



FINANCIAL REPORT
(Audited)

Year Ended June 30, 2020

CITY OF WARSON WOODS, MISSOURI
FINANCIAL REPORT

	Page
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	9
Statement of Activities - Modified Cash Basis	10
Fund Financial Statements:	
Balance Sheet - Modified Cash Basis - Governmental Funds	11
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds to the Statement of Net Position - Modified Cash Basis	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	13
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	14
Statement of Fiduciary Net Position	15
Notes to Financial Statements	16
SUPPLEMENTAL INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Modified Cash Basis:	
General Fund	28
Parks and Recreation Fund	32
Capital Improvement Fund	33
Sewer Lateral Fund	34
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Modified Cash Basis	35
INTERNAL CONTROL AND COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

INDEPENDENT AUDITOR'S REPORT

August 24, 2020

Honorable Mayor and Board of Aldermen
CITY OF WARSON WOODS, MISSOURI

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF WARSON WOODS, MISSOURI** (the City) as of and for the year ended June 30, 2020, 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 A-3; 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

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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 A-3.

Basis of Accounting

We draw attention to Note A-3 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 management's discussion and analysis and supplemental 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.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2020 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.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

Chesterfield, Missouri

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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 \$3,950,287 (net position).
- * The City's total net position increased by \$275,880.
- * As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,255,602, an increase of \$204,475 in comparison with the prior year.
- * At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$552,703 or 44.8% (5.4 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 supplemental 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.

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 general government, fire protection, 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. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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 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.

Fiduciary fund. The fiduciary fund is used to account for resources held for the benefit of parties outside the City. The fiduciary fund is not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for the fiduciary fund is much like that used for proprietary funds.

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.

Supplemental 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").

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 \$3,950,287 at the close of the most recent fiscal year.

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

A condensed version of the statement of net position - modified cash basis compared to prior year follows:

	June 30		2020 Change	
	2020	2019	Amount	Percent
ASSETS				
Current and other assets	\$ 1,259,352	1,055,377	203,975	19.3 %
Capital assets	3,634,685	3,638,280	(3,595)	(0.1)
Total Assets	<u>4,894,037</u>	<u>4,693,657</u>	<u>200,380</u>	4.3
LIABILITIES				
Current and other liabilities	3,750	4,250	(500)	(11.8)
Long-term liabilities	940,000	1,015,000	(75,000)	(7.4)
Total Liabilities	<u>943,750</u>	<u>1,019,250</u>	<u>(75,500)</u>	(7.4)
NET POSITION				
Net investment in capital assets	2,694,685	2,623,280	71,405	2.7
Restricted	243,006	164,385	78,621	47.8
Unrestricted	1,012,596	886,742	125,854	14.2
Total Net Position	<u>\$ 3,950,287</u>	<u>3,674,407</u>	<u>275,880</u>	7.5 %

Governmental activities. Governmental activities increased the City's net position by \$275,880. The increase in tax revenue is mainly due to an increase in sales tax remitted from St. Louis County. The decrease in the administration function is primarily due to reduced professional and building commissioner fees. The decrease in public works is primarily due to a decrease in snow removal and maintenance expenses.

A condensed version of the statement of activities - modified cash basis compared to prior year follows:

