

REPORT OF
CITY OF ASHLAND, MISSOURI
YEAR ENDED APRIL 30, 2022

CITY OF ASHLAND, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Statement of Net Position - Modified Cash Basis	4
Statement of Activities - Modified Cash Basis	5
<u>Governmental Funds</u>	
Balance Sheet - Modified Cash Basis	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	7
Budgetary Comparison Schedule - Modified Cash Basis	
General Fund	8
Street Fund	9
<u>Proprietary Funds</u>	
Statement of Net Position – Modified Cash Basis	10
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	11
Statement of Cash Flows - Modified Cash Basis	12
Notes to Basic Financial Statements	13-33

CITY OF ASHLAND, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Information	
Non-Major Governmental Funds:	
Combining Balance Sheet - Modified Cash Basis	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis	35
Budgetary Comparison Schedule - Modified Cash Basis – Non-Major Funds	
Court Fund	36
Park/Stormwater Tax Fund	37
Debt Service Fund	38
Capital Project Fund	39
Compliance and Internal Control	
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Schedule of Findings and Responses	42-43

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of April 30, 2022, 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 for Opinions

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

PARTNERS
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson

PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter - 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 19, 2022, 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.



July 19, 2022

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

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,489,867	\$ 3,438,064	\$ 5,927,931
Restricted cash and cash equivalents	32,859	772,962	805,821
Unrestricted certificates of deposit	262,257	71,993	334,250
Restricted certificates of deposit	-	443,353	443,353
Restricted investments held in escrow	-	84,477	84,477
Land	530,841	218,746	749,587
Construction in progress	21,964	-	21,964
Other capital assets, net of accumulated depreciation	6,288,837	13,885,936	20,174,773
Total Assets	9,626,625	18,915,531	28,542,156
LIABILITIES (Note III-D)			
Current Liabilities:			
Due within one year	145,513	329,200	474,713
Long-Term Liabilities:			
Refundable deposits	-	165,600	165,600
Due in more than one year	2,548,925	6,108,200	8,657,125
Total Liabilities	2,694,438	6,603,000	9,297,438
NET POSITION			
Net investment in capital assets	4,147,204	7,667,282	11,814,486
Restricted but expendable for:			
Debt service	-	1,300,792	1,300,792
Other purposes	32,859	-	32,859
Unrestricted	2,752,124	3,344,457	6,096,581
Total Net Position	\$ 6,932,187	\$ 12,312,531	\$ 19,244,718

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2022

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	\$ 1,034,270	\$ 245,944	\$ 416,222	\$ -	\$ (372,104)	\$ -	\$ (372,104)
Public Safety	748,076	27,563	-	-	(720,513)	-	(720,513)
Streets	651,205	-	-	-	(651,205)	-	(651,205)
Parks	123,087	-	-	-	(123,087)	-	(123,087)
Total Governmental Activities	2,556,638	273,507	416,222	-	(1,866,909)	-	(1,866,909)
Business-Type Activities:							
Water	729,883	848,266	-	-	-	118,383	118,383
Sewer	842,668	1,344,752	45,000	-	-	547,084	547,084
Sanitation	354,269	419,178	-	-	-	64,909	64,909
Total Business-Type Activities	1,926,820	2,612,196	45,000	-	-	730,376	730,376
General Revenues:							
Taxes:							
Property taxes					195,101	-	195,101
Sales taxes					1,432,366	-	1,432,366
Motor vehicle and fuel taxes					162,834	-	162,834
Franchise taxes					299,252	-	299,252
Other taxes					210	-	210
Investment income					5,439	11,043	16,482
Miscellaneous					163,259	-	163,259
Total general revenues					2,258,461	11,043	2,269,504
Change in net position before special items					391,552	741,419	1,132,971
Special Items:							
Gain on sale of capital assets					341,051	-	341,051
Interfund transfers					59,339	(59,339)	-
Change in net position					791,942	682,080	1,474,022
Net position - beginning					6,140,245	11,630,451	17,770,696
Net position - ending					\$ 6,932,187	\$ 12,312,531	\$ 19,244,718

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2022

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,485,030	\$ 230,460	\$ 774,377	\$ 2,489,867
Restricted cash and cash equivalents	32,859	-	-	32,859
Investments	262,257	-	-	262,257
Total Assets	<u>\$ 1,780,146</u>	<u>\$ 230,460</u>	<u>\$ 774,377</u>	<u>\$ 2,784,983</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Other payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for protested taxes	8,507	-	-	8,507
Assigned for debt service	-	-	895	895
Assigned for street	-	230,460	-	230,460
Assigned for court fines	-	-	105,051	105,051
Assigned for parks/stormwater	-	-	333,094	333,094
Assigned for capital projects	-	-	335,337	335,337
Assigned for telephone tax	6,118	-	-	6,118
Assigned for Friends of Ashland	18,234	-	-	18,234
Unassigned	1,747,287	-	-	1,747,287
Total Fund Balances	<u>1,780,146</u>	<u>230,460</u>	<u>774,377</u>	<u>2,784,983</u>
Total Liabilities and Fund Balances	<u>\$ 1,780,146</u>	<u>\$ 230,460</u>	<u>\$ 774,377</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 \$18,999,202 net of accumulated depreciation of \$12,157,560 are not financial resources and, therefore, are not reported in the funds. 6,841,642

