



FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2021

CITY OF WARSON WOODS, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Warson Woods, Missouri
Warson Woods, Missouri

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the City of Warson Woods, Missouri (the City) as of and for the year ended June 30, 2021, 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 fraud or error.

Auditor's 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 of 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 auditor's 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 City'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 City'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 and each major fund of the City as of June 30, 2021, 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 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 that collectively comprise the City's basic financial statements. The Supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 A-3.

The management's discussion and analysis 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 it.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of the City'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 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 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's internal control over financial reporting and compliance.

Sikich LLP

Chesterfield, Missouri
October 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WARSON WOODS, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

As management of the City of Warson Woods, Missouri (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements (attached).

FINANCIAL HIGHLIGHTS

- * The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$4,418,878 (net position).
- * The City's total net position increased by \$468,591.
- * As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,512,289, an increase of \$256,687 in comparison with the prior year.
- * At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$654,468 or 49.8% (6 months reserve) of total General Fund current expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains Supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The statement of activities - modified cash basis presents information showing how the City's net position changed during the most recent fiscal year.

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by sales tax and intergovernmental revenues (governmental activities). The governmental activities of the City include administration, fire protection and certain law enforcement services, municipal court, parks and recreation, police department, and public works.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City only has governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet - modified cash basis and the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The City maintains four governmental funds. Information is presented separately in the governmental funds balance sheet - modified cash basis and in the governmental funds statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund, Parks and Recreation Fund, Capital Improvement Fund, and Sewer Lateral Fund, which are all considered to be major funds. The City has chosen to voluntarily classify the Capital Improvement and Sewer Lateral Funds as major.

The City adopts an annual appropriated budget for its General Fund, Parks and Recreation Fund, Capital Improvement Fund, and Sewer Lateral Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary information. This MD&A and the budgetary comparison schedules represent additional financial information. Such information provides users of this report with data that supplements the government-wide financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$4,418,878 at the close of the most recent fiscal year.

A condensed version of the statement of net position - modified cash basis as of June 30, 2021 compared to prior year follows:

	2021	2020	2021 Change	
			Amount	Percent
ASSETS				
Current and other assets	\$ 1,576,443	\$ 1,259,352	\$ 317,091	25.2 %
Capital assets	3,766,589	3,634,685	131,904	3.6
TOTAL ASSETS	<u>5,343,032</u>	<u>4,894,037</u>	<u>448,995</u>	9.2
LIABILITIES				
Current and other liabilities	64,154	3,750	60,404	1,610.8
Long-term liabilities	860,000	940,000	(80,000)	(8.5)
TOTAL LIABILITIES	<u>924,154</u>	<u>943,750</u>	<u>(19,596)</u>	(2.1)
NET POSITION				
Net investment in capital assets	2,906,589	2,694,685	211,904	7.9
Restricted	272,074	243,006	29,068	12.0
Unrestricted	1,240,215	1,012,596	227,619	22.5
TOTAL NET POSITION	<u>\$ 4,418,878</u>	<u>\$ 3,950,287</u>	<u>\$ 468,591</u>	11.9 %

Governmental activities. Governmental activities increased the City’s net position by \$468,591. The increase in tax revenue is mainly due to an increase in sales tax remitted from St. Louis County, the coronavirus relief funding, and capital contribution. The increase in the administration function is primarily due to increased professional fees, hiring an arborist, and purchases for equipment and installation for virtual board meetings. The decrease in parks and recreation is primarily due to a decrease in events and one position due to the pandemic.

A condensed version of the statement of activities - modified cash basis for the year ended June 30, 2021 compared to prior year follows:

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	2021	2020	2021 Change	
			Amount	Percent
REVENUES				
Program revenues				
Charges for services	\$ 117,044	\$ 121,974	\$ (4,930)	(4.0) %
Operating grants and contributions	291,873	152,446	139,427	91.5
Capital grants and contributions	76,902	-	76,902	100.0
General revenues				
Taxes	1,527,384	1,515,696	11,688	0.8
Gain on disposal of capital assets	-	8,099	(8,099)	(100.0)
Investment income	595	4,528	(3,933)	(86.9)
Other	17,024	38,788	(21,764)	(56.1)
TOTAL REVENUES	2,030,822	1,841,531	189,291	10.3
EXPENSES				
Administration	277,381	235,804	41,577	17.6
Fire protection and certain law enforcement services	250,858	246,255	4,603	1.9
Municipal court	14,858	15,978	(1,120)	(7.0)
Parks and recreation	129,327	199,726	(70,399)	(35.2)
Police department	730,017	686,438	43,579	6.3
Public works	125,245	142,241	(16,996)	(11.9)
Interest on long-term debt	34,545	39,209	(4,664)	(11.9)
TOTAL EXPENSES	1,562,231	1,565,651	(3,420)	(0.2)
CHANGE IN NET POSITION	468,591	275,880	192,711	69.9
NET POSITION, JULY 1	3,950,287	3,674,407	275,880	7.5
NET POSITION, JUNE 30	\$ 4,418,878	\$ 3,950,287	\$ 468,591	11.9 %

