

City of Willard, Missouri

Basic Financial Statements
Year Ended December 31, 2021

KPM
CPAS & ADVISORS

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Honorable Mayor and Board of Aldermen
City of Willard
Willard, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Willard, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Willard, Missouri, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the 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 of Willard 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

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Auditors' 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 auditors' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022, on our consideration of the City of Willard, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the effectiveness of the City's 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 of Willard, Missouri's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 16, 2022

Management's Discussion and Analysis

City of Willard

Management's Discussion and Analysis

December 31, 2021

The Management's Discussion and Analysis of the City of Willard's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the City's financial statements.

Financial Highlights

The net position of the City's governmental activities increased by \$1,121,239 as a result of current year activities. The net position of the City's business-type activities decreased by \$313,583 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2021, by \$14,664,452 (net position). Of this amount \$6,792,032 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$467,270.

Using this Report

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City's finances is, *Is the City as a whole better off or worse off as a result of the year's activities?* The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. The City's net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities: Most of the City's basic services are reported here. Taxes are the primary sources of financing for these activities.

Business-Type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer services are provided here.

City of Willard

Management's Discussion and Analysis

December 31, 2021

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds and not the City as a whole. However, the Board of Aldermen establishes funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at period-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

Enterprise Funds: When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in enterprise funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Willard

Management's Discussion and Analysis

December 31, 2021

Government-Wide Financial Analysis

Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2021 and 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2021</u>	<u>Total December 31, 2020</u>
Assets				
Current and other assets	\$ 4,211,924	\$ 3,663,758	\$ 7,875,682	\$ 7,084,944
Capital assets	6,525,738	8,861,484	15,387,222	15,311,601
Net pension asset	326,467	264,207	590,674	-
	<u>11,064,129</u>	<u>12,789,449</u>	<u>23,853,578</u>	<u>22,396,545</u>
Deferred Outflow of Resources				
Deferred pension outflows	39,388	45,907	85,295	187,812
Liabilities				
Other liabilities	624,435	1,061,285	1,685,720	1,035,370
Long-term liabilities	2,737,659	4,398,361	7,136,020	7,603,290
Net pension liability	-	-	-	32,958
	<u>3,362,094</u>	<u>5,459,646</u>	<u>8,821,740</u>	<u>8,671,618</u>
Deferred Inflow of Resources				
Deferred pension inflows	<u>238,474</u>	<u>214,207</u>	<u>452,681</u>	<u>55,943</u>
Net position				
Net investment in capital assets	3,636,948	4,206,494	7,843,442	7,413,517
Restricted	28,978	-	28,978	21,624
Unrestricted	3,837,023	2,955,009	6,792,032	6,421,655
	<u>\$ 7,502,949</u>	<u>\$ 7,161,503</u>	<u>\$ 14,664,452</u>	<u>\$ 13,856,796</u>

Total net position of the City increased by \$807,656 for the year due to current year activity. Total liabilities for the City increased by \$150,122. Restricted net position of the City totaled \$28,978 as of December 31, 2021.

City of Willard

Management's Discussion and Analysis

December 31, 2021

Changes in Net Position

	Governmental Activities	Business-Type Activities	Total Year Ended December 31, 2021	Total Year Ended December 31, 2020
Revenues				
Program Revenues				
Charges for services	\$ 520,597	\$ 2,948,659	\$ 3,469,256	\$ 3,159,727
Operating grants and contributions	82,960	-	82,960	29,914
Capital grants and contributions	63,247	186,243	249,490	646,327
General Revenues				
Property taxes	283,842	-	283,842	276,797
Sales taxes	1,796,862	-	1,796,862	1,641,352
Motor vehicle and gas taxes	226,748	-	226,748	207,568
Franchise fees	342,871	-	342,871	324,704
Interest	1,937	1,777	3,714	9,141
Gain on sale of capital assets	1,875	-	1,875	-
Other revenue	17,071	-	17,071	83,274
Total Revenues	3,338,010	3,136,679	6,474,689	6,378,804
Expenses				
Administrative	177,516	-	177,516	142,283
Public Safety	707,378	-	707,378	756,001
Court	71,339	-	71,339	73,756
Streets	292,423	-	292,423	259,658
Planning and development	112,795	-	112,795	107,437
Emergency management	17,249	-	17,249	16,709
Parks and recreation	744,360	-	744,360	615,082
Debt service	93,711	-	93,711	98,867
Water and sewer	-	3,128,074	3,128,074	2,588,239
Total Expenses	2,216,771	3,128,074	5,344,845	4,658,032
Extraordinary Item				
Settlement (expense)	-	(322,188)	(322,188)	-
<i>Increase (Decrease) in Net Position</i>	\$ 1,121,239	\$ (313,583)	\$ 807,656	\$ 1,720,772

City of Willard

Management's Discussion and Analysis

December 31, 2021

Governmental Activities

Governmental activities increased the net position of the City by \$1,121,239. Tax revenues for the City were \$2,650,323, which represents 79% of the funding of these activities. Program and other revenues for the functions totaled \$666,804, or 20% of the funding. The following table shows the cost of the City's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

Net Cost of the City of Willard's Governmental Activities

	Total Cost of Services	Net Cost of Services
Administrative	\$ 177,516	\$ 72,899
Public safety	707,378	633,194
Court	71,339	4,208
Streets	292,423	255,266
Planning and development	112,795	44,470
Emergency management	17,249	8,833
Parks and recreation	744,360	437,386
Debt service	93,711	93,711
	<u>\$ 2,216,771</u>	<u>\$ 1,549,967</u>

Business-Type Activities

Business-type activities decreased the City's net position by \$313,583.

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2021, were \$3,780,784. The General Fund increased by \$642,377. The Park Fund increased by \$60,622.

General Fund Budgetary Highlights

Differences between the original and the final amended budget can be summarized as follows:

- The original revenue budget of \$2,125,014 was amended to \$2,988,268 during the year.
- The original expenditures budget of \$1,653,395 was amended to \$1,935,883 during the year.

City of Willard

Management's Discussion and Analysis

December 31, 2021

Capital Assets and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$6,525,738 (net of accumulated depreciation) as of December 31, 2021. This represents a \$150,462 increase from the prior year due to the current year asset additions to the governmental activities in excess of the current year provisions for depreciation. Capital assets for business-type activities were \$8,861,484 (net of accumulated depreciation) as of December 31, 2021. This represents a decrease of \$74,841. The current year provision for depreciation was \$275,554.

