

**CITY OF WELDON SPRING, MISSOURI**

**INDEPENDENT AUDITOR'S REPORT**  
**AND**  
**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

CITY OF WELDON SPRING, MISSOURI

SEPTEMBER 30, 2020

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# BATES CPA

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### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Weldon Spring, Missouri

#### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Weldon Spring, Missouri, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Weldon Spring, Missouri, as of September 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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***Prior Period Correction***

Net position and fund balances in previously issued financial statements have been restated for the correction of material misstatements in the prior period.

***Other Matters*****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension plan information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, I have also issued my report dated March 3, 2021, on my consideration of the City of Weldon Spring, Missouri's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 City of Weldon Spring, Missouri's internal control over financial reporting and compliance.

***BATES CPA LLC***

St. Charles, MO  
March 3, 2021

CITY OF WELDON SPRING, MISSOURI  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

As management of the City of Weldon Spring, Missouri, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here along with the City's financial statements, including the notes that follow this Management's Discussion and Analysis.

#### FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$22,995,920. The City has unrestricted net position of \$3,880,644.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$3,779,581.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,288,208.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information in addition to the basic financial statements.

#### **Government-wide Financial Statements**

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government and court, law enforcement, parks and recreation, road and sewer administration and maintenance. The City does not have any business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are considered governmental funds. The City does not have any fiduciary or proprietary funds at September 30, 2020.

CITY OF WELDON SPRING, MISSOURI  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements utilize a current financial resources measurement focus as applied to the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Municipal Hall and Park Fund, Road, Bridge and Public Safety Fund and Sewer Fund.

The City adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for all major funds to demonstrate legal compliance with the respective adopted budget.

The governmental fund financial statements can be found on pages 11 and 12 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City has no fiduciary funds.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 through 24 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 24 through 28 of this report.

CITY OF WELDON SPRING, MISSOURI  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A condensed version of the statement of net position follows:

ASSETS	<u>September 30, 2020</u>	<u>September 30, 2019, Restated</u>
Cash and other current assets	\$ 3,886,679	\$ 4,356,376
Capital assets, net	<u>19,115,276</u>	<u>19,473,134</u>
Total assets	<u>23,001,955</u>	<u>23,829,510</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to pensions	<u>114,946</u>	<u>-</u>
LIABILITIES		
Current liabilities	107,098	546,578
Non-current liabilities	<u>13,883</u>	<u>9,169</u>
Total liabilities	<u>120,981</u>	<u>555,747</u>
NET POSITION		
Net investment in capital assets	19,115,276	19,473,134
Restricted	-	408,680
Unrestricted	<u>3,880,644</u>	<u>3,391,949</u>
Total net position, restated	<u>\$ 22,995,920</u>	<u>\$ 23,273,763</u>

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. As illustrated above, in the case of the City of Weldon Spring, assets exceeded liabilities by \$22,995,920 at the close of September 30, 2020.

City of Weldon Spring's net position of \$19,115,276 (83 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Weldon Spring uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position of \$3,880,644 (17 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

September 30, 2019 net position has been restated to reflect corrections described on page 18 of the notes to the financial statements.

CITY OF WELDON SPRING, MISSOURI  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Governmental Activities**

As illustrated below, 2020 governmental activities decreased the City's net position by \$277,843. The City has no business-type activities.

	For the Year Ended September 30, 2020	For the Year Ended September 30, 2019 Restated
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 180,981	\$ 211,660
Capital grants and contributions	498,205	2,239,520
Operating grants and contributions	213,597	425,158
 General revenues:		
Taxes	405,198	361,664
Franchise Fees	497,467	430,098
Investment income	15,773	68,667
Miscellaneous	561	1,780
Loss on capital asset dispositions	<u>-</u>	<u>( 45,104)</u>
Total revenues	<u>1,811,782</u>	<u>3,693,443</u>
 <b>EXPENSES</b>		
General government	532,550	501,864
Law enforcement	235,420	221,412
Parks and recreation	230,843	146,069
Road	1,081,222	989,799
Sewer admin and maintenance	<u>9,590</u>	<u>1,179</u>
Total expenses	<u>2,089,625</u>	<u>1,860,323</u>
 CHANGE IN NET POSITION	 ( 277,843)	 1,833,120
 NET POSITION, BEGINNING OF YEAR	 <u>23,273,763</u>	 <u>21,440,643</u>
 NET POSITION, ENDING OF YEAR, RESTATED	 <u>\$ 22,995,920</u>	 <u>\$ 23,273,763</u>

