

REPORT OF
CITY OF ASHLAND, MISSOURI
YEAR ENDED APRIL 30, 2020

CITY OF ASHLAND, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

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Honorable Mayor and Members
of the Board of Alderpersons
City of Ashland, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Missouri (the "City"), as of and for the year ended April 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.

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

PARTNER EMERITUS

Robert A. Gerding

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 I; 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of April 30, 2020, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof and respective budgetary comparison for the General and Street Funds for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I 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 opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The capital projects fund budgetary comparison schedule and the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The capital projects fund budgetary comparison schedule and the and the combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate 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 capital projects fund budgetary comparison schedule, combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2020, on our consideration of the City’s internal control over financial reporting 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.



July 2, 2020

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,071,531	\$ 1,989,256	\$ 4,060,787
Restricted cash and cash equivalents	19,672	714,737	734,409
Unrestricted certificates of deposit	259,315	70,614	329,929
Restricted certificates of deposit	-	438,483	438,483
Restricted investments held in escrow	-	87,538	87,538
Land	530,841	218,746	749,587
Construction in progress	719,422	6,407,435	7,126,857
Other capital assets, net of accumulated depreciation	2,488,671	7,501,248	9,989,919
Total Assets	6,089,452	17,428,057	23,517,509
LIABILITIES (Note III-D)			
Current Liabilities:			
Due within one year	-	333,400	333,400
Long-Term Liabilities:			
Refundable deposits	-	145,061	145,061
Due in more than one year	-	6,237,670	6,237,670
Total Liabilities	-	6,716,131	6,716,131
NET POSITION			
Net investment in capital assets	3,738,934	7,556,359	11,295,293
Restricted but expendable for:			
Debt service	-	1,153,220	1,153,220
Other purposes	19,672	87,538	107,210
Unrestricted	2,330,846	1,914,809	4,245,655
Total Net Position	\$ 6,089,452	\$ 10,711,926	\$ 16,801,378

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 707,769	\$ 48,938	\$ -	\$ -	\$ (658,831)	\$ -	\$ (658,831)
Public Safety	588,784	21,588	1,006	-	(566,190)	-	(566,190)
Streets	479,614	-	-	247,210	(232,404)	-	(232,404)
Total Governmental Activities	1,776,167	70,526	1,006	247,210	(1,457,425)	-	(1,457,425)
Business-Type Activities:							
Water	466,638	768,391	-	-	-	301,753	301,753
Sewer	548,076	1,226,089	-	-	-	678,013	678,013
Sanitation	441,585	509,774	-	-	-	68,189	68,189
Total Business-Type Activities	1,456,299	2,504,254	-	-	-	1,047,955	1,047,955
General Revenues:							
Taxes:							
Property taxes					174,747	-	174,747
Sales taxes					1,131,369	-	1,131,369
Motor vehicle and fuel taxes					152,439	-	152,439
Franchise taxes					271,542	-	271,542
Other taxes					9,880	-	9,880
Investment income					38,577	53,693	92,270
Miscellaneous					314,280	-	314,280
Total general revenues					2,092,834	53,693	2,146,527
Change in net position					635,409	1,101,648	1,737,057
Net position - beginning					5,454,043	9,610,278	15,064,321
Net position - ending					\$ 6,089,452	\$ 10,711,926	\$ 16,801,378

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2020

	General Fund	Street Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 887,845	\$ 543,888	\$ 444,906	\$ 194,892	\$ 2,071,531
Restricted cash and cash equivalents	19,672	-	-	-	19,672
Investments	259,315	-	-	-	259,315
Total Assets	<u>\$ 1,166,832</u>	<u>\$ 543,888</u>	<u>\$ 444,906</u>	<u>\$ 194,892</u>	<u>\$ 2,350,518</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Other payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted for protested taxes	8,505	-	-	-	8,505
Assigned for debt service	-	-	-	895	895
Assigned for street	-	543,888	-	-	543,888
Assigned for court fines	-	-	-	76,555	76,555
Assigned for parks/stormwater	-	-	-	117,442	117,442
Assigned for capital projects	-	-	444,906	-	444,906
Assigned for telephone tax	3,388	-	-	-	3,388
Assigned for Friends of Ashland	7,779	-	-	-	7,779
Unassigned	1,147,160	-	-	-	1,147,160
Total Fund Balances	<u>1,166,832</u>	<u>543,888</u>	<u>444,906</u>	<u>194,892</u>	<u>2,350,518</u>
Total Liabilities and Fund Balances	<u>\$ 1,166,832</u>	<u>\$ 543,888</u>	<u>\$ 444,906</u>	<u>\$ 194,892</u>	

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$15,215,964 net of accumulated depreciation of \$11,477,030 are not financial resources and, therefore, are not reported in the funds.	<u>3,738,934</u>
Net position of governmental activities	<u>\$ 6,089,452</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