Debt

Total debt of the governmental activities as of December 31, 2021, was \$2,942,659, which is down from \$3,138,187 in the prior year, primarily due to principal payments on outstanding debt.

Total debt of the business-type activities as of December 31, 2021, was \$4,668,361, which is down from \$4,920,103 in the prior year, primarily due to principal payments on outstanding debt.

Economic Factors and Next Year's Budget

The City is located approximately 7 miles from Springfield, Missouri and is within the Springfield Metropolitan Statistical area. The proximity to the Springfield-Branson Airport, local medical facilities, universities, and businesses makes it a premier area for growth. The FY2022 Budget was projected with the ongoing growth of the City in mind and how to address it through planning of the infrastructure to accommodate future growth in the community as well as maintain the current infrastructure and services. The respective action to accomplish these needs is street, water, and sewer infrastructure improvements.

Although growth was considered, a conservative approach was used to estimate the revenues for 2022. Revenues were based on the following factors: (1) the ongoing Covid-19 pandemic; (2) review of revenue history; (3) economic trends; (4) ARPA grant funds available and (5) fee increases for services provided by the City.

The General Fund revenues for the FY2022 Budget are projected to be \$2,704,989. ARPA funds were accounted for and are projected to be used for infrastructure projects. Low interest rates and the 160 Highway upgrade has helped spur the growth of new commercial and residential development in the community. New development includes the development of several residential and commercial projects that are scheduled for 2022. General Fund expenses are projected to be \$1,743,353 with an additional \$952,228 to be transferred to other funds. The Parks Fund will receive \$305,000 and the Water and Sewer Fund \$647,228. Capital improvements approved include a new vehicle for the Police and an upgraded main server for the City.

The Water and Sewer Fund revenue for the FY2022 Budget is projected to be \$3,172,922 with an additional \$1,568,000 from Water and Sewer reserves and \$647,228 transferred from the General Fund. The utility rate increase plus the continued growth of new homes and business will help make funds available for capital projects. Water and Sewer Fund expenses are projected to be \$5,343,863. There are capital improvement projects for the water and sewer infrastructure to restore the Meadows Water Tower and upgrade several sewer lift stations.

City of Willard

Management's Discussion and Analysis

December 31, 2021

The Parks Fund revenue for 2022 is projected to be \$1,031,999. An additional \$305,000 will be transferred from the General Fund and \$40,000 will be used from the Park reserves to fund projects. Park Fund expenses are projected to be \$1,373,777. The capital improvements planned are the purchase of equipment that includes a bus, mower, and computers. In addition, a heat pump for the Recreation Center and the sealing of the pool parking lot.

The City accounted for increases in salaries, health insurance, and retirement expense. All employee wages are a Step and Scale Grade system with increases set at 2.5%.

The City's goal is to maintain a reserve fund balance of 30% (3 ½ months) of operating expenditures in the General, Parks, and Water and Sewer Funds commensurate with maintaining core services and personnel levels as specified by budgeted expenses.

The goal of the City is to have a comprehensive plan in place so the City will be prepared for future growth and be able to provide services at a reasonable cost.

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Willard
224 W. Jackson
Willard, MO 65781
(417) 742-3033

Samuel Snider, Mayor
Bradley Gray, City Administrator
Carolyn Halverson, Chief Financial Officer
Jennifer Rowe, City Clerk

City of Willard

Statement of Net Position

December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current			
Cash and cash equivalents - unrestricted	\$ 3,559,586	\$ 2,869,764	\$ 6,429,350
Taxes receivable	482,523	-	482,523
Utilities receivable	-	224,523	224,523
Intergovernmental receivable	2,104	-	2,104
Court fines receivable, net	19,326	-	19,326
Other receivable	63	-	63
Prepaid expenses	3,823	2,526	6,349
Noncurrent			
Restricted cash and cash equivalents	144,499	566,945	711,444
Net pension asset	326,467	264,207	590,674
Capital Assets			
Non-depreciable	451,674	396,907	848,581
Depreciable, net	6,074,064	8,464,577	14,538,641
Total Assets	11,064,129	12,789,449	23,853,578
Deferred Outflows of Resources			
Deferred pension outflows	39,388	45,907	85,295
Liabilities			
Current			
Accounts payable	259,107	158,527	417,634
Accrued expenses	37,186	29,013	66,199
Developer's escrow	3,477	-	3,477
Unearned revenue	104,995	291,275	396,270
Deposits payable	3,834	275,660	279,494
Court bonds payable	3,215	-	3,215
Accrued interest payable	7,621	36,810	44,431
Current portion of long-term debt	205,000	270,000	475,000
	624,435	1,061,285	1,685,720
Noncurrent			
Compensated absences payable	53,869	13,361	67,230
Certificates of participation payable, net	2,683,790	4,385,000	7,068,790
	2,737,659	4,398,361	7,136,020
Total Liabilities	3,362,094	5,459,646	8,821,740
Deferred Inflows of Resources			
Deferred pension inflows	238,474	214,207	452,681
	238,474	214,207	452,681
Net Position			
Net investment in capital assets	3,636,948	4,206,494	7,843,442
Restricted	28,978	-	28,978
Unrestricted	3,837,023	2,955,009	6,792,032
Total Net Position	\$ 7,502,949	\$ 7,161,503	\$ 14,664,452

See accompanying notes to the financial statements.

City of Willard

Balance Sheet – Governmental Funds

December 31, 2021

		Special Revenue Fund	
	General Fund	Park Fund	Total Governmental Funds
Assets			
Cash and cash equivalents - unrestricted	\$ 3,388,729	\$ 170,857	\$ 3,559,586
Taxes receivable	374,331	108,192	482,523
Intergovernmental receivable	2,104	-	2,104
Court fines receivable, net	19,326	-	19,326
Other receivable	-	63	63
Prepaid expenses	2,871	952	3,823
Restricted cash and cash equivalents	138,337	6,162	144,499
Total Assets	\$ 3,925,698	\$ 286,226	\$ 4,211,924
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 254,452	\$ 4,655	\$ 259,107
Accrued expenses	24,097	13,089	37,186
Developer's escrow	3,477	-	3,477
Unearned revenue	104,995	-	104,995
Court bonds payable	3,215	-	3,215
Deposits payable	-	3,834	3,834
Total Liabilities	390,236	21,578	411,814
Deferred Inflows of Resources			
Deferred court fines	19,326	-	19,326
Fund Balances			
Nonspendable			
Prepaid items	2,871	952	3,823
Restricted for			
Judicial facility fund	14,456	-	14,456
Judicial education fund	2,129	-	2,129
Police forfeiture funds	10,065	-	10,065
Youth scholarships	-	2,328	2,328
Assigned to			
Road improvements	50,000	-	50,000
Parks and recreation	-	261,368	261,368
Unassigned	3,436,615	-	3,436,615
Total Fund Balances	3,516,136	264,648	3,780,784
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 3,925,698	\$ 286,226	\$ 4,211,924

See accompanying notes to the financial statements.