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	For The Years		2020 Change	
	Ended June 30			
	2020	2019	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 53,617	53,921	(304)	(0.6) %
Operating grants and contributions	152,446	151,246	1,200	0.8
General revenues:				
Taxes	1,515,696	1,481,151	34,545	2.3
Licenses and permits	68,357	63,156	5,201	8.2
Gain on disposal of capital assets	8,099	-	8,099	100.0
Investment income	4,528	3,531	997	28.2
Other	38,788	40,999	(2,211)	(5.4)
Total Revenues	<u>1,841,531</u>	<u>1,794,004</u>	<u>47,527</u>	2.6
EXPENSES				
Administration	235,804	249,880	(14,076)	(5.6)
Fire protection and certain law enforcement services	246,255	242,456	3,799	1.6
Municipal court	15,978	31,771	(15,793)	(49.7)
Parks and recreation	199,726	197,292	2,434	1.2
Police department	686,438	656,512	29,926	4.6
Public works	142,241	163,873	(21,632)	(13.2)
Interest on long-term debt	39,209	40,058	(849)	(2.1)
Total Expenses	<u>1,565,651</u>	<u>1,581,842</u>	<u>(16,191)</u>	(1.0)
CHANGE IN NET POSITION	275,880	212,162	63,718	30.0
NET POSITION, JULY 1	<u>3,674,407</u>	<u>3,462,245</u>	<u>212,162</u>	6.1
NET POSITION, JUNE 30	<u>\$ 3,950,287</u>	<u>3,674,407</u>	<u>275,880</u>	7.5 %

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.

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

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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 \$1,255,602.

The General Fund is the chief operating fund of the City. The fund balance increased by \$125,854 to \$1,012,596 for the fiscal year ended June 30, 2020. This increase in fund balance is mainly due to a decrease in administration expenditures during the year.

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, 2020, the fund balance was \$0, no change from prior year. During the year, the General Fund transferred \$68,164 to the Parks and Recreation Fund to subsidize operations. This transfer was needed due to salary and debt service expenditures in excess of sales tax revenues.

The Capital Improvement Fund is used to account for sales tax revenue designated for capital improvements. At June 30, 2020, the fund balance increased by \$68,745. 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, 2020, the fund balance increased by \$9,876 to \$90,852. 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 increasing revenues by \$1,475, decreasing expenditures by \$20,858, increasing transfers out by \$15,764, and increasing transfers in by \$8,099 for a net increase in the City's fund balance of \$13,193. Increased (decreased) budgeted expenditures were for: administration (\$45,496), fire protection and certain law enforcement \$455, municipal court (\$8,122), police department (\$36,284), and public works (\$3,979).

CAPITAL ASSETS

The City's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$3,634,685 (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 \$96,859 and recorded \$106,954 of depreciation. The balance of capital assets (net of accumulated depreciation) is as follows:

CITY OF WARSON WOODS, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

	June 30		2020
	2020	2019	Change
Capital assets, net of depreciation:			
Land	\$ 1,284,010	1,284,010	-
Construction in progress	-	13,985	(13,985)
Office furniture and equipment	35,089	35,081	8
Infrastructure	1,167,281	1,219,692	(52,411)
Park improvements	1,148,305	1,085,512	62,793
Total Capital Assets	<u>\$ 3,634,685</u>	<u>3,638,280</u>	<u>(3,595)</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 is as follows:

	June 30		2020
	2020	2019	Change
Certificates of participation	<u>\$ 940,000</u>	<u>1,015,000</u>	<u>(75,000)</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 50% of total revenues. Salaries require the greatest usage of resources amounting to 42% of the total current operating expenditures. These factors were considered in preparing the City's 2021 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.

CITY OF WARSON WOODS, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 1,259,352
Capital assets:	
Land	1,284,010
Other capital assets, net of accumulated depreciation	2,350,675
Total Capital Assets	3,634,685
Total Assets	4,894,037
 LIABILITIES	
Contractor escrow deposits	3,750
Noncurrent liabilities:	
Due within one year	80,000
Due in more than one year	860,000
Total Liabilities	943,750
 NET POSITION	
Net investment in capital assets	2,694,685
Restricted for:	
Capital improvements	152,154
Sewer lateral	90,852
Unrestricted	1,012,596
Total Net Position	\$ 3,950,287