	General Fund	Street Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 174,747	\$ -	\$ -	\$ -	\$ 174,747
Sales taxes	410,904	188,738	188,718	187,231	975,591
Franchise taxes	271,542	-	-	-	271,542
Other taxes	9,880	-	-	-	9,880
Intergovernmental	1,006	555,427	-	-	556,433
Licenses and permits	48,938	-	-	-	48,938
Fines and forfeits	10	-	-	21,578	21,588
Investment income	38,577	-	-	-	38,577
Miscellaneous	85,162	229,118	-	-	314,280
Total Revenues	1,040,766	973,283	188,718	208,809	2,411,576
EXPENDITURES:					
General government	572,224	-	-	134,232	706,456
Public safety	550,017	-	-	12,000	562,017
Streets	-	127,130	-	-	127,130
Capital outlay	1,742	626,158	232,626	-	860,526
Total Expenditures	1,123,983	753,288	232,626	146,232	2,256,129
Excess (Deficit) of Revenues over Expenditures	(83,217)	219,995	(43,908)	62,577	155,447
Fund Balance, Beginning	1,250,049	323,893	488,814	132,315	2,195,071
Fund Balance, Ending	\$ 1,166,832	\$ 543,888	\$ 444,906	\$ 194,892	\$ 2,350,518

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 155,447

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	836,499
Depreciation expense	(356,537)