CITY OF WELDON SPRING, MISSOURI  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

The focus of the City's governmental fund is to provide information on inflows, outflows, and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2020, the combined fund balance was \$3,779,581.

The following is a comparative analysis of fund balance:

	<u>General</u>	<u>Sewer Fund</u>	<u>Road, Bridge and Public Safety Fund</u>	<u>Municipal Hall and Park Fund</u>	<u>Total</u>
September 30, 2020	\$ 1,335,489	\$ 98,190	\$ 328,029	\$ 2,017,873	\$ 3,779,581
September 30, 2019	\$ 1,263,542	\$ 100,882	\$ 408,680	\$ 1,980,972	\$ 3,754,076

The General Fund is the chief operating fund of the City of Weldon Spring. As a measure of the General Fund's liquidity, it may be useful to compare general fund balance to general fund total expenditures. General fund balance at September 30, 2020 represents 220% of general fund total 2020 expenditures. The fund balance in the City's General Fund increased by \$71,947 or 5.7% from prior year fund balance.

**CAPITAL ASSETS**

The City has invested \$19,115,276 at September 30, 2020 in a broad range of capital assets, including land and land improvements, building, machinery and equipment, infrastructure, and construction in progress. This amount includes a net decrease for the current fiscal year (including additions and deductions) of \$285,339. The City's capital assets, net of accumulated depreciation, consisted of:

	<u>September 30, 2020</u>	<u>September 30, 2019, Restated</u>
Land and land improvements	\$ 1,089,351	\$ 1,076,766
Building	507,790	529,276
Machinery and equipment	230,635	107,689
Infrastructure	17,243,270	17,686,884
Construction in progress	<u>44,230</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	<u>\$ 19,115,276</u>	<u>\$ 19,400,615</u>

Additional information on the City's capital assets can be found on page 19 in Note 3 of the notes to the financial statements.

CITY OF WELDON SPRING, MISSOURI  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**BUDGETARY HIGHLIGHTS**

The following significant variances occurred between 2020 final budget and 2020 actual revenue and expenditures. The budget is prepared on the modified cash basis of accounting.

<u>General Fund</u>	<u>Actual</u>	<u>Budget</u>	
LAGERS expenditures	\$ 87,906	\$ -	\$84,586 lump sum was paid to address prior service cost liability when participation began August 2020.
Consulting expense	\$ -	\$ 12,000	City-wide survey project abandoned due to pandemic.
<u>Municipal Hall and Park Fund</u>			
Sales tax revenue	\$ 340,473	\$ 250,000	City expected a decrease due to COVID. Also, recovered \$34,000 as the result of a City audit of addresses.
LAGERS expenditures	\$ 27,289	\$ -	\$26,712 lump sum was paid to address prior service cost liability when participation began August 2020.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For the year-ending September 30, 2021, the City projects total revenue of \$1,548,565 and total expenditures of \$2,216,781. The City projects 2021 revenue for the General Fund of \$598,390 and 2021 expenditures of \$609,765. Appropriations in excess of projected revenue will be funded with cash reserves at September 30, 2020.