CITY OF WARSON WOODS, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues			Net Revenues
	Charges	Operating	Capital	(Expenses)
	For	Grants And	Grants And	And Change
Expenses	Services	Contributions	Contributions	In Net Position
FUNCTIONS/PROGRAMS				
Governmental Activities				
Administration	\$ 235,804	-	-	(235,804)
Fire protection and certain law enforcement services	246,255	-	-	(246,255)
Municipal court	15,978	-	-	(15,978)
Parks and recreation	199,726	-	-	(199,726)
Police department	686,438	13,967	-	(672,471)
Public works	142,241	39,650	152,446	49,855
Interest on long-term debt	39,209	-	-	(39,209)
Total Governmental Activities	\$ 1,565,651	53,617	152,446	(1,359,588)
General Revenues				
Taxes:				
Property				228,847
Sales				923,217
Utility				359,629
Other				4,003
Licenses and permits				68,357
Gain on disposal of capital assets				8,099
Investment income				4,528
Other				38,788
Total General Revenues				1,635,468
CHANGE IN NET POSITION				275,880
NET POSITION, JULY 1				3,674,407
NET POSITION, JUNE 30				\$ 3,950,287

See notes to financial statements

CITY OF WARSON WOODS, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<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>
ASSETS					
Cash and investments	\$ 1,154,477	-	-	104,875	1,259,352
Due from other funds	-	-	152,154	-	152,154
	<u>\$ 1,154,477</u>	<u>-</u>	<u>152,154</u>	<u>104,875</u>	<u>1,411,506</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Contractor escrow deposits	\$ 3,750	-	-	-	3,750
Due to other funds	138,131	-	-	14,023	152,154
Total Liabilities	<u>141,881</u>	<u>-</u>	<u>-</u>	<u>14,023</u>	<u>155,904</u>
Fund Balances					
Restricted for:					
Capital improvements	-	-	152,154	-	152,154
Sewer lateral	-	-	-	90,852	90,852
Committed for:					
Street improvements	459,893	-	-	-	459,893
Unassigned	552,703	-	-	-	552,703
Total Fund Balances	<u>1,012,596</u>	<u>-</u>	<u>152,154</u>	<u>90,852</u>	<u>1,255,602</u>
Total Liabilities And Fund Balances	<u>\$ 1,154,477</u>	<u>-</u>	<u>152,154</u>	<u>104,875</u>	<u>1,411,506</u>

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, 2020

Total Fund Balances - Governmental Funds \$ 1,255,602

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 \$4,439,537 and the accumulated depreciation is \$804,852. 3,634,685

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 (940,000)

Total Net Position Of Governmental Activities \$ 3,950,287

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, 2020

	<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	\$ 1,293,421	205,642	169,079	-	1,668,142
Licenses and permits	68,357	-	-	-	68,357
Other	38,896	-	-	-	38,896
Fines and forfeitures	13,859	-	-	-	13,859
Investment income	4,528	-	-	-	4,528
Sewer lateral assessments	-	-	-	39,650	39,650
Total Revenues	<u>1,419,061</u>	<u>205,642</u>	<u>169,079</u>	<u>39,650</u>	<u>1,833,432</u>
EXPENDITURES					
Current:					
Administration	235,804	-	-	-	235,804
Fire protection and certain law enforcement services	246,255	-	-	-	246,255
Municipal court	15,978	-	-	-	15,978
Parks and recreation	-	156,288	-	-	156,288
Police department	674,284	-	-	-	674,284
Public works	60,821	-	-	29,774	90,595
Capital outlay	-	3,309	100,334	-	103,643
Debt service:					
Principal	-	75,000	-	-	75,000
Interest and fees	-	39,209	-	-	39,209
Total Expenditures	<u>1,233,142</u>	<u>273,806</u>	<u>100,334</u>	<u>29,774</u>	<u>1,637,056</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>185,919</u>	<u>(68,164)</u>	<u>68,745</u>	<u>9,876</u>	<u>196,376</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	8,099	-	-	-	8,099
Transfers in	-	68,164	-	-	68,164
Transfers out	<u>(68,164)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,164)</u>
Total Other Financing Sources (Uses)	<u>(60,065)</u>	<u>68,164</u>	<u>-</u>	<u>-</u>	<u>8,099</u>
NET CHANGE IN FUND BALANCES	125,854	-	68,745	9,876	204,475
FUND BALANCES, JULY 1	<u>886,742</u>	<u>-</u>	<u>83,409</u>	<u>80,976</u>	<u>1,051,127</u>
FUND BALANCES, JUNE 30	<u>\$ 1,012,596</u>	<u>-</u>	<u>152,154</u>	<u>90,852</u>	<u>1,255,602</u>

