

REPORT OF
CITY OF ASHLAND, MISSOURI
YEAR ENDED APRIL 30, 2021

CITY OF ASHLAND, MISSOURI

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

PARTNERS

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

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.

PARTNER EMERITUS

Robert A. Gerding

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, 2021, 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 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 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 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 December 21, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



December 21, 2021

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

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,533,195	\$ 2,385,800	\$ 4,918,995
Restricted cash and cash equivalents	22,652	736,915	759,567
Unrestricted certificates of deposit	261,445	71,641	333,086
Restricted certificates of deposit	-	441,775	441,775
Restricted investments held in escrow	-	86,198	86,198
Due from DNR	-	374,913	374,913
Land	530,841	218,746	749,587
Construction in progress	2,782,332	72,000	2,854,332
Other capital assets, net of accumulated depreciation	2,769,600	14,159,971	16,929,571
Total Assets	8,900,065	18,547,959	27,448,024
LIABILITIES (Note III-D)			
Current Liabilities:			
Due within one year	64,745	341,000	405,745
Long-Term Liabilities:			
Refundable deposits	-	157,124	157,124
Due in more than one year	2,695,075	6,419,384	9,114,459
Total Liabilities	2,759,820	6,917,508	9,677,328
NET POSITION			
Net investment in capital assets	3,322,953	7,690,333	11,013,286
Restricted but expendable for:			
Debt service	-	1,264,988	1,264,988
Other purposes	22,652	-	22,652
Unrestricted	2,794,640	2,675,130	5,469,770
Total Net Position	\$ 6,140,245	\$ 11,630,451	\$ 17,770,696

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2021

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	\$ 591,112	\$ 75,658	\$ 3,904	\$ -	\$ (511,550)	\$ -	\$ (511,550)
Public Safety	655,178	28,960	-	-	(626,218)	-	(626,218)
Streets	679,766	-	-	-	(679,766)	-	(679,766)
Parks	71,494	-	-	-	(71,494)	-	(71,494)
Total Governmental Activities	1,997,550	104,618	3,904	-	(1,889,028)	-	(1,889,028)
Business-Type Activities:							
Water	598,396	855,445	-	-	-	257,049	257,049
Sewer	802,800	1,369,076	-	-	-	566,276	566,276
Sanitation	477,663	537,118	-	-	-	59,455	59,455
Total Business-Type Activities	1,878,859	2,761,639	-	-	-	882,780	882,780
General Revenues:							
Taxes:							
Property taxes					172,973	-	172,973
Sales taxes					1,238,365	-	1,238,365
Motor vehicle and fuel taxes					145,273	-	145,273
Franchise taxes					271,785	-	271,785
Other taxes					9,621	-	9,621
Investment income					6,603	35,745	42,348
Miscellaneous					95,201	-	95,201
Total general revenues					1,939,821	35,745	1,975,566
Change in net position					50,793	918,525	969,318
Net position - beginning					6,089,452	10,711,926	16,801,378
Net position - ending					\$ 6,140,245	\$ 11,630,451	\$ 17,770,696

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2021

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,620,928	\$ 255,901	\$ 656,366	\$ 2,533,195
Restricted cash and cash equivalents	22,652	-	-	22,652
Investments	261,445	-	-	261,445
Total Assets	\$ 1,905,025	\$ 255,901	\$ 656,366	\$ 2,817,292
LIABILITIES AND FUND BALANCES				
Liabilities:				
Other payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted for protested taxes	8,507	-	-	8,507
Assigned for debt service	-	-	895	895
Assigned for street	-	255,901	-	255,901
Assigned for court fines	-	-	93,410	93,410
Assigned for parks/stormwater	-	-	258,215	258,215
Assigned for capital projects	-	-	303,846	303,846
Assigned for telephone tax	4,777	-	-	4,777
Assigned for Friends of Ashland	9,368	-	-	9,368
Unassigned	1,882,373	-	-	1,882,373
Total Fund Balances	1,905,025	255,901	656,366	2,817,292
Total Liabilities and Fund Balances	\$ 1,905,025	\$ 255,901	\$ 656,366	

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 \$17,882,982 net of accumulated depreciation of \$11,800,209 are not financial resources and, therefore, are not reported in the funds. 6,082,773

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Debt due in less than one year (64,745)
Debt due in more than one year (2,695,075)