Change in Net Position of Governmental Activities \$ 635,409

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,467,148	\$ 1,248,597	\$ 1,250,049	\$ 1,452
Resources (Inflows):				
Property taxes	175,000	175,000	174,747	(253)
Sales taxes	395,000	403,000	410,904	7,904
Franchise taxes	355,000	268,000	271,542	3,542
Other taxes	9,300	9,880	9,880	-
Intergovernmental	1,250	1,250	1,006	(244)
Alcoholic beverage licenses	2,400	2,400	2,384	(16)
Building permits	54,000	54,000	46,554	(7,446)
Municipal court fines and fees	50	10	10	-
Investment income	45,000	39,500	38,577	(923)
Lease income	38,137	27,802	27,802	-
Other	80,960	62,105	57,360	(4,745)
Total	<u>1,156,097</u>	<u>1,042,947</u>	<u>1,040,766</u>	<u>(2,181)</u>
Amounts available for appropriation	<u>2,623,245</u>	<u>2,291,544</u>	<u>2,290,815</u>	<u>(729)</u>
Charges to Appropriations (Outflows):				
General Government:				
Personnel services	239,660	245,360	247,632	(2,272)
Materials and supplies	5,000	3,500	3,204	296
Other services and charges	339,847	318,024	321,388	(3,364)
Capital expenditures	700	430	230	200
Total General Government	<u>585,207</u>	<u>567,314</u>	<u>572,454</u>	<u>(5,140)</u>
Public Safety:				
Personnel services	444,790	472,250	451,937	20,313
Materials and supplies	31,000	35,718	34,021	1,697
Other services and charges	54,863	61,472	64,059	(2,587)
Capital expenditures	2,100	1,512	1,512	-
Total Public Safety	<u>532,753</u>	<u>570,952</u>	<u>551,529</u>	<u>19,423</u>
Total Charges to Appropriations	<u>1,117,960</u>	<u>1,138,266</u>	<u>1,123,983</u>	<u>14,283</u>
Ending Budgetary Fund Balance	<u>\$ 1,505,285</u>	<u>\$ 1,153,278</u>	<u>\$ 1,166,832</u>	<u>\$ 13,554</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 STREET FUND
 YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 323,893	\$ 323,893	\$ 323,893	\$ -
Resources (Inflows):				
Sales taxes	178,000	184,000	188,738	4,738
Intergovernmental	558,393	552,988	555,427	2,439
Miscellaneous	-	226,348	229,118	2,770
Total	<u>736,393</u>	<u>963,336</u>	<u>973,283</u>	<u>9,947</u>
Amounts available for appropriation	<u>1,060,286</u>	<u>1,287,229</u>	<u>1,297,176</u>	<u>9,947</u>
Charges to appropriations (Outflows):				
Street Department:				
Personnel services	93,173	82,772	84,424	(1,652)
Materials and supplies	7,100	7,711	7,412	299
Other services and charges	34,900	34,300	35,294	(994)
Capital expenditures	479,393	639,020	626,158	12,862
Total Street Department	<u>614,566</u>	<u>763,803</u>	<u>753,288</u>	<u>10,515</u>
Total Charges to Appropriations	<u>614,566</u>	<u>763,803</u>	<u>753,288</u>	<u>10,515</u>
Ending Budgetary Fund Balance	<u>\$ 445,720</u>	<u>\$ 523,426</u>	<u>\$ 543,888</u>	<u>\$ 20,462</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,208,440	\$ 619,966	\$ 160,850	\$ 1,989,256
Restricted cash and cash equivalents	-	714,737	-	714,737
Total Cash and Cash Equivalents	<u>1,208,440</u>	<u>1,334,703</u>	<u>160,850</u>	<u>2,703,993</u>
Investments				
Certificates of deposit	70,614	-	-	70,614
Restricted certificates of deposit	-	438,483	-	438,483
Restricted investments held in escrow	-	87,538	-	87,538
Total Investments	<u>70,614</u>	<u>526,021</u>	<u>-</u>	<u>596,635</u>
Total Current Assets	<u>1,279,054</u>	<u>1,860,724</u>	<u>160,850</u>	<u>3,300,628</u>
Noncurrent Assets:				
Land	186,609	32,137	-	218,746
Construction in process	72,000	6,335,435	-	6,407,435
Other capital assets, net of accumulated depreciation	3,905,029	3,596,219	-	7,501,248
Total Noncurrent Assets	<u>4,163,638</u>	<u>9,963,791</u>	<u>-</u>	<u>14,127,429</u>
Total Assets	<u>\$ 5,442,692</u>	<u>\$ 11,824,515</u>	<u>\$ 160,850</u>	<u>\$ 17,428,057</u>
Liabilities				
Current Liabilities:				
Bonds payable - current portion	\$ -	\$ 333,400	\$ -	\$ 333,400
Total Current Liabilities	<u>-</u>	<u>333,400</u>	<u>-</u>	<u>333,400</u>
Noncurrent Liabilities:				
Refundable deposits	145,061	-	-	145,061
Bonds payable - long-term portion	-	6,237,670	-	6,237,670
Total Noncurrent Liabilities	<u>145,061</u>	<u>6,237,670</u>	<u>-</u>	<u>6,382,731</u>
Total Liabilities	<u>\$ 145,061</u>	<u>\$ 6,571,070</u>	<u>\$ -</u>	<u>\$ 6,716,131</u>
Net Position				
Net investment in capital assets	\$ 4,163,638	\$ 3,392,721	\$ -	\$ 7,556,359
Restricted but expendable for debt service	-	1,153,220	-	1,153,220
Restricted but expendable for construction	-	87,538	-	87,538
Unrestricted (Deficit)	1,133,993	619,966	160,850	1,914,809
Total Net Position	<u>\$ 5,297,631</u>	<u>\$ 5,253,445</u>	<u>\$ 160,850</u>	<u>\$ 10,711,926</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Charges for services	\$ 711,947	\$ 1,226,089	\$ 509,774	\$ 2,447,810
Miscellaneous	56,444	-	-	56,444
Total Operating Revenues	<u>768,391</u>	<u>1,226,089</u>	<u>509,774</u>	<u>2,504,254</u>
Operating Expenses:				
Personnel services	170,392	-	-	170,392
Materials and supplies	64,380	4,782	435,722	504,884
Repairs and maintenance	9,595	59,131	-	68,726
Utilities	28,945	77,596	-	106,541
Contracted services	-	241,901	-	241,901
Other	40,673	4,565	5,863	51,101
Depreciation	152,653	128,181	-	280,834
Total Operating Expenses	<u>466,638</u>	<u>516,156</u>	<u>441,585</u>	<u>1,424,379</u>
Operating Income (Loss)	<u>301,753</u>	<u>709,933</u>	<u>68,189</u>	<u>1,079,875</u>
Non-Operating Revenues (Expenses):				
Investment income	42,617	11,076	-	53,693
Interest expense and fees on debt	-	(31,920)	-	(31,920)
Total nonoperating revenues (expenses)	<u>42,617</u>	<u>(20,844)</u>	<u>-</u>	<u>21,773</u>
Net Income	344,370	689,089	68,189	1,101,648
Net Position, Beginning	<u>4,953,261</u>	<u>4,564,356</u>	<u>92,661</u>	<u>9,610,278</u>
Net Position, Ending	<u><u>\$ 5,297,631</u></u>	<u><u>\$ 5,253,445</u></u>	<u><u>\$ 160,850</u></u>	<u><u>\$ 10,711,926</u></u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020