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 (145,513)
Debt due in more than one year (2,548,925)

Net position of governmental activities \$ 6,932,187

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, 2022

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 195,101	\$ -	\$ -	\$ 195,101
Sales taxes	532,796	246,575	492,962	1,272,333
Franchise taxes	299,252	-	-	299,252
Other taxes	210	-	-	210
Intergovernmental	416,222	322,867	-	739,089
Licenses and permits	245,944	-	-	245,944
Fines and forfeits	130	-	27,433	27,563
Investment income	5,439	-	-	5,439
Miscellaneous	592,083	1,304	5,497	598,884
Total Revenues	2,287,177	570,746	525,892	3,383,815
EXPENDITURES:				
General government	819,527	-	-	819,527
Public safety	701,413	-	20,289	721,702
Streets	-	596,187	-	596,187
Park	-	-	172,515	172,515
Capital outlay	950,455	-	215,077	1,165,532
Total Expenditures	2,471,395	596,187	407,881	3,475,463
Excess (Deficit) of Revenues over Expenditures	(184,218)	(25,441)	118,011	(91,648)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	59,339	-	-	59,339
Total Other Financing Sources (Uses)	59,339	-	-	59,339
Excess (Deficit) of Revenues over Expenditures and Other Financing Sources (Uses)	(124,879)	(25,441)	118,011	(32,309)
Fund Balance, Beginning	1,905,025	255,901	656,366	2,817,292
Fund Balance, Ending	\$ 1,780,146	\$ 230,460	\$ 774,377	\$ 2,784,983
Reconciliation to the Statement of Activities:				
Net change in fund balances - total governmental funds				\$ (32,309)
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:				
Gain on sale of capital assets (less cash received)			(94,574)	
Capital asset purchases			1,297,107	
Depreciation expense			(443,664)	758,869
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 principal payments				65,382
Change in Net Position of Governmental Activities				\$ 791,942

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,905,025	\$ 1,905,025	\$ 1,905,025	
Resources (Inflows):				
Property taxes	185,600	185,600	195,101	9,501
Sales taxes	494,000	494,000	532,796	38,796
Franchise taxes	294,140	294,140	299,252	5,112
Other taxes	210	210	210	-
Intergovernmental	11,686	11,686	416,222	404,536
Alcoholic beverage licenses	2,377	2,377	2,447	70
Building permits	230,000	230,000	243,497	13,497
Municipal court fines and fees	130	130	130	-
Investment income	4,935	4,935	5,439	504
Other	994,425	994,425	592,083	(402,342)
Total	<u>2,217,503</u>	<u>2,217,503</u>	<u>2,287,177</u>	<u>69,674</u>
Amounts available for appropriation	<u>4,122,528</u>	<u>4,122,528</u>	<u>4,192,202</u>	<u>69,674</u>
Charges to Appropriations (Outflows):				
General Government:				
Personnel services	399,780	399,780	385,907	13,873
Materials and supplies	5,823	5,823	4,709	1,114
Other services and charges	463,974	463,974	428,911	35,063
Capital expenditures	866,661	866,661	950,455	(83,794)
Total General Government	<u>1,736,238</u>	<u>1,736,238</u>	<u>1,769,982</u>	<u>(33,744)</u>
Public Safety:				
Personnel services	516,459	516,459	506,462	9,997
Materials and supplies	45,921	45,921	43,971	1,950
Other services and charges	107,535	107,535	150,980	(43,445)
Capital expenditures	1,250	1,250	-	1,250
Total Public Safety	<u>671,165</u>	<u>671,165</u>	<u>701,413</u>	<u>(30,248)</u>
Total Charges to Appropriations	<u>2,407,403</u>	<u>2,407,403</u>	<u>2,471,395</u>	<u>(63,992)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	905,719	905,719	-	(905,719)
Operating transfers in (out)	-	-	59,339	59,339
Total Other Financing Sources (Uses)	<u>905,719</u>	<u>905,719</u>	<u>59,339</u>	<u>(846,380)</u>
Ending Budgetary Fund Balance	<u>\$ 2,620,844</u>	<u>\$ 2,620,844</u>	<u>\$ 1,780,146</u>	