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported an ending combined fund balance of \$1,512,289.

The General Fund is the chief operating fund of the City. The fund balance increased by \$227,619 to \$1,240,215 for the fiscal year ended June 30, 2021. This increase in fund balance is mainly due to grant funding as a result of the coronavirus pandemic.

The Parks and Recreation Fund collects a parks and storm water sales tax that was approved by voters and reports expenditures related to the construction and operation of the City's park facilities. At June 30, 2021, the fund balance was \$1,093, an increase of \$1,093 from prior year.

The Capital Improvement Fund is used to account for sales tax revenue designated for capital improvements. At June 30, 2021, the fund balance increased by \$15,960. This increase is mainly due to sales tax revenues exceeding the expenditures made on various city projects.

The Sewer Lateral Fund collects a special assessment on residential properties to be utilized for maintenance of lateral sewer lines within the City. For the year ended June 30, 2021, the fund balance increased by \$12,015 to \$102,867. This increase is mainly due to sewer lateral assessment revenues exceeding repair expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the City approved one budget amendment decreasing revenues by \$62,900, increasing expenditures by \$31,699, decreasing transfers out by \$45,000, for a net increase in the City's General fund balance of \$49,599. Increased (decreased) budgeted expenditures were for: administration \$18,200, fire protection and certain law enforcement \$4,700, municipal court (\$7,516), police department \$29,276, and public works (\$12,961).

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$3,766,589 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, office furniture and equipment, infrastructure, and park improvements. The City increased their investment in capital assets for the current fiscal year by \$131,904 and recorded \$112,348 of depreciation. The balance of capital assets (net of accumulated depreciation) as of June 30, 2021 is as follows:

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

	<u>2021</u>	<u>2020</u>	<u>2021 Change</u>
Capital assets, net of depreciation			
Land	\$ 1,284,010	\$ 1,284,010	\$ -
Construction in progress	2,170	-	2,170
Office furniture and equipment	62,133	35,089	27,044
Infrastructure	1,315,422	1,167,281	148,141
Park improvements	1,102,854	1,148,305	(45,451)
TOTAL CAPITAL ASSETS	<u>\$ 3,766,589</u>	<u>\$ 3,634,685</u>	<u>\$ 131,904</u>

Additional information on the City’s capital assets can be found in Note C in the notes to financial statements.

LONG-TERM DEBT

In June 2015, the City issued \$1,300,000 in certificates of participation to finance park projects and purchase land during fiscal year 2016. Voters approved a ½% parks and storm water sales tax to fund park projects including the payment of debt. The City’s long-term debt as of June 30, 2021 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2021 Change</u>
Certificates of participation	<u>\$ 860,000</u>	<u>\$ 940,000</u>	<u>\$ (80,000)</u>

Additional information on the City’s long-term debt can be found in Note D in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Sales tax is the main source of revenue for the City at 47% of total revenues. Salaries require the greatest usage of resources amounting to 40% of the total current operating expenditures. These factors were considered in preparing the City’s 2022 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents and taxpayers with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City Clerk’s office at 314-965-3100.

FINANCIAL STATEMENTS

CITY OF WARSON WOODS, MISSOURI

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	<u>\$ 1,576,443</u>
Capital assets	
Land	1,286,180
Other capital assets, net of accumulated depreciation	<u>2,480,409</u>
Total capital assets	<u>3,766,589</u>
Total assets	<u>5,343,032</u>
LIABILITIES	
Contractor escrow deposits	3,360
Due to others	60,794
Noncurrent liabilities	
Due within one year	85,000
Due in more than one year	<u>775,000</u>
Total liabilities	<u>924,154</u>
NET POSITION	
Net investment in capital assets	2,906,589
Restricted for	
Parks and recreation	1,093
Capital improvements	168,114
Sewer lateral	102,867
Unrestricted	<u>1,240,215</u>
TOTAL NET POSITION	<u><u>\$ 4,418,878</u></u>

See accompanying Notes to Financial Statements.