	Business-Type Activities -			Total
	Enterprise Fund			
	Water	Sewer	Sanitation	
Cash flows from operating activities:				
Receipts from customers	\$ 781,545	\$ 1,226,089	\$ 509,774	\$ 2,517,408
Payments to suppliers	(143,593)	(387,975)	(441,585)	(973,153)
Payments to employees	(170,392)	-	-	(170,392)
Net cash provided by operating activities	<u>467,560</u>	<u>838,114</u>	<u>68,189</u>	<u>1,373,863</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(72,000)	(3,808,957)	-	(3,880,957)
Proceeds from capital debt	-	3,632,230	-	3,632,230
Principal paid on capital debt	-	(56,600)	-	(56,600)
Interest and fiscal agent fees paid on capital debt	-	(31,920)	-	(31,920)
Net cash (used) for capital and related financing activities	<u>(72,000)</u>	<u>(265,247)</u>	<u>-</u>	<u>(337,247)</u>
Cash flows from investing activities:				
Purchase of investments	-	(97,121)	-	(97,121)
Interest income	40,779	11,076	-	51,855
Net cash provided (used) by investing activities	<u>40,779</u>	<u>(86,045)</u>	<u>-</u>	<u>(45,266)</u>
Net increase in cash and cash equivalents	436,339	486,822	68,189	991,350
Balance, beginning of year	<u>772,101</u>	<u>847,881</u>	<u>92,661</u>	<u>1,712,643</u>
Balance, end of year	<u>\$ 1,208,440</u>	<u>\$ 1,334,703</u>	<u>\$ 160,850</u>	<u>\$ 2,703,993</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 1,208,440	\$ 619,966	\$ 160,850	1,989,256
Restricted cash and cash equivalents	-	714,737	-	714,737
Total cash and cash equivalents, end of year	<u>\$ 1,208,440</u>	<u>\$ 1,334,703</u>	<u>\$ 160,850</u>	<u>\$ 2,703,993</u>
Reconciliation of operating income (loss) to net cash provided				
(used) by operating activities:				
Operating income (loss)	\$ 301,753	\$ 709,933	\$ 68,189	\$ 1,079,875
Adjustments to reconcile operating income to net cash provided				
(used) by operating activities:				
Depreciation expense	152,653	128,181	-	280,834
Changes in assets and liabilities:				
Refundable deposits	13,154	-	-	13,154
Net cash provided by operating activities	<u>\$ 467,560</u>	<u>\$ 838,114</u>	<u>\$ 68,189</u>	<u>\$ 1,373,863</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note I-C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Financial Reporting Entity

The financial reporting entity is composed of the City of Ashland, Missouri (the “City”). The City is the primary government. The City is an incorporated fourth-class city located in Boone County, Missouri. The City operates under a Mayor-Board of Alderpersons form of government and is exempt from federal and state income taxes as a political subdivision of the state of Missouri. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*”, as amended by GASB Statement No. 39, “*Determining Whether Certain Organizations are Component Units*”, and GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus*”, and includes all component units of which the City appointed a voting majority of the units’ board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. See Footnote IV.G for further component unit discussion.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City’s net position is reported in three parts – net investment in capital assets, restricted and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general, public safety, utilities, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general, public safety, utilities, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds, all of which are reported as nonmajor funds, except the street fund which is considered a major fund.

Street Fund	Accounts for revenues received and expenditures paid for street improvements.
Court Fund	Accounts for revenues received and expenditures paid for the court system.
Park/Stormwater Tax Fund	Accounts for revenues received and expenditures paid for park and stormwater improvements.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. This fund is reported as a major fund.

Debt Service Fund

The Debt Service Fund of the City is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Water, Sewer and Sanitation Enterprise Funds are reported as major funds and account for activities of the City in providing water, sewer and trash services to the public.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement below, within the limitations of the modified cash basis of accounting as defined in item b below.

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The City of Ashland, Missouri, has implemented a new financial reporting model, as required by the provisions of GASB Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 30, 2005.

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than 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 revenue for billed or provided services not yet collected) 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 generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of financial reporting "cash and cash equivalents" includes all demand and savings accounts and money market accounts. A cash change fund held by the City is also included in cash and cash equivalents.

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	7-40 years
Machinery and equipment	5-7 years
Furniture and equipment	5-7 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in the governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in the proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Capitalization of Interest Costs

The Proprietary Funds capitalize the interest cost of restricted tax exempt borrowings, less any interest earned on temporary investments of the proceeds of those borrowings, until the specified assets acquired with those borrowings is placed into service. During fiscal year 2020, the City capitalized \$32,662 of interest in the sewer fund.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund Equity – Fund Financial Statements:

Beginning with FY 2012, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City did not have any nonspendable funds as of year-end.
- Restricted: This classification includes amounts for which constraints have been placed on the use of resources because they are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

At April 30, 2020, the City had \$8,505 restricted for protested taxes.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's board of alderpersons, which is the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of alderpersons removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the City's board of alderpersons, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The City's management assigned funds during the year as detailed in Note IV-E.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund including any governmental fund in a deficit position.

When fund balance resources are available for a specific purpose in multiple classifications, the City would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

Contributions and Grants

Enterprise Funds - Contributions of (or for) fixed assets, including those received from other city funds, and grants received from other Cities for the acquisition of capital assets, are reported as capital contributions.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues, Expenditures and Expenses-

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and permits
Public safety	Fines and forfeits, operating grants include grants for police equipment, school resource officers, and for a police secretary.
Streets	Gasoline and motor vehicle sales taxes and driveway permits.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

G. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. There were no interfund transactions in 2020.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations.

A. Insured and Collateralized Deposits

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

B. Budgets

The City adopts a budget as required by Missouri Statute. Expenditures in excess of budget must be approved by the Council.

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, net position, revenues, and expenditures/expenses.

