, 2022.
5. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budget amounts are as originally adopted, or as amended by the Board of Aldermen.

6. Budgets for all funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operations are presented in the statements of revenues, expenditures, and changes in fund balance - budget and actual in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

## Internal Control and Compliance

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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***

Board of Aldermen  
City of Winchester, 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 and each major fund of the City of Winchester, Missouri ("City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-1 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

## **City's Response to Findings**

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

## **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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Croghan & Croghan, P.C.*  
Certified Public Accountants

Kirkwood, Missouri  
December 13, 2023



CITY OF WINCHESTER, MISSOURI  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2023

Finding 2023-1

Criteria: City is responsible for establishing and maintaining internal controls.

Condition: Lack of sufficient segregation of duties in the accounting department.

Context: A review of the internal control procedures. *Internal control* is a process effected by the City's Board of Aldermen, management, and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Cause: Size and budget constraints limiting the number of personnel with the accounting department.

Effect: The design of internal control over financial reporting that could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements and the assurance that assets are safeguarded against loss from use or disposition.

Questioned Costs: No costs have been questioned as a result of this finding.

Recommendation: These areas should be reviewed periodically and consideration given to improving the segregation of duties.

Views of Responsible Officials and Planned Corrective Actions: The City has been diligent and responsive with internal controls in regard to the City's finances. Our small staff responsibly segregates duties in accepting, recording and depositing city funds. There are checks and balances in place for these tasks. All of the office employees are responsible for the checks and balances and take this duty seriously. We will continue to review our procedures periodically.