**Requests for information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Michael Padella  
City of Weldon Spring  
5401 Independence Road  
Weldon Spring, MO 63304

CITY OF WELDON SPRING, MISSOURI  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	3,556,815
Receivables	329,864
Total current assets	<u>3,886,679</u>
Capital assets, net of accumulated depreciation	
Land and land improvements	1,089,351
Construction in progress	44,230
Building	507,790
Machinery and equipment	230,635
Infrastructure	17,243,270
Total capital assets, net of accumulated depreciation	<u>19,115,276</u>
Total assets	<u>23,001,955</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pension	<u>114,946</u>
 <b>LIABILITIES</b>	
Current liabilities	
Accounts payable	27,007
Accrued salaries and payroll taxes	17,742
Court bonds	1,349
Performance deposits	61,000
Noncurrent liabilities:	
Liability for compensated absences	13,883
Total liabilities	<u>120,981</u>
 <b>NET POSITION</b>	
Net investment in capital assets	19,115,276
Unrestricted	<u>3,880,644</u>
Total net position	<u><u>22,995,920</u></u>

CITY OF WELDON SPRING, MISSOURI  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Net Revenue (Expenses)
Primary government					
Governmental activities					
General government and court	532,550	105,506	-	-	(427,044)
Law enforcement	235,420	65,111	-	-	(170,309)
Parks and recreation	230,843	3,466	-	-	(227,377)
Road	1,081,222	-	213,597	498,205	(369,420)
Sewer administration and maintenance	9,590	6,898	-	-	(2,692)
Total governmental activities	<u>2,089,625</u>	<u>180,981</u>	<u>213,597</u>	<u>498,205</u>	<u>(1,196,842)</u>

General Revenues	
Sales tax	405,198
Franchise fees	497,467
Investment income	15,773
Other	561
Total general revenues	<u>918,999</u>
CHANGE IN NET POSITION	(277,843)
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>23,273,763</u>
NET POSITION, END OF YEAR	<u><u>22,995,920</u></u>

See Notes to Financial Statements

CITY OF WELDON SPRING, MISSOURI  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	General	Municipal Hall and Park Fund	Road, Bridge and Public Safety Fund	Nonmajor Sewer Fund	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	1,292,377	1,939,636	153,361	98,190	3,483,564
Other cash and cash equivalents	68,105	-	5,146	-	73,251
Receivables	49,649	83,686	196,529	-	329,864
	<hr/>				
Total assets	1,410,131	2,023,322	355,036	98,190	3,886,679
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	-	-	27,007	-	27,007
Accrued salaries and payroll taxes	12,293	5,449	-	-	17,742
Court bonds	1,349	-	-	-	1,349
Performance deposits	61,000	-	-	-	61,000
	<hr/>				
Total liabilities	74,642	5,449	27,007	-	107,098
Fund balance:					
Committed to:					
Subsequent budget	47,281	288,006	328,029	-	663,316
Municipal hall and park improvements	-	1,729,867	-	-	1,729,867
Sewer lateral repairs	-	-	-	98,190	98,190
Unassigned	1,288,208	-	-	-	1,288,208
	<hr/>				
Total fund balance	1,335,489	2,017,873	328,029	98,190	3,779,581
	<hr/>				
Total liabilities and fund balance	1,410,131	2,023,322	355,036	98,190	

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

Capital assets of \$26,331,052 net of accumulated depreciation of \$7,215,776, are not financial resources and, therefore, are not reported in the governmental funds.	19,115,276
Deferred outflows related to pensions is not a use of financial resources and, therefore, are not reported in the governmental funds	114,946
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long term liabilities at year end consist of:	
Liability for compensated absences	<u>(13,883)</u>

Net position of governmental activities	<u><u>22,995,920</u></u>
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See Notes to Financial Statements