A. Deposits and Investments

The City complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Investments - The City may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

The deposits and investments held at April 30, 2020, are shown below:

	Maturity Date	Carrying Value
	<u> </u>	<u> </u>
Deposits:		
Demand deposits		\$ 4,882,734
Time deposit	09/30/20	32,254
Time deposit	11/03/20	68,235
Time deposit	02/06/21	70,614
Time deposit	05/20/21	259,315
Time deposit	03/05/21	337,994
Total		<u>5,651,146</u>
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 4,060,787
Restricted cash and cash equivalents		734,409
Restricted certificates of deposit		438,483
Unrestricted certificates of deposit		329,929
Restricted investments held in escrow		87,538
Total		<u>\$ 5,651,146</u>

Income from investment of pooled cash is allocated to the various funds based on the fund's balance in the pooled account.

Custodial credit risk - deposits. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$5,625,689 at April 30, 2020, which was fully insured by depository insurance or secured with collateral.

Investment interest rate risk. The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at April 30, 2020, are provided in the previous schedule.

Investment credit risk. The City maintains cash deposits and investments which are authorized by the Board. The City invests idle funds in certificates of deposit.

Concentration of investment credit risk. The City places no limit on the amount it may invest in any one issuer. At April 30, 2020, the City had no concentration of credit risk.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

B. Restricted Assets

Restricted assets are comprised of the required bond reserves and others:

Revenue Bonds - Principal and interest	\$ 159,166
Revenue Bonds - Reserve	994,054
Restricted funds held in Escrow	87,538
Restricted for Friends of Ashland	7,779
Restricted for Telephone Tax	3,388
Restricted for Protested Taxes	8,505
Total Restricted Assets	\$ 1,260,430

C. Capital Assets

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2020, was as follows:

	Balance April 30, 2019	Additions	Disposals	Balance April 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 530,841	\$ -	\$ -	\$ 530,841
Construction in progress	-	719,422	-	719,422
Total capital assets not being depreciated	530,841	719,422	-	1,250,263
Capital assets being depreciated				
Buildings	272,218	-	-	272,218
Machinery and vehicles	509,004	16,950	-	525,954
Furniture and equipment	332,637	6,030	-	338,667
Other property and equipment	124,704	-	-	124,704
Infrastructure	12,610,061	94,097	-	12,704,158
Total capital assets being depreciated	13,848,624	117,077	-	13,965,701
Total capital assets at historical costs	14,379,465	836,499	-	15,215,964
Less accumulated depreciation				
Buildings	(141,074)	(6,692)	-	(147,766)
Machinery and vehicles	(412,112)	(38,676)	-	(450,788)
Furniture and equipment	(323,683)	(8,489)	-	(332,172)
Other property and equipment	(114,943)	(887)	-	(115,830)
Infrastructure	(10,128,681)	(301,793)	-	(10,430,474)
Total accumulated depreciation	(11,120,493)	(356,537)	-	(11,477,030)
Total capital assets being depreciated, net	2,728,131	(239,460)	-	2,488,671
Net capital assets	\$ 3,258,972	\$ 479,962	\$ -	\$ 3,738,934

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Water

	Balance April 30, 2019	Additions	Disposals	Balance April 30, 2020
Capital assets not being depreciated:				
Land	\$ 186,609	\$ -	\$ -	\$ 186,609
Construction in Progress	-	72,000	-	72,000
Total capital assets not being depreciated	<u>186,609</u>	<u>72,000</u>	<u>-</u>	<u>258,609</u>
Capital assets being depreciated				
Buildings	571,853	-	-	571,853
Machinery and equipment	51,657	-	-	51,657
Vehicles	291,354	-	-	291,354
Property and improvements	4,969,921	-	-	4,969,921
Total capital assets being depreciated	<u>5,884,785</u>	<u>-</u>	<u>-</u>	<u>5,884,785</u>
Total capital assets at historical costs	<u>6,071,394</u>	<u>72,000</u>	<u>-</u>	<u>6,143,394</u>
Less accumulated depreciation				
Buildings	(209,729)	(11,535)	-	(221,264)
Machinery and equipment	(37,140)	(5,612)	-	(42,752)
Vehicles	(243,471)	(8,173)	-	(251,644)
Property and improvements	(1,336,763)	(127,333)	-	(1,464,096)
Total accumulated depreciation	<u>(1,827,103)</u>	<u>(152,653)</u>	<u>-</u>	<u>(1,979,756)</u>
Total capital assets being depreciated, net	<u>4,057,682</u>	<u>(152,653)</u>	<u>-</u>	<u>3,905,029</u>
Net capital assets	<u>\$ 4,244,291</u>	<u>\$ (80,653)</u>	<u>\$ -</u>	<u>\$ 4,163,638</u>

