

CITY OF WELDON SPRING, MISSOURI

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

CITY OF WELDON SPRING, MISSOURI

SEPTEMBER 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Weldon Spring, Missouri, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Weldon Spring, Missouri, as of September 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated April 23, 2019, on my consideration of the City of Weldon Spring, Missouri's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Weldon Spring, Missouri's internal control over financial reporting and compliance.

BATES CPA LLC

April 23, 2019

CITY OF WELDON SPRING, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

As management of the City of Weldon Spring, Missouri, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here along with the City's financial statements, including the notes that follow this Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- On a government-wide basis the assets of the City exceeded its liabilities for the most recent fiscal year by \$21,365,266. The City has unrestricted net position of \$1,935,072.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$3,777,367.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was \$1,817,752.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are considered governmental funds. The City does not have any fiduciary or proprietary funds at September 30, 2018.

CITY OF WELDON SPRING, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Governmental Funds

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

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

The City maintains several individual governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Sewer Fund, Road and Bridge Fund, and Municipal Hall and Park Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Sewer Fund, Road and Bridge Fund, and Municipal Hall and Park Fund. Budgetary comparison statements have been provided for all major funds to demonstrate legal compliance with the respective adopted budget.

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 14 through 19 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, certain required supplementary information can be found on pages 22 through 25 of this report.

CITY OF WELDON SPRING, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A condensed version of the statement of net position follows:

| <u>ASSETS</u> | <u>September 30, 2018</u> | <u>September 30, 2017, Restated</u> |
|---|---------------------------|---|
| Cash and other current assets | \$ 3,935,569 | \$ 3,977,328 |
| Capital assets, net | <u>17,657,899</u> | <u>17,773,594</u> |
| Total assets | <u>21,593,468</u> | <u>21,750,822</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities | 228,202 | 487,319 |
| Non-current liabilities | <u>-</u> | <u>70,000</u> |
| Total liabilities | <u>228,202</u> | <u>557,319</u> |
| <u>NET POSITION</u> | | |
| Invested in capital assets, net of related debt | 17,587,899 | 17,703,594 |
| Restricted | 189,762 | 2,347,695 |
| Unrestricted | <u>3,587,605</u> | <u>1,142,214</u> |
| Total net position | <u>\$21,365,266</u> | <u>\$21,193,503</u> |

As noted earlier, net position may serve over time as a useful indicator of a city's financial position. As illustrated above, in the case of the City of Weldon Spring, assets exceeded liabilities by \$21,365,266 at the close of September 30, 2018.

City of Weldon Spring's net position of \$17,587,899 (82 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Weldon Spring uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of Weldon Spring's net position of \$1,841,295 (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$1,935,072 (9 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

September 30, 2017 net position has been restated to reflect corrections described on pages 18 and 19 of the notes to the financial statements and to properly reduce investment in capital assets by the outstanding bond liability.

CITY OF WELDON SPRING, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Governmental Activities

As illustrated below, 2018 governmental activities increased the City's net position by \$171,763. The City has no business activities.

| | For the Year ended September 30, 2018 | For the Year ended September 30, 2017, <u>Restated</u> |
|------------------------------------|---|---|
| REVENUES | | |
| Program revenues: | | |
| Charges for services | \$ 246,894 | \$ 116,990 |
| Capital grants and contributions | 583,185 | 2,344,365 |
| Operating grants and contributions | 220,020 | 216,311 |
| General revenues: | | |
| Taxes | 324,994 | 537,776 |
| Franchise Fees | 437,820 | 458,186 |
| Investment income | 23,747 | 24,023 |
| Miscellaneous | <u>15,796</u> | <u>78,217</u> |
| Total revenues | <u>1,852,456</u> | <u>3,775,868</u> |
| EXPENSES | | |
| General government | 462,707 | 498,610 |
| Law enforcement | 218,480 | 208,394 |
| Parks and recreation | 143,247 | 112,240 |
| Road | 256,135 | 624,801 |
| Sewer admin and maintenance | 3,544 | 8,778 |
| Depreciation unallocated | <u>596,580</u> | <u>623,416</u> |
| Total expenses | <u>1,680,693</u> | <u>2,076,239</u> |
| CHANGE IN NET POSITION | 171,763 | 1,699,629 |
| NET POSITION, BEGINNING OF YEAR | <u>21,193,503</u> | <u>19,493,874</u> |
| NET POSITION, ENDING OF YEAR | <u>\$21,365,266</u> | <u>\$21,193,503</u> |

CITY OF WELDON SPRING, MISSOURI
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental fund is to provide information on inflows, outflows, and balances of available expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At September 30, 2018 the combined fund balance was \$3,777,367.

The following is a comparative analysis of fund balance:

| | <u>General</u> | <u>Sewer Revenue</u> | <u>Road and Bridges Fund</u> | <u>Municipal Hall and Park Fund</u> | <u>Total</u> |
|--------------------|---------------------|--------------------------|--------------------------------------|---|---------------------|
| September 30, 2018 | <u>\$ 1,817,752</u> | <u>\$ 117,320</u> | <u>\$ 189,762</u> | <u>\$ 1,652,533</u> | <u>\$ 3,777,367</u> |
| September 30, 2017 | <u>\$ 1,984,694</u> | <u>\$ 130,841</u> | <u>\$ 25,855</u> | <u>\$ 1,418,520</u> | <u>\$ 3,559,910</u> |
| September 30, 2016 | <u>\$ 1,513,392</u> | <u>\$ 153,153</u> | <u>\$ 120,183</u> | <u>\$ 1,197,216</u> | <u>\$ 2,983,944</u> |

The General Fund is the chief operating fund of the City of Weldon Spring. As a measure of the General Fund's liquidity, it may be useful to compare general fund balance to general fund total expenditures. General fund balance represents 404% of general fund total expenditures. The fund balance in the City's General Fund decreased by \$166,942 or 8.4% from prior year fund balance.

CAPITAL ASSETS

The City has invested \$17,657,899 at September 30, 2018 in a broad range of capital assets, including land and land improvements, building, machinery and equipment, infrastructure, and construction in progress. This amount includes a net increase for the current fiscal year (including additions and deductions) of \$115,695. The City's capital assets, net of accumulated depreciation, consisted of:

| | <u>September 30, 2018</u> | <u>September 30, 2017</u> |
|---|---------------------------|---------------------------|
| Land and land improvements | \$ 846,524 | \$ 853,929 |
| Building | 442,502 | 462,163 |
| Machinery and equipment | 18,969 | 23,186 |
| Infrastructure | 16,094,885 | 13,833,319 |
| Construction in progress | <u>255,019</u> | <u>2,600,997</u> |
| Total capital assets, net of accumulated depreciation | <u>\$17,657,899</u> | <u>\$17,773,594</u> |

Additional information on the City's capital assets can be found on page 19 in Note 4 of the notes to the financial statements.

CITY OF WELDON SPRING, MISSOURI
 MANAGEMENT DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

LONG-TERM LIABILITIES

At the end of the fiscal year, the City has bonded debt outstanding of \$70,000. The amount is authorized by the issuance of General Obligations Neighborhood Improvements Bonds, Series 2001 for the purpose of permanently financing the Weldon Spring Neighborhood Sewer District Project. The bonds are payable from the proceeds of annual fees levied upon the property of the residents of the City of Weldon Spring.

BUDGETARY HIGHLIGHTS

The following significant variances occurred between 2018 budget and 2018 actual revenue and expenditures.

General

| | <u>Actual</u> | <u>Budget</u> | |
|-----------------------------|---------------|---------------|---|
| Planning and zoning permits | \$ 50,200 | \$ 23,729 | More development project applications were received than anticipated |
| City Planner | \$ 34,811 | \$ 16,248 | More development project applications were received than anticipated and costs were incurred to update municipal code |

Road, Bridge and Public Safety Fund

| | | | |
|-------------------|--------------|--------------|-----------------------|
| Road grants | \$ 633,270 | \$ 2,967,494 | Road projects delayed |
| Road improvements | \$ 1,049,883 | \$ 5,823,863 | Road projects delayed |

Municipal Hall and Park Fund

| | | | |
|------------------------|------|------------|--------------------|
| Park real improvements | \$ - | \$ 493,312 | Projects postponed |
| Park trails | \$ - | \$ 35,000 | Project postponed |
| Park master plan | \$ - | \$ 15,033 | Project postponed |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the year-ending September 30, 2019, the City projects revenue of \$3,129,471 and expenditures of \$3,391,197 giving the City an ending fund balance of \$3,515,641 for all funds at September 30, 2019. The City projects revenue for the General Fund of \$553,100 and expenditures of \$520,675 giving the City an ending fund balance of \$1,850,177 in the General Fund at September, 30, 2019.

Requests for information

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

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

CITY OF WELDON SPRING, MISSOURI
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents | 3,591,035 |
| Receivables | <u>344,534</u> |
| Total current assets | <u>3,935,569</u> |
| Capital assets (net of accumulated depreciation) | |
| Land and land improvements | 846,524 |
| Building | 442,502 |
| Machinery and equipment | 18,969 |
| Infrastructure | 16,094,885 |
| Construction in progress | <u>255,019</u> |
| Total capital assets, net | <u>17,657,899</u> |
| Total assets | <u>21,593,468</u> |
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | 100,661 |
| Accrued salaries and payroll taxes | 9,112 |
| Court bonds | 1,429 |
| Performance deposits | 47,000 |
| Bonds payable current | <u>70,000</u> |
| Total current liabilities | <u>228,202</u> |
| Total liabilities | <u>228,202</u> |
| NET POSITION | |
| Invested in capital assets, net of related debt | 17,587,899 |
| Restricted for: | |
| Road improvements | 189,762 |
| Unrestricted | <u>3,587,605</u> |
| Total net position | <u><u>21,365,266</u></u> |

CITY OF WELDON SPRING, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

| FUNCTIONS/PROGRAMS | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities Net Revenue (Expenses) |
|--------------------------------------|------------------|-------------------------|--|--|---|
| Primary government | | | | | |
| Governmental activities | | | | | |
| General government and court | 462,707 | 98,726 | - | - | (363,981) |
| Law enforcement | 218,480 | 66,347 | 220,020 | - | 67,887 |
| Parks and recreation | 143,247 | 20,502 | - | - | (122,745) |
| Road | 256,135 | 1,296 | - | 583,185 | 328,346 |
| Sewer administration and maintenance | 3,544 | 60,023 | - | - | 56,479 |
| Unallocated depreciation | 596,580 | - | - | - | (596,580) |
| Total governmental activities | <u>1,680,693</u> | <u>246,894</u> | <u>220,020</u> | <u>583,185</u> | <u>(630,594)</u> |

GENERAL REVENUES

| | |
|--------------------------------|----------------|
| Sales tax | 324,994 |
| Franchise fees | 437,820 |
| Unrestricted investment income | 23,747 |
| Other | 15,796 |
| Total general revenue | <u>802,357</u> |

CHANGE IN NET POSITION 171,763

NET POSITION,
BEGINNING OF YEAR, RESTATED 21,193,503

NET POSITION, END OF YEAR 21,365,266

CITY OF WELDON SPRING, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

| | General | Municipal Hall and Park Fund | Road, Bridge and Public Safety Fund | Nonmajor Sewer Fund | Total Governmental Funds |
|--------------------------------------|------------------|------------------------------------|---|------------------------|--------------------------------|
| ASSETS | | | | | |
| Pooled cash and cash equivalents | 1,795,755 | 1,632,438 | - | 117,320 | 3,545,513 |
| Other cash and cash equivalents | 45,522 | - | - | - | 45,522 |
| Receivables | 49,474 | 21,553 | 273,507 | - | 344,534 |
| Due from other fund | - | - | - | - | - |
| Total assets | <u>1,890,751</u> | <u>1,653,991</u> | <u>273,507</u> | <u>117,320</u> | <u>3,935,569</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 16,916 | - | 83,745 | - | 100,661 |
| Accrued salaries and payroll taxes | 7,654 | 1,458 | - | - | 9,112 |
| Due to other fund | - | - | - | - | - |
| Court bonds | 1,429 | - | - | - | 1,429 |
| Performance deposits | 47,000 | - | - | - | 47,000 |
| Total liabilities | <u>72,999</u> | <u>1,458</u> | <u>83,745</u> | <u>-</u> | <u>158,202</u> |
| Fund balance: | | | | | |
| Restricted for: | | | | | |
| Road and bridge improvements | - | - | 189,762 | - | 189,762 |
| Committed for: | | | | | |
| Municipal hall and park improvements | - | 1,652,533 | - | - | 1,652,533 |
| Sewer lateral repairs | - | - | - | 117,320 | 117,320 |
| Unassigned | 1,817,752 | - | - | - | 1,817,752 |
| Total fund balance | <u>1,817,752</u> | <u>1,652,533</u> | <u>189,762</u> | <u>117,320</u> | <u>3,777,367</u> |
| Total liabilities and fund balance | <u>1,890,751</u> | <u>1,653,991</u> | <u>273,507</u> | <u>117,320</u> | |

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

| | |
|--|-------------------|
| Capital assets of \$23,414,950 net of accumulated depreciation of \$5,757,051, are not financial resources and, therefore, are not reported in the funds | 17,657,899 |
| Bonds payable are not reported in the funds | <u>(70,000)</u> |
| | <u>21,365,266</u> |

CITY OF WELDON SPRING, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

| | General | Municipal Hall and Park Fund | Road, Bridge and Public Safety Fund | Nonmajor Sewer Fund | Total Governmental Funds |
|--|-----------|---------------------------------|---|------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | - | 324,994 | 220,020 | 57,550 | 602,564 |
| Franchise fees | 437,820 | - | - | - | 437,820 |
| Permits, licenses and applications | 98,726 | - | - | - | 98,726 |
| Court fines | 66,346 | - | - | - | 66,346 |
| Grants | - | - | 583,185 | - | 583,185 |
| Rentals | - | 4,243 | - | - | 4,243 |
| Other | 2,129 | 9,371 | 1,296 | - | 12,796 |
| Interest | 23,747 | 20,502 | - | 2,473 | 46,722 |
| Total revenues | 628,768 | 359,110 | 804,501 | 60,023 | 1,852,402 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government and court | 436,884 | - | - | 1,832 | 438,716 |
| Law enforcement | - | - | 218,480 | - | 218,480 |
| Parks and recreation | - | 101,145 | - | - | 101,145 |
| Occupancy | - | 17,536 | - | - | 17,536 |
| Road and bridge | - | - | 768,303 | - | 768,303 |
| Capital outlay | 12,637 | 6,416 | - | 754 | 19,807 |
| Debt service: | | | | | |
| Principal | - | - | - | 70,000 | 70,000 |
| Interest | - | - | - | 958 | 958 |
| Total expenditures | 449,521 | 125,097 | 986,783 | 73,544 | 1,634,945 |
| REVENUES OVER (UNDER) EXPENDITURES | 179,247 | 234,013 | (182,282) | (13,521) | 217,457 |
| OTHER FINANCING SOURCES | | | | | |
| Operating transfers in (out) | (346,189) | - | 346,189 | - | - |
| NET CHANGES IN FUND BALANCE | (166,942) | 234,013 | 163,907 | (13,521) | 217,457 |
| FUND BALANCE, BEGINNING OF YEAR , RESTATED | 1,984,694 | 1,418,520 | 25,855 | 130,841 | 3,559,910 |
| FUND BALANCE, END OF YEAR | 1,817,752 | 1,652,533 | 189,762 | 117,320 | 3,777,367 |

CITY OF WELDON SPRING, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2018

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

| | |
|---|-----------------------|
| Net change in fund balance – total governmental funds | 217,457 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$627,862 exceeded capital asset additions of \$512,168 in the current period | (115,694) |
| Payments of bonds principal and long-term note principal are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net assets. This is the amount of current year bond principal payments. | <u>70,000</u> |
| Change in net position of governmental activities | <u><u>171,763</u></u> |

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

In evaluating how to define the reporting entity, for financial statement purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

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

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

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

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

D. DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from date of acquisition.

The surplus funds of the City may be legally invested in any of the securities identified as eligible in Section 30.270 of Missouri State Statutes. The City has no investments at September 30, 2018.

E. CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

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

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

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

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

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

F. COMPENSATED ABSENCES

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

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

The unpaid liability for compensated absences totaled \$7,141 at September 30, 2018.

G. LONG-TERM LIABILITIES

In the government-wide financial statements, bonds payable are reported as a liability in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if any. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, long-term debt principal payments are recognized as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. NET POSITION

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors or grantors, or laws or regulations of other governments. \$ of the net position at September 30, 2018 is restricted by enabling legislation. When both restricted and unrestricted assets are available for use, it is the City's policy to use externally restricted assets first.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. FUND BALANCE

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

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

J. USE OF ESTIMATES

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

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. PRIOR PERIOD CORRECTIONS

Certain receivables and payables were not included in the previously issued September 30, 2017 financial statements. Also, long-term capital assets, capital outlay expenditures and depreciation were misstated in the previously issued September 30, 2017 financial statements due to errors in applying the City's capitalization policy and failure to recognize completed projects.

The impact of the corrections on the government-wide net position and fund balances as previously reported as of September 30, 2017 follows:

| | Governmental Activities | General Fund | Road, Bridge and Public Safety Fund Activities |
|---|----------------------------|---------------------|--|
| Net position, previously reported September 30, 2017 | \$21,277,704 | \$ 1,963,356 | \$ 77,220 |
| Record fund balance franchise fees receivable | 21,338 | 21,338 | - |
| Record grant receivable | 304,306 | - | 304,305 |
| Record payable for road improvements | (355,670) | - | (355,670) |
| Expenditures incorrectly capitalized | (26,848) | - | - |
| Correct 2017 depreciation | <u>(27,327)</u> | <u>-</u> | <u>-</u> |
| Net position, restated September 30, 2017 | <u>\$21,193,503</u> | <u>\$ 1,984,694</u> | <u>\$ 25,855</u> |

NOTE 2: DEPOSITS AND INVESTMENTS

The City maintains a deposit pool that is available for use by all funds. Each fund's portion of the pool is displayed on the balance sheet.

Deposits

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

At September 30, 2018 all cash and cash equivalents were fully insured or collateralized with securities held by the City or by its agent in the City's name.

NOTE 3: RESTRICTED ASSETS

Restricted assets are reported in various funds for cash deposited legally restricted for specific uses such as municipal hall and park costs, road improvements and sewer maintenance and debt service payments. See Note 1 H and I describing the priority for use of restricted and unrestricted assets.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

| | Balance September 30 <u>2017, restated</u> | 2018 <u>Increases</u> | 2018 <u>Decreases</u> | Ending Balance September 30 <u>2018</u> |
|---|--|--------------------------|--------------------------|--|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 782,382 | \$ - | \$ - | \$ 782,382 |
| Construction in progress | <u>2,600,997</u> | <u>236,609</u> | <u>2,582,587</u> | <u>255,019</u> |
| Total capital assets, not being depreciated | <u>3,383,379</u> | <u>236,609</u> | <u>2,582,597</u> | <u>1,037,401</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 148,088 | - | - | 148,088 |
| Buildings | 686,507 | - | - | 686,507 |
| Machinery and equipment | 187,332 | - | - | 187,332 |
| Infrastructure | <u>18,497,477</u> | <u>2,858,145</u> | <u>-</u> | <u>21,355,622</u> |
| Total capital assets being depreciated | <u>19,519,404</u> | <u>2,858,145</u> | <u>-</u> | <u>22,377,549</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (76,541) | (7,405) | - | (83,946) |
| Buildings | (224,344) | (19,661) | - | (244,005) |
| Machinery and equipment | (164,146) | (4,217) | - | (168,363) |
| Infrastructure | <u>(4,664,158)</u> | <u>(596,579)</u> | <u>-</u> | <u>(5,260,737)</u> |
| Total accumulated depreciation | <u>(5,129,189)</u> | <u>(627,862)</u> | <u>-</u> | <u>(5,757,051)</u> |
| Total capital assets being depreciated, net | <u>14,390,215</u> | <u>2,230,283</u> | <u>-</u> | <u>16,620,498</u> |
| Governmental activities capital assets, net | <u>\$ 17,773,594</u> | <u>\$ 2,466,892</u> | <u>\$ 2,582,587</u> | <u>\$ 17,657,899</u> |

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

Governmental activities:

| | |
|--|-------------------|
| General government | \$ 13,132 |
| Parks | 18,150 |
| Infrastructure (unallocated) | <u>596,580</u> |
| Total depreciation expense governmental activities | <u>\$ 627,862</u> |

The balances at September 30, 2017 were restated for the following prior period corrections:

| | <u>Construction In Progress</u> | <u>Building</u> | <u>Machinery and Equipment</u> | <u>Infrastructure</u> | <u>Accumulated Depreciation</u> |
|--|-------------------------------------|-------------------|--|-----------------------|-------------------------------------|
| Previously stated | \$ 3,607,953 | \$ 689,679 | \$ 207,969 | \$ 17,493,559 | \$(5,101,863) |
| Road project completed prior to September 30, 2017 | (1,006,956) | - | - | 1,006,956 | (33,565) |
| Expenditures less than Restated Capitalization threshold | <u>-</u> | <u>(3,172)</u> | <u>(20,637)</u> | <u>(3,038)</u> | <u>6,239</u> |
| | <u>\$ 2,600,997</u> | <u>\$ 686,507</u> | <u>\$ 187,332</u> | <u>\$ 18,497,477</u> | <u>\$ 5,129,189</u> |

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 5: LONG-TERM DEBT

General Obligation Neighborhood Improvement Bonds Series 2001

On November 11, 2001 the Board of Aldermen authorized the issuance of \$1,040,000 General Obligation Neighborhood Improvement Bonds (State Revolving Fund Program) Series 2001 for the purpose of permanently financing the Weldon Spring Neighborhood Sewer District Project and paying in full the Neighborhood Improvement District Notes (State Revolving Fund – Direct Loan Program) Series 1999.

The changes in general long-term debt during the year ended September 30, 2018 related to governmental activities are summarized as follows:

| | <u>Balance September 30, 2017</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance September 30, 2018</u> | <u>Due Within One Year</u> |
|--|---|------------------|--------------------|---|------------------------------------|
| General Obligation Neighborhood Improvement Bonds, Series 2001, original amount of \$1,040,000; bearing interest at an annual rate ranging from 3.0% to 5.375% | \$ <u>140,000</u> | \$ <u>-</u> | \$ <u>70,000</u> | \$ <u>70,000</u> | \$ <u>70,000</u> |

Interest paid during 2018 totaled \$957.

The following is a summary of maturities of long-term debt as of September 30, 2018:

| <u>Year ending September 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|------------------|-----------------|------------------|
| 2019 | <u>70,000</u> | <u>1,882</u> | <u>71,882</u> |
| Total Payments | \$ <u>70,000</u> | \$ <u>1,882</u> | \$ <u>71,882</u> |

NOTE 6: INTERFUND TRANSACTIONS

During 2018, \$346,189 was transferred from the General Fund to the Road, Bridge and Public Safety Fund to fund road improvements.

NOTE 7: COMMITMENTS

Subsequent to September 30, 2018, the City committed to road improvements to Independence Road pursuant to certain contracts totaling \$1,995,422. A substantial portion of these costs will continue to be funded from grants from the Missouri Department of Revenue and St. Charles County. This project is scheduled to be completed during 2019.

NOTE 8: CONTINGENCIES

The City is a plaintiff in legal proceedings covering various matters that have arisen in the ordinary course of its activities. The outcomes of these various proceedings cannot be determined at this time.

NOTE 9: COURT FINES

Total court fine revenues of \$66,346 represent 6.96% of general operating revenues.

CITY OF WELDON SPRING, MISSOURI

NOTES TO FINANCIAL STATEMENTS

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss.

There have been no insurance settlements exceeding coverage for each of the past three years.

NOTE 11: DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through April 23, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

CITY OF WELDON SPRING
REQUIRED SUPPLEMENTARY SCHEDULE 1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGET BASIS)
YEAR ENDED SEPTEMBER 30, 2018

| | Original Budget | Final Budget | Actual - Budget Basis | Variance with Final Budget - Positive (Negative) |
|---|--------------------|------------------|--------------------------|---|
| REVENUES | | | | |
| Franchise Fees | 448,356 | 448,356 | 409,684 | (38,672) |
| Permits, licenses and applications | 72,396 | 72,396 | 98,726 | 26,330 |
| Courts | 50,520 | 50,520 | 66,346 | 15,826 |
| Other | 3,857 | 3,857 | 2,129 | (1,728) |
| Interest | 11,249 | 11,249 | 23,747 | 12,498 |
| Total revenues | <u>586,378</u> | <u>586,378</u> | <u>600,632</u> | <u>14,254</u> |
| EXPENDITURES | | | | |
| Payroll | 261,434 | 261,434 | 237,080 | 24,354 |
| Payroll taxes and benefits | 31,834 | 31,834 | 26,207 | 5,627 |
| City attorney | 14,302 | 14,302 | 16,414 | (2,112) |
| City engineer | 21,488 | 21,488 | 20,452 | 1,036 |
| City planner | 16,248 | 16,248 | 29,979 | (13,731) |
| Other professional fees | 38,367 | 38,367 | 15,299 | 23,068 |
| Insurance | 17,357 | 17,357 | 14,959 | 2,398 |
| Other administrative costs | 72,683 | 72,683 | 65,410 | 7,273 |
| Total administrative | <u>473,713</u> | <u>473,713</u> | <u>425,800</u> | <u>47,913</u> |
| Capital outlay | <u>5,550</u> | <u>5,550</u> | <u>12,637</u> | <u>(7,087)</u> |
| Total expenditures | <u>479,263</u> | <u>479,263</u> | <u>438,437</u> | <u>40,826</u> |
| REVENUES OVER (UNDER) EXPENDITURES | 107,115 | 107,115 | 162,195 | 55,080 |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers in (out) | <u>(438,399)</u> | <u>(438,399)</u> | <u>(346,189)</u> | <u>92,210</u> |
| NET CHANGE IN FUND BALANCE | <u>(331,284)</u> | <u>(331,284)</u> | <u>(183,994)</u> | <u>147,290</u> |
| RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS | | | | |
| Accounts receivable 9/30/17 | | | (21,338) | |
| Accounts receivable 9/30/18 | | | 49,474 | |
| Accounts payable 9/30/17 | | | - | |
| Accounts payable 09/30/18 | | | (16,487) | |
| Accrued wages 9/30/17 | | | 10,944 | |
| Accrued wages 09/30/18 | | | (5,541) | |
| | | | <u>17,052</u> | |
| NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS | | | <u>(166,942)</u> | |

See Independent Auditor's Report

CITY OF WELDON SPRING
REQUIRED SUPPLEMENTARY SCHEDULE 2
MUNICIPAL HALL AND PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGET BASIS)
YEAR ENDED SEPTEMBER 30, 2018

| | Original Budget | Final Budget | Actual - Budget Basis | Variance with Final Budget - Positive (Negative) |
|--|--------------------|------------------|--------------------------|---|
| REVENUE | | | | |
| Taxes | 307,269 | 307,269 | 328,102 | 20,833 |
| Rentals and other | 16,436 | 16,436 | 13,614 | (2,822) |
| Interest | 8,289 | 8,289 | 20,502 | 12,213 |
| Total revenues | <u>331,994</u> | <u>331,994</u> | <u>362,218</u> | <u>30,224</u> |
| EXPENDITURES | | | | |
| Occupancy | 16,519 | 16,519 | 17,536 | (1,017) |
| Park and recreation | 106,000 | 106,000 | 104,049 | 1,951 |
| Capital outlay | 570,676 | 570,676 | 6,416 | 564,260 |
| Total expenditures | <u>693,195</u> | <u>693,195</u> | <u>128,001</u> | <u>565,194</u> |
| NET CHANGE IN FUND BALANCE | <u>(361,201)</u> | <u>(361,201)</u> | 234,217 | <u>595,418</u> |
| RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS | | | | |
| Accounts receivable 9/30/17 | | | (24,661) | |
| Accounts receivable 9/30/18 | | | 21,553 | |
| Accounts payable 9/30/17 | | | 1,188 | |
| Accounts payable 9/30/18 | | | - | |
| Accrued wages 9/30/017 | | | 3,045 | |
| Accrued wages 9/30/18 | | | (1,329) | |
| | | | <u>(204)</u> | |
| NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS | | | <u>234,013</u> | |

CITY OF WELDON SPRING
REQUIRED SUPPLEMENTARY SCHEDULE 3
ROAD, BRIDGE AND PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGET BASIS)
YEAR ENDED SEPTEMBER 30, 2018

| | Original Budget | Final Budget | Actual - Budget Basis | Variance with Final Budget - Positive (Negative) |
|---|--------------------|-----------------|--------------------------|---|
| REVENUES | | | | |
| Taxes | 219,599 | 219,599 | 218,844 | (755) |
| Grants | 2,967,494 | 2,967,494 | 633,270 | (2,334,224) |
| Contributions | - | - | - | - |
| Interest | - | - | - | - |
| Other | 995 | 995 | 1,296 | 301 |
| Total revenues | 3,188,088 | 3,188,088 | 853,410 | (2,334,678) |
| EXPENDITURES | | | | |
| Road and bridge | 5,823,836 | 5,823,836 | 1,049,883 | 4,773,953 |
| Law enforcement | 214,646 | 214,646 | 218,480 | (3,834) |
| Total expenditures | 6,038,482 | 6,038,482 | 1,268,363 | 4,770,119 |
| REVENUES OVER (UNDER) EXPENDITURES | (2,850,394) | (2,850,394) | (414,953) | 2,435,441 |
| OTHER FINANCING SOURCES | | | | |
| Operating transfers in (out) | - | - | 346,189 | 346,189 |
| NET CHANGES IN FUND BALANCE | (2,850,394) | (2,850,394) | (68,764) | 2,781,630 |
| RECONCILING ITEMS TO ADJUST FROM BUDGETARY BASIS TO MODIFIED ACCRUAL BASIS | | | | |
| Accounts receivable 9/30/17 | | | (322,416) | |
| Accounta receivable 9/30/18 | | | 273,507 | |
| Accounts payable 9/30/17 | | | 355,671 | |
| Accounta payable 9/30/18 | | | (74,091) | |
| | | | <u>232,671</u> | |
| NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS | | | <u>163,907</u> | |

See Independent Auditor's Report

CITY OF WELDON SPRING, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

BUDGET POLICY AND PRACTICE

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

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

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