CITY OF WELDON SPRING, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2020

	General	Municipal Hall and Park Fund	Road, Bridge and Public Safety Fund	Nonmajor Sewer Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes	-	405,197	426,329	6,898	838,424
Franchise fees	497,467	-	-	-	497,467
Permits, licenses and applications	96,362	-	-	-	96,362
Court fines	63,976	-	-	-	63,976
Grants	-	-	3,182	-	3,182
Rentals	-	2,877	-	-	2,877
Other	9,707	589	19,946	-	30,242
Interest	9,517	6,256	-	-	15,773
Total revenues	<u>677,029</u>	<u>414,919</u>	<u>449,457</u>	<u>6,898</u>	<u>1,548,303</u>
<b>EXPENDITURES</b>					
Current:					
General government and court	589,784	-	-	-	589,784
Law enforcement	-	-	235,420	-	235,420
Parks and recreation	-	216,011	-	-	216,011
Occupancy	-	17,282	-	-	17,282
Road and bridge	-	-	253,842	-	253,842
Sewer	-	-	-	9,590	9,590
Capital outlay	15,298	181,927	59,367	-	256,592
Total expenditures	<u>605,082</u>	<u>415,220</u>	<u>548,629</u>	<u>9,590</u>	<u>1,578,521</u>
<b>NET CHANGES IN FUND BALANCE</b>	71,947	(301)	(99,172)	(2,692)	(30,218)
<b>FUND BALANCE, BEGINNING OF YEAR , RESTATED</b>	<u>1,263,542</u>	<u>2,018,174</u>	<u>427,201</u>	<u>100,882</u>	<u>3,809,799</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>1,335,489</u></u>	<u><u>2,017,873</u></u>	<u><u>328,029</u></u>	<u><u>98,190</u></u>	<u><u>3,779,581</u></u>

See Notes to Financial Statements

CITY OF WELDON SPRING, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2020

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

Net change in fund balance – total governmental funds \$( 30,218)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the net effect of these differences

Capital asset purchases	179,068	
Capital asset donations	263,480	
Depreciation	( 800,406)	
		( 357,858)

The net effect of various transactions in valuing certain assets, deferred outflows and liabilities do not require the current financial resources and therefore are not reported as expenditures in the governmental funds:

Increase in deferred outflows related to pensions	114,946	
Increase in liability for compensated absences	( 4,713)	

Change in net position of governmental activities \$( 277,843)

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Weldon Spring, Missouri, (the City) is a fourth-class city and was incorporated on November 18, 1984 and established a Mayor-Board of Aldermen form of government. The City's major operations include general administrative services, planning and zoning activities, road development and maintenance, park development and management, and sewer maintenance.

The financial statements of the City include the financial activities of the City and any component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB. The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City. Based on the criteria identified in GASB 61 there are no significant component units required to be included as part of the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Individual funds are not displayed but the statements distinguish *governmental activities*, which normally are supported by taxes and City general revenues, from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The City has no business-type activities.

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

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund – is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Special Revenue Fund – is used to account for certain revenues legally restricted to expenditures for the construction or servicing of roads and bridges.

Municipal Hall and Park Special Revenue Fund – is used to account for certain revenues committed to improvements and maintenance of the municipal city hall and park.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current purpose. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgment, are recorded when payment is due.

D. CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation. During 2020, the City accepted the dedication of certain subdivision streets and sewers valued at \$172,532 and certain public sidewalks valued at \$90,948.

During the implementation of GASB 34, the City elected not to report general infrastructure assets retroactively. Therefore, no general infrastructure assets purchased or placed in service prior to October 1, 2003 are included in the statement of net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land and building improvements	20
Infrastructure	30
Park equipment	10
Heavy maintenance equipment	10
Vehicles	5
Office equipment	5
Computer equipment	5

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. COMPENSATED ABSENCES

Full time employees are granted vacation and sick leave based on length of service. Vacation accrues on January 1 of each year. An employee may carryover no more than eighty hours of vacation to the following calendar year. Upon termination, the employee is paid for unused vacation.

Unused sick leave is paid out during each January at 50% of the employees total remaining unused balance of sick leave as of December 31<sup>st</sup>. Employee's leaving employment voluntarily are paid a percentage of the remaining unused balance of sick leave based on years of service.

The unpaid liability for compensated absences totaled \$13,833 at September 30, 2020.

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The only deferred outflow of resources the City has included in the September 30, 2020 financial statements is related to its pension which represents contributions made after June 30, 2020 (measurement date used by LAGERS).