Sewer

	Balance April 30, 2019	Additions	Disposals	Balance April 30, 2020
Capital assets not being depreciated:				
Land	\$ 32,137	\$ -	\$ -	\$ 32,137
Construction in Progress	2,526,479	3,808,956	-	6,335,435
Total capital assets not being depreciated	<u>2,558,616</u>	<u>3,808,956</u>	<u>-</u>	<u>6,367,572</u>
Capital assets being depreciated				
Buildings	64,489	-	-	64,489
Machinery and equipment	158,796	-	-	158,796
Vehicles	199,635	-	-	199,635
Property and improvements	4,687,989	-	-	4,687,989
Total capital assets being depreciated	<u>5,110,909</u>	<u>-</u>	<u>-</u>	<u>5,110,909</u>
Total capital assets at historical costs	<u>7,669,525</u>	<u>3,808,956</u>	<u>-</u>	<u>11,478,481</u>
Less accumulated depreciation				
Buildings	(45,960)	(2,460)	-	(48,420)
Machinery and equipment	(62,783)	(14,157)	-	(76,940)
Vehicles	(204,166)	(4,967)	-	(209,133)
Property and improvements	(1,073,600)	(106,597)	-	(1,180,197)
Total accumulated depreciation	<u>(1,386,509)</u>	<u>(128,181)</u>	<u>-</u>	<u>(1,514,690)</u>
Total capital assets being depreciated, net	<u>3,724,400</u>	<u>(128,181)</u>	<u>-</u>	<u>3,596,219</u>
Net capital assets	<u>\$ 6,283,016</u>	<u>\$ 3,680,775</u>	<u>\$ -</u>	<u>\$ 9,963,791</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Sanitation

	Balance April 30, 2019	Additions	Disposals	Balance April 30, 2020
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	1,433	-	-	1,433
Property and improvements	-	-	-	-
Total capital assets being depreciated	1,433	-	-	1,433
Total capital assets at historical costs	1,433	-	-	1,433
Less accumulated depreciation				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	(1,433)	-	-	(1,433)
Property and improvements	-	-	-	-
Total accumulated depreciation	(1,433)	-	-	(1,433)
Total capital assets being depreciated, net	-	-	-	-
Net capital assets	\$ -	\$ -	\$ -	\$ -

Depreciation expense was charged to functions as follows in the Statement of Activities:

Primary Government:

Governmental activities:

General government	\$ 20,327
Public safety	26,767
Streets	309,443
Park	-
Total depreciation expense for governmental activities	<u>\$ 356,537</u>

Business-type activities:

Water	\$ 152,653
Sewer	128,181
Sanitation	-
Total depreciation expense for business-type activities	<u>\$ 280,834</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

D. Long-Term Debt

The reporting entity's long-term debt arising from modified cash transactions is segregated between the amounts to be repaid from government activities and amounts to be repaid from business-type activities.

Governmental Activities

As of April 30, 2020, there is no long-term debt arising from modified cash transactions, payable from governmental fund resources.

Business-Type Activities

As of April 30, 2020, the long-term debt, arising from modified cash transactions, payable from proprietary fund resources consisted of the following:

Bonds Payable:

Series 2008: The City issued \$1,240,000 water pollution control revenue bonds in October 2008 for the purpose of extending and improving the City's combined waterworks and sewerage system. The 2008 bonds have interest rates ranging from 4.00% to 5.750%, with semi-annual payments on January 1 and July 1 through January 1, 2029. The Series 2008 bonds were paid in full in 2019. See tables on the following pages.

Series 2016: The City issued \$1,351,800 new revenue bonds in June 2016 to provide funds for construction. The 2016 bonds have an interest rate of 2.840%, with semi-annual payments on July 1 and January 1 through 2036. See tables on the following pages.

Series 2018: The City issued \$6,408,000 new revenue bonds in June 2018 to provide funds for construction. The 2018 bonds have an interest rate of 1.32%, with semi-annual payments on July 1 and January 1 through 2039. The City received \$3,632,230 of the proceeds in fiscal year 2020. See tables on the following pages.

Total proprietary fund bonds payable at April 30, 2020, is \$6,571,070.

Refundable deposits reported as a liability within the Statement of Net Position are composed of the following:

Utility Deposits - Refundable	\$	145,061
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CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2020:

Original Issue	Balance May 1, 2019	Additions	Deductions	Balance April 30, 2020	Amount Due Within One Year
Business-Type Activities:					
Revenue Series 2016	\$ 1,138,000	\$ -	\$ 56,600	\$ 1,081,400	\$ 58,400
Revenue Series 2018	1,857,440	3,632,230	-	5,489,670	275,000
Refundable deposits	131,907	41,780	28,626	145,061	-
Total Business-Type Activities	\$ 3,127,347	\$ 3,674,010	\$ 85,226	\$ 6,716,131	\$ 333,400

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, except for refundable deposits, as of April 30, 2020, are as follows:

2016 Revenue Bonds Issued for Construction

Year Ending April 30,	Principal	Interest	Total
2021	\$ 58,400	\$ 30,300	\$ 88,700
2022	60,000	28,630	88,630
2023	61,700	26,915	88,615
2024	63,500	25,150	88,650
2025	65,300	23,333	88,633
2026-2030	355,600	87,564	443,164
2031-2035	409,400	33,721	443,121
2036	7,500	106	7,606
Total	\$ 1,081,400	\$ 255,719	\$ 1,337,119

