

**City of Willard, Missouri**  
Basic Financial Statements  
Year Ended December 31, 2022

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Willard, Missouri, as of December 31, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Willard, Missouri, 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.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87 – *Leases* during the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

### ***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 19, 2023, 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 19, 2023

## Management's Discussion and Analysis

# City of Willard

## Management's Discussion and Analysis

December 31, 2022

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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, 2022. Please read it in conjunction with the City's financial statements.

### Financial Highlights

The net position of the City's governmental activities increased by \$870,342 as a result of current year activities. The net position of the City's business-type activities increased by \$198,284 for the year.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2022, by \$15,927,083 (net position). Of this amount \$7,787,436 was unrestricted and may be used to meet future obligations of the City.

Total long-term liabilities of the City decreased by \$508,057.

### 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, 2022

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### **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 Financial Statements**

The Notes to the 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, 2022

### Government-Wide Financial Analysis

#### Net Position

The following table presents the condensed Statement of Net Position for the City as of December 31, 2022 and 2021, as restated:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2022</u>	<u>Total December 31, 2021</u>
<b>Assets</b>				
Current and other assets	\$ 5,444,330	\$ 4,044,541	\$ 9,488,871	\$ 8,749,770
Capital assets	6,369,546	8,816,608	15,186,154	15,387,222
Net pension asset	197,633	197,729	395,362	590,674
	<u>12,011,509</u>	<u>13,058,878</u>	<u>25,070,387</u>	<u>24,727,666</u>
<b>Deferred Outflow of Resources</b>				
Deferred pension outflows	64,675	49,569	114,244	85,295
<b>Liabilities</b>				
Other liabilities	323,790	1,540,950	1,864,740	1,685,720
Long-term liabilities	2,507,563	4,120,400	6,627,963	7,136,020
	<u>2,831,353</u>	<u>5,661,350</u>	<u>8,492,703</u>	<u>8,821,740</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	67,839	87,310	155,149	452,681
Deferred lease inflows	609,696	-	609,696	680,083
	<u>677,535</u>	<u>87,310</u>	<u>764,845</u>	<u>1,132,764</u>
<b>Net position</b>				
Net investment in capital assets	3,688,282	4,431,608	8,119,890	7,843,442
Restricted	19,699	58	19,757	28,978
Unrestricted	4,859,315	2,928,121	7,787,436	6,986,037
	<u>\$ 8,567,296</u>	<u>\$ 7,359,787</u>	<u>\$ 15,927,083</u>	<u>\$ 14,858,457</u>

Total net position of the City increased by \$1,068,626 for the year due to current year activity. Total liabilities for the City decreased by \$329,037. Restricted net position of the City totaled \$19,757 as of December 31, 2022.

# City of Willard

## Management's Discussion and Analysis

December 31, 2022

### Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Year Ended December 31, 2022</u>	<u>Total Year Ended December 31, 2021</u>
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 593,553	\$ 3,049,657	\$ 3,643,210	\$ 3,469,256
Operating grants and contributions	21,692	-	21,692	82,960
Capital grants and contributions	14,285	180,654	194,939	443,495
General Revenues				
Property taxes	292,677	-	292,677	283,842
Sales taxes	2,047,345	-	2,047,345	1,796,862
Motor vehicle and gas taxes	249,935	-	249,935	226,748
Franchise fees	401,323	-	401,323	342,871
Interest	71,335	23,984	95,319	3,714
Gain on sale of capital assets	1,596	-	1,596	1,875
Other revenue	15,197	-	15,197	17,071
<b>Total Revenues</b>	<u>3,708,938</u>	<u>3,254,295</u>	<u>6,963,233</u>	<u>6,668,694</u>
<b>Expenses</b>				
Administrative	210,904	-	210,904	177,516
Public Safety	839,650	-	839,650	707,378
Court	77,814	-	77,814	71,339
Streets	302,240	-	302,240	292,423
Planning and development	132,651	-	132,651	112,795
Emergency management	19,534	-	19,534	17,249
Parks and recreation	1,169,717	-	1,169,717	744,360
Debt service	86,086	-	86,086	93,711
Water and sewer	-	3,056,011	3,056,011	3,128,074
<b>Total Expenses</b>	<u>2,838,596</u>	<u>3,056,011</u>	<u>5,894,607</u>	<u>5,344,845</u>
<b>Extraordinary Item</b>				
Settlement (expense)	-	-	-	(322,188)
<i>Changes in Net Position</i>	<u>\$ 870,342</u>	<u>\$ 198,284</u>	<u>\$ 1,068,626</u>	<u>\$ 1,001,661</u>

# City of Willard

## Management's Discussion and Analysis

December 31, 2022

### Governmental Activities

Governmental activities increased the net position of the City by \$870,342. Tax revenues for the City were \$2,991,280, which represents 81% of the funding of these activities. Program and other revenues for the functions totaled \$629,530, or 17% 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

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Administrative	\$ 210,904	\$ 121,620
Public safety	839,650	816,141
Court	77,814	(8,454)
Streets	302,240	302,240
Planning and development	132,651	92,643
Emergency management	19,534	15,326
Parks and recreation	1,169,717	783,464
Debt service	86,086	86,086
	<u>\$ 2,838,596</u>	<u>\$ 2,209,066</u>

### Business-Type Activities

Business-type activities increased the City's net position by \$198,284.

### Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of December 31, 2022, were \$4,728,167. The General Fund increased by \$806,037. The Park Fund decreased by \$52,659.

### General Fund Budgetary Highlights

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

- The original revenue budget of \$2,704,990 was amended to \$2,597,071 during the year.
- The original expenditures budget of \$1,763,453 was amended to \$1,978,522 during the year.

# City of Willard

## Management's Discussion and Analysis

December 31, 2022

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### Capital Assets and Debt Administration

#### Capital Assets

Capital assets of the governmental activities were \$6,369,546 (net of accumulated depreciation) as of December 31, 2022. This represents a \$156,192 decrease from the prior year due to the current year provisions for depreciation in excess of the current year asset additions to the governmental activities. Capital assets for business-type activities were \$8,816,608 (net of accumulated depreciation) as of December 31, 2022. This represents a decrease of \$44,876. The current year provision for depreciation was \$284,751.

#### Debt

Total debt of the governmental activities as of December 31, 2022, was \$2,681,264, which is down from \$2,888,790 in the prior year, primarily due to principal payments on outstanding debt.

Total debt of the business-type activities as of December 31, 2022, was \$4,385,000, which is down from \$4,655,000 in the prior year, primarily due to principal payments on outstanding debt.

### Economic Factors and Next Year's Budget

The City is located approximately seven 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 FY2023 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 2023. Revenues were based on the following factors: (1) review of revenue history; (2) economic trends; (3) ARPA grant funds available; and (4) fee increases for services provided by the City.

The General Fund revenues for the FY2023 Budget are projected to be \$2,714,831. ARPA funds were accounted for and are projected to be used for infrastructure projects. Low interest rates and the 160 Highway upgrade has continued to help mobilize growth for commercial and residential development in the community. New development includes the development of several residential and commercial projects that are scheduled for 2023. General Fund expenses are projected to be \$2,606,181 with an additional \$763,694 to be transferred to other funds. The Parks Fund will receive \$463,694 and the Water and Sewer Fund \$300,000. Capital improvements approved include a new vehicle for the Police and resurfacing of Jackson Street.

The Water and Sewer Fund revenue for the FY2023 Budget is projected to be \$4,268,635 with an additional \$1,393,337 from Water and Sewer reserves and \$300,000 transferred from the General Fund. Water and Sewer Fund expenses are projected to be \$5,220,140. There are capital improvement projects for the conversion of chlorine gas to sodium hypochlorite for the water system and upgrades for the 94 lift station including the 94 force main.

# City of Willard

## Management's Discussion and Analysis

December 31, 2022

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The Parks Fund revenue for 2023 is projected to be \$1,064,051. An additional \$463,694 will be transferred from the General Fund which will be used on capital improvements for equipment that includes a mower and playground equipment. There are maintenance repairs to several of the Parks building included.

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  
Steve Bodenhamer, City Administrator  
Carolyn Halverson, Chief Financial Officer  
Dona Slater, City Clerk

# City of Willard

## Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current			
Cash and cash equivalents - unrestricted	\$ 4,162,593	\$ 2,737,634	\$ 6,900,227
Taxes receivable	576,826	-	576,826
Utilities receivable	-	231,864	231,864
Court fines receivable, net	19,786	-	19,786
Interest receivable	2,628	-	2,628
Leases receivable - current	50,674	-	50,674
Other receivable	62	-	62
Prepaid expenses	6,480	3,950	10,430
Noncurrent			
Restricted cash and cash equivalents	45,247	1,071,093	1,116,340
Leases receivable - noncurrent	580,034	-	580,034
Net pension asset	197,633	197,729	395,362
Capital Assets			
Non-depreciable	451,674	273,273	724,947
Depreciable, net	5,917,872	8,543,335	14,461,207
<b>Total Assets</b>	12,011,509	13,058,878	25,070,387
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows	64,675	49,569	114,244
<b>Liabilities</b>			
Current			
Accounts payable	21,413	129,259	150,672
Accrued expenses	39,720	31,955	71,675
Developer's escrow	3,977	-	3,977
Unearned revenue	14,285	786,936	801,221
Deposits payable	4,854	284,099	288,953
Court bonds payable	2,432	-	2,432
Accrued interest payable	7,109	33,701	40,810
Current portion of long-term debt	230,000	275,000	505,000
	323,790	1,540,950	1,864,740
Noncurrent			
Compensated absences payable	56,299	10,400	66,699
Certificates of participation payable, net	2,451,264	4,110,000	6,561,264
	2,507,563	4,120,400	6,627,963
<b>Total Liabilities</b>	2,831,353	5,661,350	8,492,703
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows	67,839	87,310	155,149
Deferred lease inflows	609,696	-	609,696
<b>Total Deferred Inflows of Resources</b>	677,535	87,310	764,845
<b>Net Position</b>			
Net investment in capital assets	3,688,282	4,431,608	8,119,890
Restricted	19,699	58	19,757
Unrestricted	4,859,315	2,928,121	7,787,436
<b>Total Net Position</b>	\$ 8,567,296	\$ 7,359,787	\$ 15,927,083

See accompanying Notes to the Financial Statements.

# City of Willard

## Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Program Revenues			Net (Expenses), Revenues, and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Administrative	\$ (210,904)	\$ 8,260	\$ -	\$ (121,620)	\$ -	\$ (121,620)
Public safety	(839,650)	9,224	14,285	(816,141)	-	(816,141)
Court	(77,814)	-	-	8,454	-	8,454
Streets	(302,240)	-	-	(302,240)	-	(302,240)
Planning and development	(132,651)	-	-	(92,643)	-	(92,643)
Emergency management	(19,534)	4,208	-	(15,326)	-	(15,326)
Parks and recreation	(1,169,717)	-	-	(783,464)	-	(783,464)
Debt service	(86,086)	-	-	(86,086)	-	(86,086)
<b>Total Governmental Activities</b>	<b>(2,838,596)</b>	<b>21,692</b>	<b>14,285</b>	<b>(2,209,066)</b>	<b>-</b>	<b>(2,209,066)</b>
<b>Business-Type Activities</b>						
Water and sewer	(3,056,011)	-	180,654	-	174,300	174,300
<b>Total Business-Type Activities</b>	<b>(3,056,011)</b>	<b>-</b>	<b>180,654</b>	<b>-</b>	<b>174,300</b>	<b>174,300</b>
<b>Total Government</b>	<b>\$ (5,894,607)</b>	<b>\$ 21,692</b>	<b>\$ 194,939</b>	<b>(2,209,066)</b>	<b>174,300</b>	<b>(2,034,766)</b>
<b>General Revenues</b>						
Ad valorem taxes				292,677	-	292,677
Sales taxes				2,047,345	-	2,047,345
Motor vehicle taxes				249,935	-	249,935
Franchise taxes				401,323	-	401,323
Interest				71,335	23,984	95,319
Gain on sale of capital assets				1,596	-	1,596
Other revenue				15,197	-	15,197
<b>Total General Revenues</b>				<b>3,079,408</b>	<b>23,984</b>	<b>3,103,392</b>
<i>Changes in Net Position</i>				870,342	198,284	1,068,626
Net Position, Beginning of year, as restated				7,696,954	7,161,503	14,858,457
<b>Net Position, End of year</b>				<b>\$ 8,567,296</b>	<b>\$ 7,359,787</b>	<b>\$ 15,927,083</b>

See accompanying Notes to the Financial Statements.

# City of Willard

## Balance Sheet – Governmental Funds

December 31, 2022

		<b>Special Revenue Fund</b>	
	<b>General Fund</b>	<b>Park Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 4,067,860	\$ 94,733	\$ 4,162,593
Taxes receivable	448,132	128,694	576,826
Court fines receivable, net	19,786	-	19,786
Interest receivable	1,783	845	2,628
Leases receivable	428,017	202,691	630,708
Other receivable	-	62	62
Prepaid expenses	4,021	2,459	6,480
Restricted cash and cash equivalents	37,990	7,257	45,247
<b>Total Assets</b>	<b>\$ 5,007,589</b>	<b>\$ 436,741</b>	<b>\$ 5,444,330</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 9,981	\$ 11,432	\$ 21,413
Accrued expenses	28,083	11,637	39,720
Developer's escrow	3,977	-	3,977
Unearned revenue	14,285	-	14,285
Court bonds payable	2,432	-	2,432
Deposits payable	-	4,854	4,854
<b>Total Liabilities</b>	<b>58,758</b>	<b>27,923</b>	<b>86,681</b>
<b>Deferred Inflows of Resources</b>			
Deferred court fines	19,786	-	19,786
Deferred lease inflows	412,867	196,829	609,696
<b>Total Deferred Inflows of Resources</b>	<b>432,653</b>	<b>196,829</b>	<b>629,482</b>
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Prepaid items	4,021	2,459	6,480
<b>Restricted for</b>			
Judicial facility fund	14,348	-	14,348
Judicial education fund	2,948	-	2,948
Youth scholarships	-	2,403	2,403
<b>Assigned to</b>			
Road improvements	50,000	-	50,000
Parks and recreation	-	207,127	207,127
Unassigned	4,444,861	-	4,444,861
<b>Total Fund Balances</b>	<b>4,516,178</b>	<b>211,989</b>	<b>4,728,167</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,007,589</b>	<b>\$ 436,741</b>	<b>\$ 5,444,330</b>

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, 2022

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Fund balance - total governmental funds	\$ 4,728,167
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	9,631,066
Less accumulated depreciation	<u>(3,261,520)</u>
	6,369,546
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	197,633
Deferred outflows due to pensions	64,675
Deferred inflows due to pensions	<u>(67,839)</u>
	194,469
Adjustment of deferred court fines	19,786
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(7,109)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(2,737,563)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 8,567,296</u></b>

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund Park Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 2,269,482	\$ 721,797	\$ 2,991,279
Licenses and permits	36,649	-	36,649
Intergovernmental revenues	35,637	-	35,637
Charges for services	84,383	386,254	470,637
Fines and forfeitures	85,808	-	85,808
Miscellaneous	82,559	12,003	94,562
<b>Total Revenues</b>	<u>2,594,518</u>	<u>1,120,054</u>	<u>3,714,572</u>
<b>Expenditures</b>			
Current			
Administrative	214,310	-	214,310
Public safety	883,091	-	883,091
Court	80,406	-	80,406
Streets	242,697	-	242,697
Planning and development	134,443	-	134,443
Emergency management	19,534	-	19,534
Parks and recreation	-	1,092,589	1,092,589
Debt service			
Principal and interest	-	294,124	294,124
<b>Total Expenditures</b>	<u>1,574,481</u>	<u>1,386,713</u>	<u>2,961,194</u>
<i>Excess (Deficit) of Revenues Over Expenditures</i>	1,020,037	(266,659)	753,378
<b>Other Financing Sources (Uses)</b>			
Operating transfers in (out)	<u>(214,000)</u>	<u>214,000</u>	<u>-</u>
<i>Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other (Uses)</i>	806,037	(52,659)	753,378
Fund Balance, January 1, as restated	3,710,141	264,648	3,974,789
<b>Fund Balance, December 31</b>	<u>\$ 4,516,178</u>	<u>\$ 211,989</u>	<u>\$ 4,728,167</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, 2022

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Net change in fund balances - total governmental funds	\$ 753,378
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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	73,447
Depreciation	(223,545)
Disposal of capital assets, net	(6,094)
	<u>(156,192)</u>

Some revenues reported in the governmental funds represent current financial resources and were recognized in the Statement of Activities when earned.	460
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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	67,088
Change in compensated absences	(2,430)
	<u>64,658</u>

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	207,526
Accrued interest payable	512
	<u>208,038</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 870,342</u></u>

See accompanying Notes to the Financial Statements.

# City of Willard

## Statement of Net Position – Proprietary Fund

December 31, 2022

	<b>Water and Sewer Fund</b>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 2,737,634
Utilities receivable	231,864
Prepaid expenses	3,950
<b>Total Current Assets</b>	<b>2,973,448</b>
Restricted Assets	
Cash and cash equivalents	1,071,093
<b>Total Restricted Assets</b>	<b>1,071,093</b>
Property, Plant, and Equipment	
Non-depreciable	273,273
Depreciable	14,722,409
Accumulated depreciation	(6,179,074)
<b>Total Property, Plant, Equipment</b>	<b>8,816,608</b>
Net Pension Asset	197,729
<b>Total Assets</b>	<b>13,058,878</b>
<b>Deferred Outflow of Resources</b>	
Deferred pension outflows	49,569
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	129,259
Accrued expenses	31,955
Accrued interest payable	33,701
Unearned revenue	786,936
Utility deposits	284,099
Current maturities of long-term debt	275,000
<b>Total Current Liabilities</b>	<b>1,540,950</b>
Long-Term Liabilities	
Compensated absences payable	10,400
Certificates of participation payable	4,110,000
<b>Total Long-Term Liabilities</b>	<b>4,120,400</b>
<b>Total Liabilities</b>	<b>5,661,350</b>
<b>Deferred Inflow of Resources</b>	
Deferred pension inflows	87,310
<b>Net Position</b>	
Net investment in capital assets	4,431,608
Restricted	58
Unrestricted	2,928,121
<b>Total Net Position</b>	<b>\$ 7,359,787</b>

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, 2022

	<b>Water and Sewer Fund</b>
<b>Operating Revenues</b>	
Charges for services	
Water	\$ 1,154,403
Sewer	1,576,673
Trash	318,581
<b>Total Operating Revenues</b>	<b>3,049,657</b>
<b>Operating Expenses</b>	
Water Services	
Wages and benefits	567,220
Professional services	70,231
Utilities	116,830
Insurance	24,888
Supplies	87,280
Travel, meetings, and dues	8,822
Vehicle expense	22,547
Repairs and maintenance	136,365
Depreciation	91,422
Rent	6,898
Miscellaneous	24,789
Sewer Services	
Wages and benefits	387,690
Professional services	82,881
Sewer charges	528,379
Utilities	75,149
Insurance	36,868
Supplies	64,634
Travel, meetings, and dues	2,423
Vehicle expense	27,924
Repairs and maintenance	45,655
Depreciation	193,329
Rent	4,738
Miscellaneous	21,194
Trash Services	
Trash	272,549
<b>Total Operating Expenses</b>	<b>2,900,705</b>
<i>Operating Income</i>	148,952
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	23,984
Interest and fees expense	(155,306)
Intergovernmental revenues	180,654
<b>Total Nonoperating Revenues (Expenses)</b>	<b>49,332</b>
<i>Net Income</i>	198,284
Net Position, January 1	7,161,503
<b>Net Position, December 31</b>	<b>\$ 7,359,787</b>

See accompanying Notes to the Financial Statements.

# City of Willard

## Statement of Cash Flows – Proprietary Fund

Year Ended December 31, 2022

	<b>Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 3,050,755
Cash paid to suppliers	(1,691,736)
Cash paid to employees	(1,019,010)
<b>Net Cash Provided by Operating Activities</b>	<b>340,009</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(239,875)
Grant proceeds	676,315
Payment of principal on debt	(270,000)
Payment of interest expense	(158,415)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>8,025</b>
<b>Cash Flows from Investing Activities</b>	
Interest received	23,984
<b>Net Cash Provided by Investing Activities</b>	<b>23,984</b>
<i>Net Increase in Cash and Cash Equivalents</i>	372,018
Cash and Cash Equivalents, Beginning of year	3,436,709
<b>Cash and Cash Equivalents, End of year</b>	<b>3,808,727</b>
Less Restricted Cash and Cash Equivalents	1,071,093
<b>Unrestricted Cash and Cash Equivalents</b>	<b>\$ 2,737,634</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 148,952
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	284,751
(Increase) decrease in	
Utilities receivable	(7,341)
Prepaid expenses	(1,424)
Net pension asset	66,478
Deferred pension outflows	(3,662)
Increase (decrease) in	
Accounts payable	(29,268)
Accrued expenses	2,942
Meter deposits payable	8,439
Compensated absences payable	(2,961)
Deferred pension inflows	(126,897)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 340,009</b>

See accompanying Notes to the Financial Statements.

# City of Willard

## Notes to the Financial Statements

December 31, 2022

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### **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, 2022

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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:

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.



# City of Willard

## Notes to the Financial Statements

December 31, 2022

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### **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.

*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.

# City of Willard

## Notes to the Financial Statements

December 31, 2022

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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.

### **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.

# City of Willard

## Notes to the Financial Statements

December 31, 2022

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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 three items that qualify for reporting in this category, deferred amounts relating to court fines on the Balance Sheet, deferred amounts relating to the retirement plan on the Statement of Net Position, and deferred amounts relating to lease inflows on both the Balance Sheet and 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.

### **Leases**

The City is a lessor for leases of tower space. The City recognizes lease receivables and deferred inflows of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

### **New Pronouncement**

The City implemented GASB Statement No. 87 – *Leases* during the year ended December 31, 2022. The objective of this pronouncement is to establish standards for the measurement, recognition, and display of lease obligations (lessee) and the measurement, recognition, and display of sums to be received from third parties where an entity is the lessor. While the application of the new pronouncement did not affect the City's net position or the net increase in net position for the year ended December 31, 2021, certain balances and other classifications were added that changed amounts previously reported.

**City of Willard**  
Notes to the Financial Statements  
December 31, 2022

**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, 2022, all bank balances on deposit are entirely insured or collateralized.

**3. Restricted Assets**

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

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Fund Balance/ Net Position</b>
<b>General Fund</b>		
Court bonds	\$ 2,432	\$ -
Developer's escrow	3,977	-
Grant funds	14,285	-
Judicial facility fund	14,348	14,348
Judicial education fund	2,948	2,948
	\$ 37,990	\$ 17,296
<b>Park Fund</b>		
Youth scholarships	\$ 2,403	\$ 2,403
Park deposits	4,854	-
	\$ 7,257	\$ 2,403
<b>Water and Sewer Fund</b>		
2018 Certificates of Participation		
Certificate fund	\$ 58	\$ 58
Grant funds	786,936	-
Customer utility deposits	284,099	-
	\$ 1,071,093	\$ 58

**City of Willard**  
Notes to the Financial Statements  
December 31, 2022

**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:

	<b>2022</b>
Assessed Valuation	
Real estate	\$ 62,649,379
Personal property	15,539,586
	\$ 78,188,965
 Tax Rates Per \$100 of Assessed Valuation	
General Fund	\$ .3664
Park Fund	.1121
	\$ .4785

The legal debt margin at December 31, 2022, was computed as follows:

	<b>General Obligation Bonds</b>		
	<b>Ordinary (1)</b>	<b>Additional (2)</b>	<b>Total</b>
Constitutional Debt Limit	\$ 7,818,897	\$ 7,818,897	\$ 15,637,794
General Obligation Bonds Payable	-	-	-
<b>Legal Debt Margin</b>	<b>\$ 7,818,897</b>	<b>\$ 7,818,897</b>	<b>\$ 15,637,794</b>

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, 2022

**5. Accounts Receivable**

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

	<b>Accounts Receivable</b>	<b>Allowance</b>	<b>Net Accounts Receivable</b>
<b>Court Fines Receivable</b>			
General Fund	\$ 30,786	\$ (11,000)	\$ 19,786
<b>Utilities Receivable</b>			
Water and Sewer Fund	\$ 231,864	\$ -	\$ 231,864

**6. Long-Term Liabilities – Governmental Activities**

Long-term liabilities for governmental activities at December 31, 2022, 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, 2022, are as follows:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
	\$ 2,660,000	\$ 463,626	\$ 3,123,626

**City of Willard**  
Notes to the Financial Statements  
December 31, 2022

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

	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2022</u>	<u>Amounts Due Within One Year</u>
2015 Refunding Certificates of Participation	\$ 2,865,000	\$ -	\$ 205,000	\$ 2,660,000	\$ 230,000
Premium on Certificates of Participation	23,790	-	2,526	21,264	-
	<u>2,888,790</u>	<u>-</u>	<u>207,526</u>	<u>2,681,264</u>	<u>230,000</u>
Compensated absences	53,869	2,430	-	56,299	-
	<u>\$ 2,942,659</u>	<u>\$ 2,430</u>	<u>\$ 207,526</u>	<u>\$ 2,737,563</u>	<u>\$ 230,000</u>

## 7. Long-Term Liabilities – Business-Type Activities

Long-term liabilities for business-type activities at December 31, 2022, consists of the 2018 Certificates of Participation, the 2014 Refunding Certificates of Participation, and compensated absences.

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.

# City of Willard

## Notes to the Financial Statements

December 31, 2022

Annual debt service requirements to amortize the principal on the Certificates of Participation outstanding at December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 3,300,000</u>	<u>\$ 1,366,900</u>	<u>\$ 4,666,900</u>

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.



**City of Willard**  
Notes to the Financial Statements  
December 31, 2022

Annual debt service requirements to amortize the principal on the Certificates of Participation outstanding at December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,085,000</u>	<u>\$ 108,631</u>	<u>\$ 1,193,631</u>

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

	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2022</u>	<u>Amounts Due Within One Year</u>
2014 Refunding Certificates of Participation	\$ 1,250,000	\$ -	\$ 165,000	\$ 1,085,000	\$ 165,000
2018 Certificates of Participation	3,405,000	-	105,000	3,300,000	110,000
	4,655,000	-	270,000	4,385,000	275,000
Compensated absences	13,361	-	2,961	10,400	-
	<u>\$ 4,668,361</u>	<u>\$ -</u>	<u>\$ 272,961</u>	<u>\$ 4,395,400</u>	<u>\$ 275,000</u>

**City of Willard**  
Notes to the Financial Statements  
December 31, 2022

**8. Capital Assets**

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets				
Land	\$ 451,674	\$ -	\$ -	\$ 451,674
<b>Total Non-depreciable Capital Assets</b>	<u>451,674</u>	<u>\$ -</u>	<u>\$ -</u>	451,674
Depreciable Capital Assets				
Building and improvements	5,083,204	\$ -	\$ -	5,083,204
Major moveable equipment	1,217,188	66,392	48,559	1,235,021
Infrastructure	2,854,112	7,055	-	2,861,167
<b>Total Depreciable Capital Assets</b>	<u>9,154,504</u>	<u>\$ 73,447</u>	<u>\$ 48,559</u>	9,179,392
Less Accumulated Depreciation				
Building and improvements	1,610,763	\$ 106,305	\$ -	1,717,068
Major moveable equipment	888,779	46,580	42,465	892,894
Infrastructure	580,898	70,660	-	651,558
<b>Total Accumulated Depreciation</b>	<u>3,080,440</u>	<u>\$ 223,545</u>	<u>\$ 42,465</u>	3,261,520
<b>Total Depreciable Capital Assets, net</b>	<u>6,074,064</u>			<u>5,917,872</u>
<b>Total Governmental Activities Capital Assets, net</b>	<u>\$ 6,525,738</u>			<u>\$ 6,369,546</u>

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

Administrative	\$ 10,543
Planning and development	863
Public safety	31,609
Parks and recreation	118,094
Streets	62,436
	<u>\$ 223,545</u>

**City of Willard**  
Notes to the Financial Statements  
December 31, 2022

	<b>Balance December 31, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2022</b>
<b>Business-Type Activities</b>				
Water and Sewer Fund				
Non-depreciable Capital Assets				
Land	\$ 273,273	\$ -	\$ -	\$ 273,273
Construction in progress	123,634	49,430	173,064	-
<b>Total Non-depreciable Capital Assets</b>	<b>396,907</b>	<b>\$ 49,430</b>	<b>\$ 173,064</b>	<b>273,273</b>
Depreciable Capital Assets				
Sewer system	8,911,500	\$ 253,807	\$ -	9,165,307
Water system	4,576,734	-	-	4,576,734
Buildings and improvements	17,140	-	-	17,140
Major moveable equipment	856,926	109,702	3,400	963,228
<b>Total Depreciable Capital Assets</b>	<b>14,362,300</b>	<b>\$ 363,509</b>	<b>\$ 3,400</b>	<b>14,722,409</b>
Less Accumulated Depreciation				
Sewer system	3,065,622	\$ 178,166	\$ -	3,243,788
Water system	2,153,602	76,257	-	2,229,859
Buildings and improvements	1,828	343	-	2,171
Major moveable equipment	676,671	29,985	3,400	703,256
<b>Total Accumulated Depreciation</b>	<b>5,897,723</b>	<b>\$ 284,751</b>	<b>\$ 3,400</b>	<b>6,179,074</b>
<b>Total Depreciable Capital Assets, net</b>	<b>8,464,577</b>			<b>8,543,335</b>
<b>Total Business-Type Activities Capital Assets, net</b>	<b>\$ 8,861,484</b>			<b>\$ 8,816,608</b>

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

Water	\$ 91,422
Sewer	193,329
	<u>\$ 284,751</u>

## 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](http://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.

	<b>2022 Valuation</b>
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, 2022, which is LAGERS fiscal year end and the latest information available, the following employees were covered by the benefit terms:

	<b>General</b>	<b>Police</b>
Inactive employees or beneficiaries currently receiving benefits	14	1
Inactive employees entitled to but not yet receiving benefits	14	24
Active employees	20	9
	48	34

*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 6.1% (General) and 6.2% (Police) of annual covered payroll.

# City of Willard

## Notes to the Financial Statements

December 31, 2022

*Net Pension Asset.* The employer's net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of February 28, 2022.

*Actuarial Assumptions.* The total pension liability in the February 28, 2022, 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, 2022, 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, 2022

*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)
<b>General Division</b>			
Balances at beginning of year	\$ 1,595,802	\$ 2,008,626	\$ (412,824)
Changes for the year			
Service cost	83,690	-	83,690
Interest on total pension liability	111,711	-	111,711
Difference between expected and actual experiences	39,597	-	39,597
Contributions - employer	-	59,721	(59,721)
Contributions - employee	-	36,140	(36,140)
Net investment income	-	1,810	(1,810)
Benefits paid, including refunds	(83,543)	(83,543)	-
Pension plan administrative expenses	-	(5,083)	5,083
Other (net transfer)	-	29,176	(29,176)
<i>Net Changes</i>	<u>151,455</u>	<u>38,221</u>	<u>113,234</u>
Balances at end of year	1,747,257	2,046,847	(299,590)

# City of Willard

## Notes to the Financial Statements

December 31, 2022

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
<b>Police Division</b>			
Balances at beginning of year	895,094	1,072,944	(177,850)
Changes for the year			
Service cost	38,731	-	38,731
Interest on total pension liability	63,949	-	63,949
Difference between expected and actual experiences	40,327	-	40,327
Contributions - employer	-	25,787	(25,787)
Contributions - employee	-	36,396	(36,396)
Net investment income	-	984	(984)
Benefits paid, including refunds	(1,174)	(1,174)	-
Pension plan administrative expenses	-	(1,879)	1,879
Other (net transfer)	-	(359)	359
<i>Net Changes</i>	<u>141,833</u>	<u>59,755</u>	<u>82,078</u>
Balances at end of year	<u>1,036,927</u>	<u>1,132,699</u>	<u>(95,772)</u>
<b>Total Plan Balances at End of Year</b>	<u><u>\$ 2,784,184</u></u>	<u><u>\$ 3,179,546</u></u>	<u><u>\$ (395,362)</u></u>

The net pension asset is allocated as follows:

	Net Pension (Asset)
Governmental Activities	\$ (197,633)
Business-Type Activities	(197,729)
	<u><u>\$ (395,362)</u></u>

*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, 2022

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
<b>General Division</b>			
Total Pension Liability	\$ 2,011,846	\$ 1,747,257	\$ 1,532,560
Fiduciary Net Position	2,046,847	2,046,847	2,046,847
Net Pension (Asset)	(35,001)	(299,590)	(514,287)
<b>Police Division</b>			
Total Pension Liability	1,233,015	1,036,927	882,250
Fiduciary Net Position	1,132,699	1,132,699	1,132,699
Net Pension (Asset)	100,316	(95,772)	(250,449)
<b>Total Net Pension Liability (Asset)</b>	<b>\$ 65,315</b>	<b>\$ (395,362)</b>	<b>\$ (764,736)</b>

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

For the year ended December 31, 2022, the employer recognized a pension credit of \$36,647 in the general division and a pension credit of \$11,128 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
<b>General Division</b>			
Differences between expected and actual experience	\$ 43,881	\$ (63,023)	\$ (19,142)
Assumption changes	-	(16,585)	(16,585)
Net difference between projected and actual earnings on pension plan investments	-	(52,680)	(52,680)
Contributions subsequent to the measurement date*	31,224	-	31,224
	75,105	(132,288)	(57,183)
<b>Police Division</b>			
Differences between expected and actual experience	25,750	(3,010)	22,740
Assumption changes	7	-	7
Net difference between projected and actual earnings on pension plan investments	-	(19,851)	(19,851)
Contributions subsequent to the measurement date*	13,382	-	13,382
	39,139	(22,861)	16,278
	<b>\$ 114,244</b>	<b>\$ (155,149)</b>	<b>\$ (40,905)</b>



# City of Willard

## Notes to the Financial Statements

December 31, 2022

Deferred outflows and inflows have been allocated as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>	<b>Net Deferred (Inflows) of Resources</b>
Governmental Activities	\$ 64,675	\$ (67,839)	\$ (3,164)
Business-Type Activities	49,569	(87,310)	(37,741)
	\$ 114,244	\$ (155,149)	\$ (40,905)

\*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, 2023.

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

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>		
	<b>General</b>	<b>Police</b>	<b>Total</b>
2023	\$ (34,024)	\$ 4,026	\$ (29,998)
2024	(33,766)	1,885	(31,881)
2025	(52,081)	(18,243)	(70,324)
2026	31,464	15,228	46,692
	\$ (88,407)	\$ 2,896	\$ (85,511)

### Payable to the Pension Plan

The City had \$8,626 outstanding contributions to the pension plan required for the year ended December 31, 2022.

## 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, 2022, 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, 2022

**11. Interfund Transfers**

Transfers between funds of the City for the year ended December 31, 2022, were as follows:

	<b>Transfers In (Out)</b>
General Fund	\$ (214,000)
Park Fund	214,000
	\$ -

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, 2022, is accounted for as follows:

General Fund	
Deferred court fines	\$ 19,786

**13. Leases Receivable**

**General Fund**

In the General Fund, the City, as a lessor, has entered into lease agreements for tower usage, the terms of which expire 2025 through 2038. Lease and interest revenue recognized under the lease agreements during the year ended December 31, 2022, was \$59,031 and \$22,379, respectively.

Below is a schedule of future payments that are included in the measurement of the lease receivable:

<b>Year Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 45,502	\$ 20,376	\$ 65,878
2024	49,319	18,015	67,334
2025	43,916	15,560	59,476
2026	28,479	13,827	42,306
2027	31,605	12,332	43,937
2028-2032	189,660	33,419	223,079
2033-2037	33,298	6,084	39,382
2038	6,238	130	6,368
	\$ 428,017	\$ 119,743	\$ 547,760

# City of Willard

## Notes to the Financial Statements

December 31, 2022

### Park Fund

In the Park Fund, the City, as a lessor, has entered into a lease agreement for tower usage, the terms of which expire in 2040. Lease and interest revenue recognized under the lease agreements during the year ended December 31, 2022, was \$11,355 and \$10,243, respectively.

Below is a schedule of future payments that are included in the measurement of the lease receivable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,172	\$ 10,019	\$ 15,191
2024	5,747	9,747	15,494
2025	6,358	9,446	15,804
2026	7,007	9,113	16,120
2027	7,695	8,748	16,443
2028-2032	50,348	36,932	87,280
2033-2037	74,889	21,475	96,364
2038-2040	45,475	2,819	48,294
	<u>\$ 202,691</u>	<u>\$ 108,299</u>	<u>\$ 310,990</u>

### 14. Commitments

At December 31, 2022, the City had the following commitments:

- Landmark Dodge in the amount of \$29,286 for a 2022 Dodge Charger
- JCI Industries in the amount of \$130,402 for a lift station VFD panel

### 15. Unearned Revenue

Unearned revenue consists of revenues received but not considered earned until the eligibility requirements have been met. At December 31, 2022, these unearned revenues include unspent grant proceeds in the General Fund in the amount of \$14,285 and in the Water and Sewer Fund in the amount of \$786,936.

# City of Willard

## Notes to the Financial Statements

December 31, 2022

### 16. Restatement

During the current year, the City adopted GASB Statement No. 87 – *Leases*. Fund Balances of the General Fund and Park Fund and Net Position of the Governmental Activities have been restated to reflect application of the new pronouncement. Additionally, the Fund Balance of the General Fund and the Net Position of Governmental Activities have been restated to accurately reflect a grant receivable in the prior year.

#### General Fund

Fund Balance, as previously stated, December 31, 2021	\$ 3,516,136
Grant receivable	194,005
Lease receivable	471,898
Deferred lease inflows	(471,898)
Fund Balance, as restated, January 1, 2022	<u>\$ 3,710,141</u>

#### Park Fund

Fund Balance, as previously stated, December 31, 2021	\$ 264,648
Lease receivable	208,185
Deferred lease inflows	(208,185)
Fund Balance, as restated, January 1, 2022	<u>\$ 264,648</u>

#### Governmental Activities

Net Position, as previously stated, December 31, 2021	\$ 7,502,949
Grant receivable	194,005
Lease receivable	680,083
Deferred lease inflows	(680,083)
Net Position, as restated, January 1, 2022	<u>\$ 7,696,954</u>

Required Supplementary Information

# City of Willard

## Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Year Ended December 31, 2022

### Missouri Local Government Employees Retirement System (LAGERS)

	Year Ended December 31, 2022	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
<b>Total Pension Liability</b>								
Service cost	\$ 122,421	\$ 130,758	\$ 135,664	\$ 144,040	\$ 121,935	\$ 100,422	\$ 91,794	\$ 88,438
Interest on the total pension liability	175,660	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	79,924	(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	(84,717)	(53,031)	(45,510)	(71,287)	(26,837)	(56,488)	(48,528)	(16,022)
<b>Net Change in Total Pension Liability</b>	293,288	140,191	255,857	172,553	324,929	145,587	227,711	173,873
Total Pension Liability, Beginning	2,490,896	2,350,705	2,094,848	1,922,295	1,597,366	1,451,779	1,224,068	1,050,195
<b>Total Pension Liability, Ending</b>	2,784,184	2,490,896	2,350,705	2,094,848	1,922,295	1,597,366	1,451,779	1,224,068
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	85,508	91,597	92,130	93,296	94,151	71,648	51,463	45,258
Contributions - employee	72,536	51,549	52,486	55,376	58,604	44,782	42,204	43,340
Net investment income	2,794	672,496	28,805	138,383	208,265	173,699	(2,072)	27,304
Benefit payments, including refunds	(84,717)	(53,031)	(45,510)	(71,287)	(26,837)	(56,488)	(48,528)	(16,022)
Pension plan administrative expense	(6,962)	(5,654)	(7,669)	(7,371)	(4,526)	(5,058)	(3,788)	(4,380)
Other (net transfer)	28,817	6,866	(1,870)	(2,068)	130	(6,406)	1,272	14,005
<b>Net Change in Plan Fiduciary Net Position</b>	97,976	763,823	118,372	206,329	329,787	222,177	40,551	109,505
Plan Fiduciary Net Position, Beginning	3,081,570	2,317,747	2,199,375	1,993,046	1,663,259	1,441,082	1,400,531	1,291,026
<b>Plan Fiduciary Net Position, Ending</b>	3,179,546	3,081,570	2,317,747	2,199,375	1,993,046	1,663,259	1,441,082	1,400,531
<b>Employer Net Pension Liability (Asset)</b>	\$ (395,362)	\$ (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	114.20%	123.71%	98.60%	104.99%	103.68%	104.13%	99.26%	114.42%
Covered payroll	\$ 1,237,010	\$ 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	-31.96%	-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, 2022

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<b>Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
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%
2022	83,394	83,394	-	1,360,065	6.13%

See accompanying Notes to the Schedule of Contributions.

# City of Willard

## Notes to the Schedule of Contributions

Year Ended December 31, 2022

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**Valuation Date:** February 28, 2022

**Notes:** The roll-forward of total pension liability from February 28, 2022, to June 30, 2022, 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 13 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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes				
Ad valorem taxes	\$ 215,070	\$ 215,070	\$ 225,321	\$ 10,251
Sales taxes	1,130,418	1,236,206	1,392,903	156,697
Franchise taxes	346,725	388,090	401,323	13,233
Motor vehicle taxes	200,200	250,000	249,935	(65)
	<u>1,892,413</u>	<u>2,089,366</u>	<u>2,269,482</u>	<u>180,116</u>
Licenses and Permits				
Building permits	45,000	35,000	29,664	(5,336)
Merchants licenses	5,528	5,528	6,985	1,457
	<u>50,528</u>	<u>40,528</u>	<u>36,649</u>	<u>(3,879)</u>
Intergovernmental Revenues				
Grants	586,428	237,336	35,637	(201,699)
Charges for Services				
Planning and zoning	10,000	10,000	10,345	345
Rentals	96,480	80,000	74,038	(5,962)
	<u>106,480</u>	<u>90,000</u>	<u>84,383</u>	<u>(5,617)</u>
Fines and Forfeitures				
City court fines	60,401	89,101	85,808	(3,293)
Miscellaneous				
Donations	1,500	25,000	340	(24,660)
Interest	240	240	60,493	60,253
Other	7,000	25,500	21,726	(3,774)
	<u>8,740</u>	<u>50,740</u>	<u>82,559</u>	<u>31,819</u>
<b>Total Revenues</b>	<u>2,704,990</u>	<u>2,597,071</u>	<u>2,594,518</u>	<u>(2,553)</u>

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Willard

## Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures</b>				
Current				
Administrative	228,192	244,597	214,310	30,287
Public safety	974,185	1,025,766	883,091	142,675
Court	94,276	108,473	80,406	28,067
Streets	322,094	358,378	242,697	115,681
Planning and development	124,606	221,323	134,443	86,880
Emergency management	20,100	19,985	19,534	451
<b>Total Expenditures</b>	<b>1,763,453</b>	<b>1,978,522</b>	<b>1,574,481</b>	<b>404,041</b>
 <i>Excess of Revenues Over Expenditures</i>	 941,537	 618,549	 1,020,037	 401,488
<b>Other Financing (Uses)</b>				
Operating transfers (out)	(952,228)	(314,000)	(214,000)	100,000
 <i>Excess (Deficit) of Revenues Over Expenditures and Other (Uses)</i>	 (10,691)	 304,549	 806,037	 501,488
 Fund Balance, January 1, as restated	 3,710,141	 3,710,141	 3,710,141	 -
<b>Fund Balance, December 31</b>	<b>\$ 3,699,450</b>	<b>\$ 4,014,690</b>	<b>\$ 4,516,178</b>	<b>\$ 501,488</b>

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Willard

## Budgetary Comparison Schedule – Park Fund

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes				
Ad valorem taxes	\$ 63,818	\$ 63,818	\$ 67,356	\$ 3,538
Sales taxes	589,935	620,000	654,441	34,441
	653,753	683,818	721,797	37,979
Charges for Services				
Rental income	13,772	18,900	11,295	(7,605)
Adult and youth programs	126,500	119,200	120,213	1,013
Facility	37,000	22,000	26,113	4,113
Fitness center	40,000	40,000	47,446	7,446
Swimming pool	75,375	99,500	100,306	806
Special events	13,500	14,840	14,359	(481)
Advertising	25,000	29,000	28,881	(119)
Concessions	30,000	35,000	35,141	141
Park	15,000	2,500	2,500	-
	376,147	380,940	386,254	5,314
Miscellaneous				
Interest	100	400	10,841	10,441
Other	2,000	2,000	1,162	(838)
	2,100	2,400	12,003	9,603
<b>Total Revenues</b>	1,032,000	1,067,158	1,120,054	52,896
<b>Expenditures</b>				
Current				
Parks and recreation	1,078,277	1,146,316	1,092,589	53,727
Debt service				
Principal and interest	295,500	295,500	294,124	1,376
<b>Total Expenditures</b>	1,373,777	1,441,816	1,386,713	55,103
<i>(Deficit) of Revenues Over Expenditures</i>	(341,777)	(374,658)	(266,659)	107,999
<b>Other Financing Sources</b>				
Operating transfers in	305,000	214,000	214,000	-
<i>(Deficit) of Revenues and Other Sources Over Expenditures</i>	(36,777)	(160,658)	(52,659)	107,999
Fund Balance, January 1	264,648	264,648	264,648	-
<b>Fund Balance, December 31</b>	\$ 227,871	\$ 103,990	\$ 211,989	\$ 107,999

See accompanying Notes to the Budgetary Comparison Schedules.

# City of Willard

## Notes to the Budgetary Comparison Schedules

Year Ended December 31, 2022

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### **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. Formal budgetary integration is employed as a management control device for all funds of the City.
5. 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, 2022, 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 19, 2023.

**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 or significant deficiencies. However, material weaknesses or significant deficiencies 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 19, 2023