G. EQUITY CLASSIFICATIONS

Government-wide Statements

The government-wide financial statements utilize a net position presentation. Net position is displayed as three components:

- *Net investment in capital assets* represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Also included in the calculation are related bond premiums and discounts and the deferred outflows or inflows of resources on refunding of bonds.
- *Restricted net position* consists of net position with constraints placed on their use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) through constitutional law provisions or enabling legislation. None of the net position at September 30, 2020 is restricted by enabling legislation.
- *Unrestricted net position* represents the net position available for future operations.

It is the City's policy to use restricted resources before unrestricted resources.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental Fund Statements

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

*Nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The City’s Board of Aldermen has the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the City will spend amounts in the order of restricted, committed, then assigned.

H. PENSION

The City of Weldon Spring joined the Missouri Local Government Employees Retirement System (LAGERS) on August 1, 2020. Because the effective date is subsequent to the actuarial valuation date of February 29, 2020, LAGERS is unable to provide the complete GASB 68 reporting documents. The City of Weldon Spring will fully comply with the GASB 68 reporting requirements with our September 30, 2021 reporting period.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. USE OF ESTIMATES

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

J. PRIOR PERIOD CORRECTION

Corrections have been made to the previously issued September 30, 2019 financial statements to address the following issues:

Depreciation on long-term capital assets was understated at September 30, 2019 due to an error in the date a completed street project was placed in service.

Tax receivable at September 30, 2019 was calculated using tax revenue received thirty days subsequent to year end instead of sixty days subsequent to year end. Sixty days more appropriately reflects when tax revenue is available to the City.

The impact of the corrections on the government-wide net position and fund balances as previously reported at September 30, 2019 follows:

	<u>Governmental Activities</u>	<u>Municipal Hall and Park Fund</u>	<u>Road, Bridge and Public Safety Fund</u>
Net position/fund balance, previously reported, September 30, 2019	\$ 23,297,460	\$ 1,980,972	\$ 408,680
Understated depreciation	( 79,420)	-	-
Understated tax revenue	<u>55,723</u>	<u>37,202</u>	<u>18,521</u>
Net position/fund balance, restated September 30, 2019	<u>\$ 23,273,763</u>	<u>\$ 2,018,174</u>	<u>\$ 427,201</u>

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. The City maintains a deposit pool that is available for use by all funds. Each fund's portion of the pool is displayed on the balance sheet.

The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. At September 30, 2020, all cash and cash equivalents were fully insured or collateralized with securities held by the City or by its agent in the City's name.

The surplus funds of the City may be legally invested in any of the securities identified as eligible in Section 30.270 of Missouri State Statutes. The City has no investments at September 30, 2020.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance September 30 <u>2019</u>	2020 <u>Increases</u>	2020 <u>Decreases</u>	Ending Balance September 30 <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,019,664	\$ -	\$ -	\$ 1,019,664
Construction in progress	<u>-</u>	<u>44,230</u>	<u>-</u>	<u>44,230</u>
Total capital assets, not being depreciated	<u>1,019,664</u>	<u>44,230</u>	<u>-</u>	<u>1,063,894</u>
Capital assets being depreciated:				
Land improvements	148,088	19,587	-	167,675
Buildings	808,664	-	-	808,664
Machinery and equipment	233,409	137,076	( 17,461)	353,024
Infrastructure	<u>23,696,140</u>	<u>314,174</u>	<u>( 72,519)</u>	<u>23,937,795</u>
Total capital assets being depreciated	<u>24,886,301</u>	<u>470,837</u>	<u>( 89,980)</u>	<u>25,267,158</u>
Less accumulated depreciation for:				
Land improvements	( 90,986)	( 7,002)	-	( 97,988)
Buildings	( 279,388)	( 21,486)	-	( 300,874)
Machinery and equipment	( 125,720)	( 14,130)	17,461	( 122,389)
Infrastructure	<u>( 5,936,737)</u>	<u>( 757,788)</u>	<u>-</u>	<u>( 6,694,525)</u>
Total accumulated depreciation	<u>( 6,432,831)</u>	<u>( 800,406)</u>	<u>17,461</u>	<u>( 7,215,776)</u>
Total capital assets being depreciated, net	<u>18,453,470</u>	<u>( 329,569)</u>	<u>( 72,519)</u>	<u>18,051,382</u>
Governmental activities capital assets, - net	<u>\$ 19,473,134</u>	<u>\$ ( 285,339)</u>	<u>\$ ( 72,519)</u>	<u>\$ 19,115,276</u>