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 STREET FUND
 YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 255,901	\$ 255,901	\$ 255,901	
Resources (Inflows):				
Sales taxes	226,500	226,500	246,575	20,075
Intergovernmental	323,033	323,033	322,867	(166)
Miscellaneous	684	684	1,304	620
Total	<u>550,217</u>	<u>550,217</u>	<u>570,746</u>	<u>20,529</u>
Amounts available for appropriation	<u>806,118</u>	<u>806,118</u>	<u>826,647</u>	<u>20,529</u>
Charges to appropriations (Outflows):				
Street Department:				
Personnel services	199,000	199,000	192,897	6,103
Materials and supplies	10,056	10,056	9,181	875
Other services and charges	43,274	43,274	42,009	1,265
Capital expenditures	350,069	350,069	352,100	(2,031)
Total Street Department	<u>602,399</u>	<u>602,399</u>	<u>596,187</u>	<u>6,212</u>
Total Charges to Appropriations	<u>602,399</u>	<u>602,399</u>	<u>596,187</u>	<u>6,212</u>
Ending Budgetary Fund Balance	<u>\$ 203,719</u>	<u>\$ 203,719</u>	<u>\$ 230,460</u>	

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 1,785,209	\$ 1,413,132	\$ 239,723	\$ 3,438,064
Restricted cash and cash equivalents	-	772,962	-	772,962
Total Cash and Cash Equivalents	<u>1,785,209</u>	<u>2,186,094</u>	<u>239,723</u>	<u>4,211,026</u>
Investments				
Certificates of deposit	71,993	-	-	71,993
Restricted certificates of deposit	-	443,353	-	443,353
Restricted investments held in escrow	-	84,477	-	84,477
Total Investments	<u>71,993</u>	<u>527,830</u>	<u>-</u>	<u>599,823</u>
Total Current Assets	<u>1,857,202</u>	<u>2,713,924</u>	<u>239,723</u>	<u>4,810,849</u>
Noncurrent Assets:				
Land	186,609	32,137	-	218,746
Other capital assets, net of accumulated depreciation	<u>3,752,467</u>	<u>10,087,978</u>	<u>45,491</u>	<u>13,885,936</u>
Total Noncurrent Assets	<u>3,939,076</u>	<u>10,120,115</u>	<u>45,491</u>	<u>14,104,682</u>
Total Assets	<u>\$ 5,796,278</u>	<u>\$ 12,834,039</u>	<u>\$ 285,214</u>	<u>\$ 18,915,531</u>
Liabilities				
Current Liabilities:				
Bonds payable - current portion	\$ -	\$ 329,200	\$ -	\$ 329,200
Total Current Liabilities	<u>-</u>	<u>329,200</u>	<u>-</u>	<u>329,200</u>
Noncurrent Liabilities:				
Refundable deposits	165,600	-	-	165,600
Bonds payable - long-term portion	<u>-</u>	<u>6,108,200</u>	<u>-</u>	<u>6,108,200</u>
Total Noncurrent Liabilities	<u>165,600</u>	<u>6,108,200</u>	<u>-</u>	<u>6,273,800</u>
Total Liabilities	<u>\$ 165,600</u>	<u>\$ 6,437,400</u>	<u>\$ -</u>	<u>\$ 6,603,000</u>
Net Position				
Net investment in capital assets	\$ 3,939,076	\$ 3,682,715	\$ 45,491	\$ 7,667,282
Restricted but expendable for debt service	-	1,300,792	-	1,300,792
Unrestricted (Deficit)	<u>1,691,602</u>	<u>1,413,132</u>	<u>239,723</u>	<u>3,344,457</u>
Total Net Position	<u>\$ 5,630,678</u>	<u>\$ 6,396,639</u>	<u>\$ 285,214</u>	<u>\$ 12,312,531</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, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Charges for services	\$ 796,236	\$ 1,325,388	\$ 419,178	\$ 2,540,802
Miscellaneous	52,030	19,364	-	71,394
Total Operating Revenues	<u>848,266</u>	<u>1,344,752</u>	<u>419,178</u>	<u>2,612,196</u>
Operating Expenses:				
Personnel services	271,289	-	-	271,289
Materials and supplies	126,426	9,438	-	135,864
Repairs and maintenance	9,997	40,169	-	50,166
Utilities	32,264	80,097	-	112,361
Contracted services	15,541	278,285	339,268	633,094
Other	121,040	36,176	12,531	169,747
Depreciation	153,326	296,843	2,470	452,639
Total Operating Expenses	<u>729,883</u>	<u>741,008</u>	<u>354,269</u>	<u>1,825,160</u>
Operating Income (Loss)	<u>118,383</u>	<u>603,744</u>	<u>64,909</u>	<u>787,036</u>
Non-Operating Revenues (Expenses):				
Investment income	9,443	1,600	-	11,043
Interest expense and fees on debt	-	(101,660)	-	(101,660)
Intergovernmental grants	-	45,000	-	45,000
Transfers out	(59,339)	-	-	(59,339)
Total nonoperating revenues (expenses)	<u>(49,896)</u>	<u>(55,060)</u>	<u>-</u>	<u>(104,956)</u>
Net Income	68,487	548,684	64,909	682,080
Net Position, Beginning	<u>5,562,191</u>	<u>5,847,955</u>	<u>220,305</u>	<u>11,630,451</u>
Net Position, Ending	<u>\$ 5,630,678</u>	<u>\$ 6,396,639</u>	<u>\$ 285,214</u>	<u>\$ 12,312,531</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2022

	Business-Type Activities -			Total
	Enterprise Fund			
	Water	Sewer	Sanitation	
Cash flows from operating activities:				
Receipts from customers	\$ 856,742	\$ 1,344,752	\$ 419,178	\$ 2,620,672
Payments to suppliers	(305,268)	(444,165)	(351,799)	(1,101,232)
Payments to employees	(271,289)	-	-	(271,289)
Net cash provided by operating activities	<u>280,185</u>	<u>900,587</u>	<u>67,379</u>	<u>1,248,151</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(54,876)	(51,728)	-	(106,604)
Transfers out	(59,339)	-	-	(59,339)
Intergovernmental grants	-	45,000	-	45,000
Due from DNR	-	374,913	-	374,913
Principal paid on capital debt	-	(322,984)	-	(322,984)
Interest and fiscal agent fees paid on capital debt	-	(101,660)	-	(101,660)
Net cash (used) for capital and related financing activities	<u>(114,215)</u>	<u>(56,459)</u>	<u>-</u>	<u>(170,674)</u>
Cash flows from investing activities:				
Purchase of investments	(71,993)	(527,830)	-	(599,823)
Maturity of investments	71,641	527,973	-	599,614
Interest income	9,443	1,600	-	11,043
Net cash provided (used) by investing activities	<u>9,091</u>	<u>1,743</u>	<u>-</u>	<u>10,834</u>
Net increase in cash and cash equivalents	175,061	845,871	67,379	1,088,311
Balance, beginning of year	<u>1,610,148</u>	<u>1,340,223</u>	<u>172,344</u>	<u>3,122,715</u>
Balance, end of year	<u>\$ 1,785,209</u>	<u>\$ 2,186,094</u>	<u>\$ 239,723</u>	<u>\$ 4,211,026</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 1,785,209	\$ 1,413,132	\$ 239,723	3,438,064
Restricted cash and cash equivalents	-	772,962	-	772,962
Total cash and cash equivalents, end of year	<u>\$ 1,785,209</u>	<u>\$ 2,186,094</u>	<u>\$ 239,723</u>	<u>\$ 4,211,026</u>
Reconciliation of operating income (loss) to net cash provided				
(used) by operating activities:				
Operating income (loss)	\$ 118,383	\$ 603,744	\$ 64,909	\$ 787,036
Adjustments to reconcile operating income to net cash provided				
(used) by operating activities:				
Depreciation expense	153,326	296,843	2,470	452,639
Changes in assets and liabilities:				
Refundable deposits	8,476	-	-	8,476
Net cash provided by operating activities	<u>\$ 280,185</u>	<u>\$ 900,587</u>	<u>\$ 67,379</u>	<u>\$ 1,248,151</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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. There are no component units as defined in Governmental Accounting Standards Board Statements.

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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 principal 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.

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:

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **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, 2022, 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.
- **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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Paid Time Off

Employees earn vacation time based on years of experience with the City. The maximum vacation accrual is 240 hours. Any balance greater than 240 hours on the anniversary date will be forfeited. The vacation liability at April 30, 2022 is \$73,598.

Employees earn 8 hours of sick leave per month. Sick leave is not paid upon separation from employment. Eligible employees earn 4 personal days per year. Personal days are not paid on separation from employment. Compensatory time may accrue up to 45 hours and is paid upon separation of employment. The accrued compensatory balance at April 30, 2022 is \$3,294.

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.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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

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, 2022, are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		\$ 7,407,192
Time deposit	09/30/22	32,777
Time deposit	02/05/23	14,552
Time deposit	02/06/23	71,994
Time deposit	05/03/23	69,317
Total		\$7,595,832
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 5,927,931
Restricted cash and cash equivalents		805,821
Restricted certificates of deposit		443,353
Unrestricted certificates of deposit		334,250
Restricted investments held in escrow		84,477
Total		\$ 7,595,832

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 \$7,527,736 at April 30, 2022, 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, 2022, 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, 2022, the City had no concentration of credit risk.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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	\$ 218,819
Revenue Bonds - Reserve	997,496
Restricted funds held in Escrow	84,477
Restricted for Friends of Ashland	18,234
Restricted for Telephone Tax	6,118
Restricted for Protested Taxes	8,507
Total Restricted Assets	<u>\$ 1,333,651</u>

C. Capital Assets

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2022, was as follows:

Governmental activities:	Balance April 30, 2021	Additions	Disposals	Balance April 30, 2022
Capital assets not being depreciated:				
Land	\$ 530,841	\$ -	\$ -	\$ 530,841
Construction in progress	2,782,332	21,964	(2,782,332)	21,964
Total capital assets not being depreciated	<u>3,313,173</u>	<u>21,964</u>	<u>(2,782,332)</u>	<u>552,805</u>
Capital assets being depreciated				
Buildings	272,218	2,521,000	-	2,793,218
Machinery and vehicles	656,516	34,133	(180,887)	509,762
Furniture and equipment	390,628	58,640	-	449,268
Other property and equipment	124,704	32,663	-	157,367
Infrastructure	13,125,743	1,411,039	-	14,536,782
Total capital assets being depreciated	<u>14,569,809</u>	<u>4,057,475</u>	<u>(180,887)</u>	<u>18,446,397</u>
Total capital assets at historical costs	<u>17,882,982</u>	<u>4,079,439</u>	<u>(2,963,219)</u>	<u>18,999,202</u>
Less accumulated depreciation				
Buildings	(154,244)	(15,790)	-	(170,034)
Machinery and vehicles	(467,703)	(53,376)	86,313	(434,766)
Furniture and equipment	(339,302)	(16,819)	-	(356,121)
Other property and equipment	(116,717)	(1,840)	-	(118,557)
Infrastructure	(10,722,243)	(355,839)	-	(11,078,082)
Total accumulated depreciation	<u>(11,800,209)</u>	<u>(443,664)</u>	<u>86,313</u>	<u>(12,157,560)</u>
Total capital assets being depreciated, net	<u>2,769,600</u>	<u>3,613,811</u>	<u>(94,574)</u>	<u>6,288,837</u>
Net capital assets	<u>\$ 6,082,773</u>	<u>\$ 3,635,775</u>	<u>\$ (2,876,906)</u>	<u>\$ 6,841,642</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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

Water

	Balance April 30, 2021	Additions	Disposals	Balance April 30, 2022
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>(72,000)</u>	<u>186,609</u>
Capital assets being depreciated				
Buildings	571,853	126,876	-	698,729
Machinery and equipment	51,657	-	-	51,657
Vehicles	324,531	-	-	324,531
Property and improvements	4,969,921	-	-	4,969,921
Total capital assets being depreciated	<u>5,917,962</u>	<u>126,876</u>	<u>-</u>	<u>6,044,838</u>
Total capital assets at historical costs	<u>6,176,571</u>	<u>126,876</u>	<u>(72,000)</u>	<u>6,231,447</u>
Less accumulated depreciation				
Buildings	(232,799)	(12,063)	-	(244,862)
Machinery and equipment	(48,364)	(2,648)	-	(51,012)
Vehicles	(266,454)	(14,538)	-	(280,992)
Property and improvements	(1,591,428)	(124,077)	-	(1,715,505)
Total accumulated depreciation	<u>(2,139,045)</u>	<u>(153,326)</u>	<u>-</u>	<u>(2,292,371)</u>
Total capital assets being depreciated, net	<u>3,778,917</u>	<u>(26,450)</u>	<u>-</u>	<u>3,752,467</u>
Net capital assets	<u>\$ 4,037,526</u>	<u>\$ (26,450)</u>	<u>\$ (72,000)</u>	<u>\$ 3,939,076</u>

Sewer

	Balance April 30, 2021	Additions	Disposals	Balance April 30, 2022
Capital assets not being depreciated:				
Land	\$ 32,137	\$ -	\$ -	\$ 32,137
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>32,137</u>	<u>-</u>	<u>-</u>	<u>32,137</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	11,638,937	51,728	-	11,690,665
Total capital assets being depreciated	<u>12,061,857</u>	<u>51,728</u>	<u>-</u>	<u>12,113,585</u>
Total capital assets at historical costs	<u>12,093,994</u>	<u>51,728</u>	<u>-</u>	<u>12,145,722</u>
Less accumulated depreciation				
Buildings	(50,880)	(2,460)	-	(53,340)
Machinery and equipment	(90,105)	(11,190)	-	(101,295)
Vehicles	(214,098)	(4,966)	-	(219,064)
Property and improvements	(1,373,681)	(278,227)	-	(1,651,908)
Total accumulated depreciation	<u>(1,728,764)</u>	<u>(296,843)</u>	<u>-</u>	<u>(2,025,607)</u>
Total capital assets being depreciated, net	<u>10,333,093</u>	<u>(245,115)</u>	<u>-</u>	<u>10,087,978</u>
Net capital assets	<u>\$ 10,365,230</u>	<u>\$ (245,115)</u>	<u>\$ -</u>	<u>\$ 10,120,115</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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

Sanitation

	Balance April 30, 2021	Additions	Disposals	Balance April 30, 2022
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	50,835	-	-	50,835
Total capital assets at historical costs	50,835	-	-	50,835
Less accumulated depreciation				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	(1,433)	-	-	(1,433)
Property and improvements	(1,441)	(2,470)	-	(3,911)
Total accumulated depreciation	(2,874)	(2,470)	-	(5,344)
Total capital assets being depreciated, net	47,961	(2,470)	-	45,491
Net capital assets	\$ 47,961	\$ (2,470)	\$ -	\$ 45,491

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

Primary Government:

Governmental activities:

General government	\$ 56,448
Public safety	27,011
Streets	355,005
Park	5,200
Total depreciation expense for governmental activities	<u>\$ 443,664</u>

Business-type activities:

Water	\$ 153,326
Sewer	296,843
Sanitation	2,470
Total depreciation expense for business-type activities	<u>\$ 452,639</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2022:

Governmental Activities

As of April 30, 2022, 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	\$ -	\$ (37,920)	\$ 144,900	\$ 37,919
Capital leases payable #2	2,577,000	-	(27,462)	2,549,538	107,594
Total Governmental Activities	<u>\$ 2,759,820</u>	<u>\$ -</u>	<u>\$ (65,382)</u>	<u>\$ 2,694,438</u>	<u>\$ 145,513</u>

Business-Type Activities

As of April 30, 2022, 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	\$ 1,023,000	\$ -	\$ (60,000)	\$ 963,000	\$ 61,700
Revenue bonds payable, Series 2018	5,737,384	-	(262,984)	5,474,400	267,500
Refundable deposits	157,124	39,186	(30,710)	165,600	-
Total Business-Type Activities	<u>\$ 6,917,508</u>	<u>\$ 39,186</u>	<u>\$ (353,694)</u>	<u>\$ 6,603,000</u>	<u>\$ 329,200</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. See tables on the following pages.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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

Total proprietary fund bonds payable at April 30, 2022, is \$6,437,400.

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

Utility Deposits - Refundable	\$	165,600
-------------------------------	----	---------

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, 2022, are as follows:

2016 Revenue Bonds Issued for Construction

Year Ending April 30,	Principal	Interest	Total
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	69,100	19,546	88,646
2028-2032	376,200	66,930	443,130
2033-2036	260,100	13,449	273,549
Total	<u>\$ 963,000</u>	<u>\$ 196,789</u>	<u>\$ 1,159,789</u>

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

Year Ending April 30,	Principal	Interest	Total
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	308,000	60,713	368,713
2028-2032	1,627,000	240,781	1,867,781
2033-2037	1,785,000	128,793	1,913,793
2038-2040	956,000	19,047	975,047
Total	<u>\$ 5,852,000</u>	<u>\$ 731,530</u>	<u>\$ 6,583,530</u>

CITY OF ASHLAND, MISSOURI
 NOTES TO BASIC FINANCIAL STATEMENTS
 APRIL 30, 2022

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

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%.

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

Year Ending April 30,	Principal	Interest	Total
2023	\$ 37,919	\$ 2,428	\$ 40,347
2024	36,130	1,790	37,920
2025	36,731	1,189	37,920
2026	34,120	571	34,691
	\$ 144,900	\$ 5,978	\$ 150,878

Property, plant and equipment includes the following amounts for the lease which have been capitalized at April 30, 2022:

Equipment/Machinery & Vehicles	\$ 182,820
Less accumulated amortization	(6,094)
	\$ 176,726

Amortization of the capital lease was \$3,047 for the fiscal year ending April 30, 2022. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

Capital Lease No. 2:

On April 30, 2022, 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, 2022

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
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	98,766	38,615	137,381	19,471	10,737	30,208
2028-2032	528,377	158,528	686,905	106,546	44,494	151,040
2033-2037	590,922	95,983	686,905	123,650	27,390	151,040
2038-2041	522,716	26,804	549,520	113,067	7,763	120,830
	<u>\$ 2,114,468</u>	<u>\$ 495,767</u>	<u>\$ 2,610,235</u>	<u>\$ 435,070</u>	<u>\$ 138,880</u>	<u>\$ 573,950</u>

Year Ending April 30,	Total		
	Principal	Interest	Total
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	118,237	49,352	167,589
2028-2032	634,923	203,022	837,945
2033-2037	714,572	123,373	837,945
2038-2041	635,783	34,567	670,350
	<u>\$ 2,549,538</u>	<u>\$ 634,647</u>	<u>\$ 3,184,185</u>

Property, plant and equipment includes the following amounts for the lease which have been capitalized at April 30, 2022:

Buildings	\$ 2,521,000
Less accumulated amortization	<u>(10,504)</u>
	<u>\$ 2,510,496</u>

Amortization of the capital lease was \$10,504 for the fiscal year ending April 30, 2022. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

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 2022 on the bonds required 36% of net revenues. The total principal and interest remaining to be paid on the bonds is \$7,743,319. Principal and interest paid on the bonds for the current year was \$426,032. Total water and sewer fund net revenues for the current year were \$1,172,296.

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 2022 on the leases required 100% of general net revenues. The total principal and interest remaining to be paid on the leases is \$3,335,063. Principal and interest paid on the leases for the current year was \$122,350. Total general fund net revenues for the current year were \$(184,218).

F. Interfund Transfers

The City transferred \$59,339 from the water fund to the general fund to pay for the water fund's portion of the capital lease for city hall.

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, 2022

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 2.9% (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 \$35,944 to LAGERS (Employer Contribution) in fiscal year 2022.

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 2021 for purposes of local taxation was \$83,618,156. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2021 for purposes of local taxation was \$.2404 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, 2022, aggregated approximately 97% of the current assessment computed on the basis of the levy.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

IV. OTHER INFORMATION (continued)

D. Litigation

At April 30, 2022, 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, 2022 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	-	230,460	-	230,460
Assigned for court fines	-	-	105,051	105,051
Assigned for parks/stormwater	-	-	333,094	333,094
Assigned for capital projects purposes	-	-	335,337	335,337
Assigned for telephone tax	6,118	-	-	6,118
Assigned for Friends of Ashland	18,234	-	-	18,234
Unassigned	1,747,287	-	-	1,747,287
	<u>\$ 1,780,146</u>	<u>\$ 230,460</u>	<u>\$ 774,377</u>	<u>\$ 2,784,983</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 \$27,563 for the year ended April 30, 2022, which is 1.2% of general fund revenues.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

IV. OTHER INFORMATION (continued)

G. Commitments

On April 19, 2019, the City entered into a Direct Loan Agreement and Promissory Note with the Missouri Highways and Transportation Commission and the Missouri Transportation Finance Corporation for the roundabout at Route M and Henry Clay Boulevard. The total amount of the loan was \$1.1 million, with an interest rate of 2.64%, and is scheduled to be paid in full on July 15, 2029. Annual payments of \$122,055.14 are due on July 15 of each year from 2020-2029. In fiscal year 2022, the City made a payment of \$122,055.14, which is shown as an expenditure in the Capital Projects Fund.

Due to the City reporting on the modified cash basis and because the loan proceeds were not received by the City, but instead were paid to the vendor directly, the loan is not shown as long-term debt on the Government-Wide Statement of Net Position. The total interest remaining to be paid at April 30, 2022 is \$106,441 and the total principal remaining to be paid at April 30, 2022 is \$869,430.

H. Lease Agreement

The City rents a portion of the city hall building to the Callaway Bank. The term of the lease is from January 15, 2022 to January 14, 2025. The rent schedule is as follows:

1/15/2022 - 1/14/2023	\$	2,870	monthly
1/15/2023 - 1/14/2024	\$	2,956	monthly
1/15/2024 - 1/14/2025	\$	3,045	monthly

I. Consideration of Subsequent Events

Subsequent events have been evaluated through July 19, 2022, 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

COMBINING FINANCIAL STATEMENTS

CITY OF ASHLAND, MISSOURI
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2022

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Court Fund	Park/ Stormwater Tax			
ASSETS:					
Cash and cash equivalents	\$ 105,051	\$ 333,094	\$ 895	\$ 335,337	\$ 774,377
Total Assets	<u>\$ 105,051</u>	<u>\$ 333,094</u>	<u>\$ 895</u>	<u>\$ 335,337</u>	<u>\$ 774,377</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	-	333,094	-	-	333,094
Assigned for capital projects	-	-	-	335,337	335,337
Assigned for court fines	105,051	-	-	-	105,051
Total Fund Balances	<u>105,051</u>	<u>333,094</u>	<u>895</u>	<u>335,337</u>	<u>774,377</u>
Total Liabilities and Fund Balances	<u>\$ 105,051</u>	<u>\$ 333,094</u>	<u>\$ 895</u>	<u>\$ 335,337</u>	<u>\$ 774,377</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, 2022

	Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total
	Court Fund	Park/ Stormwater Tax			
REVENUES					
Fines and forfeits	\$ 27,433	\$ -	\$ -	\$ -	\$ 27,433
Sales taxes	-	246,394	-	246,568	492,962
Miscellaneous	4,497	1,000	-	-	5,497
Total Revenues	31,930	247,394	-	246,568	525,892
EXPENDITURES					
Capital outlay	-	-	-	215,077	215,077
Public safety	20,289	-	-	-	20,289
Park	-	172,515	-	-	172,515
Total Expenditures	20,289	172,515	-	215,077	407,881
Excess (Deficit) of Revenues over Expenditures	11,641	74,879	-	31,491	118,011
Fund Balances, beginning	93,410	258,215	895	303,846	656,366
Fund Balances, ending	\$ 105,051	\$ 333,094	\$ 895	\$ 335,337	\$ 774,377

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.
-------------------	--

Capital Project Fund

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

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COURT FUND
 FOR THE YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 93,410	\$ 93,410	\$ 93,410	
Resources (Inflows):				
Fines and forfeits	25,900	25,900	27,433	1,533
Miscellaneous	5,200	5,200	4,497	(703)
Total	<u>31,100</u>	<u>31,100</u>	<u>31,930</u>	<u>1,533</u>
Amounts available for appropriation	<u>124,510</u>	<u>124,510</u>	<u>125,340</u>	<u>1,533</u>
Charges to appropriations (Outflows):				
Police Department:				
Other services and charges	24,000	24,000	20,289	3,711
Total Police Department	<u>24,000</u>	<u>24,000</u>	<u>20,289</u>	<u>3,711</u>
Total Charges to Appropriations	<u>24,000</u>	<u>24,000</u>	<u>20,289</u>	<u>3,711</u>
Ending Budgetary Fund Balance	<u>\$ 100,510</u>	<u>\$ 100,510</u>	<u>\$ 105,051</u>	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 258,215	\$ 258,215	\$ 258,215	
Resources (Inflows):				
Sales taxes	226,000	226,000	246,394	20,394
Miscellaneous	1,000	1,000	1,000	-
Totals	<u>227,000</u>	<u>227,000</u>	<u>247,394</u>	<u>20,394</u>
Amounts available for appropriation	<u>485,215</u>	<u>485,215</u>	<u>505,609</u>	<u>20,394</u>
Charges to appropriations (Outflows):				
Park				
Personnel	22,819	22,819	20,812	2,007
Other services and charges	106,221	106,221	83,753	22,468
Capital outlay	68,175	68,175	67,950	225
Total Park	<u>197,215</u>	<u>197,215</u>	<u>172,515</u>	<u>24,700</u>
Total Charges to Appropriations	<u>197,215</u>	<u>197,215</u>	<u>172,515</u>	<u>24,700</u>
Ending Budgetary Fund Balance	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ 333,094</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, 2022

	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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 303,846	\$ 303,846	\$ 303,846	
Resources (Inflows):				
Sales taxes	221,000	221,000	246,568	25,568
Total	<u>221,000</u>	<u>221,000</u>	<u>246,568</u>	<u>25,568</u>
Amounts available for appropriation	<u>524,846</u>	<u>524,846</u>	<u>550,414</u>	<u>25,568</u>
Charges to appropriations (Outflows):				
Structural projects and other	215,077	215,077	215,077	-
Total	<u>215,077</u>	<u>215,077</u>	<u>215,077</u>	<u>-</u>
Total Charges to Appropriations	<u>215,077</u>	<u>215,077</u>	<u>215,077</u>	<u>-</u>
Ending Budgetary Fund Balance	<u><u>\$ 309,769</u></u>	<u><u>\$ 309,769</u></u>	<u><u>\$ 335,337</u></u>	

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, 2022, 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 19, 2022. 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) 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.

PARTNERS
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson

PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and responses as item 2022-001.

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 the response.

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 19, 2022

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

CITY OF ASHLAND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
APRIL 30, 2022

2022-001	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 exceeded final budgeted expenditures by \$63,992.
Context:	The final budgeted expenditures were compared to actual expenditures. Actual expenditures exceeded budgeted expenditures in the General Fund by \$63,992.
Effect:	The City violated state statute RSMo 67.
Cause:	The City budgeted too few expenditures in the General Fund.
Recommendation:	The City should ensure actual expenditures do not exceed budgeted expenditures in any funds.
View of Responsible Officials & Planned Corrective Action:	<p>The City is aware of two transactions occurring in prior year that resulted in actual expenditures exceeding final budgeted expenditures. The two transactions differ in nature and as such require different responses.</p> <p>The first transaction related to a lease payment for police vehicles. This payment totaled \$47,911.06. This expense was debited against an asset account as opposed to an expense account. Due to the nature of the reports ran as part of the budgeting and budget amendment process, this expense did not present itself in a fashion that enabled staff to identify, realize, and amend the budget accordingly. This payment additionally occurred during the tenure of the former City Treasurer. There were no notes provided as part of the financial handoff to suggest that this payment was made against an asset account or that a correction needed to be made. I have discussed the issue with the City Treasurer and we will ensure these types of expenditures are properly tracked and recorded as expenses through long term debt tracking worksheets and other supporting budget preparation documents.</p>

CITY OF ASHLAND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
APRIL 30, 2022

View of Responsible
Officials & Planned
Corrective Action
(Cont'd):

The second transaction relates to the lease purchase agreement and remodel of the new City Hall building. The total exceedance for this payment was \$16,080.94. The repayment of this agreement requires that the water department participate in the cost share. Through this agreement, the general fund will remit all payments and the water fund will rebate the general fund for its share accordingly. Under such a repayment schedule, these necessary rebate transfer need to be budgeted in addition to the general fund accounting for the total payment as a budgeted expenditure. In this instance, the general fund did not contemplate or budget for the entire payment, resulting in actual expenditures exceeding budgeted expenses. This issue has been discussed with the City Treasurer and much like with the police department vehicle debt tracking, we will additionally build these lease payments and necessary internal transfers into an annual long term debt schedule for ease of tracking and incorporation into annual budget preparation documents.