CITY OF WARSON WOODS, MISSOURI

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) And Change In Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities				
Administration	\$ 277,381	\$ 70,257	\$ -	\$ (207,124)
Fire protection and certain law enforcement services	250,858	-	-	(250,858)
Municipal court	14,858	-	-	(14,858)
Parks and recreation	129,327	-	-	(129,327)
Police department	730,017	7,731	134,929	(587,357)
Public works	125,245	39,056	156,944	147,657
Interest on long-term debt	34,545	-	-	(34,545)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,562,231</u>	<u>\$ 117,044</u>	<u>\$ 291,873</u>	<u>(1,076,412)</u>
General Revenues				
Taxes				
Property				231,736
Sales				927,648
Utility				364,067
Other				3,933
Investment income				595
Other				17,024
TOTAL GENERAL REVENUES				<u>1,545,003</u>
CHANGE IN NET POSITION				468,591
NET POSITION, JULY 1				<u>3,950,287</u>
NET POSITION, JUNE 30				<u>\$ 4,418,878</u>

See accompanying Notes to Financial Statements.

CITY OF WARSON WOODS, MISSOURI

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Parks And Recreation Fund	Capital Improvement Fund	Sewer Lateral Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,454,533	\$ -	\$ -	\$ 122,335	\$ 1,576,868
Due from other funds	19,468	1,093	168,114	-	188,675
TOTAL ASSETS	\$ 1,474,001	\$ 1,093	\$ 168,114	\$ 122,335	\$ 1,765,543
LIABILITIES AND FUND BALANCES					
Liabilities					
Contractor escrow deposits	\$ 3,360	\$ -	\$ -	\$ -	\$ 3,360
Due to others	61,219	-	-	-	61,219
Due to other funds	169,207	-	-	19,468	188,675
Total liabilities	233,786	-	-	19,468	253,254
Fund Balances					
Restricted for					
Parks and recreation	-	1,093	-	-	1,093
Capital improvements	-	-	168,114	-	168,114
Sewer lateral	-	-	-	102,867	102,867
Committed for					
Street improvements	459,893	-	-	-	459,893
Unassigned	780,322	-	-	-	780,322
Total fund balances	1,240,215	1,093	168,114	102,867	1,512,289
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,474,001	\$ 1,093	\$ 168,114	\$ 122,335	\$ 1,765,543

See accompanying Notes to Financial Statements.

CITY OF WARSON WOODS, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION -
MODIFIED CASH BASIS**

June 30, 2021

Total Fund Balances - Governmental Funds	\$ 1,512,289
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$4,656,988 and the accumulated depreciation is \$890,399.	3,766,589
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of	
Certificates of participation	<u>(860,000)</u>
Total Net Position Of Governmental Activities	<u>\$ 4,418,878</u>

See accompanying Notes to Financial Statements.

CITY OF WARSON WOODS, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

For the Year Ended June 30 2021

	<u>General Fund</u>	<u>Parks And Recreation Fund</u>	<u>Capital Improvement Fund</u>	<u>Sewer Lateral Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 1,129,387	\$ 224,639	\$ 173,358	\$ -	\$ 1,527,384
Licenses and permits	70,257	-	-	-	70,257
Intergovernmental	291,873	-	-	-	291,873
Other	17,145	-	-	-	17,145
Fines and forfeitures	7,610	-	-	-	7,610
Investment income	595	-	-	-	595
Sewer lateral assessments	-	-	-	39,056	39,056
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,516,867	224,639	173,358	39,056	1,953,920
EXPENDITURES					
Current					
Administration	277,381	-	-	-	277,381
Fire protection and certain law enforcement services	250,858	-	-	-	250,858
Municipal court	14,858	-	-	-	14,858
Parks and recreation	-	79,822	-	-	79,822
Police department	718,656	-	-	-	718,656
Public works	52,454	-	-	27,041	79,495
Capital outlay	-	4,220	157,398	-	161,618
Debt service					
Principal	-	80,000	-	-	80,000
Interest and fees	-	34,545	-	-	34,545
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,314,207	198,587	157,398	27,041	1,697,233
REVENUES OVER (UNDER) EXPENDITURES					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	202,660	26,052	15,960	12,015	256,687
OTHER FINANCING SOURCES (USES)					
Transfers in	24,959	-	-	-	24,959
Transfers out	-	(24,959)	-	-	(24,959)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	24,959	(24,959)	-	-	-
NET CHANGE IN FUND BALANCES					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	227,619	1,093	15,960	12,015	256,687
FUND BALANCES, JULY 1					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,012,596	-	152,154	90,852	1,255,602
FUND BALANCES, JUNE 30					
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	\$ 1,240,215	\$ 1,093	\$ 168,114	\$ 102,867	\$ 1,512,289

See accompanying Notes to Financial Statements.