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

Governmental activities:	
General government	\$ 11,773
Parks	30,845
Infrastructure	<u>757,788</u>
Total depreciation expense governmental activities	<u>\$ 800,406</u>

The following balance at September 30, 2019 was restated for a prior period correction:

	<u>Accumulated Depreciation</u>
Previously stated	\$ ( 6,353,411)
Understated depreciation on infrastructure in service 9/30/19	<u>( 79,420)</u>
Restated	<u>\$ ( 6,432,831)</u>

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 4: LONG-TERM LIABILITIES

The changes in long-term debt during the year ended September 30, 2020 related to governmental activities are summarized as follows:

	<u>Balance September 30, 2019</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance September 30, 2020</u>
Compensated absences	\$ <u>9,169</u>	\$ <u>13,670</u>	\$ <u>8,956</u>	\$ <u>13,883</u>

NOTE 5: EMPLOYEE RETIREMENT PLAN

**Plan description**

The City of Weldon Spring defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. Effective, August 2020, the City of Weldon Spring participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer statewide public employee pension plan established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS responsibility to operate and 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

**Benefits provided**

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing board of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

LAGERS provisions elected by the City and used in August 31, 2019 valuation to determine contribution rates:

Benefit Multiplier:	1.5% for life
Final Average Salary:	5 Years
Rule of 80 adopted	No
Member Contributions:	4%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLAN, Continued

**Employees covered by benefit terms**

At September 30, 2020, the following employees were covered by the benefit terms:

	<u>General</u>
Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>5</u>
Total	<u><u>5</u></u>

**Contributions**

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer contribute 4% of their gross pay to the pension plan. The employer contribution rate at August 1, 2020 is 6.5% of active member payroll.

**Net Pension Liability**

The City's annual measurement date for the net pension liability will be June 30. Since the City's initial participation began August 1, 2020, the net pension liability will be measured at June 30, 2021 and included in the September 30, 2021 financial statements.

**Actuarial assumptions used to determine contribution rates**

Contribution rates were determined using an August 31, 2019 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employee's mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the August 31, 2019 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 5: EMPLOYEE RETIREMENT PLAN, Continued

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset</u>	<u>Target Allocation</u>	<u>Weighted Average Long-term Expected Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Cash / Leverage	( 25.00%)	( .51%)

**Pension Expenditures and Deferred Outflows of Resources**

Pension expenditures included in the fund financial statements totaled \$114,946. Since these expenditures were paid subsequent to LAGERS last reporting period of June 30, 2020, the government-wide statement of net position reports the \$114,946 as a deferred outflow of resources.

NOTE 6: INTERFUND TRANSACTIONS

During 2020, the Road, Bridge and Public Safety Fund repaid the General Fund the \$925,000 advance made during 2019 and which was outstanding at September 30, 2019.

NOTE 7: CONTINGENCIES

The City is a plaintiff in a legal proceeding related to a certain construction contract. The outcome of the proceeding cannot be determined at this time.

NOTE 8: COURT FINES

Total court fine revenues of \$63,976 represent 6.04% of general operating revenues.