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, 2020

Net Change In Fund Balances - Governmental Funds \$ 204,475

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 amount by which depreciation (\$106,954) exceeded capital outlays over the capitalization threshold (\$103,359) in the current year. (3,595)

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 75,000

Change In Net Position Of Governmental Activities \$ 275,880

CITY OF WARSON WOODS, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 425
LIABILITIES	
Court bond liability	\$ 425

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - 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 more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

1. 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.

2. 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 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 fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

General Fund -- The General Fund accounts for all activities except those required to be 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Fiduciary Fund Type

Agency Fund -- The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The City's Agency Fund includes the assets of the Municipal Court Appearance Bond Account.

4. 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 2019 levy located in the City at January 1, 2019 was \$84,366,298. 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.

5. 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.

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:

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

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

6. 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.

7. Cash and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements. Investments are reported at fair value.

8. 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.

9. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Long-term Liabilities (Continued)

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.

10. 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.

11. 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.

12. 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.

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.

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fund Balance Policies (Continued)

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 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, 2020.

NOTE B - 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, 2020, 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.

NOTE C - CAPITAL ASSETS

Capital assets activity was as follows:

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended June 30, 2020			
	Balance June 30 2019	Increases	Decreases	Balance June 30 2020
Capital assets not being depreciated:				
Land	\$ 1,284,010	-	-	1,284,010
Construction in progress	13,985	-	13,985	-
Total Capital Assets Not Being Depreciated	1,297,995	-	13,985	1,284,010
Capital assets being depreciated:				
Office furniture and equipment	207,705	9,099	6,500	210,304
Infrastructure	1,527,214	-	-	1,527,214
Park improvements	1,309,764	108,245	-	1,418,009
Total Capital Assets Being Depreciated	3,044,683	117,344	6,500	3,155,527
Less - Accumulated depreciation for:				
Office furniture and equipment	172,624	9,091	6,500	175,215
Infrastructure	307,522	52,411	-	359,933
Park improvements	224,252	45,452	-	269,704
Total Accumulated Depreciation	704,398	106,954	6,500	804,852
Total Capital Assets Being Depreciated, Net	2,340,285	10,390	-	2,350,675
Total Capital Assets, Net	\$ 3,638,280	10,390	13,985	3,634,685

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

	For The Year Ended June 30 2020
Police department	\$ 5,979
Parks and recreation	49,228
Public works	51,747
Total	\$ 106,954

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	For The Year Ended June 30, 2020			Amount Due Within One Year	
	Balance June 30 2019	Additions	Reductions		Balance June 30 2020
	Certificates of participation	\$ 1,015,000	-		75,000

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 consisted of the following:

	June 30 2020
\$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.	\$ 940,000

A summary of debt service requirements is as follows:

For The Years Ending June 30	Principal	Interest	Total
2021	\$ 80,000	34,545	114,545
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 - 2030	510,000	57,514	567,514
Total	\$ 940,000	199,553	1,139,553

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - INTERFUND TRANSACTIONS

Individual interfund transactions are as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>June 30 2020</u>
Capital Improvement	General Fund	\$ 138,131
Capital Improvement	Sewer Lateral	14,023
Total		\$ 152,154

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, 2021.

Interfund transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>For The Year Ended June 30 2020</u>
General Fund	Parks and Recreation Fund	\$ 68,164

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.