CITY OF WARSON WOODS, 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 Year Ended June 30, 2021

Net Change In Fund Balances - Governmental Funds	\$ 256,687
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Amounts reported for governmental activities in the statement of activities are different because

The governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the difference between the two amounts in the current year.	131,904
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources of the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt	
Repayments of certificates of participation	<u>80,000</u>

Change In Net Position Of Governmental Activities	<u><u>\$ 468,591</u></u>
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See accompanying Notes to Financial Statements.

CITY OF WARSON WOODS, MISSOURI

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Warson Woods, Missouri (the City) was incorporated in 1957. The City operates under a Mayor-Board of Aldermen form of government and provides various services including public safety, parks and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Warson Woods have been prepared in conformity with accounting principles generally accepted in the United States of America (hereinafter referred to as generally accepted accounting principles (GAAP)), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

Reporting 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.

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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no business-type or fiduciary activities.

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

Separate financial statements are provided for the governmental funds, and the major individual governmental funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe “what” 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.

In the fund financial statements, all governmental funds utilize 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 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.

Basis of Accounting

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

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

The City reports the following major governmental funds:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Basis of Accounting (Continued)

General Fund -- The General Fund accounts for all activities except those accounted for in another fund. Revenues in this fund are derived from taxes, fees, and other sources that usually are not designated for any specific purpose. The revenues are used for general ongoing government services such as police, public works, and administration.

Parks and Recreation Fund -- The Parks and Recreation Fund is a Special Revenue Fund used to account for the parks and storm water sales tax, which is required to be used for parks or storm water activities.

Capital Improvement Fund -- The Capital Improvement Fund is a Special Revenue Fund used to account for the capital improvements sales tax, which is required to be used for the acquisition, construction, or maintenance of capital facilities.

Sewer Lateral Fund -- The Sewer Lateral Fund is a Special Revenue Fund used to account for the special assessments on residential properties to be utilized for maintenance of lateral sewer lines within the City.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in October of each year based on the assessed value as of the prior January 1 for all taxable real property located within the City. Payment is due upon receipt of billing and becomes delinquent after December 31. The assessed valuation for property (real estate and personal) for the 2020 levy located in the City at January 1, 2020 was \$84,786,782. The City's tax rate per \$100 of assessed valuation is \$0.291 for residential real estate and \$0.360 for commercial real estate. The City imposes no tax on personal property.

Capital Assets

Capital assets, which include office furniture and equipment and infrastructure assets (e.g., roads), are reported in the governmental activities of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City has elected to report major general infrastructure assets prospectively from 2003.

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is being computed on the straight-line method, using asset lives as follows:

Assets	Years
Office furniture and equipment	5 - 20
Infrastructure	10 - 30
Park improvements	10 - 30

Compensated Absences

Employees' vacations vary from 10 to 25 days. Employees are expected to take an annual vacation. Vacation leave cannot be accumulated and must be taken before the end of the employee's anniversary year. In the event that an employee dies, terminates, retires, is discharged, or otherwise separates employment with the City without utilizing accrued vacation leave, such employee shall be compensated for vacation leave accrued. The City allows 10 paid sick days per year and sick leave cannot be accumulated or rolled over. Sick leave is not paid upon separation or retirement.

Cash and cash equivalents

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements.

Interfund Transactions

The City has the following types of transactions among funds:

Transfers -- Transfers of resources from a fund receiving revenue to the fund through which resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses).

Due To/From Other Funds -- Current portions of long-term interfund loans receivable/payable are considered "available spendable resources" and are reported as assets and liabilities of the appropriate funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position - modified cash basis. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

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.

Use of Estimates

The preparation of financial statements requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

Restricted -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policies (Continued)

Committed -- The portion of fund balance with constraints or limitations by formal action (ordinance or resolution) of the Board of Aldermen, the highest level of decision-making authority.