NOTE 9: RELATED PARTY

During 2020, the City paid a company owned by a certain alderman \$50,694 for culver repairs. No amounts were owed at September 30, 2020.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 10: COMMITMENTS

Deposits Held by St. Charles County

At September 30, 2020, deposits were held at St. Charles County totaling \$5,146. The City has committed to make four quarterly payments of \$28,075 each beginning January 2020 to fund planned road improvements to be completed by St. Charles County on behalf of the City which exceed the City's allocation of road and bridge tax administered by St Charles County.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss. Settled claims have not exceeded coverage in any of the last three years.

NOTE 12: FUTURE ACCOUNTING PRONOUNCEMENTS

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

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of Construction*. The objective of this Statement are: 1) to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a reporting period and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.
- GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods after December 15, 2021.

NOTE 13: SUBSEQUENT EVENTS

COVID 19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 coronavirus a global pandemic. As a result, economic uncertainties have arisen which could adversely affect revenues. Other financial impacts could also occur though such potential impacts are unknown at this time.

Management Review

Subsequent events have been evaluated through March 3, 2021, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WELDON SPRING  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGET BASIS)  
YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual - Budget Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Franchise Fees	426,310	422,560	500,171	77,611
Permits, licenses and applications	52,156	55,420	92,121	36,701
Courts	66,938	58,350	63,976	5,626
Other	1,763	1,763	9,707	7,944
Interest	31,000	9,000	9,517	517
Total revenues	<u>578,167</u>	<u>547,093</u>	<u>675,492</u>	<u>128,399</u>
<b>EXPENDITURES</b>				
Payroll	268,489	261,286	267,664	(6,378)
Payroll taxes and benefits	76,222	76,222	152,787	(76,565)
City attorney	36,050	20,000	16,086	3,914
City engineer	21,325	23,800	30,956	(7,156)
City planner	6,250	3,200	2,880	320
Other professional fees	44,625	51,219	29,074	22,145
Insurance	18,506	17,771	16,732	1,039
Other administrative costs	97,950	72,170	71,475	695
Total administrative	<u>569,417</u>	<u>525,668</u>	<u>587,654</u>	<u>(61,986)</u>
Capital outlay	<u>8,750</u>	<u>8,750</u>	<u>15,298</u>	<u>(6,548)</u>
Total expenditures	<u>578,167</u>	<u>534,418</u>	<u>602,952</u>	<u>(68,534)</u>
REVENUES OVER (UNDER) EXPENDITURES	-	12,675	72,540	59,865
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in (out)	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>12,675</u>	<u>72,540</u>	<u>59,865</u>
<b>RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS</b>				
Accounts receivable 9/30/20			49,649	
Accounts receivable 9/30/19			(48,112)	
Accounts payable 9/30/20			-	
Accounts payable 09/30/19			1,754	
Accrued wages 9/30/20			(12,393)	
Accrued wages 09/30/19			8,509	
			<u>(593)</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			<u>71,947</u>	

CITY OF WELDON SPRING  
REQUIRED SUPPLEMENTARY INFORMATION  
MUNICIPAL HALL AND PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGET BASIS)  
YEAR ENDED SEPTEMBER 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual - Budget Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUE				
Taxes	300,400	265,200	384,441	119,241
Contributions	5,250	250	250	-
Rentals and other	3,913	1,700	3,216	1,516
Interest	38,000	9,000	6,256	(2,744)
	<hr/>			
Total revenues	347,563	276,150	394,163	118,013
	<hr/>			
EXPENDITURES				
Occupancy	19,254	21,284	17,282	4,002
Park and recreation	231,732	179,820	212,745	(32,925)
Capital outlay	475,189	219,679	181,927	37,752
	<hr/>			
Total expenditures	726,175	420,783	411,954	8,829
	<hr/>			
NET CHANGE IN FUND BALANCE	(378,612)	(144,633)	(17,791)	126,842
	<hr/>			
RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS				
Accounts receivable 9/30/20			83,686	
Accounts receivable 9/30/19			(62,930)	
Accrued wages 9/30/20			(5,449)	
Accrued wages 9/30/19			2,183	
			<hr/>	
			17,490	
			<hr/>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			(301)	
			<hr/>	

CITY OF WELDON SPRING  
REQUIRED SUPPLEMENTARY INFORMATION  
ROAD, BRIDGE AND PUBLIC SAFETY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (BUDGET BASIS)  
YEAR ENDED SEPTEMBER 30, 2020

	Original Budget	Final Budget	Actual - Budget Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	434,409	400,114	426,860	26,746
Grants	1,707,951	1,569,946	1,644,107	74,161
Other	995	905	19,946	19,041
Total revenues	<u>2,143,355</u>	<u>1,970,965</u>	<u>2,090,913</u>	<u>119,948</u>
<b>EXPENDITURES</b>				
Road and bridge	277,060	294,887	253,842	41,045
Law enforcement	235,405	235,420	235,420	
Capital outlay	275,966	435,873	520,146	(84,273)
Total expenditures	<u>788,431</u>	<u>966,180</u>	<u>1,009,408</u>	<u>(43,228)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,354,924</u>	<u>1,004,785</u>	<u>1,081,505</u>	<u>76,720</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in (out)	-	-	-	-
<b>NET CHANGES IN FUND BALANCE</b>	<u><u>1,354,924</u></u>	<u><u>1,004,785</u></u>	<u>1,081,505</u>	<u><u>76,720</u></u>
<b>RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS</b>				
Accounts receivable 9/30/20			196,529	
Accounts receivable 9/30/19			(1,837,985)	
Accounts payable 9/30/20			(27,007)	
Accounts payable 9/30/19			487,786	
			<u>(1,180,677)</u>	
<b>NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS</b>			<u><u>(99,172)</u></u>	

CITY OF WELDON SPRING, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2020

NOTE 1: BUDGET POLICY AND PRACTICE

Annual appropriated budgets are adopted for all governmental funds. Budgets are adopted in accordance with the modified basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Accordingly, budgeted revenues do not reflect revenues earned but not received and budgeted expenditures do not include expenditures incurred but not paid. The City follows these procedures in establishing its annual budgets as reflected in the financial statements:

- a) The proposed budget is submitted to the Board of Aldermen for the fiscal year. The operating budget includes proposed expenditures and means of financing them, not to exceed the total revenue of the preceding year plus any unreserved balance at the end of such year.
- b) Public hearings are conducted in the City to obtain taxpayer input and comment.
- c) The budget must be adopted by the affirmative vote of a majority of the Board of Aldermen for each fiscal year.
- d) During the year, the Board of Aldermen may authorize supplemental appropriations to the budget.
- e) All appropriations not spent lapse at fiscal year-end.

A reconciliation of the modified cash basis budget to the GAAP basic financial statements is provided for each major fund.

NOTE 2: EXPENDITURES EXCEEDING BUDGET APPROPRIATIONS

Expenditures exceeded budgetary appropriations for the year ended September 30, 2020, as follows:

<u>Fund</u>	<u>Expenditures In Excess of Appropriations</u>
General Fund	\$ 68,534
Road, Bridge and Public Safety Fund	\$ 43,228

These expenditures were funded by cash reserves or other financing sources.

CITY OF WELDON SPRING, MISSOURI  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS

	Fiscal Year 2020
Actuarially determined pension contribution	1,540
Contribution in relation to the actuarially determined contribution	1,540
Contribution Deficiency (Excess)	0
Covered Employee Payroll	23,696
Covered Employee Payroll Contributions as a Percentage of Covered Employee Payroll	6.50%

Notes to schedule:

The City began participating in LAGERS effective August 1, 2020. This schedule will ultimately contain 10 years of data.

Methods and assumptions used to determine contribution rates:

Actuarial cost method		Entry age normal and modified terminal funding
Amortization method	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.	
Remaining amortization period		15 years
Asset valuation method		5 year smoothed market; 20% corridor
Inflation		3.25% wage inflation; 2.5% price inflation
Salary increases		3.25% to 6.55% including wage inflation
Investment rate of return		7.25%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition	
Mortality	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.	
	Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017.	
	Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.	