Net position of governmental activities \$ 6,140,245

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, 2021

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 172,973	\$ -	\$ -	\$ 172,973
Sales taxes	457,438	208,887	416,522	1,082,847
Franchise taxes	271,785	-	-	271,785
Other taxes	9,621	-	-	9,621
Intergovernmental	3,904	300,791	-	304,695
Licenses and permits	75,658	-	-	75,658
Fines and forfeits	105	-	28,855	28,960
Investment income	6,603	-	-	6,603
Miscellaneous	92,133	3,068	-	95,201
Total Revenues	<u>1,090,220</u>	<u>512,746</u>	<u>445,377</u>	<u>2,048,343</u>
EXPENDITURES:				
General government	634,039	-	-	634,039
Public safety	802,856	-	12,000	814,856
Streets	-	800,733	-	800,733
Park	-	-	66,862	66,862
Capital outlay	1,674,952	-	349,947	2,024,899
Total Expenditures	<u>3,111,847</u>	<u>800,733</u>	<u>428,809</u>	<u>4,341,389</u>
Excess (Deficit) of Revenues over Expenditures	<u>(2,021,627)</u>	<u>(287,987)</u>	<u>16,568</u>	<u>(2,293,046)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	2,759,820	-	-	2,759,820
Operating transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,759,820</u>	<u>-</u>	<u>-</u>	<u>2,759,820</u>
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	738,193	(287,987)	16,568	466,774
Fund Balance, Beginning	<u>1,166,832</u>	<u>543,888</u>	<u>639,798</u>	<u>2,350,518</u>
Fund Balance, Ending	<u>\$ 1,905,025</u>	<u>\$ 255,901</u>	<u>\$ 656,366</u>	<u>\$ 2,817,292</u>
Reconciliation to the Statement of Activities:				
Net change in fund balances - total governmental funds				\$ 466,774
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			2,689,315	
Depreciation expense			<u>(345,476)</u>	2,343,839
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:				
Capital lease proceeds received				<u>(2,759,820)</u>
Change in Net Position of Governmental Activities				<u>\$ 50,793</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,166,832	\$ 1,166,832	\$ 1,166,832	\$ -
Resources (Inflows):				
Property taxes	185,000	185,000	172,973	(12,027)
Sales taxes	457,000	457,000	457,438	438
Franchise taxes	265,000	265,000	271,785	6,785
Other taxes	9,000	9,000	9,621	621
Intergovernmental	3,906	3,906	3,904	(2)
Alcoholic beverage licenses	2,600	2,600	2,612	12
Building permits	70,000	70,000	73,046	3,046
Municipal court fines and fees	90	90	105	15
Investment income	10,000	10,000	6,603	(3,397)
Lease income	27,802	27,802	27,802	-
Other	67,892	67,892	64,331	(3,561)
Total	1,098,290	1,098,290	1,090,220	(8,070)
Amounts available for appropriation	2,265,122	2,265,122	2,257,052	(8,070)
Charges to Appropriations (Outflows):				
General Government:				
Personnel services	313,760	313,760	292,021	21,739
Materials and supplies	4,300	4,300	6,478	(2,178)
Other services and charges	347,061	347,061	335,540	11,521
Capital expenditures	2,576	2,576	1,673,858	(1,671,282)
Total General Government	667,697	667,697	2,307,897	(1,640,200)
Public Safety:				
Personnel services	510,358	510,358	503,224	7,134
Materials and supplies	36,588	36,588	35,553	1,035
Other services and charges	85,467	85,467	264,079	(178,612)
Capital expenditures	2,695	2,695	1,094	1,601
Total Public Safety	635,108	635,108	803,950	(168,842)
Total Charges to Appropriations	1,302,805	1,302,805	3,111,847	(1,809,042)
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	2,759,820	2,759,820
Operating transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	2,759,820	2,759,820
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	962,317	962,317	738,193	942,708
Ending Budgetary Fund Balance	\$ 962,317	\$ 962,317	\$ 1,905,025	\$ (1,817,112)