Assigned -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

Unassigned -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted, unless otherwise appropriated by the Board. The City will spend the unrestricted amounts in the following order: committed, assigned, and unassigned.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unassigned fund balance of not less than 17% (2 months reserves) of annual current operating expenditures for the fiscal year, which was met for the year ending June 30, 2021.

2. CASH

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 bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of June 30, 2021, the City's bank deposits were fully insured or collateralized with securities held by the City or by the bank's agent in the City's name.

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 was as follows:

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

	Balance June 30 2020	Increases	Decreases	Balance June 30 2021
Capital assets not being depreciated				
Land	\$ 1,284,010	\$ -	\$ -	\$ 1,284,010
Construction in progress	-	2,170	-	2,170
Total capital assets not being depreciated	<u>1,284,010</u>	<u>2,170</u>	<u>-</u>	<u>1,286,180</u>
Capital assets being depreciated				
Office furniture and equipment	210,304	38,078	26,801	221,581
Infrastructure	1,527,214	204,004	-	1,731,218
Park improvements	1,418,009	-	-	1,418,009
Total capital assets being depreciated	<u>3,155,527</u>	<u>242,082</u>	<u>26,801</u>	<u>3,370,808</u>
Less - Accumulated depreciation for				
Office furniture and equipment	175,215	11,034	26,801	159,448
Infrastructure	359,933	55,863	-	415,796
Park improvements	269,704	45,451	-	315,155
Total accumulated depreciation	<u>804,852</u>	<u>112,348</u>	<u>26,801</u>	<u>890,399</u>
Total capital assets being depreciated, net	<u>2,350,675</u>	<u>129,734</u>	<u>-</u>	<u>2,480,409</u>
TOTAL CAPITAL ASSETS, NET	<u><u>\$ 3,634,685</u></u>	<u><u>\$ 131,904</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,766,589</u></u>

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2021 was as follows:

Police department	\$ 7,883
Parks and recreation	49,266
Public works	<u>55,199</u>
TOTAL	<u><u>\$ 112,348</u></u>

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance June 30 2020	Additions	Reductions	Balance June 30 2021	Amount Due Within One Year
Certificates of participation	<u>\$ 940,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 860,000</u>	<u>\$ 85,000</u>

The certificates of participation will be liquidated by the Parks and Recreation Fund. Voters approved a ½% parks and storm water sales tax to fund park projects including payment of the debt.

Certificates of participation as of June 30, 2021 consisted of the following:

\$1,300,000 certificates of participation dated June 18, 2015, matures June 1, 2030 with interest rate of 3.675%. Payments are due on June 1 and December 1 of each year.	<u>\$ 860,000</u>
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A summary of debt service requirements is as follows:

For The Years Ending June 30	Principal	Interest	Total
2022	\$ 85,000	\$ 31,605	\$ 116,605
2023	85,000	28,481	113,481
2024	90,000	25,358	115,358
2025	90,000	22,050	112,050
2026	95,000	18,743	113,743
2027 - 2030	<u>415,000</u>	<u>38,771</u>	<u>453,771</u>
TOTAL	<u>\$ 860,000</u>	<u>\$ 165,008</u>	<u>\$ 1,025,008</u>

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

5. INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2021</u>
Capital Improvement	General Fund	\$ 168,114
General Fund	Sewer Lateral	19,468
Parks and Recreation Fund	General Fund	<u>1,093</u>
TOTAL		<u><u>\$ 188,675</u></u>

The outstanding balances between funds result mainly from the time lag between dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in accounting system, and (3) payments between funds are made. The interfund balances are expected to be repaid during the fiscal year ending June 30, 2022.

Interfund transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>For The Year Ended June 30 2021</u>
Parks and Recreation Fund	General Fund	<u><u>\$ 24,959</u></u>

Interfund transfers were used to: (1) use unrestricted revenues collected in the General Fund to finance other funds in accordance with budgetary authorization or (2) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

6. COMMITMENTS AND CONTINGENT LIABILITIES

Federal and State Grants -- Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS (Continued)

6. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Litigation -- The City is subject to various litigation. Although the outcome of these issues are not presently determinable, in the opinion of the City's attorney, the resolution of most of these matters will not have material adverse effect on the financial condition of the City.

Commitments -- At June 30, 2021, the City has no construction commitments for street improvements.

City Hall Lease -- The City leases its City Hall under an agreement expiring December 31, 2024. The remaining obligations under the lease at June 30, 2021 are as follows:

For The Year Ending June 30	
2022	\$ 40,656
2023	41,676
2024	42,720
2025 (Six months expiring December 31, 2024)	<u>21,624</u>
TOTAL	<u><u>\$ 146,676</u></u>

Fire Protection and Law Enforcement -- The City had a fire protection and law enforcement services agreement with the City of Glendale, Missouri effective April 1, 2014 for five years expiring on March 31, 2019. The contract was extended through March 31, 2020, subsequently extended again for one additional year expiring on March 31, 2021, and subsequently extended again for one additional year expiring on March 31, 2022. The law enforcement services include: radio dispatching, jail facilities, access to regional justice information system, and alcohol/chemical testing equipment. The original annual agreement services fees are \$233,321 and are adjusted upward or downward on each anniversary of the agreement based on changes in CPI for Urban Wage Earners. The remaining obligations under the agreement at June 30, 2020 are as follows:

For The Year Ending June 30	
2022 (Nine months expiring March 31, 2022)	<u><u>\$ 174,991</u></u>

7. PENSION PLAN

The City has a Simplified Employee Pension Plan (the Pension Plan) covering employees older than 18 years of age who work more than 20 hours per week. The City contributes 5.5% of compensation to the Pension Plan. The contributions for the year ended June 30, 2021 were \$25,427. The payroll for employees covered by the Pension Plan for the year ended June 30, 2021 was \$462,309.

8. RESTRICTED NET POSITION

The government-wide statement of net position reports \$272,074 of restricted net position, all of which is restricted by enabling legislation.

9. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

SUPPLEMENTARY INFORMATION

CITY OF WARSON WOODS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND

For the Year Ended June 30 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate	\$ 219,200	\$ 224,000	\$ 231,736	\$ 7,736
Cigarette	5,000	4,000	3,933	(67)
Sales	394,800	395,000	426,606	31,606
Public safety	132,600	100,000	103,045	3,045
Utility	392,400	360,000	364,067	4,067
Total taxes	1,144,000	1,083,000	1,129,387	46,387
Licenses and permits				
Auto stickers	8,000	8,000	8,469	469
Building permits	4,900	5,000	5,225	225
Business licenses	45,800	46,000	54,981	8,981
Liquor licenses	2,000	2,000	1,500	(500)
Other permits	400	100	82	(18)
Total licenses and permits	61,100	61,100	70,257	9,157
Intergovernmental				
Coronavirus recovery funds	-	-	134,929	134,929
Gasoline and motor fuel	79,500	70,000	81,199	11,199
Road and bridge	71,400	71,500	75,745	4,245
Total intergovernmental	150,900	141,500	291,873	150,373
Other				
Cable television	18,900	25,000	17,056	(7,944)
Other miscellaneous	1,200	3,500	89	(3,411)
Total other	20,100	28,500	17,145	(11,355)
Fines and forfeitures	14,500	13,500	7,610	(5,890)
Investment income	900	1,000	595	(405)
TOTAL REVENUES	1,391,500	1,328,600	1,516,867	188,267
EXPENDITURES				
Administration				
Salary - city clerk	60,300	62,163	64,562	2,399
Salaries - officials	13,800	16,200	21,804	5,604
Auditing and accounting services	11,000	11,000	12,545	1,545

CITY OF WARSON WOODS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)

For the Year Ended June 30 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
Administration (Continued)				
Building commissioner fees	11,900	8,000	-	(8,000)
Building maintenance	3,000	4,000	7,296	3,296
Computer and website	20,500	22,000	21,885	(115)
Dues and subscriptions	3,000	3,000	2,128	(872)
Election	1,100	2,000	1,025	(975)
Employee insurance	16,200	15,137	15,914	777
Fall festival costs	9,000	-	-	-
Insurance including workers' compensation	14,700	41,086	9,666	(31,420)
Interest and fiscal charges	-	-	-	-
Land purchases	-	-	2,175	2,175
Legal and professional services	65,400	60,000	56,936	(3,064)
Meeting/conference	900	1,000	15,448	14,448
Miscellaneous	5,000	4,000	(768)	(4,768)
Office maintenance	1,000	4,800	835	(3,965)
Office supplies	3,300	3,000	1,445	(1,555)
Payroll tax	5,700	5,995	7,251	1,256
Pension contribution	3,300	3,419	3,306	(113)
Postage	1,000	1,200	1,223	23
Printing and publishing	3,000	3,000	6,389	3,389
Rent	19,000	20,000	19,833	(167)
Telephone	3,500	3,000	1,928	(1,072)
Trash removal	200	-	-	-
Utilities	5,500	5,500	4,555	(945)
Total administration	281,300	299,500	277,381	(22,119)
Fire protection and certain law enforcement services	245,800	250,500	250,858	358
Municipal court				
Salary	-	2,400	-	(2,400)
Salary - prosecutor and judge	5,400	3,000	5,350	2,350
Legal and professional services	18,000	11,000	9,346	(1,654)
Miscellaneous	100	-	39	39
Dues and subscriptions	-	-	25	25