2018 Revenue Bonds Issued for Construction (assuming all funds are used for construction)

Year Ending April 30,	Principal	Interest	Total
2021	\$ 275,000	\$ 83,681	\$ 358,681
2022	281,000	80,032	361,032
2023	286,000	76,309	362,309
2024	291,000	72,514	363,514
2025	297,000	68,653	365,653
2026-2030	1,568,000	282,757	1,850,757
2031-2035	1,720,000	174,848	1,894,848
2036-2040	1,690,000	56,449	1,746,449
Total	\$ 6,408,000	\$ 895,243	\$ 7,303,243

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (continued)

E. Pledged Revenues

The water and sewer funds pledged future water and sewer fund revenues, net of specified operating expenses, to repay water and sewer fund revenue bonds that were issued for the purpose of water and sewer improvements. The bonds are payable solely from the water and sewer fund net revenues and are payable through 2040. Annual principal and interest payments in 2020 on the bonds required 9% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,640,362. Principal and interest paid on the bonds for the current year was \$121,182. Total water and sewer fund net revenues for the current year were \$1,346,212.

F. Interfund Transfers

There were no interfund transfers during fiscal year 2020.

IV. OTHER INFORMATION

A. Employee Pension Plan

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

IV. OTHER INFORMATION (continued)

Funding Status

Full-time employees of the City contribute 4% of their qualifying wage to the pension plan. The April 30 statutorily required contribution rates are 3.9% (General) and 5.9% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

The City contributed \$32,723 to LAGERS (Employer Contribution) in fiscal year 2020.

B. 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; and natural disasters for which the City carries commercial insurance.

C. Taxes

Property taxes attach as an enforceable lien on property as of January 1. The City's *ad valorem* property tax is levied in August by the City's Board of Alderpersons on the assessed value listed as of the prior January 1 for all real and personal property located in the City of Ashland, Missouri. The taxes are due and payable no later than December 31 and become delinquent January 1 of the following year. The Boone County Collector collects the property taxes and remits them to the City.

The assessed valuation of the tangible property in the City for the calendar year 2019 for purposes of local taxation was \$70,636,563. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2019 for purposes of local taxation was \$.2480 for the General Fund.

Property tax collections consist of current taxes, delinquent taxes, and interest and penalties on delinquent taxes. The receipts of current and delinquent property taxes during the fiscal year ended April 30, 2020, aggregated approximately 100% of the current assessment computed on the basis of the levy.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

IV. OTHER INFORMATION (continued)

D. Litigation

At April 30, 2020, the City is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provision for loss contingencies that may result from this proceeding. While the outcome of the above noted contingencies cannot be predicted due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

E. Fund Balance

Classifications of fund balances at April 30, 2020 are as follows:

	General Fund	Street Fund	Non-Major Governmental Funds	Capital Project Fund	Total
Fund Balances:					
Nonspendable					
Restricted	\$ 8,505	\$ -	\$ -	\$ -	\$ 8,505
Committed	-	-	-	-	-
Assigned for other purposes	11,167	-	-	-	11,167
Assigned for capital projects purposes	-	-	-	444,906	444,906
Assigned for special revenue purposes	-	543,888	193,997	-	737,885
Assigned for debt service purposes	-	-	895	-	895
Unassigned	1,147,160	-	-	-	1,147,160
	<u>\$ 1,166,832</u>	<u>\$ 543,888</u>	<u>\$ 194,892</u>	<u>\$ 444,906</u>	<u>\$ 2,350,518</u>

The City has not adopted a policy that sets forth a minimum fund balance amount.

F. Fines

Fines and penalties revenues as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis is \$21,558 for the year ended April 30, 2020, which is 2% of general fund revenues.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

IV. OTHER INFORMATION (continued)

G. Ashland Municipal Center, Inc.

The Ashland Municipal Center, Inc. is a non-profit organization that was formed in fiscal year 2020. The Organization's Board of Directors are made up of the City of Ashland Mayor and Board of Aldermen. The purpose of the Organization is to obtain funding (a loan) in order to construct a new city hall and police facility. The Ashland Municipal Center, Inc. did not have any financial activity in fiscal year 2020.

H. Consideration of Subsequent Events

Subsequent events have been evaluated through July 2, 2020, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

**CAPITAL PROJECTS FUND BUDGETARY
COMPARISON SCHEDULE**

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 CAPITAL PROJECT FUND
 YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 488,814	\$ 488,814	\$ 488,814	\$ -
Resources (Inflows):				
Sales taxes	179,000	188,718	188,718	-
Total	179,000	188,718	188,718	-
Amounts available for appropriation	667,814	677,532	677,532	-
Charges to appropriations (Outflows):				
Structural projects and other	179,000	232,626	232,626	-
Total	179,000	232,626	232,626	-
Total Charges to Appropriations	179,000	232,626	232,626	-
Ending Budgetary Fund Balance	\$ 488,814	\$ 444,906	\$ 444,906	\$ -

COMBINING FINANCIAL STATEMENTS

CITY OF ASHLAND, MISSOURI
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2020