City of Willard

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

December 31, 2021

Fund balance - total governmental funds	\$ 3,780,784
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	9,606,178
Less accumulated depreciation	<u>(3,080,440)</u>
	6,525,738
The net pension asset and deferred costs are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	326,467
Deferred outflows due to pensions	39,388
Deferred inflows due to pensions	<u>(238,474)</u>
	127,381
Adjustment of deferred court fines	19,326
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(7,621)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(2,942,659)</u>
Net Position of Governmental Activities	<u><u>\$ 7,502,949</u></u>

See accompanying notes to the financial statements.

City of Willard

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended December 31, 2021

	General Fund	Special Revenue Fund Park Fund	Total Governmental Funds
Revenues			
Taxes	\$ 1,996,186	\$ 654,137	\$ 2,650,323
Licenses and permits	64,252	-	64,252
Intergovernmental revenues	119,757	26,090	145,847
Charges for services	108,330	280,885	389,215
Fines and forfeitures	60,170	-	60,170
Miscellaneous	13,251	7,991	21,242
Total Revenues	<u>2,361,946</u>	<u>969,103</u>	<u>3,331,049</u>
Expenditures			
Current			
Administrative	169,931	-	169,931
Public safety	724,625	-	724,625
Court	73,929	-	73,929
Streets	543,686	-	543,686
Planning and development	115,149	-	115,149
Emergency management	17,249	-	17,249
Parks and recreation	-	686,743	686,743
Debt service			
Principal and interest	-	296,738	296,738
Total Expenditures	<u>1,644,569</u>	<u>983,481</u>	<u>2,628,050</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	717,377	(14,378)	702,999
Other Financing Sources (Uses)			
Operating transfers in (out)	<u>(75,000)</u>	<u>75,000</u>	<u>-</u>
<i>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	642,377	60,622	702,999
Fund Balance, January 1	2,873,759	204,026	3,077,785
Fund Balance, December 31	<u><u>\$ 3,516,136</u></u>	<u><u>\$ 264,648</u></u>	<u><u>\$ 3,780,784</u></u>

See accompanying notes to the financial statements.

City of Willard

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$	702,999
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the effect of the changes during the year.

Capital outlay		321,371
Depreciation		(170,909)
		150,462

Some revenues reported in the governmental funds represent current financial resources and were recognized in the statement of activities when earned.		6,961
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Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the Statement of Activities when incurred.

Change in pension related costs		64,789
Change in compensated absences		(6,999)
		57,790

The issuance of long-term debt provides current financial resources to governmental funds. The repayment on the principal on long-term debt is a use of current financial resources of governmental funds. In the Statement of Activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences.

Repayment of principal on leases		202,527
Accrued interest payable		500
		203,027
Change in Net Position of Governmental Activities	\$	1,121,239

See accompanying notes to the financial statements.

City of Willard

Statement of Net Position – Proprietary Fund

December 31, 2021

	Water and Sewer Fund
Assets	
Current Assets	
Cash and cash equivalents	\$ 2,869,764
Utilities receivable	224,523
Prepaid expenses	2,526
Total Current Assets	3,096,813
Restricted Assets	
Cash and cash equivalents	566,945
Total Restricted Assets	566,945
Property, Plant and Equipment,	
Non-depreciable	396,907
Depreciable	14,362,300
Accumulated depreciation	(5,897,723)
Total Property, Plant, Equipment	8,861,484
Net Pension Asset	264,207
Total Assets	12,789,449
Deferred Outflow of Resources	
Deferred pension outflows	45,907
Liabilities	
Current Liabilities	
Accounts payable	158,527
Accrued expenses	29,013
Accrued interest payable	36,810
Unearned revenue	291,275
Utility deposits	275,660
Current maturities of long-term debt	270,000
Total Current Liabilities	1,061,285
Long-Term Liabilities	
Compensated absences payable	13,361
Certificates of participation payable	4,385,000
Total Long-Term Liabilities	4,398,361
Total Liabilities	5,459,646
Deferred Inflow of Resources	
Deferred pension inflows	214,207
Net Position	
Net investment in capital assets	4,206,494
Unrestricted	2,955,009
Total Net Position	\$ 7,161,503

See accompanying notes to the financial statements.

City of Willard

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund

Year Ended December 31, 2021

	Water and Sewer Fund
Operating Revenues	
Charges for services	
Water	\$ 1,102,086
Sewer	1,542,913
Trash	303,660
Total Operating Revenues	2,948,659
Operating Expenses	
Water Services	
Wages and benefits	431,470
Professional services	77,429
Utilities	109,880
Insurance	23,696
Supplies	65,782
Travel, meetings, and dues	7,477
Vehicle expense	10,161
Repairs and maintenance	34,949
Depreciation	86,380
Rent	4,819
Miscellaneous	19,130
Sewer Services	
Wages and benefits	417,480
Professional services	218,751
Sewer charges	597,266
Utilities	75,791
Insurance	35,104
Supplies	157,714
Travel, meetings, and dues	292
Vehicle expense	12,918
Repairs and maintenance	85,793
Depreciation	189,174
Rent	4,738
Miscellaneous	14,844
Trash Services	
Trash	282,025
Total Operating Expenses	2,963,063
<i>Operating (Loss)</i>	(14,404)
Nonoperating Revenues (Expenses)	
Interest income	1,777
Interest and fees expense	(165,011)
Intergovernmental revenues	186,243
Total Nonoperating Revenues (Expenses)	23,009
<i>Income Before Extraordinary Item</i>	8,605
Extraordinary Item	
Settlement (expense)	(322,188)
<i>Net (Loss)</i>	(313,583)
Net Position, January 1	7,475,086
Net Position, December 31	\$ 7,161,503

See accompanying notes to the financial statements.