CITY OF WARSON WOODS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)

For the Year Ended June 30 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
Municipal court (Continued)				
Employee insurance	-	-	10	10
Office supplies	200	-	-	-
Payroll tax	200	184	-	(184)
Postage	200	-	-	-
Printing and publications	-	-	74	74
REJIS	-	-	14	14
	<hr/>	<hr/>	<hr/>	<hr/>
Total municipal court	24,100	16,584	14,858	(1,726)
Police department				
Salaries	377,300	396,861	417,780	20,919
Community relations	500	500	60	(440)
Dues and subscriptions	1,000	1,000	1,110	110
Education and training	3,000	3,000	3,868	868
Employee insurance	96,000	111,559	132,147	20,588
Equipment maintenance	4,000	4,000	3,212	(788)
Gas and oil	15,000	12,500	9,151	(3,349)
Insurance including workers' compensation	26,000	11,933	25,001	13,068
Meeting/conference	1,100	1,100	248	(852)
Miscellaneous	2,000	1,500	4,278	2,778
Office maintenance	1,000	4,500	3,429	(1,071)
Office supplies	2,500	2,500	1,284	(1,216)
Payroll tax	28,900	30,926	28,895	(2,031)
Pension contribution	20,100	20,397	19,302	(1,095)
Postage	300	300	871	571
Printing	300	250	83	(167)
Prisoner	100	50	-	(50)
REJIS	16,000	16,000	18,440	2,440
Rent	17,500	18,000	19,833	1,833
Telephone	5,500	8,500	8,274	(226)
Uniform allowance	5,400	5,900	6,203	303
Utilities	4,500	5,000	4,520	(480)
Vehicle maintenance	10,000	11,000	10,667	(333)
	<hr/>	<hr/>	<hr/>	<hr/>
Total police department	638,000	667,276	718,656	51,380

CITY OF WARSON WOODS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)

For the Year Ended June 30 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
EXPENDITURES (Continued)				
Public works				
Salaries	24,400	18,449	13,769	(4,680)
Engineering services	-	-	9,504	9,504
Employee insurance	5,500	1,917	7,525	5,608
Equipment maintenance	2,000	2,000	69	(1,931)
Gas and oil	1,000	1,000	432	(568)
Insurance including workers' compensation	5,000	847	2,652	1,805
Materials	500	500	203	(297)
Miscellaneous	300	500	-	(500)
Payroll tax	1,900	1,411	1,053	(358)
Pension contribution	1,300	1,015	704	(311)
Pest control	500	1,000	600	(400)
Signs and posts	500	1,200	230	(970)
Small tools and supplies	2,300	2,000	345	(1,655)
Snow removal	13,000	10,000	8,801	(1,199)
Street maintenance	2,000	2,000	1,809	(191)
Utilities	3,500	5,000	3,136	(1,864)
Vehicle maintenance	1,100	3,000	1,622	(1,378)
Total public works	64,800	51,839	52,454	615
TOTAL EXPENDITURES	1,254,000	1,285,699	1,314,207	28,508
REVENUES OVER EXPENDITURES	137,500	42,901	202,660	159,759
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	24,959	24,959
Transfers out	(45,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,000)	-	24,959	24,959
NET CHANGE IN FUND BALANCE	\$ 92,500	\$ 42,901	227,619	\$ 184,718
FUND BALANCE, JULY 1			1,012,596	
FUND BALANCE, JUNE 30			\$ 1,240,215	

CITY OF WARSON WOODS, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - PARKS AND RECREATION FUND

For the Year Ended June 30 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 199,500	\$ 199,500	\$ 224,639	\$ 25,139
EXPENDITURES				
Parks and recreation				
Salaries	73,300	55,346	41,332	(14,014)
Employee insurance	18,700	5,751	7,678	1,927
Equipment maintenance	1,500	3,500	2,920	(580)
Gas and oil	1,800	2,500	658	(1,842)
Insurance including workers' compensation	6,000	2,542	6,819	4,277
Miscellaneous	1,000	1,000	36	(964)
Beautification	-	-	234	234
Park maintenance	5,700	25,100	10,927	(14,173)
Payroll tax	5,600	4,234	3,160	(1,074)
Pension contribution	4,000	3,044	2,115	(929)
Pest control	2,300	2,000	1,500	(500)
Small tools and supplies	300	500	18	(482)
Trees and shrubs	500	500	-	(500)
Utilities	4,500	4,000	2,425	(1,575)
Vehicle maintenance	-	-	-	-
Total parks and recreation	125,200	110,017	79,822	(30,195)
Capital outlay	5,000	5,000	4,220	(780)
Debt service				
Principal	75,000	75,000	80,000	5,000
Interest and fees	39,300	38,360	34,545	(3,815)
Total debt service	114,300	113,360	114,545	1,185
TOTAL EXPENDITURES	244,500	228,377	198,587	(29,790)
REVENUES UNDER EXPENDITURES	(45,000)	(28,877)	26,052	54,929
OTHER FINANCING USES				
Transfers in	45,000	-	-	-
Transfers out	-	-	(24,959)	(24,959)
NET CHANGE IN FUND BALANCE	<u>\$ (45,000)</u>	<u>\$ (28,877)</u>	1,093	<u>\$ 29,970</u>
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			<u>\$ 1,093</u>	

CITY OF WARSON WOODS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND**

For the Year Ended June 30 2021

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Sales taxes	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 173,358</u>	<u>\$ 13,358</u>
EXPENDITURES				
Capital outlay:				
Police	8,600	47,100	41,556	(5,544)
Public works	<u>151,100</u>	<u>154,000</u>	<u>115,842</u>	<u>(38,158)</u>
TOTAL EXPENDITURES	<u>159,700</u>	<u>201,100</u>	<u>157,398</u>	<u>(43,702)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 300</u>	<u>\$ (41,100)</u>	15,960	<u>\$ 57,060</u>
FUND BALANCE, JULY 1			<u>152,154</u>	
FUND BALANCE, JUNE 30			<u>\$ 168,114</u>	

CITY OF WARSON WOODS, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - SEWER LATERAL FUND**

For the Year Ended June 30 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments				
Sewer lateral assessments	\$ 39,000	\$ 39,000	\$ 39,056	\$ 56
EXPENDITURES				
Public works				
Sewer lateral repairs	<u>39,000</u>	<u>39,000</u>	<u>27,041</u>	<u>(11,959)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	12,015	<u>\$ 12,015</u>
FUND BALANCE, JULY 1			<u>90,852</u>	
FUND BALANCE, JUNE 30			<u>\$ 102,867</u>	

CITY OF WARSON WOODS, MISSOURI

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS

For the Year Ended June 30, 2021

Budgets and Budgetary Accounting

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

- a. The proposed budget is submitted to the Board of Aldermen for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any fund balance at the end of such year.
- b. Public hearings are conducted in the City to obtain taxpayer input and comments.
- c. The budget must be adopted by the affirmative vote of a majority of the Board of Aldermen for each fiscal year.
- d. The Board of Aldermen is authorized to transfer budgeted amounts between departments to alter the total expenditures. All appropriations not spent or legally encumbered at year-end lapse. The City's legal level of budgetary control is at the fund level.
- e. The City adopts a budget for the General Fund, Parks and Recreation Fund, Capital Improvement Fund, and Sewer Lateral Fund.
- f. The Board of Aldermen may authorize Supplementary appropriations to the budget. There was one amendment to the budget in the current year.

The General Fund expenditures of \$1,314,207 exceeded the budgeted expenditures of \$1,285,699 by \$28,508.

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**

Honorable Mayor and Board of Aldermen
City of Warson Woods, 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 Warson Woods, Missouri (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 8, 2021. That report noted the financial statements were prepared on the modified cash basis of accounting.

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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The deficiency criteria and condition are that City personnel do not have the expertise and experience related to accounting principles generally accepted in the United States of America. The deficiency cause and effect are the City does not have control over the review of the year-end financial statements in order to detect material misstatements.

COMPLIANCE AND OTHER MATTERS

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

CITY'S RESPONSE TO FINDING

The City's management reviews the year-end financial statements before issuance. This 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, the communication is not suitable for any other purpose.

Sikich LLP

Chesterfield, Missouri
October 8, 2021