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 STREET FUND
 YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 543,888	\$ 543,888	\$ 543,888	\$ 20,462
Resources (Inflows):				
Sales taxes	208,000	208,000	208,887	887
Intergovernmental	325,000	325,000	300,791	(24,209)
Miscellaneous	3,100	3,100	3,068	(32)
Total	<u>536,100</u>	<u>536,100</u>	<u>512,746</u>	<u>(23,354)</u>
Amounts available for appropriation	<u>1,079,988</u>	<u>1,079,988</u>	<u>1,056,634</u>	<u>(2,892)</u>
Charges to appropriations (Outflows):				
Street Department:				
Personnel services	138,000	138,000	139,403	(1,403)
Materials and supplies	7,265	7,265	7,026	239
Other services and charges	40,547	40,547	57,770	(17,223)
Capital expenditures	445,200	445,200	596,534	(151,334)
Total Street Department	<u>631,012</u>	<u>631,012</u>	<u>800,733</u>	<u>(169,721)</u>
Total Charges to Appropriations	<u>631,012</u>	<u>631,012</u>	<u>800,733</u>	<u>(169,721)</u>
Ending Budgetary Fund Balance	<u>\$ 448,976</u>	<u>\$ 448,976</u>	<u>\$ 255,901</u>	<u>\$ (172,613)</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,610,148	\$ 603,308	\$ 172,344	\$ 2,385,800
Restricted cash and cash equivalents	-	736,915	-	736,915
Total Cash and Cash Equivalents	<u>1,610,148</u>	<u>1,340,223</u>	<u>172,344</u>	<u>3,122,715</u>
Investments				
Certificates of deposit	71,641	-	-	71,641
Restricted certificates of deposit	-	441,775	-	441,775
Restricted investments held in escrow	-	86,198	-	86,198
Total Investments	<u>71,641</u>	<u>527,973</u>	<u>-</u>	<u>599,614</u>
Due from Department of Natural Resources	-	374,913	-	374,913
Total Current Assets	<u>1,681,789</u>	<u>2,243,109</u>	<u>172,344</u>	<u>4,097,242</u>
Noncurrent Assets:				
Land	186,609	32,137	-	218,746
Construction in process	72,000	-	-	72,000
Other capital assets, net of accumulated depreciation	3,778,917	10,333,093	47,961	14,159,971
Total Noncurrent Assets	<u>4,037,526</u>	<u>10,365,230</u>	<u>47,961</u>	<u>14,450,717</u>
Total Assets	<u>\$ 5,719,315</u>	<u>\$ 12,608,339</u>	<u>\$ 220,305</u>	<u>\$ 18,547,959</u>
Liabilities				
Current Liabilities:				
Bonds payable - current portion	\$ -	\$ 341,000	\$ -	\$ 341,000
Total Current Liabilities	<u>-</u>	<u>341,000</u>	<u>-</u>	<u>341,000</u>
Noncurrent Liabilities:				
Refundable deposits	157,124	-	-	157,124
Bonds payable - long-term portion	-	6,419,384	-	6,419,384
Total Noncurrent Liabilities	<u>157,124</u>	<u>6,419,384</u>	<u>-</u>	<u>6,576,508</u>
Total Liabilities	<u>\$ 157,124</u>	<u>\$ 6,760,384</u>	<u>\$ -</u>	<u>\$ 6,917,508</u>
Net Position				
Net investment in capital assets	\$ 4,037,526	\$ 3,604,846	\$ 47,961	\$ 7,690,333
Restricted but expendable for debt service	-	1,264,988	-	1,264,988
Restricted but expendable for construction	-	-	-	-
Unrestricted (Deficit)	<u>1,524,665</u>	<u>978,121</u>	<u>172,344</u>	<u>2,675,130</u>
Total Net Position	<u>\$ 5,562,191</u>	<u>\$ 5,847,955</u>	<u>\$ 220,305</u>	<u>\$ 11,630,451</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, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Charges for services	\$ 794,960	\$ 1,334,509	\$ 537,118	\$ 2,666,587
Miscellaneous	60,485	34,567	-	95,052
Total Operating Revenues	<u>855,445</u>	<u>1,369,076</u>	<u>537,118</u>	<u>2,761,639</u>
Operating Expenses:				
Personnel services	241,778	-	-	241,778
Materials and supplies	103,847	5,148	-	108,995
Repairs and maintenance	9,800	35,559	-	45,359
Utilities	23,747	91,564	-	115,311
Contracted services	730	308,144	458,598	767,472
Other	59,205	43,876	17,624	120,705
Depreciation	159,289	214,074	1,441	374,804
Total Operating Expenses	<u>598,396</u>	<u>698,365</u>	<u>477,663</u>	<u>1,774,424</u>
Operating Income (Loss)	<u>257,049</u>	<u>670,711</u>	<u>59,455</u>	<u>987,215</u>
Non-Operating Revenues (Expenses):				
Investment income	7,511	28,234	-	35,745
Interest expense and fees on debt	-	(104,435)	-	(104,435)
Total nonoperating revenues (expenses)	<u>7,511</u>	<u>(76,201)</u>	<u>-</u>	<u>(68,690)</u>
Net Income	264,560	594,510	59,455	918,525
Net Position, Beginning	<u>5,297,631</u>	<u>5,253,445</u>	<u>160,850</u>	<u>10,711,926</u>
Net Position, Ending	<u>\$ 5,562,191</u>	<u>\$ 5,847,955</u>	<u>\$ 220,305</u>	<u>\$ 11,630,451</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2021

	Business-Type Activities - Enterprise Fund			Total
	Water	Sewer	Sanitation	
Cash flows from operating activities:				
Receipts from customers	\$ 855,445	\$ 1,369,076	\$ 537,118	\$ 2,761,639
Payments to suppliers	(185,266)	(484,291)	(476,222)	(1,145,779)
Payments to employees	(241,778)	-	-	(241,778)
Net cash provided by operating activities	<u>428,401</u>	<u>884,785</u>	<u>60,896</u>	<u>1,374,082</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(33,177)	(615,513)	(49,402)	(698,092)
Proceeds from capital debt	-	547,514	-	547,514
Due from DNR	-	(374,913)	-	(374,913)
Principal paid on capital debt	-	(358,200)	-	(358,200)
Interest and fiscal agent fees paid on capital debt	-	(104,435)	-	(104,435)
Net cash (used) for capital and related financing activities	<u>(33,177)</u>	<u>(905,547)</u>	<u>(49,402)</u>	<u>(988,126)</u>
Cash flows from investing activities:				
Purchase of investments	(71,641)	(527,973)	-	(599,614)
Maturity of investments	70,614	526,021	-	596,635
Interest income	7,511	28,234	-	35,745
Net cash provided (used) by investing activities	<u>6,484</u>	<u>26,282</u>	<u>-</u>	<u>32,766</u>
Net increase in cash and cash equivalents	401,708	5,520	11,494	418,722
Balance, beginning of year	1,208,440	1,334,703	160,850	2,703,993
Balance, end of year	<u>\$ 1,610,148</u>	<u>\$ 1,340,223</u>	<u>\$ 172,344</u>	<u>\$ 3,122,715</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 1,610,148	\$ 603,308	\$ 172,344	2,385,800
Restricted cash and cash equivalents	-	736,915	-	736,915
Total cash and cash equivalents, end of year	<u>\$ 1,610,148</u>	<u>\$ 1,340,223</u>	<u>\$ 172,344</u>	<u>\$ 3,122,715</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 257,049	\$ 670,711	\$ 59,455	\$ 987,215
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	159,289	214,074	1,441	374,804
Changes in assets and liabilities:				
Refundable deposits	12,063	-	-	12,063
Net cash provided by operating activities	<u>\$ 428,401</u>	<u>\$ 884,785</u>	<u>\$ 60,896</u>	<u>\$ 1,374,082</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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, 2021

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, 2021

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.

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.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021, the City capitalized \$0 of interest in the sewer fund.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, the City had \$8,507 restricted for protested taxes.

- **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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021.

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. Actual expenditures exceeded final budgeted expenditures in the General Fund, Street Fund and Capital Projects Fund.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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.

The deposits and investments held at April 30, 2021, are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		\$ 6,352,036
Time deposit	09/30/21	32,614
Time deposit	02/05/22	14,481
Time deposit	02/06/22	71,641
Time deposit	05/03/23	68,849
Total		6,539,621
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 4,918,995
Restricted cash and cash equivalents		759,567
Restricted certificates of deposit		441,775
Unrestricted certificates of deposit		333,086
Restricted investments held in escrow		86,198
Total		\$ 6,539,621

CITY OF ASHLAND, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
 APRIL 30, 2021

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

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 \$5,624,700 at April 30, 2021, 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, 2021, 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, 2021, the City had no concentration of credit risk.

B. Restricted Assets

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

Revenue Bonds - Principal and interest	\$	187,065
Revenue Bonds - Reserve		991,725
Restricted funds held in Escrow		86,198
Restricted for Friends of Ashland		9,368
Restricted for Telephone Tax		4,777
Restricted for Protested Taxes		8,507
Total Restricted Assets	\$	1,287,640

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

C. Capital Assets

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2021, was as follows:

	Balance April 30, 2020	Additions	Disposals	Balance April 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 530,841	\$ -	\$ -	\$ 530,841
Construction in progress	719,422	2,062,910	-	2,782,332
Total capital assets not being depreciated	<u>1,250,263</u>	<u>2,062,910</u>	<u>-</u>	<u>3,313,173</u>
Capital assets being depreciated				
Buildings	272,218	-	-	272,218
Machinery and vehicles	525,954	152,859	(22,297)	656,516
Furniture and equipment	338,667	51,961	-	390,628
Other property and equipment	124,704	-	-	124,704
Infrastructure	12,704,158	421,585	-	13,125,743
Total capital assets being depreciated	<u>13,965,701</u>	<u>626,405</u>	<u>(22,297)</u>	<u>14,569,809</u>
Total capital assets at historical costs	<u>15,215,964</u>	<u>2,689,315</u>	<u>(22,297)</u>	<u>17,882,982</u>
Less accumulated depreciation				
Buildings	(147,766)	(6,478)	-	(154,244)
Machinery and vehicles	(450,788)	(39,212)	22,297	(467,703)
Furniture and equipment	(332,172)	(7,130)	-	(339,302)
Other property and equipment	(115,830)	(887)	-	(116,717)
Infrastructure	(10,430,474)	(291,769)	-	(10,722,243)
Total accumulated depreciation	<u>(11,477,030)</u>	<u>(345,476)</u>	<u>22,297</u>	<u>(11,800,209)</u>
Total capital assets being depreciated, net	<u>2,488,671</u>	<u>280,929</u>	<u>-</u>	<u>2,769,600</u>
Net capital assets	<u>\$ 3,738,934</u>	<u>\$ 2,343,839</u>	<u>\$ -</u>	<u>\$ 6,082,773</u>

Water

	Balance April 30, 2020	Additions	Disposals	Balance April 30, 2021
Capital assets not being depreciated:				
Land	\$ 186,609	\$ -	\$ -	\$ 186,609
Construction in Progress	72,000	-	-	72,000
Total capital assets not being depreciated	<u>258,609</u>	<u>-</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	33,177	-	324,531
Property and improvements	4,969,921	-	-	4,969,921
Total capital assets being depreciated	<u>5,884,785</u>	<u>33,177</u>	<u>-</u>	<u>5,917,962</u>
Total capital assets at historical costs	<u>6,143,394</u>	<u>33,177</u>	<u>-</u>	<u>6,176,571</u>
Less accumulated depreciation				
Buildings	(221,264)	(11,535)	-	(232,799)
Machinery and equipment	(42,752)	(5,612)	-	(48,364)
Vehicles	(251,644)	(14,810)	-	(266,454)
Property and improvements	(1,464,096)	(127,332)	-	(1,591,428)
Total accumulated depreciation	<u>(1,979,756)</u>	<u>(159,289)</u>	<u>-</u>	<u>(2,139,045)</u>
Total capital assets being depreciated, net	<u>3,905,029</u>	<u>(126,112)</u>	<u>-</u>	<u>3,778,917</u>
Net capital assets	<u>\$ 4,163,638</u>	<u>\$ (126,112)</u>	<u>\$ -</u>	<u>\$ 4,037,526</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

Sewer

	Balance April 30, 2020	Additions	Disposals	Balance April 30, 2021
Capital assets not being depreciated:				
Land	\$ 32,137	\$ -	\$ -	\$ 32,137
Construction in Progress	6,335,435	-	(6,335,435)	-
Total capital assets not being depreciated	6,367,572	-	(6,335,435)	32,137
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	6,950,948	-	11,638,937
Total capital assets being depreciated	5,110,909	6,950,948	-	12,061,857
Total capital assets at historical costs	11,478,481	6,950,948	(6,335,435)	12,093,994
Less accumulated depreciation				
Buildings	(48,420)	(2,460)	-	(50,880)
Machinery and equipment	(76,940)	(13,165)	-	(90,105)
Vehicles	(209,133)	(4,965)	-	(214,098)
Property and improvements	(1,180,197)	(193,484)	-	(1,373,681)
Total accumulated depreciation	(1,514,690)	(214,074)	-	(1,728,764)
Total capital assets being depreciated, net	3,596,219	6,736,874	-	10,333,093
Net capital assets	\$ 9,963,791	\$ 6,736,874	\$ (6,335,435)	\$ 10,365,230

Sanitation

	Balance April 30, 2020	Additions	Disposals	Balance April 30, 2021
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	-	49,402	-	49,402
Total capital assets being depreciated	1,433	49,402	-	50,835
Total capital assets at historical costs	1,433	49,402	-	50,835
Less accumulated depreciation				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	(1,433)	-	-	(1,433)
Property and improvements	-	(1,441)	-	(1,441)
Total accumulated depreciation	(1,433)	(1,441)	-	(2,874)
Total capital assets being depreciated, net	-	47,961	-	47,961
Net capital assets	\$ -	\$ 47,961	\$ -	\$ 47,961

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

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

Primary Government:

Governmental activities:

General government	\$ 17,084
Public safety	23,142
Streets	300,618
Park	4,632
Total depreciation expense for governmental activities	\$ 345,476

Business-type activities:

Water	\$ 159,289
Sewer	214,074
Sanitation	1,441
Total depreciation expense for business-type activities	\$ 374,804

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.

Changes in Long-Term Debt

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

Governmental Activities

As of April 30, 2021, long-term debt arising from modified cash transactions, payable from governmental fund resources consisted of the following:

	Balance Beginning of Year	Issued	Retired	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Capital leases payable #1	\$ -	\$ 182,820	\$ -	\$ 182,820	\$ 37,283
Capital leases payable #2	-	2,577,000	-	2,577,000	27,462
Total Governmental Activities	\$ -	\$ 2,759,820	\$ -	\$ 2,759,820	\$ 64,745

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

Business-Type Activities

As of April 30, 2021, the long-term debt, arising from modified cash transactions, payable from proprietary fund resources consisted of the following:

	Balance Beginning of Year	Issued	Retired	Balance End of Year	Amount Due Within One Year
Business-Type Activities:					
Revenue bonds payable, Series 2016	\$ 1,081,400	\$ -	\$ (58,400)	\$ 1,023,000	\$ 60,000
Revenue bonds payable, Series 2018	5,489,670	547,514	(299,800)	5,737,384	281,000
Refundable deposits	131,907	41,550	(16,333)	157,124	-
Total Business-Type Activities	<u>\$ 6,702,977</u>	<u>\$ 589,064</u>	<u>\$ (374,533)</u>	<u>\$ 6,917,508</u>	<u>\$ 341,000</u>

Bonds Payable:

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, 2021, is \$6,760,384.

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

Utility Deposits - Refundable	\$ 157,124
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CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

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, 2021, are as follows:

2016 Revenue Bonds Issued for Construction

Year Ending April 30,	Principal	Interest	Total
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	67,100	21,466	88,566
2027-2031	365,800	77,393	443,193
2032-2036	339,600	22,533	362,133
Total	<u>\$ 1,023,000</u>	<u>\$ 225,420</u>	<u>\$ 1,248,420</u>

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

Year Ending April 30,	Principal	Interest	Total
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	302,000	64,720	366,720
2027-2031	1,597,000	261,960	1,858,960
2032-2036	1,753,000	152,038	1,905,038
2037-2040	1,326,000	35,336	1,361,336
Total	<u>\$ 6,133,000</u>	<u>\$ 811,562</u>	<u>\$ 6,944,562</u>

Capital Lease No. 1:

On February 16, 2021, the City entered into a capital lease-purchase agreement to finance the purchase of police vehicles. The initial term of the lease shall be for one year. At the City's option, the lease can be continued for up to five renewal terms, each of one-year duration. It is expected that the City will not abandon this lease and, accordingly, the lease obligation is shown as long-term debt. The terms of the lease set the interest rate at 1.650%.

CITY OF ASHLAND, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
 APRIL 30, 2021

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

The following is a schedule of future minimum lease payments under the lease (assuming noncancellation):

Year Ending April 30,	Principal	Interest	Total
2022	\$ 37,283	\$ 636	\$ 37,919
2023	35,485	2,435	37,920
2024	36,078	1,841	37,919
2025	36,679	1,241	37,920
2026	37,295	624	37,919
	\$ 182,820	\$ 6,777	\$ 189,597

Property, plant and equipment includes the following amounts for the lease which have been capitalized at April 30, 2021:

Equipment/Machinery & Vehicles	\$ 182,820
Less accumulated amortization	(3,047)
	\$ 179,773

Amortization of the capital lease was \$3,047 for the fiscal year ending April 30, 2021. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

Capital Lease No. 2:

On April 30, 2021, the City entered into a capital lease-purchase agreement to finance the acquisition and improvement of a new city hall and police department facility. The initial term of the lease shall be for one year. At the City's option, the lease can be continued for up to twenty renewal terms, each of one-year duration. It is expected that the City will not abandon this lease and, accordingly, the lease obligation is shown as long-term debt. The terms of the lease set the interest rate at 2.250% for the tax-exempt portion and 3.000% for the taxable portion.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

The following is a schedule of future minimum lease payments under the lease (assuming noncancellation):

Year Ending April 30,	Tax-Exempt Portion			Taxable Portion		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 24,442	\$ 44,248	\$ 68,690	\$ 3,020	\$ 12,084	\$ 15,104
2023	90,310	47,071	137,381	17,284	12,924	30,208
2024	92,354	45,027	137,381	17,807	12,401	30,208
2025	94,443	42,938	137,381	18,345	11,863	30,208
2026	96,580	40,801	137,381	18,900	11,308	30,208
2027-2031	516,687	170,218	686,905	103,420	47,620	151,040
2032-2036	577,847	109,058	686,905	120,023	31,017	151,040
2037-2041	646,247	40,654	686,901	139,291	11,747	151,038
	<u>\$ 2,138,910</u>	<u>\$ 540,015</u>	<u>\$ 2,678,925</u>	<u>\$ 438,090</u>	<u>\$ 150,964</u>	<u>\$ 589,054</u>

Year Ending April 30,	Total		
	Principal	Interest	Total
2022	\$ 27,462	\$ 56,332	\$ 83,794
2023	107,594	59,995	167,589
2024	110,161	57,428	167,589
2025	112,788	54,801	167,589
2026	115,480	52,109	167,589
2027-2031	620,107	217,838	837,945
2032-2036	697,870	140,075	837,945
2037-2041	785,538	52,401	837,939
	<u>\$ 2,577,000</u>	<u>\$ 690,979</u>	<u>\$ 3,267,979</u>

Property, plant and equipment includes the following amounts for the lease which have been capitalized at April 30, 2021:

Construction in progress	\$ 1,671,281
Less accumulated amortization	-
	<u>\$ 1,671,281</u>

No amortization has been recorded for the fiscal year ending April 30, 2021.

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 2021 on the bonds required 27% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,192,981. Principal and interest paid on the bonds for the current year was \$462,635. Total water and sewer fund net revenues for the current year were \$1,705,869.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

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

The general fund pledged future general fund revenues, net of specified operating expenses, to repay general fund capital leases that were issued for the purchase of equipment and construction of a new building. The leases are payable from general fund net revenues and are payable through 2041. Annual principal and interest in 2021 on the leases required 0% of general net revenues. The total principal and interest remaining to be paid on the leases is \$3,457,576. Principal and interest paid on the leases for the current year was \$0. Total general fund net revenues for the current year were \$(346,675).

F. Interfund Transfers

There were no interfund transfers during fiscal year 2021.

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.

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 3.4% (General) and 6.5% (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 \$35,837 to LAGERS (Employer Contribution) in fiscal year 2021.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

IV. OTHER INFORMATION (continued)

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 2020 for purposes of local taxation was \$73,936,650. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2020 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, 2021, aggregated approximately 94% of the current assessment computed on the basis of the levy.

D. Litigation

At April 30, 2021, 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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2021

IV. OTHER INFORMATION (continued)

E. Fund Balance

Classifications of fund balances at April 30, 2021 are as follows:

	General Fund	Street Fund	Other Governmental Funds	Total
Fund Balances:				
Restricted for protested taxes	\$ 8,507	\$ -	\$ -	\$ 8,507
Assigned for debt service purposes	-	-	895	895
Assigned for street	-	255,901	-	255,901
Assigned for court fines	-	-	93,410	93,410
Assigned for parks/stormwater	-	-	258,215	258,215
Assigned for capital projects purposes	-	-	303,846	303,846
Assigned for telephone tax	4,777	-	-	4,777
Assigned for Friends of Ashland	9,368	-	-	9,368
Unassigned	1,882,373	-	-	1,882,373
	<u>\$ 1,905,025</u>	<u>\$ 255,901</u>	<u>\$ 656,366</u>	<u>\$ 2,817,292</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 \$28,960 for the year ended April 30, 2021, which is 2.7% of general fund revenues.

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 2021.

H. Consideration of Subsequent Events

Subsequent events have been evaluated through December 21, 2021, which is the date the financial statements are available to be issued. On July 17, 2021, the City received \$400,343 in American Rescue Plan Act (ARPA) funds. No other events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CITY OF ASHLAND, MISSOURI
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2021

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Court Fund</u>	<u>Park/ Stormwater Tax</u>			
ASSETS:					
Cash and cash equivalents	\$ 93,410	\$ 258,215	\$ 895	\$ 303,846	\$ 656,366
Total Assets	<u>\$ 93,410</u>	<u>\$ 258,215</u>	<u>\$ 895</u>	<u>\$ 303,846</u>	<u>\$ 656,366</u>
LIABILITIES AND FUND BALANCES:					
Current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Assigned for debt service	-	-	895	-	895
Assigned for parks/stormwater	-	258,215	-	-	258,215
Assigned for capital projects	-	-	-	303,846	303,846
Assigned for court fines	93,410	-	-	-	93,410
Total Fund Balances	<u>93,410</u>	<u>258,215</u>	<u>895</u>	<u>303,846</u>	<u>656,366</u>
Total Liabilities and Fund Balances	<u>\$ 93,410</u>	<u>\$ 258,215</u>	<u>\$ 895</u>	<u>\$ 303,846</u>	<u>\$ 656,366</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, 2021

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Court Fund	Park/ Stormwater Tax			
REVENUES					
Fines and forfeits	\$ 28,855	\$ -	\$ -	\$ -	\$ 28,855
Sales taxes	-	207,635	-	208,887	416,522
Miscellaneous	-	-	-	-	-
Total Revenues	<u>28,855</u>	<u>207,635</u>	<u>-</u>	<u>208,887</u>	<u>445,377</u>
EXPENDITURES					
General government	-	-	-	349,947	349,947
Public safety	12,000	-	-	-	12,000
Park	-	66,862	-	-	66,862
Total Expenditures	<u>12,000</u>	<u>66,862</u>	<u>-</u>	<u>349,947</u>	<u>428,809</u>
Excess (Deficit) of Revenues over Expenditures	<u>16,855</u>	<u>140,773</u>	<u>-</u>	<u>(141,060)</u>	<u>16,568</u>
Fund Balances, beginning	<u>76,555</u>	<u>117,442</u>	<u>895</u>	<u>444,906</u>	<u>639,798</u>
Fund Balances, ending	<u>\$ 93,410</u>	<u>\$ 258,215</u>	<u>\$ 895</u>	<u>\$ 303,846</u>	<u>\$ 656,366</u>

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

Special Revenue Funds
Debt Service Fund
Capital Project 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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Capital Project Fund

Capital Project Fund	Accounts for resources restricted for the acquisition or construction of specific capital projects or items.
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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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 76,555	\$ 76,555	\$ 76,555	\$ (2,220)
Resources (Inflows):				
Fines and forfeits	29,616	29,616	28,855	(761)
Total	29,616	29,616	28,855	(761)
Amounts available for appropriation	106,171	106,171	105,410	(761)
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	\$ 94,171	\$ 94,171	\$ 93,410	\$ (761)

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 117,442	\$ 117,442	\$ 117,442	\$ 9,675
Resources (Inflows):				
Sales taxes	207,635	207,635	207,635	-
Miscellaneous	-	-	-	-
Totals	<u>207,635</u>	<u>207,635</u>	<u>207,635</u>	<u>-</u>
Amounts available for appropriation	<u>325,077</u>	<u>325,077</u>	<u>325,077</u>	<u>9,675</u>
Charges to appropriations (Outflows):				
Park				
Personnel	27,915	27,915	28,154	(239)
Other services and charges	28,656	28,656	37,565	(8,909)
Capital outlay	75,500	75,500	1,143	74,357
Total General Government	<u>132,071</u>	<u>132,071</u>	<u>66,862</u>	<u>65,209</u>
Total Charges to Appropriations	<u>132,071</u>	<u>132,071</u>	<u>66,862</u>	<u>65,209</u>
Ending Budgetary Fund Balance	<u>\$ 193,006</u>	<u>\$ 193,006</u>	<u>\$ 258,215</u>	<u>\$ 74,884</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, 2021

	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	\$ -

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECT FUND
 YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 444,906	\$ 444,906	\$ 444,906	\$ -
Resources (Inflows):				
Sales taxes	208,000	208,000	208,887	887
Total	208,000	208,000	208,887	887
Amounts available for appropriation	652,906	652,906	653,793	887
Charges to appropriations (Outflows):				
Structural projects and other	288,000	288,000	349,947	(61,947)
Total	288,000	288,000	349,947	(61,947)
Total Charges to Appropriations	288,000	288,000	349,947	(61,947)
Ending Budgetary Fund Balance	\$ 364,906	\$ 364,906	\$ 303,846	\$ (61,060)

COMPLIANCE AND INTERNAL CONTROL

723 Main St.
Boonville, MO 65233
(660) 882-7000
Fax: (660) 882-7765

www.gkccpas.com

**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2021. 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

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 instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* as item 2021-001.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of finding and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



December 21, 2021

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

CITY OF ASHLAND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
APRIL 30, 2021

2021-001 Budgeting

Criteria: State statute, Chapter 67, requires that each political subdivision is prohibited from expending public monies unless those expenditures have been authorized as provided in Chapter 67.

Condition: The City’s actual expenditures in the General Fund, Street Fund and Capital Project Fund exceeded final budgeted expenditures by \$1,809,042, \$169,721 and \$61,947, respectively.

Context: The final budgeted expenditures were compared to actual expenditures. Actual expenditures exceeded budgeted expenditures in the General Fund, Street Fund and Capital Project Fund by \$1,809,042, \$169,721 and \$61,947, respectively.

Effect: The City violated state statute RSMo 67.

Cause: The City budgeted too few expenditures in the General Fund, Street Fund and Capital Project Fund.

Recommendation: The City should ensure actual expenditures do not exceed budgeted expenditures in any funds.

View of
Responsible
Officials & Planned
Corrective Action:

When the budget was created for FY ended April 30, 2021, all of the supplemental budget requests for both personnel, equipment and projects were not accounted for in the base budget that were approved by the Board of Aldermen. As a result, as expenditures were made throughout the fiscal year for those supplemental items, the City’s base budget was exceeded. In addition, as other non-budgeted items were needed throughout the year, the appropriate budget amendments that should have been presented to the Board by the Treasurer for approval were not.

As a result of these findings, staffing changes have been recently made, and I am pleased to report that the City has now implemented procedures to ensure that adopted budgets include all approved supplemental budget requests; that budget amendments are performed and presented to the Board of Aldermen on a regular basis, and budget reports are available to all Department Directors and the City Administrator on a monthly basis. These procedures will ensure that no public monies will be expended unless authorized by the Board of Aldermen so that actual so that actual expenditures do not exceed budgeted expenditures in any fund.