City of Willard

Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2021

	Water and Sewer Fund
Cash Flows from Operating Activities	
Cash received from customers	\$ 2,966,475
Cash paid to suppliers	(1,744,750)
Cash paid to employees	(902,083)
Payment of settlement expense	(322,188)
Net Cash (Used) by Operating Activities	(2,546)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(165,978)
Grant proceeds	477,518
Payment of principal on debt	(255,000)
Payment of interest expense	(167,944)
Net Cash (Used) by Capital and Related Financing Activities	(111,404)
Cash Flows from Investing Activities	
Interest received	1,777
Net Cash Provided by Investing Activities	1,777
<i>Net (Decrease) in Cash and Cash Equivalents</i>	<i>(112,173)</i>
Cash and Cash Equivalents, Beginning of year	3,548,882
Cash and Cash Equivalents, End of year	3,436,709
Less Restricted Cash and Cash Equivalents	566,945
Unrestricted Cash and Cash Equivalents	\$ 2,869,764
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (loss)	\$ (14,404)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	275,554
(Increase) decrease in	
Utilities receivable	2,476
Prepaid expenses	54,555
Net pension asset	(264,207)
Deferred pension outflows	45,479
Increase (decrease) in	
Accounts payable	39,254
Accrued expenses	3,197
Meter deposits payable	15,340
Compensated absences payable	3,258
Net pension liability	(28,431)
Deferred pension inflows	187,571
Payment of settlement expense	(322,188)
Net Cash Used by Operating Activities	\$ (2,546)

See accompanying notes to the financial statements.

City of Willard

Notes to the Financial Statements

December 31, 2021

1. Summary of Significant Accounting Policies

The City of Willard, Missouri, (the City) operates under a Mayor - Board of Aldermen form of government and provides the following services: public safety, streets, parks and recreation, planning and development, emergency management, and general administrative services. Other services include water, sewer, and trash operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

Financial Reporting Entity

The City of Willard, Missouri, is a primary government that is governed by an elected Board of Aldermen. As required by accounting principles generally accepted in the United States of America, the City has evaluated the criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the criteria and, therefore, no other entity has been included as a component unit in the City's basic financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

Basis of Presentation

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-Wide Financial Statements

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Position, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

City of Willard

Notes to the Financial Statements

December 31, 2021

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds.

Park Fund: The Park Fund is used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for parks and recreation.

The City reports the following major proprietary fund:

Water and Sewer Fund: The Water and Sewer Fund is used to account for the activities and capital improvements of the City's water and sewer operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of one year or greater. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Historically, governmental infrastructure assets have not been capitalized and reported in the financial statements. In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected not to go back 20 years and record estimated costs of streets less depreciation but began recording and depreciating its infrastructure assets in 2004. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

City of Willard

Notes to the Financial Statements

December 31, 2021

Land improvements	20 years
Buildings and improvements	50 years
Major moveable equipment	5-15 years
Infrastructure	50 years
Water and sewer systems	20-50 years

Expenses for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. For purposes of the statement of cash flows, cash equivalents are deposits available on demand or with an original maturity of less than three months at the time of purchase.

Compensated Absences

Employees earn vacation time based on their years of service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

Fund Balance Classification

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

Nonspendable Fund Balance: 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.

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.

City of Willard

Notes to the Financial Statements

December 31, 2021

Committed Fund Balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions 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 removes the specified use by taking the same type of action imposing the commitment.

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. Assigned fund balances 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.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The Board of Aldermen has formally adopted a minimum fund balance policy of 30% (3½ months) of operating expenditures in the General Fund.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets: This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consists of the 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.

Unrestricted Net Position: Consists of the financial position that does not meet the definition of “restricted.”

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City first applies restricted net position.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. These include 1) charges for city court fines, licenses and permits, planning and zoning services, parks and recreation services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

City of Willard

Notes to the Financial Statements

December 31, 2021

Unearned Revenue

This is future revenue received for unspent grant proceeds and will be recognized as income when earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the City has one item that qualifies for reporting in this category, deferred amounts relating to the retirement plan.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has two items that qualify for reporting in this category, deferred amounts relating to court fines on the Balance Sheet and deferred amounts relating to the retirement plan on the Statement of Net Position. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Pensions

For purposes of measuring the net pension asset, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. All other revenues and expenses are considered nonoperating.

2. Cash & Cash Equivalents

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 2021, all bank balances on deposit are entirely insured or collateralized.

City of Willard

Notes to the Financial Statements

December 31, 2021

3. Restricted Assets

Cash and cash equivalents, fund balance, and net position have been restricted as follows:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Restricted Fund Balance/ Net Position</u>
General Fund		
Court bonds	\$ 3,215	\$ -
Developer's escrow	3,477	-
Grant funds	104,995	-
Judicial facility fund	14,456	14,456
Judicial education fund	2,129	2,129
Police forfeiture funds	10,065	10,065
	<u>\$ 138,337</u>	<u>\$ 26,650</u>
Park Fund		
Youth scholarships	\$ 2,328	\$ 2,328
Park deposits	3,834	-
	<u>\$ 6,162</u>	<u>\$ 2,328</u>
Water and Sewer Fund		
2018 Certificates of Participation		
Construction fund	\$ 10	\$ -
Grant funds	291,275	-
Customer utility deposits	275,660	-
	<u>\$ 566,945</u>	<u>\$ -</u>

City of Willard

Notes to the Financial Statements

December 31, 2021

4. Assessed Valuation, Tax Levy, & Legal Debt Margin

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable December 31. The county collects the property taxes and remits them to the City. The assessed valuation of the tangible property and the tax levies per \$100 assessed valuation of that property were as follows:

	2021
Assessed Valuation	
Real estate	\$ 61,464,014
Personal property	11,773,991
	\$ 73,238,005
Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$.3625
Park Fund	.1109
	\$.4734

The legal debt margin at December 31, 2021, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 7,323,801	\$ 7,323,801	\$ 14,647,602
General Obligation Bonds Payable	-	-	-
Legal Debt Margin	\$ 7,323,801	\$ 7,323,801	\$ 14,647,602

Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by vote of its qualified electors voting therein, may incur an indebtedness for any purpose authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights of way, constructing, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

City of Willard

Notes to the Financial Statements

December 31, 2021

5. Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
Court Fines Receivable			
General Fund	\$ 30,326	\$ (11,000)	\$ 19,326
Utilities Receivable			
Water and Sewer Fund	\$ 224,523	\$ -	\$ 224,523

6. Long-Term Liabilities – Governmental Activities

Long-term liabilities for governmental activities at December 31, 2021, consists of the 2015 Refunding Certificates of Participation and compensated absences.

Certificates of Participation

On June 1, 2015, the City issued \$3,995,000 in Series 2015 Refunding Certificates of Participation for the purpose of refunding the 2006 and 2008 Certificates of Participation, which were originally issued for acquiring, constructing, and installing certain additions to the City’s parks and recreation system, being in particular a new aquatics facility for the City. In the event of default on the lease agreement, the Trustee may cause all amounts payable, with respect to the Certificates for the remainder of the current term of the lease to become due and payable, or may take whatever action at law or in equity that may appear necessary or appropriate to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of the City under the lease. The Certificates of Participation bear interest from 2.0% to 3.5% with principal payments due May 15 and interest payments due May 15 and November 15 each year. The annual debt service requirements to amortize the principal on the Certificates of Participation outstanding at December 31, 2021, are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 205,000	\$ 88,381	\$ 293,381
2023	230,000	81,856	311,856
2024	235,000	74,881	309,881
2025	245,000	67,681	312,681
2026	250,000	60,256	310,256
2027	260,000	52,476	312,476
2028	265,000	44,140	309,140
2029	280,000	35,214	315,214
2030	285,000	25,784	310,784
2031	300,000	15,913	315,913
2032	310,000	5,425	315,425
	\$ 2,865,000	\$ 552,007	\$ 3,417,007

City of Willard

Notes to the Financial Statements

December 31, 2021

The following table is a summary of the changes in the long-term liabilities of the governmental activities:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
2015 Refunding Certificates of Participation	\$ 3,065,000	\$ -	\$ 200,000	\$ 2,865,000	\$ 205,000
Premium on Certificates of Participation	26,317	-	2,527	23,790	-
	<u>3,091,317</u>	<u>-</u>	<u>202,527</u>	<u>2,888,790</u>	<u>205,000</u>
Compensated absences	46,870	6,999	-	53,869	-
	<u>\$ 3,138,187</u>	<u>\$ 6,999</u>	<u>\$ 202,527</u>	<u>\$ 2,942,659</u>	<u>\$ 205,000</u>

7. Long-Term Liabilities – Business-Type Activities

Long-term liabilities for business-type activities at December 31, 2021, consists of the 2018 Certificates of Participation, the 2014 Refunding Certificates of Participation and compensated absences.

City of Willard

Notes to the Financial Statements

December 31, 2021

On April 12, 2018, the City issued \$3,600,000 in Series 2018 Certificates of Participation for the purpose of providing funds to acquire and install improvements to the City's combined waterworks and sewerage system including equipment for the City. In the event of default, the Trustee may, and upon the written request of the owners of not less than a majority in aggregate stated principal amount of certificates then outstanding shall, by notice in writing delivered to the City, declare the stated principal component of the base rentals represented by all certificates then outstanding and amounts representing the interest component of the base rentals accrued with respect thereto immediately due and payable. The certificates bear interest between 3.0% to 5.0%. Interest payments are due semi-annually on May 1 and November 1 of each year with annual principal payments due May 1 of each year. Annual debt service requirements to amortize the principal on the Certificates of Participation outstanding at December 31, 2021, are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 105,000	\$ 116,675	\$ 221,675
2023	110,000	111,300	221,300
2024	115,000	106,825	221,825
2025	120,000	103,300	223,300
2026	125,000	99,625	224,625
2027	125,000	95,875	220,875
2028	130,000	92,050	222,050
2029	135,000	88,075	223,075
2030	140,000	83,862	223,862
2031	145,000	79,319	224,319
2032	145,000	74,606	219,606
2033	150,000	69,719	219,719
2034	155,000	64,572	219,572
2035	165,000	59,069	224,069
2036	170,000	53,206	223,206
2037	175,000	47,169	222,169
2038	180,000	40,844	220,844
2039	190,000	34,138	224,138
2040	195,000	27,159	222,159
2041	200,000	19,875	219,875
2042	210,000	12,187	222,187
2043	220,000	4,125	224,125
	<u>\$ 3,405,000</u>	<u>\$ 1,483,575</u>	<u>\$ 4,888,575</u>

City of Willard

Notes to the Financial Statements

December 31, 2021

On November 4, 2014, the City issued \$2,295,000 in Series 2014 Refunding Certificates of Participation for the purpose of providing funds to refinance the Series 2005 Certificates of Participation and 2008 Certificates of Participation. In the event of default, the Trustee may, and upon written request of the owners of not less than a majority in aggregate stated principal amount of certificates then outstanding shall, by written notice given to the City, declare the principal of all the certificates then outstanding to be due and payable immediately. The certificates bear interest of 3.25%. Interest payments are due semi-annually on February 1 and August 1 of each year with annual principal payments due February 1 of each year. Annual debt service requirements to amortize the principal on the Certificates of Participation outstanding at December 31, 2021, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 165,000	\$ 37,944	\$ 202,944
2023	165,000	32,581	197,581
2024	175,000	27,056	202,056
2025	180,000	21,287	201,287
2026	185,000	15,356	200,356
2027	190,000	9,263	199,263
2028	190,000	3,088	193,088
	<u>\$ 1,250,000</u>	<u>\$ 146,575</u>	<u>\$ 1,396,575</u>

The following table is a summary of the changes in the long-term liabilities of the business-type activities:

	<u>Balance December 31, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2021</u>	<u>Amounts Due Within One Year</u>
2014 Refunding Certificates of Participation	\$ 1,405,000	\$ -	\$ 155,000	\$ 1,250,000	\$ 165,000
2018 Certificates of Participation	3,505,000	-	100,000	3,405,000	105,000
Compensated absences	10,103	3,258	-	13,361	-
	<u>\$ 4,920,103</u>	<u>\$ 3,258</u>	<u>\$ 255,000</u>	<u>\$ 4,668,361</u>	<u>\$ 270,000</u>

City of Willard

Notes to the Financial Statements

December 31, 2021

8. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Governmental Activities				
Non-depreciable Capital Assets				
Land	\$ 451,674	\$ -	\$ -	\$ 451,674
Construction in progress	763,792	283,207	1,046,999	-
Total Non-depreciable Capital Assets	1,215,466	\$ 283,207	\$ 1,046,999	451,674
Depreciable Capital Assets				
Building and improvements	5,066,058	\$ 17,146	\$ -	5,083,204
Major moveable equipment	1,196,170	44,225	23,207	1,217,188
Infrastructure	1,807,113	1,046,999	-	2,854,112
Total Depreciable Capital Assets	8,069,341	\$ 1,108,370	\$ 23,207	9,154,504
Less Accumulated Depreciation				
Building and improvements	1,504,935	\$ 105,828	\$ -	1,610,763
Major moveable equipment	868,046	43,940	23,207	888,779
Infrastructure	536,550	44,348	-	580,898
Total Accumulated Depreciation	2,909,531	\$ 194,116	\$ 23,207	3,080,440
Total Depreciable Capital Assets, net	5,159,810			6,074,064
Total Governmental Activities Capital Assets, net	\$ 6,375,276			\$ 6,525,738

Depreciation expense for governmental activities was charged to functions as follows:

Administrative	\$ 10,134
Planning and development	864
Public safety	33,894
Parks and recreation	112,963
Streets	36,261
	\$ 194,116

City of Willard

Notes to the Financial Statements

December 31, 2021

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Business-Type Activities				
Water and Sewer Fund				
Non-depreciable Capital Assets				
Land	\$ 273,273	\$ -	\$ -	\$ 273,273
Construction in progress	35,521	123,634	35,521	123,634
Total Non-depreciable Capital Assets	308,794	\$ 123,634	\$ 35,521	396,907
Depreciable Capital Assets				
Sewer system	8,911,500	\$ -	\$ -	8,911,500
Water system	4,541,213	35,521	-	4,576,734
Buildings and improvements	17,140	-	-	17,140
Major moveable equipment	779,847	77,079	-	856,926
Total Depreciable Capital Assets	14,249,700	\$ 112,600	\$ -	14,362,300
Less Accumulated Depreciation				
Sewer system	2,887,457	\$ 178,165	\$ -	3,065,622
Water system	2,078,231	75,371	-	2,153,602
Buildings and improvements	1,485	343	-	1,828
Major moveable equipment	654,996	21,675	-	676,671
Total Accumulated Depreciation	5,622,169	\$ 275,554	\$ -	5,897,723
Total Depreciable Capital Assets, net	8,627,531			8,464,577
Total Business-Type Activities Capital Assets, net	\$ 8,936,325			\$ 8,861,484

Depreciation expense for business-type activities was charged as follows:

Water	\$ 86,380
Sewer	189,174
	\$ 275,554

City of Willard

Notes to the Financial Statements

December 31, 2021

9. Employee Pension Plan

General Information about the Pension Plan

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City 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 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.

Benefits Provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body 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) 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 receive a reduced allowance.

	<u>2021 Valuation</u>
Benefit Multiplier	1.50% for life
Final Average Salary	5 years
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.

Employees Covered by Benefit Terms. At June 30, 2021, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	<u>General</u>	<u>Police</u>
Inactive employees or beneficiaries currently receiving benefits	11	1
Inactive employees entitled to but not yet receiving benefits	12	23
Active employees	23	9
	<u>46</u>	<u>33</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. Employer contribution rates are 7.1% (General) and 7.0% (Police) of annual covered payroll.

City of Willard

Notes to the Financial Statements

December 31, 2021

Net Pension Asset. The employer's net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2021.

Actuarial Assumptions. The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation, 2.25% price inflation
Salary increase	2.75% to 6.75% including wage inflation for general 2.75% to 6.55% including wage inflation for police
Investment rate of return	7.00%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2021, valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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 estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
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%	-0.29%

City of Willard

Notes to the Financial Statements

December 31, 2021

Discount Rate. The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
General Division			
Balances at beginning of year	\$ 1,551,492	\$ 1,505,635	\$ 45,857
Changes for the year			
Service cost	94,107	-	94,107
Interest on total pension liability	113,987	-	113,987
Difference between expected and actual experiences	(84,244)	-	(84,244)
Contributions - employer	-	68,513	(68,513)
Contributions - employee	-	37,739	(37,739)
Net investment income	-	445,076	(445,076)
Changes of assumptions	(27,647)	-	(27,647)
Benefits paid, including refunds	(51,893)	(51,893)	-
Pension plan administrative expenses	-	(4,111)	4,111
Other (net transfer)	-	7,667	(7,667)
<i>Net Changes</i>	<u>44,310</u>	<u>502,991</u>	<u>(458,681)</u>
Balances at end of year	1,595,802	2,008,626	(412,824)

City of Willard

Notes to the Financial Statements

December 31, 2021

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Police Division			
Balances at beginning of year	799,213	812,112	(12,899)
Changes for the year			
Service cost	36,651	-	36,651
Interest on total pension liability	59,208	-	59,208
Difference between expected and actual experiences	1,127	-	1,127
Contributions - employer	-	23,084	(23,084)
Contributions - employee	-	13,810	(13,810)
Net investment income	-	227,420	(227,420)
Changes of assumptions	33	-	33
Benefits paid, including refunds	(1,138)	(1,138)	-
Pension plan administrative expenses	-	(1,543)	1,543
Other (net transfer)	-	(801)	801
<i>Net Changes</i>	95,881	260,832	(164,951)
Balances at end of year	895,094	1,072,944	(177,850)
Total Plan Balances at End of Year	\$ 2,490,896	\$ 3,081,570	\$ (590,674)

The net pension asset is allocated as follows:

	Net Pension (Asset)
Governmental Activities	\$ (326,467)
Business-Type Activities	(264,207)
	\$ (590,674)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following presents the net pension asset of the employer, calculated using the discount rate of 7.00%, as well as what the employer's net pension asset would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

City of Willard

Notes to the Financial Statements

December 31, 2021

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
General Division			
Total Pension Liability	\$ 1,842,633	\$ 1,595,802	\$ 1,395,902
Fiduciary Net Position	2,008,626	2,008,626	2,008,626
Net Pension (Asset)	(165,993)	(412,824)	(612,724)
Police Division			
Total Pension Liability	1,066,436	895,094	759,857
Fiduciary Net Position	1,072,944	1,072,944	1,072,944
Net Pension (Asset)	(6,508)	(177,850)	(313,087)
Total Net Pension (Asset)	\$ (172,501)	\$ (590,674)	\$ (925,811)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the employer recognized a pension credit of \$25,621 in the general division and a pension credit of \$9,656 in the police division. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows (Inflows) of Resources
General Division			
Differences between expected and actual experience	\$ 36,689	\$ (88,652)	\$ (51,963)
Assumption changes	-	(22,116)	(22,116)
Net difference between projected and actual earnings on pension plan investments	-	(223,930)	(223,930)
Contributions subsequent to the measurement date*	35,040	-	35,040
	71,729	(334,698)	(262,969)
Police Division			
Differences between expected and actual experience	1,866	(7,996)	(6,130)
Assumption changes	20	-	20
Net difference between projected and actual earnings on pension plan investments	-	(109,987)	(109,987)
Contributions subsequent to the measurement date*	11,680	-	11,680
	13,566	(117,983)	(104,417)
	\$ 85,295	\$ (452,681)	\$ (367,386)

City of Willard

Notes to the Financial Statements

December 31, 2021

Deferred outflows and inflows have been allocated as follows:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred (Inflows) of Resources
Governmental Activities	\$ 39,388	\$ (238,474)	\$ (199,086)
Business-Type Activities	45,907	(214,207)	(168,300)
	<u>\$ 85,295</u>	<u>\$ (452,681)</u>	<u>\$ (367,386)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ending December 31, 2022.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources		
	General	Police	Total
2022	\$ (67,003)	\$ (32,559)	\$ (99,562)
2023	(71,069)	(26,011)	(97,080)
2024	(70,811)	(24,055)	(94,866)
2025	(89,126)	(33,472)	(122,598)
	<u>\$ (298,009)</u>	<u>\$ (116,097)</u>	<u>\$ (414,106)</u>

Payable to the Pension Plan

The City had \$11,449 outstanding contributions to the pension plan required for the year ended December 31, 2021.

10. Claims, Judgments, & Contingencies

Federal and State Grants

The City participates in a number of programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of December 31, 2021, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the City.

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 has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

City of Willard

Notes to the Financial Statements

December 31, 2021

11. Interfund Transfers

Transfers between funds of the City for the year ended December 31, 2021, were as follows:

	<u>Transfers In (Out)</u>
General Fund	\$ (75,000)
Park Fund	75,000
	<u>\$ -</u>

Transfers are made to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, (2) reimburse various funds for amounts owed from the other funds, and (3) use unrestricted revenues in the Enterprise Fund, General Fund, and Park Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

12. Deferred Court Fines

Revenues from receivables not expected to be collected in time to pay current operating expenses are deferred until received in the governmental funds. These deferred revenues include court fines to be collected over several years. All of the deferred revenue at December 31, 2021, is accounted for as follows:

General Fund	
Deferred court fines	<u>\$ 19,326</u>

13. Commitments

At December 31, 2021, the City had the following commitments:

- Landmark Dodge in the amount of \$27,929 for a 2021 Dodge Charger.
- JCI Industries in the amounts of \$19,480 and \$93,204 for lift station impellers and a submersible pump, respectively.

14. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the eligibility requirements have been met. At December 31, 2021, these unearned revenues include unspent grant proceeds in the General Fund in the amount of \$104,995 and in the Water and Sewer Fund in the amount of \$291,275.

15. Operating Leases

During 2021, the City entered into operating lease agreements with Enterprise Fleet Management for five vehicles. The operating leases call for 60 monthly payments per vehicle based on usage. The amount expended in 2021 was \$14,087.

Required Supplementary Information

City of Willard

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Year Ended December 31, 2021

Missouri Local Government Employees Retirement System (LAGERS)							
	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total Pension Liability							
Service cost	\$ 130,758	\$ 135,664	\$ 144,040	\$ 121,935	\$ 100,422	\$ 91,794	\$ 88,438
Interest on the total pension liability	173,195	155,087	141,957	119,196	105,927	90,286	78,718
Changes of benefit terms	-	-	-	-	-	164,794	-
Difference between expected and actual experience	(83,117)	10,616	(42,157)	110,635	9,648	(130,045)	22,739
Changes of assumptions	(27,614)	-	-	-	(13,922)	59,410	-
Benefit payments including refunds	(53,031)	(45,510)	(71,287)	(26,837)	(56,488)	(48,528)	(16,022)
Net Change in Total Pension Liability	140,191	255,857	172,553	324,929	145,587	227,711	173,873
Total Pension Liability, Beginning	2,350,705	2,094,848	1,922,295	1,597,366	1,451,779	1,224,068	1,050,195
Total Pension Liability, Ending	2,490,896	2,350,705	2,094,848	1,922,295	1,597,366	1,451,779	1,224,068
Plan Fiduciary Net Position							
Contributions - employer	91,597	92,130	93,296	94,151	71,648	51,463	45,258
Contributions - employee	51,549	52,486	55,376	58,604	44,782	42,204	43,340
Net investment income	672,496	28,805	138,383	208,265	173,699	(2,072)	27,304
Benefit payments, including refunds	(53,031)	(45,510)	(71,287)	(26,837)	(56,488)	(48,528)	(16,022)
Pension plan administrative expense	(5,654)	(7,669)	(7,371)	(4,526)	(5,058)	(3,788)	(4,380)
Other (net transfer)	6,866	(1,870)	(2,068)	130	(6,406)	1,272	14,005
Net Change in Plan Fiduciary Net Position	763,823	118,372	206,329	329,787	222,177	40,551	109,505
Plan Fiduciary Net Position, Beginning	2,317,747	2,199,375	1,993,046	1,663,259	1,441,082	1,400,531	1,291,026
Plan Fiduciary Net Position, Ending	3,081,570	2,317,747	2,199,375	1,993,046	1,663,259	1,441,082	1,400,531
Employer Net Pension Liability (Asset)	\$ (590,674)	\$ 32,958	\$ (104,527)	\$ (70,751)	\$ (65,893)	\$ 10,697	\$ (176,463)
Plan fiduciary net position as a percentage of the total pension liability	123.71%	98.60%	104.99%	103.68%	104.13%	99.26%	114.42%
Covered payroll	\$ 1,264,596	\$ 1,317,780	\$ 1,336,347	\$ 1,470,200	\$ 1,073,678	\$ 953,319	\$ 1,194,538
Employer's net pension liability (asset) as a percentage of covered payroll	-46.71%	2.50%	-7.82%	-4.81%	-6.14%	1.12%	-14.77%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Willard

Schedule of Contributions Year Ended December 31, 2021

Year Ending December 31,	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2012	\$ 49,484	\$ 49,484	\$ -	\$ 993,997	4.98%
2013	43,545	43,546	1	925,245	4.71%
2014	45,844	45,844	-	1,035,266	4.43%
2015	44,045	44,045	-	1,114,322	3.95%
2016	63,917	63,917	-	1,027,993	6.22%
2017	83,840	83,840	-	1,345,017	6.23%
2018	94,461	94,461	-	1,426,885	6.62%
2019	93,656	93,656	-	1,360,425	6.88%
2020	94,808	94,808	-	1,328,086	7.14%
2021	89,100	89,100	-	1,260,064	7.07%

See accompanying Notes to the Schedule of Contributions.

City of Willard

Notes to the Schedule of Contributions

Year Ended December 31, 2021

Valuation Date: February 28, 2021

Notes: The roll-forward of total pension liability from February 28, 2021, to June 30, 2021, reflects expected service cost and interest reduced by actual benefit payments.

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: Multiple bases from 14 to 15 years

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Inflation: 2.75% wage inflation; 2.25% price inflation

Salary Increases: 2.75% to 6.75% including wage inflation (General)

2.75% to 6.55% including wage inflation (Police)

Investment Rate of Return: 7.00%, 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, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The pre-retirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

Other Information: None

City of Willard

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Taxes				
Ad valorem taxes	\$ 198,990	\$ 214,000	\$ 218,492	\$ 4,492
Sales taxes	1,011,057	1,125,000	1,208,074	83,074
Franchise taxes	333,500	345,000	342,871	(2,129)
Motor vehicle taxes	200,000	200,000	226,749	26,749
	<u>1,743,547</u>	<u>1,884,000</u>	<u>1,996,186</u>	<u>112,186</u>
Licenses and Permits				
Building permits	55,000	55,000	56,727	1,727
Merchants licenses	5,500	5,500	7,525	2,025
	<u>60,500</u>	<u>60,500</u>	<u>64,252</u>	<u>3,752</u>
Intergovernmental Revenues				
Grants	160,685	861,928	119,757	(742,171)
Charges for Services				
Planning and zoning	6,000	10,000	11,598	1,598
Rentals	93,000	96,000	96,732	732
	<u>99,000</u>	<u>106,000</u>	<u>108,330</u>	<u>2,330</u>
Fines and Forfeitures				
City court fines	50,100	60,100	60,170	70
Miscellaneous				
Donations	2,500	1,500	360	(1,140)
Interest	180	240	1,839	1,599
Other	8,502	14,000	11,052	(2,948)
	<u>11,182</u>	<u>15,740</u>	<u>13,251</u>	<u>(2,489)</u>
Total Revenues	<u>2,125,014</u>	<u>2,988,268</u>	<u>2,361,946</u>	<u>(626,322)</u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Willard

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Expenditures				
Current				
Administrative	192,004	186,030	169,931	16,099
Public safety	858,799	915,080	724,625	190,455
Court	87,744	80,798	73,929	6,869
Streets	379,293	615,186	543,686	71,500
Planning and development	116,455	121,157	115,149	6,008
Emergency management	19,100	17,632	17,249	383
Total Expenditures	<u>1,653,395</u>	<u>1,935,883</u>	<u>1,644,569</u>	<u>291,314</u>
<i>Excess of Revenues Over Expenditures</i>	471,619	1,052,385	717,377	(335,008)
Other Financing (Uses)				
Operating transfers (out)	<u>(220,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
<i>Excess of Revenues Over Expenditures and Other (Uses)</i>	251,619	977,385	642,377	(335,008)
Fund Balance, January 1	2,873,759	2,873,759	2,873,759	-
Fund Balance, December 31	<u><u>\$ 3,125,378</u></u>	<u><u>\$ 3,851,144</u></u>	<u><u>\$ 3,516,136</u></u>	<u><u>\$ (335,008)</u></u>

See accompanying notes to the Budgetary Comparison Schedules.

City of Willard

Budgetary Comparison Schedule – Park Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem taxes	\$ 60,602	\$ 63,500	\$ 65,350	\$ 1,850
Sales taxes	500,000	587,000	588,787	1,787
	560,602	650,500	654,137	3,637
Intergovernmental Revenues				
Grants	-	28,000	26,090	(1,910)
Charges for Services				
Rental income	13,635	13,635	14,541	906
Adult and youth programs	147,100	85,110	86,941	1,831
Facility	45,000	34,000	36,055	2,055
Fitness Center	-	-	3,083	3,083
Swimming pool	75,000	75,000	74,216	(784)
Special events	13,500	9,000	9,804	804
Advertising	25,000	22,000	21,966	(34)
Concessions	30,000	21,000	21,779	779
Park	15,000	12,000	12,500	500
	364,235	271,745	280,885	9,140
Miscellaneous				
Interest	1,206	100	98	(2)
Other	1,500	7,200	7,893	693
	2,706	7,300	7,991	691
Total Revenues	927,543	957,545	969,103	11,558
Expenditures				
Current				
Parks and recreation	852,721	781,957	686,743	95,214
Debt service				
Principal and interest	296,500	296,500	296,738	(238)
Total Expenditures	1,149,221	1,078,457	983,481	94,976
<i>(Deficit) of Revenues Over Expenditures</i>	(221,678)	(120,912)	(14,378)	106,534
Other Financing Sources				
Operating transfers in	220,000	75,000	75,000	-
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures</i>	(1,678)	(45,912)	60,622	106,534
Fund Balance, January 1	204,026	204,026	204,026	-
Fund Balance, December 31	\$ 202,348	\$ 158,114	\$ 264,648	\$ 106,534

See accompanying notes to the Budgetary Comparison Schedules.

City of Willard

Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2021

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the Budgetary Comparison Schedules:

1. Prior to January, the Chief Financial Officer submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed disbursement plans and the proposed means of financing them.
2. One public hearing is conducted by the City in late December to obtain taxpayers' comments on the proposed budget.
3. Prior to January 1, the City adopts a budget.
4. Budgets for the General and Park Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the Board of Aldermen on approved budget adjustment forms.

Other Reporting Requirements



Independent Auditors' 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 Board of Aldermen
City of Willard
Willard, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Willard, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Willard, Missouri's basic financial statements, and have issued our report thereon, dated May 16, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Willard, Missouri's internal control over financial reporting (internal control) as a basis for designing 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 of Willard, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

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Report on Compliance and Other Matters

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

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
May 16, 2022