NOTE F - 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.

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, 2020, the City has no construction commitments for street improvements.

CITY OF WARSON WOODS, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE F - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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, 2020 are as follows:

**For The
Year Ending
June 30**

2021	\$ 39,666
2022	40,656
2023	41,676
2024	42,720
2025 (Six months expiring December 31, 2024)	<u>21,624</u>
Total	<u><u>\$ 186,342</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 and subsequently extended again for one additional year expiring on March 31, 2021. 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**

2021 (Nine months expiring March 31, 2021)	<u><u>\$ 174,991</u></u>
--	--------------------------

NOTE G - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan complies with Section 457 of the Internal Revenue Code. Trust provisions are incorporated so that plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE H - 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, 2020 were \$27,400. The payroll for employees covered by the Pension Plan for the year ended June 30, 2020 was \$498,182.

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports \$243,006 of restricted net position, all of which is restricted by enabling legislation.

NOTE J - 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. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.
- 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.

NOTE K - SUBSEQUENT EVENTS

As a result of COVID-19 coronavirus, the ongoing spread continues to lead to economic uncertainty. The duration of these uncertainties and the ultimate effects cannot be reasonably estimated at this time. In addition, the amount of tax collections after year-end and other factors could be significantly affected by the COVID-19 pandemic due to economic slowdown issues.

SUPPLEMENTAL INFORMATION SECTION

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
				<u>Budget</u>
REVENUES				
Taxes				
Real estate	\$ 219,200	219,200	228,847	9,647
Cigarette	5,000	5,000	4,003	(997)
Gasoline and motor fuel	79,500	79,500	77,381	(2,119)
Road and bridge	71,400	71,400	75,065	3,665
Sales	394,800	394,800	442,066	47,266
Public safety	132,600	132,600	106,430	(26,170)
Utility	392,400	392,400	359,629	(32,771)
Total Taxes	<u>1,294,900</u>	<u>1,294,900</u>	<u>1,293,421</u>	<u>(1,479)</u>
Licenses and permits				
Auto stickers	8,000	8,000	8,237	237
Building permits	4,900	4,900	5,625	725
Business licenses	45,800	45,800	52,025	6,225
Liquor licenses	2,000	2,000	2,400	400
Other permits	400	400	70	(330)
Total Licenses And Permits	<u>61,100</u>	<u>61,100</u>	<u>68,357</u>	<u>7,257</u>
Other				
Cable television	18,900	18,900	34,399	15,499
Other miscellaneous	1,200	1,200	4,497	3,297
Total Other	<u>20,100</u>	<u>20,100</u>	<u>38,896</u>	<u>18,796</u>
Fines and forfeitures				
	<u>14,500</u>	<u>14,500</u>	<u>13,859</u>	<u>(641)</u>
Investment income				
	<u>900</u>	<u>900</u>	<u>4,528</u>	<u>3,628</u>
Total Revenues	<u>1,391,500</u>	<u>1,391,500</u>	<u>1,419,061</u>	<u>27,561</u>
EXPENDITURES				
Administration				
Salary - city clerk	60,300	60,898	60,898	-
Salaries - officials	13,800	11,329	11,329	-
Auditing and accounting services	11,000	11,000	11,000	-
Building commissioner fees	11,900	1,050	1,050	-
Building maintenance	3,000	3,919	3,919	-
Computer and website	20,500	21,395	21,395	-
Dues and subscriptions	3,000	2,790	2,790	-
Election	1,100	1,467	1,467	-
Employee insurance	16,200	17,458	17,458	-

(Continued)

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Administration (Continued)				
Fall festival costs	9,000	8,798	8,798	-
Insurance including workers' compensation	14,700	1,737	1,737	-
Interest and fiscal charges	-	-	-	-
Legal and professional services	65,400	47,389	47,389	-
Meeting/conference	900	942	942	-
Miscellaneous	5,000	2,526	2,526	-
Office maintenance	1,000	643	643	-
Office supplies	3,300	2,233	2,233	-
Payroll tax	5,700	5,192	5,192	-
Pension contribution	3,300	3,214	3,214	-
Postage	1,000	1,018	1,018	-
Printing and publishing	3,000	3,844	3,844	-
Rent	19,000	19,350	19,350	-
Telephone	3,500	2,462	2,462	-
Trash removal	200	-	-	-
Utilities	5,500	5,150	5,150	-
Total Administration	<u>281,300</u>	<u>235,804</u>	<u>235,804</u>	<u>-</u>
Fire protection and certain law enforcement services	<u>245,800</u>	<u>246,255</u>	<u>246,255</u>	<u>-</u>
Municipal court				
Salary	-	250	250	-
Salary - prosecutor and judge	5,400	4,000	4,000	-
Legal and professional services	18,000	11,100	11,100	-
Miscellaneous	100	-	-	-
Office supplies	200	-	-	-
Payroll tax	200	15	15	-
Postage	200	-	-	-
Printing and publications	-	613	613	-
Total Municipal Court	<u>24,100</u>	<u>15,978</u>	<u>15,978</u>	<u>-</u>

(Continued)

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
EXPENDITURES (Continued)				Budget
Police department				
Salaries	377,300	393,411	393,411	-
Community relations	500	462	462	-
Dues and subscriptions	1,000	1,230	1,230	-
Education and training	3,000	2,444	2,444	-
Employee insurance	96,000	134,295	134,295	-
Equipment maintenance	4,000	3,397	3,397	-
Gas and oil	15,000	10,586	10,586	-
Insurance including workers' compensation	26,000	7,358	7,358	-
Meeting/conference	1,100	574	574	-
Miscellaneous	2,000	1,468	1,468	-
Office maintenance	1,000	3,185	3,185	-
Office supplies	2,500	1,431	1,431	-
Payroll tax	28,900	28,038	28,038	-
Pension contribution	20,100	19,010	19,010	-
Postage	300	1,045	1,045	-
Printing	300	353	353	-
Prisoner	100	-	-	-
REJIS	16,000	16,048	16,048	-
Rent	17,500	19,350	19,350	-
Telephone	5,500	8,602	8,602	-
Uniform allowance	5,400	4,799	4,799	-
Utilities	4,500	5,038	5,038	-
Vehicle maintenance	10,000	12,160	12,160	-
Total Police Department	<u>638,000</u>	<u>674,284</u>	<u>674,284</u>	<u>-</u>
Public works				
Salaries	24,400	29,534	29,534	-
Engineering services	-	3,372	3,372	-
Employee insurance	5,500	9,843	9,843	-
Equipment maintenance	2,000	1,392	1,392	-
Gas and oil	1,000	724	724	-
Insurance including workers' compensation	5,000	781	781	-
Materials	500	490	490	-
Miscellaneous	300	808	808	-
Payroll tax	1,900	2,177	2,177	-
Pension contribution	1,300	1,294	1,294	-
Pest control	500	853	853	-
Signs and posts	500	1,148	1,148	-

(Continued)

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public works (Continued)				
Small tools and supplies	2,300	1,273	1,273	-
Snow removal	13,000	1,938	1,938	-
Street maintenance	2,000	1,500	1,500	-
Utilities	3,500	3,428	3,428	-
Vehicle maintenance	1,100	266	266	-
Total Public Works	<u>64,800</u>	<u>60,821</u>	<u>60,821</u>	-
Total Expenditures	<u>1,254,000</u>	<u>1,233,142</u>	<u>1,233,142</u>	-
 REVENUES OVER EXPENDITURES	 <u>137,500</u>	 <u>158,358</u>	 <u>185,919</u>	 <u>27,561</u>
 OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	8,099	8,099	-
Transfers out	(52,400)	(68,164)	(68,164)	-
Total Other Financing Sources (Uses)	<u>(52,400)</u>	<u>(60,065)</u>	<u>(60,065)</u>	-
 NET CHANGE IN FUND BALANCE	 <u>\$ 85,100</u>	 <u>98,293</u>	 125,854	 <u>27,561</u>
 FUND BALANCE, JULY 1			 <u>886,742</u>	
 FUND BALANCE, JUNE 30			 <u>\$ 1,012,596</u>	

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - 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, 2020

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 199,500	199,500	205,642	6,142
EXPENDITURES				
Parks and recreation				
Salaries	73,300	88,572	88,572	-
Employee insurance	18,700	24,881	24,881	-
Equipment maintenance	1,500	3,429	3,429	-
Gas and oil	1,800	2,198	2,198	-
Insurance including workers' compensation	6,000	2,007	2,007	-
Miscellaneous	1,000	143	143	-
Park maintenance	5,700	15,674	15,674	-
Park projects/capital outlay	5,000	3,309	3,309	-
Payroll tax	5,600	6,532	6,532	-
Pension contribution	4,000	3,882	3,882	-
Pest control	2,300	1,500	1,500	-
Small tools and supplies	300	518	518	-
Trees and shrubs	500	142	142	-
Utilities	4,500	3,067	3,067	-
Vehicle maintenance	-	3,743	3,743	-
Total Parks And Recreation	<u>130,200</u>	<u>159,597</u>	<u>159,597</u>	<u>-</u>
Debt service				
Principal	75,000	75,000	75,000	-
Interest and fees	39,300	39,209	39,209	-
Total Debt Service	<u>114,300</u>	<u>114,209</u>	<u>114,209</u>	<u>-</u>
Total Expenditures	<u>244,500</u>	<u>273,806</u>	<u>273,806</u>	<u>-</u>
REVENUES UNDER EXPENDITURES	(45,000)	(74,306)	(68,164)	6,142
OTHER FINANCING SOURCES				
Transfers in	<u>52,400</u>	<u>68,164</u>	<u>68,164</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 7,400</u>	<u>(6,142)</u>	<u>-</u>	<u>6,142</u>
FUND BALANCE, JULY 1			<u>-</u>	
FUND BALANCE, JUNE 30			<u>\$ -</u>	

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Sales taxes	\$ 160,000	160,000	169,079	9,079
EXPENDITURES				
Capital outlay:				
Police	8,600	6,175	6,175	-
Public works	151,100	94,159	94,159	-
Total Expenditures	159,700	100,334	100,334	-
NET CHANGE IN FUND BALANCE	\$ 300	59,666	68,745	9,079
FUND BALANCE, JULY 1			83,409	
FUND BALANCE, JUNE 30			\$ 152,154	

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL -
MODIFIED CASH BASIS - SEWER LATERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
REVENUES				
Assessments				
Sewer lateral assessments	\$ 39,000	39,000	39,650	650
EXPENDITURES				
Public works				
Sewer lateral repairs	39,000	29,774	29,774	-
NET CHANGE IN FUND BALANCE	\$ -	9,226	9,876	650
FUND BALANCE, JULY 1			80,976	
FUND BALANCE, JUNE 30			\$ 90,852	

CITY OF WARSON WOODS, MISSOURI
SUPPLEMENTAL INFORMATION - NOTES TO SCHEDULE
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

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.
- 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 supplemental appropriations to the budget. There was one amendment to the budget in the current year.

INTERNAL CONTROL AND COMPLIANCE SECTION



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**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**

August 24, 2020

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, each major fund, and the aggregate remaining fund information of the **CITY OF WARSON WOODS, MISSOURI** (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 24, 2020. 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

- 15450 South Outer Forty Road, Suite 135, Chesterfield, Missouri 63017-2066, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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

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.

Hochschild, Bloom & Company LLP

CERTIFIED PUBLIC ACCOUNTANTS
Chesterfield, Missouri