	Special Revenue Funds		Debt Service Fund	Total
	Court Fund	Park/ Stormwater Tax		
ASSETS:				
Cash and cash equivalents	\$ 76,555	\$ 117,442	\$ 895	\$ 194,892
Total Assets	<u>\$ 76,555</u>	<u>\$ 117,442</u>	<u>\$ 895</u>	<u>\$ 194,892</u>
LIABILITIES AND FUND BALANCES:				
Current liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Assigned for debt service	-	-	895	895
Assigned for parks/stormwater	-	117,442	-	117,442
Assigned for court fines	76,555	-	-	76,555
Total Fund Balances	<u>76,555</u>	<u>117,442</u>	<u>895</u>	<u>194,892</u>
Total Liabilities and Fund Balances	<u>\$ 76,555</u>	<u>\$ 117,442</u>	<u>\$ 895</u>	<u>\$ 194,892</u>

CITY OF ASHLAND, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2020

	Special Revenue Funds		Debt Service Fund	Total
	Court Fund	Park/ Stormwater Tax		
REVENUES				
Fines and forfeits	\$ 21,578	\$ -	\$ -	\$ 21,578
Sales taxes	-	187,231	-	187,231
Miscellaneous	-	-	-	-
Total Revenues	<u>21,578</u>	<u>187,231</u>	<u>-</u>	<u>208,809</u>
EXPENDITURES				
General government	-	134,232	-	134,232
Public safety	12,000	-	-	12,000
Total Expenditures	<u>12,000</u>	<u>134,232</u>	<u>-</u>	<u>146,232</u>
Excess (Deficit) of Revenues over Expenditures	<u>9,578</u>	<u>52,999</u>	<u>-</u>	<u>62,577</u>
Fund Balances, beginning	<u>66,977</u>	<u>64,443</u>	<u>895</u>	<u>132,315</u>
Fund Balances, ending	<u>\$ 76,555</u>	<u>\$ 117,442</u>	<u>\$ 895</u>	<u>\$ 194,892</u>

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Special Revenue Funds
Debt Service Fund

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Court Fund	Accounts for revenues received and expenditures paid for the court system.
Park/Stormwater Tax Fund	Accounts for revenues received and expenditures paid for park and stormwater improvements.

Debt Service Fund

Debt Service Fund	Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
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CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COURT FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 66,977	\$ 66,977	\$ 66,977	\$ -
Resources (Inflows):				
Fines and forfeits	24,600	23,798	21,578	(2,220)
Total	24,600	23,798	21,578	(2,220)
Amounts available for appropriation	91,577	90,775	88,555	(2,220)
Charges to appropriations (Outflows):				
Police Department:				
Other services and charges	12,000	12,000	12,000	-
Total Police Department	12,000	12,000	12,000	-
Total Charges to Appropriations	12,000	12,000	12,000	-
Ending Budgetary Fund Balance	\$ 79,577	\$ 78,775	\$ 76,555	\$ (2,220)

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 PARK/STORMWATER TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 64,443	\$ 64,443	\$ 64,443	\$ -
Resources (Inflows):				
Sales taxes	175,000	187,231	187,231	-
Miscellaneous	300	300	-	(300)
Totals	<u>175,300</u>	<u>187,531</u>	<u>187,231</u>	<u>(300)</u>
Amounts available for appropriation	<u>239,743</u>	<u>251,974</u>	<u>251,674</u>	<u>(300)</u>
Charges to appropriations (Outflows):				
General Government:				
Personnel	60,850	48,046	48,626	(580)
Other services and charges	61,000	80,326	71,080	9,246
Capital outlay	43,000	15,835	14,526	1,309
Total General Government	<u>164,850</u>	<u>144,207</u>	<u>134,232</u>	<u>9,975</u>
Total Charges to Appropriations	<u>164,850</u>	<u>144,207</u>	<u>134,232</u>	<u>9,975</u>
Ending Budgetary Fund Balance	<u>\$ 74,893</u>	<u>\$ 107,767</u>	<u>\$ 117,442</u>	<u>\$ 9,675</u>

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 895	\$ 895	\$ 895	\$ -
Resources (Inflows):				
Property taxes	-	-	-	-
Investment income	-	-	-	-
Totals	-	-	-	-
Amounts available for appropriation	895	895	895	-
Charges to appropriations (Outflows):				
Debt Service:				
Principal payments	-	-	-	-
Interest and fees	-	-	-	-
Total Debt Service	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	\$ 895	\$ 895	\$ 895	\$ -

COMPLIANCE AND INTERNAL CONTROL



GERDING, KORTE & CHITWOOD CPAS

Professional Corporation

Certified Public Accountants

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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 Members
of the Board of Aldermen
City of Ashland, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Missouri (the "City"), as of and for the year ended April 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 July 2, 2020. As described in our report on the financial statements the City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

PARTNER EMERITUS

Robert A. Gerding

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

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

Compliance and Other Matters

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

Purpose of this Report

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



July 2, 2020

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri