

**REPORT OF**  
**CITY OF ASHLAND, MISSOURI**  
**YEAR ENDED APRIL 30, 2017**

**CITY OF ASHLAND, MISSOURI**

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**CITY OF ASHLAND, MISSOURI**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Missouri (the "City"), as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### PARTNERS

*Fred W. Korte, Jr.*  
*Joseph E. Chitwood*  
*Travis W. Hundley*  
*Jeffrey A. Chitwood*  
*Amy L. Watson*  
*Heidi N. Ross*

### Management's Responsibility for the Financial Statements

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

#### PARTNER EMERITUS

*Robert A. Gerding*

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of April 30, 2017, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof and respective budgetary comparison for the General and Street Funds for the year then ended in accordance with the modified cash basis of accounting described in Note I.

### **Basis of Accounting**

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, combining & individual non-major fund financial statements, and capital projects budgetary schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and capital projects budgetary schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and capital projects budgetary schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2017, on our consideration of the City's internal control over financial reporting on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



July 19, 2017

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

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

As management of the City of Ashland, Missouri, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2017. The City implemented Governmental Accounting Standards Board GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the first time for fiscal year 2003.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$12,313,668. Of this amount, \$1,199,550 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased by \$1,670,376.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,493,983. \$966,062 is unassigned and available for use within the City's designation and policies.
- At the end of the current fiscal year, the general fund had a surplus fund balance of \$971,205.
- The City's bond payable decreased \$187,000 due to scheduled payments and increased by \$1,351,800 as a result of a new issue.

**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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with the broad overview of the City's finances, in a manner similar to private-sector business.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

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 to 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 fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, transportation, cultural, parks and recreation and community development. The business-type activities of the City include water, wastewater and sanitation operations. The government-wide financial statements can be found on pages 12-13 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 can be divided into two categories - governmental funds and proprietary funds.

**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, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the 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 financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.



CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

The City maintains six governmental funds. Information is presented separately in the Governmental Fund Statement of Assets, Liabilities and Fund Balances and in the Governmental Fund Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances for the General, Street, and Capital Projects funds, which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 14-17.

**Proprietary Funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its combined water and sewerage system operations and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 18-20 of this report.

**Notes to the 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 financial statements can be found on pages 21-41.

**Other Information** - The combining statements referred to earlier in connection with non-major governmental funds are presented following the other information on pensions. Combining and individual statements and schedules can be found on pages 42-47 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ashland, assets exceeded liabilities by \$12,313,668 as of April 30, 2017.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

A significant portion of the City's net position (65%) is its investments in capital assets (e.g., land, building, equipment, improvements and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

2017 NET POSITION

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,488,840	\$ 2,038,103	\$ 3,526,943
Restricted assets	5,143	1,028,964	1,034,107
Capital assets	3,046,622	7,958,474	11,005,096
Total Assets	<u>\$ 4,540,605</u>	<u>\$ 11,025,541</u>	<u>\$ 15,566,146</u>
Capital lease payable	\$ -	\$ 39,098	\$ 39,098
Bonds payable	-	3,110,800	3,110,800
Deposit payable	-	102,580	102,580
Total Liabilities	<u>\$ -</u>	<u>\$ 3,252,478</u>	<u>\$ 3,252,478</u>
Net Position:			
Net investment in capital assets	\$ 3,046,622	\$ 4,930,117	\$ 7,976,739
Restricted	527,921	2,609,458	3,137,379
Unrestricted	966,062	233,488	1,199,550
Total Net Position	<u>\$ 4,540,605</u>	<u>\$ 7,773,063</u>	<u>\$ 12,313,668</u>

2016 NET POSITION

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 1,273,434	\$ 454,342	\$ 1,727,776
Restricted assets	5,097	1,431,806	1,436,903
Capital assets	2,683,586	6,876,694	9,560,280
Total Assets	<u>\$ 3,962,117</u>	<u>\$ 8,762,842</u>	<u>\$ 12,724,959</u>
Capital lease payable	\$ -	\$ 51,172	\$ 51,172
Bonds payable	-	1,946,000	1,946,000
Deposit payable	-	84,495	84,495
Total Liabilities	<u>\$ -</u>	<u>\$ 2,081,667</u>	<u>\$ 2,081,667</u>
Net Position:			
Net investment in capital assets	\$ 2,683,586	\$ 4,879,522	\$ 7,563,108
Restricted	413,861	39,142	453,003
Unrestricted	864,670	1,762,511	2,627,181
Total Net Position	<u>\$ 3,962,117</u>	<u>\$ 6,681,175</u>	<u>\$ 10,643,292</u>

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

As of April 30, 2017, the City is able to report positive balances in all three categories of net position for the government as a whole.

**Analysis of the City's Operations** - Overall the City had an increase in net position of \$1,670,376.

Governmental Activities: Governmental activities increased the net position by \$578,488.

Business-Type Activities: Net Position from business-type activities increased by \$1,091,888 from \$6,681,175 to \$7,773,063. This increase was primarily due to investment into additional capital assets.

The following tables provide a summary of the City's operations for years ended April 30, 2017 and 2016.

2017 CHANGES IN NET POSITION

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 81,851	\$ 1,987,497	\$ 2,069,348
Operating grants and contributions	400,995	-	400,995
Capital grants and contributions	-	453,798	453,798
General Revenues:			
Other taxes	156,637	-	156,637
Property taxes	320,803	-	320,803
Sales taxes	706,510	-	706,510
Franchise taxes	269,906	-	269,906
Interest and investment earnings	9,081	69,688	78,769
Miscellaneous	130,788	-	130,788
Total Revenues	<u>2,076,571</u>	<u>2,510,983</u>	<u>4,587,554</u>
Expenses:			
General government	818,209	-	818,209
Public safety	456,066	-	456,066
Transportation	199,473	-	199,473
Cultural and recreation	24,335	-	24,335
Water	-	523,198	523,198
Sewer	-	492,349	492,349
Sanitation	-	403,548	403,548
Total Expenses	<u>1,498,083</u>	<u>1,419,095</u>	<u>2,917,178</u>
Increase (Decrease) in net position	578,488	1,091,888	1,670,376
Net Position - Beginning of year	<u>3,962,117</u>	<u>6,681,175</u>	<u>10,643,292</u>
Net Position - End of year	<u>\$ 4,540,605</u>	<u>\$ 7,773,063</u>	<u>\$ 12,313,668</u>

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

2016 CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 56,800	\$ 1,708,670	\$ 1,765,470
Operating grants and contributions	82,615	-	82,615
Capital grants and contributions	70,191	-	70,191
<b>General Revenues:</b>			
Other taxes	154,007	-	154,007
Property taxes	153,721	-	153,721
Sales taxes	814,364	-	814,364
Franchise taxes	269,331	-	269,331
Interest and investment earnings	9,573	70,500	80,073
Miscellaneous	78,022	-	78,022
<b>Total Revenues</b>	<b>1,688,624</b>	<b>1,779,170</b>	<b>3,467,794</b>
<b>Expenses:</b>			
General government	466,004	-	466,004
Public safety	523,056	-	523,056
Transportation	400,290	-	400,290
Cultural and recreation	31,903	-	31,903
Water, sewer and sanitation	-	1,376,483	1,376,483
<b>Total Expenses</b>	<b>1,421,253</b>	<b>1,376,483</b>	<b>2,797,736</b>
Increase (Decrease) in net position	267,371	402,687	670,058
Net Position - Beginning of year	3,694,746	6,278,488	9,973,234
Net Position - End of year	\$ 3,962,117	\$ 6,681,175	\$ 10,643,292

**Financial Analysis of the Government's Funds**

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirement. In particular, unassigned 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 the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,493,983.

In the general fund, the City budgeted for an increase in the fund balance of \$29,741, which was primarily resulting from additional revenues. Due to actual revenues being more than budgeted and actual expenses being less than budgeted, the actual fund balance increase for fiscal year 2017 was \$101,438.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

**Proprietary Funds** - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2017 amounts to \$11,005,096 (net of accumulated depreciation). This investment in capital assets includes land, building, equipment, improvements and construction in progress.

2017 CAPITAL ASSETS AT YEAR-END  
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	Business-Type Activities	Total
Property, plant and equipment:			
Land and land elements	\$ 270,433	\$ 228,746	\$ 499,179
Buildings	196,374	251,993	448,367
Machinery and vehicles	122,908	217,213	340,121
Infrastructure	2,431,184	-	2,431,184
Furniture and equipment	3,472	-	3,472
Property and improvements	11,849	5,344,018	5,355,867
Construction in progress	10,402	1,916,504	1,926,906
Net Capital Assets	<u>\$ 3,046,622</u>	<u>\$ 7,958,474</u>	<u>\$ 11,005,096</u>

2016 CAPITAL ASSETS AT YEAR-END  
NET OF ACCUMULATED DEPRECIATION

	Governmental Activities	Business-Type Activities	Total
Property, plant and equipment:			
Land and land elements	\$ 270,433	\$ 228,746	\$ 499,179
Buildings	207,921	262,955	470,876
Machinery and vehicles	123,147	94,425	217,572
Infrastructure	1,965,724	-	1,965,724
Furniture and equipment	16,474	123,152	139,626
Property and improvements	13,694	5,406,182	5,419,876
Construction in progress	86,193	761,234	847,427
Net Capital Assets	<u>\$ 2,683,586</u>	<u>\$ 6,876,694</u>	<u>\$ 9,560,280</u>

Additional information on the City's capital assets can be found in the Notes to Basic Financial Statements on pages 32-34 of this report.

**Debt Administration**

At the end of the current fiscal year, the City had revenue bonded debt of \$3,110,800. The revenue bonds are secured by the combined water and sewerage system revenues.

CITY OF ASHLAND, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED APRIL 30, 2017  
(UNAUDITED)

2017  
Outstanding Debt at Year End  
Revenue Bonds, Note Payable Debt and Deposits

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ -	\$ 3,110,800	\$ 3,110,800
Capital lease obligation	-	39,098	39,098
Deposits payable	-	102,580	102,580
Total	<u>\$ -</u>	<u>\$ 3,252,478</u>	<u>\$ 3,252,478</u>

2016  
Outstanding Debt at Year End  
Revenue Bonds, Note Payable Debt and Deposits

	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ -	\$ 1,946,000	\$ 1,946,000
Capital lease obligation	-	51,172	51,172
Deposits payable	-	84,495	84,495
Total	<u>\$ -</u>	<u>\$ 2,081,667</u>	<u>\$ 2,081,667</u>

During the fiscal year, the City's total debt increased by \$1,170,811. The increase was due to new debt issuance of \$1,351,800 and scheduled payments of \$180,989.

Additional information on the City's long-term debt can be found in the Notes to Basic Financial Statements on pages 35-38 of this report.

**Transfers**

The City made no transfers in 2017 or 2016.

**Request for Information**

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need any additional information, contact the City Administrator's Office, at 109 E. Broadway, City of Ashland, Missouri, or telephone (573)657-2091. Copies of this audit report and the City's budget are available at City Hall and at the Southern Boone County Library at 109 N. Main and on the City's web page at [www.ashlandmo.us](http://www.ashlandmo.us).

CITY OF ASHLAND, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
APRIL 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,240,592	\$ 2,038,103	\$ 3,278,695
Restricted cash and cash equivalents	5,143	436,649	441,792
Investments	248,248	162,801	411,049
Restricted investments held in escrow	-	429,514	429,514
Land	270,433	228,746	499,179
Construction in progress	10,402	1,916,504	1,926,906
Other capital assets, net of accumulated depreciation	2,765,787	5,813,224	8,579,011
<b>Total Assets</b>	<b>4,540,605</b>	<b>11,025,541</b>	<b>15,566,146</b>
<b>LIABILITIES (Note III-D)</b>			
Current Liabilities:			
Due within one year	-	204,541	204,541
Long-Term Liabilities:			
Refundable deposits	-	102,580	102,580
Due in more than one year	-	2,945,357	2,945,357
<b>Total Liabilities</b>	<b>-</b>	<b>3,252,478</b>	<b>3,252,478</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,046,622	4,930,117	7,976,739
Restricted but expendable for:			
Debt service	895	2,218,143	2,219,038
Other purposes	527,026	391,315	918,341
Unrestricted	966,062	233,488	1,199,550
<b>Total Net Position</b>	<b>\$ 4,540,605</b>	<b>\$ 7,773,063</b>	<b>\$ 12,313,668</b>

CITY OF ASHLAND, MISSOURI  
STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
YEAR ENDED APRIL 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 818,209	\$ 53,782	\$ 1,239	\$ -	\$ (763,188)	\$ -	\$ (763,188)
Public Safety	456,066	28,069	-	-	(427,997)	-	(427,997)
Streets	199,473	-	399,756	-	200,283	-	200,283
Park	24,335	-	-	-	(24,335)	-	(24,335)
Total Governmental Activities	1,498,083	81,851	400,995	-	(1,015,237)	-	(1,015,237)
Business-Type Activities:							
Water	523,198	700,917	-	-	-	177,719	177,719
Sewer	492,349	880,749	-	453,798	-	842,198	842,198
Sanitation	403,548	405,831	-	-	-	2,283	2,283
Total Business-Type Activities	1,419,095	1,987,497	-	453,798	-	1,022,200	1,022,200
General Revenues:							
Taxes:							
Property taxes					320,803	-	320,803
Sales taxes					706,510	-	706,510
Motor vehicle and fuel taxes					147,738	-	147,738
Franchise taxes					269,906	-	269,906
Other taxes					8,899	-	8,899
Investment income					9,081	69,688	78,769
Miscellaneous					130,788	-	130,788
Total general revenues					1,593,725	69,688	1,663,413
Change in net position					578,488	1,091,888	1,670,376
Net position - beginning					3,962,117	6,681,175	10,643,292
Net position - ending					\$ 4,540,605	\$ 7,773,063	\$ 12,313,668

See Notes to Financial Statements



CITY OF ASHLAND, MISSOURI  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
APRIL 30, 2017

	General Fund	Street Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 717,814	\$ 123,346	\$ 329,124	\$ 70,308	\$ 1,240,592
Restricted cash and cash equivalents	5,143	-	-	-	5,143
Investments	248,248	-	-	-	248,248
<b>Total Assets</b>	<b>\$ 971,205</b>	<b>\$ 123,346</b>	<b>\$ 329,124</b>	<b>\$ 70,308</b>	<b>\$ 1,493,983</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Other payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted for protested taxes	355	-	-	-	355
Assigned for debt service	-	-	-	895	895
Assigned for street	-	123,346	-	-	123,346
Assigned for court fines	-	-	-	59,484	59,484
Assigned for learning garden	-	-	-	9,929	9,929
Assigned for capital projects	-	-	329,124	-	329,124
Assigned for Telephone Tax	27	-	-	-	27
Assigned for Friends of Ashland	4,761	-	-	-	4,761
Unassigned	966,062	-	-	-	966,062
<b>Total Fund Balances</b>	<b>971,205</b>	<b>123,346</b>	<b>329,124</b>	<b>70,308</b>	<b>1,493,983</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 971,205</b>	<b>\$ 123,346</b>	<b>\$ 329,124</b>	<b>\$ 70,308</b>	

Reconciliation to Statement of Net Position:

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

Capital assets used in governmental activities of \$13,588,800 net of accumulated depreciation of \$10,542,178 are not financial resources and, therefore, are not reported in the funds.	<u>3,046,622</u>
Net position of governmental activities	<u>\$ 4,540,605</u>

CITY OF ASHLAND, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2017

	General Fund	Street Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 146,115	\$ -	\$ 174,688	\$ -	\$ 320,803
Sales taxes	380,653	-	-	-	380,653
Franchise taxes	269,906	-	-	-	269,906
Other taxes	8,899	-	-	-	8,899
Intergovernmental	1,239	790,091	-	83,260	874,590
Licenses and permits	53,782	-	-	-	53,782
Fines and forfeits	55	-	-	28,014	28,069
Investment income	9,081	-	-	-	9,081
Miscellaneous	120,745	10,043	-	-	130,788
Total Revenues	990,475	800,134	174,688	111,274	2,076,571
EXPENDITURES:					
General government	427,089	-	-	88,684	515,773
Public safety	437,613	-	-	18,453	456,066
Streets	-	732,851	-	-	732,851
Parks	24,335	-	-	-	24,335
Capital outlay	-	-	132,094	-	132,094
Total Expenditures	889,037	732,851	132,094	107,137	1,861,119
Excess (Deficit) of Revenues over Expenditures	101,438	67,283	42,594	4,137	215,452
Fund Balance, Beginning	869,767	56,063	286,530	66,171	1,278,531
Fund Balance, Ending	\$ 971,205	\$ 123,346	\$ 329,124	\$ 70,308	\$ 1,493,983
Reconciliation to the Statement of Activities:					
Net change in fund balances - total governmental funds					\$ 215,452
Amounts reported for governmental activities in the statement of activities are different because:					
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:					
Capital asset purchases capitalized					665,472
Depreciation expense					(302,436)
Change in Net Position of Governmental Activities					\$ 578,488

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 GENERAL FUND  
 YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 869,767	\$ 869,767	\$ 869,767	-
Resources (Inflows):				
Property taxes	160,000	148,000	146,115	(1,885)
Sales taxes	350,000	374,000	380,653	6,653
Franchise taxes	288,000	265,000	269,906	4,906
Other taxes	5,100	5,416	8,899	3,483
Intergovernmental	1,300	1,239	1,239	-
Alcoholic beverage licenses	2,500	2,400	2,357	(43)
Building permits	25,000	43,000	51,425	8,425
Municipal court fines and fees	50	50	55	5
Investment income	7,000	7,100	9,081	1,981
Lease income	46,000	64,000	62,583	(1,417)
Fall festival and park donations	22,125	500	465	(35)
Other		51,975	57,697	5,722
Total	<u>907,075</u>	<u>962,680</u>	<u>990,475</u>	<u>27,795</u>
Amounts available for appropriation	<u>1,776,842</u>	<u>1,832,447</u>	<u>1,860,242</u>	<u>27,795</u>
Charges to Appropriations (Outflows):				
General Government:				
Personnel services	168,295	145,658	141,446	4,212
Materials and supplies	3,000	4,000	3,722	278
Other services and charges	263,260	298,252	279,592	18,660
Capital expenditures	4,800	3,000	2,329	671
Total General Government	<u>439,355</u>	<u>450,910</u>	<u>427,089</u>	<u>23,821</u>
Public Safety:				
Personnel services	396,162	385,933	375,752	10,181
Materials and supplies	37,300	29,026	26,758	2,268
Other services and charges	36,566	36,828	34,150	2,678
Capital expenditures	1,300	1,239	953	286
Total Public Safety	<u>471,328</u>	<u>453,026</u>	<u>437,613</u>	<u>15,413</u>
Park Department:				
Personnel services	10,923	8,885	8,885	-
Other services and charges	22,334	20,118	15,450	4,668
Total Park Department	<u>33,257</u>	<u>29,003</u>	<u>24,335</u>	<u>4,668</u>
Total Charges to Appropriations	<u>943,940</u>	<u>932,939</u>	<u>889,037</u>	<u>43,902</u>
Ending Budgetary Fund Balance	<u>\$ 832,902</u>	<u>\$ 899,508</u>	<u>\$ 971,205</u>	<u>\$ 71,697</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 STREET FUND  
 YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 56,063	\$ 56,063	\$ 56,063	-
Resources (Inflows):				
Intergovernmental	780,184	792,334	790,091	(2,243)
Miscellaneous	1,000	10,043	10,043	-
Total	<u>781,184</u>	<u>802,377</u>	<u>800,134</u>	<u>(2,243)</u>
Amounts available for appropriation	<u>837,247</u>	<u>858,440</u>	<u>856,197</u>	<u>(2,243)</u>
Charges to appropriations (Outflows):				
Street Department:				
Personnel services	111,954	115,023	117,149	(2,126)
Materials and supplies	16,738	14,981	13,601	1,380
Other services and charges	629,610	78,515	21,901	56,614
Capital expenditures	23,707	593,858	580,200	13,658
Total Street Department	<u>782,009</u>	<u>802,377</u>	<u>732,851</u>	<u>69,526</u>
Total Charges to Appropriations	<u>782,009</u>	<u>802,377</u>	<u>732,851</u>	<u>69,526</u>
Ending Budgetary Fund Balance	<u>\$ 55,238</u>	<u>\$ 56,063</u>	<u>\$ 123,346</u>	<u>\$ 67,283</u>

CITY OF ASHLAND, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
APRIL 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 176,287	\$ 193,404	\$ 87,918	\$ 457,609
Restricted cash and cash equivalents	867,717	1,149,426	-	2,017,143
Total Cash and Cash Equivalents	<u>1,044,004</u>	<u>1,342,830</u>	<u>87,918</u>	<u>2,474,752</u>
Investments				
Restricted certificates of deposit	66,405	96,396	-	162,801
Restricted investments held in escrow	18,468	411,046	-	429,514
Total Investments	<u>84,873</u>	<u>507,442</u>	<u>-</u>	<u>592,315</u>
Total Current Assets	<u>1,128,877</u>	<u>1,850,272</u>	<u>87,918</u>	<u>3,067,067</u>
Noncurrent Assets:				
Land	186,609	42,137	-	228,746
Construction in process	188,852	1,727,652	-	1,916,504
Other capital assets, net of accumulated depreciation	4,023,581	1,789,643	-	5,813,224
Total Noncurrent Assets	<u>4,399,042</u>	<u>3,559,432</u>	<u>-</u>	<u>7,958,474</u>
Total Assets	<u>\$ 5,527,919</u>	<u>\$ 5,409,704</u>	<u>\$ 87,918</u>	<u>\$ 11,025,541</u>
<b>Liabilities</b>				
Current Liabilities:				
Bonds payable - current portion	83,000	109,000	-	192,000
Capital lease payable - current portion	-	12,541	-	12,541
Total Current Liabilities	<u>83,000</u>	<u>121,541</u>	<u>-</u>	<u>204,541</u>
Noncurrent Liabilities:				
Refundable deposits	102,580	-	-	102,580
Bonds payable - long-term portion	841,000	2,077,800	-	2,918,800
Capital lease payable - long-term portion	-	26,557	-	26,557
Total Noncurrent Liabilities	<u>943,580</u>	<u>2,104,357</u>	<u>-</u>	<u>3,047,937</u>
Total Liabilities	<u>\$ 1,026,580</u>	<u>\$ 2,225,898</u>	<u>\$ -</u>	<u>\$ 3,252,478</u>
<b>Net Position</b>				
Net investment in capital assets	3,475,042	1,455,075	-	4,930,117
Restricted but expendable for debt service	952,590	1,265,553	-	2,218,143
Restricted but expendable for construction	-	391,315	-	391,315
Unrestricted (Deficit)	73,707	71,863	87,918	233,488
Total Net Position	<u>\$ 4,501,339</u>	<u>\$ 3,183,806</u>	<u>\$ 87,918</u>	<u>\$ 7,773,063</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2017

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Charges for services	\$ 652,473	\$ 880,749	\$ 405,831	\$ 1,939,053
Miscellaneous	48,444	-	-	48,444
Total Operating Revenues	<u>700,917</u>	<u>880,749</u>	<u>405,831</u>	<u>1,987,497</u>
Operating Expenses:				
Personnel services	168,053	151,468	29,514	349,035
Materials and supplies	73,185	34,663	342,054	449,902
Repairs and maintenance	6,180	105,330	25,849	137,359
Utilities	22,365	9,990	-	32,355
Other	44,853	15,231	6,131	66,215
Depreciation	153,296	100,202	-	253,498
Total Operating Expenses	<u>467,932</u>	<u>416,884</u>	<u>403,548</u>	<u>1,288,364</u>
Operating Income (Loss)	<u>232,985</u>	<u>463,865</u>	<u>2,283</u>	<u>699,133</u>
Non-Operating Revenues (Expenses):				
Investment income	48,390	21,298	-	69,688
Interest expense and fees on debt	(55,266)	(75,465)	-	(130,731)
Total nonoperating revenues (expenses)	<u>(6,876)</u>	<u>(54,167)</u>	<u>-</u>	<u>(61,043)</u>
Income Before Capital Grants and Contributions	226,109	409,698	2,283	638,090
Capital grants and contributions	<u>-</u>	<u>453,798</u>	<u>-</u>	<u>453,798</u>
Net Income	226,109	863,496	2,283	1,091,888
Net Position, Beginning	<u>4,275,230</u>	<u>2,320,310</u>	<u>85,635</u>	<u>6,681,175</u>
Net Position, Ending	<u>\$ 4,501,339</u>	<u>\$ 3,183,806</u>	<u>\$ 87,918</u>	<u>\$ 7,773,063</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2017

	Business-Type Activities - Enterprise Funds			Total
	Water	Sewer	Sanitation	
Cash flows from operating activities:				
Receipts from customers	\$ 700,917	\$ 880,749	\$ 405,831	\$ 1,987,497
Payments to suppliers	(128,498)	(165,214)	(374,034)	(667,746)
Payments to employees	(168,053)	(151,468)	(29,514)	(349,035)
Net cash provided by operating activities	<u>404,366</u>	<u>564,067</u>	<u>2,283</u>	<u>970,716</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(171,359)	(1,163,919)	-	(1,335,278)
Capital contributions	-	453,798	-	453,798
Proceed from capital debt	-	1,351,800	-	1,351,800
Principal paid on capital debt	(82,000)	(117,074)	-	(199,074)
Interest and fiscal agent fees paid on capital debt	(55,266)	(75,465)	-	(130,731)
Net cash (used) for capital and related financing a	<u>(308,625)</u>	<u>449,140</u>	<u>-</u>	<u>140,515</u>
Cash flows from investing activities:				
Purchase of investments	74,396	979,514	-	1,053,910
Maturities of investments	(140,011)	(1,467,072)	-	(1,607,083)
Interest income	48,390	21,298	-	69,688
Net cash provided (used) by investing activities	<u>(17,225)</u>	<u>(466,260)</u>	<u>-</u>	<u>(483,485)</u>
Net increase in cash and cash equivalents	78,516	546,947	2,283	627,746
Balance, beginning of year	965,488	795,883	85,635	1,847,006
Balance, end of year	<u>\$ 1,044,004</u>	<u>\$ 1,342,830</u>	<u>\$ 87,918</u>	<u>\$ 2,474,752</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 176,287	\$ 193,404	\$ 87,918	457,609
Segregated cash and cash equivalents	867,717	1,149,426	-	2,017,143
Total cash and cash equivalents, end of year	<u>\$ 1,044,004</u>	<u>\$ 1,342,830</u>	<u>\$ 87,918</u>	<u>\$ 2,474,752</u>
Reconciliation of operating income (loss) to net cash provided				
(used) by operating activities:				
Operating income (loss)	\$ 232,985	\$ 463,865	\$ 2,283	\$ 699,133
Adjustments to reconcile operating income to net cash provided				
(used) by operating activities:				
Depreciation expense	153,296	100,202	-	253,498
Changes in assets and liabilities:				
Refundable deposits	18,085	-	-	18,085
Net cash provided by operating activities	<u>\$ 404,366</u>	<u>\$ 564,067</u>	<u>\$ 2,283</u>	<u>\$ 970,716</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note I-C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Financial Reporting Entity**

The financial reporting entity is composed of the City of Ashland, Missouri (the “City”). The City is the primary government with no component units. The City is an incorporated fourth-class city located in Boone County, Missouri. The City operates under a Mayor-Board of Alderpersons form of government, and is exempt from federal and state income taxes as a political subdivision of the state of Missouri. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity” and includes all component units of which the City appointed a voting majority of the units’ board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. Based on this criteria, there are no related organizations that are considered as potential component units.

**B. Basis of Presentation**

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City’s net position is reported in three parts – net investment in capital assets, restricted assets, and unrestricted assets. The City first utilizes restricted resources to finance qualifying activities.



CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general, public safety, utilities, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general, public safety, utilities, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the City's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds, all of which are reported as nonmajor funds, except the street fund which is considered a major fund.

Fund

Brief Description

Street

Accounts for revenues received and expenditures paid for street improvements.

Court Fund

Accounts for revenues received and expenditures paid for the court system.

Learning Garden Fund

Accounts for grants received and related expenditures.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project fund that is reported as a major fund:

Capital Project

Accounts for contributions and specific revenues and transfers from other City funds and expenditures for various capital projects as the City Board of Alderpersons may designate.

Debt Service Fund

The Debt Service Fund of the City is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Fund**

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City separated the Water, Sewer and Sanitation Enterprise Funds into three separate funds in fiscal year 2017. The Water, Sewer and Sanitation Enterprise Funds are reported as major funds and account for activities of the City in providing water, sewer and trash services to the public.

**C. Measurement Focus and Basis of Accounting**

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement below, within the limitations of the modified cash basis of accounting as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Accounting

The City of Ashland, Missouri, has implemented a new financial reporting model, as required by the provisions of GASB Statements No. 34 and No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 30, 2005.

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

**D. Assets, Liabilities and Equity**

Cash and Cash Equivalents

For the purpose of financial reporting "cash and cash equivalents" includes all demand and savings accounts and money market accounts. A cash change fund held by the City is also included in cash and cash equivalents.

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	7-40 years
Machinery and equipment	5-7 years
Furniture and equipment	5-7 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in the governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in the proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Capitalization of Interest Costs

The Proprietary Funds capitalize the interest cost of restricted tax exempt borrowings, less any interest earned on temporary investments of the proceeds of those borrowings, until the specified assets acquired with those borrowings is placed into service. During fiscal year 2017 no interest was capitalized.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Equity Classifications

*Government-Wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

*Fund Equity – Fund Financial Statements:*

Beginning with FY 2012, the City implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City did not have any nonspendable funds as of year-end.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources because they are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

Management has determined there are no amounts that should be considered restricted.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's board of alderpersons, which is the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of alderpersons removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of year-end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the City's board of alderpersons, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The City's management assigned funds during year as detailed in Note IV-E.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund including any governmental fund in a deficit position.

When fund balance resources are available for a specific purpose in multiple classifications, the City would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

*Contributions and Grants*

Enterprise Funds - Contributions of (or for) fixed assets, including those received from other city funds, and grants received from other Cities for the acquisition of capital assets, are reported as capital contributions.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Revenues, Expenditures and Expenses-**

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Licenses and permits
Public safety	Fines and forfeits, operating grants include grants for police equipment, school resource officers, and for a police secretary.
Streets	Gasoline and motor vehicle sales taxes and driveway permits.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

**F. Use of Estimates**

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**G. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note III-G for details of interfund transactions.



CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations.

**Insured and Collateralized Deposits**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit.

**III. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, net position, revenues, and expenditures/expenses.

**A. Deposits and Investments**

The City complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

Investments - The City may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

The deposits and investments held at April 30, 2017, are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		\$ 4,378,518
Time deposit	05/03/18	66,057
Time deposit	10/21/18	30,339
Time deposit	11/06/18	66,405
		4,541,319
Investments:		
U.S. Fixed Income	01/01/28	19,731
Total investments		19,731
Total deposits and investments		\$ 4,561,050
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,278,695
Restricted cash and cash equivalents		441,792
Investments		411,049
Restricted investments held in escrow		429,514
Total		\$ 4,561,050

Income from investment of pooled cash is allocated to the various funds based on the fund's balance in the pooled account.

***Custodial Credit Risk - Deposits.*** Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$4,128,765 at April 30, 2017, which was fully insured by depository insurance or secured with collateral.

***Investment interest rate risk.*** The City has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at April 30, 2017, are provided in the previous schedule.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

**Investment credit risk.** The City maintains cash deposits and investments which are authorized by the Board. The City invests idle funds in certificates of deposit.

**Concentration of investment credit risk.** The City places no limit on the amount it may invest in any one issuer. At April 30, 2017, the City had no concentration of credit risk.

**B. Restricted Assets**

Restricted assets are comprised of the required bond reserves and others:

Series 2000 and 2002 Revenue Bonds - Principal and interest	\$ 162,801
Series 2000 and 2002 Revenue Bonds - Reserve	2,017,143
Total Bond Restricted Funds Required	2,179,944
Restricted funds held in Escrow	429,514
Restricted for Friends of Ashland	4,761
Restricted for Telephone Tax	27
Restricted for Project Account	355
Total Restricted Assets	\$ 2,614,601

**C. Capital Assets**

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2017, was as follows:

	Balance April 30, 2016	Additions	Disposals	Balance April 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 270,433	\$ -	\$ -	\$ 270,433
Construction in progress	86,193	(75,791)	-	10,402
Total capital assets not being depreciated	356,626	(75,791)	-	280,835
Capital assets being depreciated				
Buildings	403,207	-	-	403,207
Machinery and vehicles	451,988	46,736	(14,615)	484,109
Furniture and equipment	308,983	-	-	308,983
Other property and equipment	124,704	-	-	124,704
Infrastructure	11,292,435	694,527	-	11,986,962
Total capital assets being depreciated	12,581,317	741,263	(14,615)	13,307,965
Total capital assets at historical costs	12,937,943	665,472	(14,615)	13,588,800
Less accumulated depreciation				
Buildings	(195,286)	(11,547)	-	(206,833)
Machinery and vehicles	(328,841)	(46,975)	14,615	(361,201)
Furniture and equipment	(292,509)	(13,002)	-	(305,511)
Other property and equipment	(111,010)	(1,845)	-	(112,855)
Infrastructure	(9,326,711)	(229,067)	-	(9,555,778)
Total accumulated depreciation	(10,254,357)	(302,436)	14,615	(10,542,178)
Total capital assets being depreciated, net	2,326,960	438,827	-	2,765,787
Net capital assets	\$ 2,683,586	\$ 363,036	\$ -	\$ 3,046,622

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

Water

	Balance April 30, 2016	Additions	Disposals	Balance April 30, 2017
Capital assets not being depreciated:				
Land	\$ 186,609	\$ -	\$ -	\$ 186,609
Construction in Progress	188,852	-	-	188,852
Total capital assets not being depreciated	<u>375,461</u>	<u>-</u>	<u>-</u>	<u>375,461</u>
Capital assets being depreciated				
Buildings	420,257	-	-	420,257
Machinery and equipment	34,551	17,106	-	51,657
Vehicles	259,656	31,698	-	291,354
Property and improvements	4,658,514	122,555	-	4,781,069
Total capital assets being depreciated	<u>5,372,978</u>	<u>171,359</u>	<u>-</u>	<u>5,544,337</u>
Total capital assets at historical costs	<u>5,748,439</u>	<u>171,359</u>	<u>-</u>	<u>5,919,798</u>
Less accumulated depreciation				
Buildings	(183,210)	(8,503)	-	(191,713)
Machinery and equipment	(21,730)	(4,186)	-	(25,916)
Vehicles	(196,524)	(19,783)	-	(216,307)
Property and improvements	(965,996)	(120,824)	-	(1,086,820)
Total accumulated depreciation	<u>(1,367,460)</u>	<u>(153,296)</u>	<u>-</u>	<u>(1,520,756)</u>
Total capital assets being depreciated, net	<u>4,005,518</u>	<u>18,063</u>	<u>-</u>	<u>4,023,581</u>
Net capital assets	<u>\$ 4,380,979</u>	<u>\$ 18,063</u>	<u>\$ -</u>	<u>\$ 4,399,042</u>

Sewer

	Balance April 30, 2016	Additions	Disposals	Balance April 30, 2017
Capital assets not being depreciated:				
Land	\$ 42,137	\$ -	\$ -	\$ 42,137
Construction in Progress	572,381	1,155,271	-	1,727,652
Total capital assets not being depreciated	<u>614,518</u>	<u>1,155,271</u>	<u>-</u>	<u>1,769,789</u>
Capital assets being depreciated				
Buildings	64,489	-	-	64,489
Machinery and equipment	130,716	8,648	-	139,364
Vehicles	199,635	-	-	199,635
Property and improvements	2,552,878	-	-	2,552,878
Total capital assets being depreciated	<u>2,947,718</u>	<u>8,648</u>	<u>-</u>	<u>2,956,366</u>
Total capital assets at historical costs	<u>3,562,236</u>	<u>1,163,919</u>	<u>-</u>	<u>4,726,155</u>
Less accumulated depreciation				
Buildings	(38,580)	(2,460)	-	(41,040)
Machinery and equipment	(20,384)	(14,085)	-	(34,469)
Vehicles	(168,342)	(19,763)	-	(188,105)
Property and improvements	(839,215)	(63,894)	-	(903,109)
Total accumulated depreciation	<u>(1,066,521)</u>	<u>(100,202)</u>	<u>-</u>	<u>(1,166,723)</u>
Total capital assets being depreciated, net	<u>1,881,197</u>	<u>(91,554)</u>	<u>-</u>	<u>1,789,643</u>
Net capital assets	<u>\$ 2,495,715</u>	<u>\$ 1,063,717</u>	<u>\$ -</u>	<u>\$ 3,559,432</u>

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

Sanitation

	Balance April 30, 2016	Additions	Disposals	Balance April 30, 2017
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	1,433	-	-	1,433
Property and improvements	-	-	-	-
Total capital assets being depreciated	1,433	-	-	1,433
Total capital assets at historical costs	1,433	-	-	1,433
Less accumulated depreciation				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	(1,433)	-	-	(1,433)
Property and improvements	-	-	-	-
Total accumulated depreciation	(1,433)	-	-	(1,433)
Total capital assets being depreciated, net	-	-	-	-
Net capital assets	\$ -	\$ -	\$ -	\$ -

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

Primary Government:

Governmental activities:

General government	\$ 20,952
Public safety	25,496
Streets	249,893
Park	6,095
Total depreciation expense for governmental activities	<u>\$ 302,436</u>

Business-type activities:

Water	\$ 153,296
Sewer	100,202
Sanitation	-
Total depreciation expense for business-type activities	<u>\$ 253,498</u>

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

**D. Long-Term Debt**

The reporting entity's long-term debt arising from modified cash transactions is segregated between the amounts to be repaid from government activities and amounts to be repaid from business-type activities.

Governmental Activities

As of April 30, 2017, the long-term debt arising from modified cash transactions, payable from governmental fund resources, has been paid off.

Business-Type Activities

As of April 30, 2017, the long-term debt, arising from modified cash transactions, payable from proprietary fund resources consisted of the following:

**Bonds Payable:**

Series 2002: \$325,000 Combined Waterworks and Sewer System Revenue Bonds dated April 8, 2002, interest ranging from 5.0% to 5.625%, semi-annual payments on March 1 and September 1 through 2022. See tables below.

Series 2007: The City issued \$1,000,000 combined waterworks and sewerage system revenue bonds in May 2007 for the purpose of extending and improving the City's combined waterworks and sewerage system. The 2007 bonds have interest rates ranging from 4.00% to 4.25%, with semi-annual payments on January 1 and July 1 through January 1, 2028. See tables below.

Series 2008: The City issued \$1,240,000 water pollution control revenue bonds in October 2008 for the purpose of extending and improving the City's combined waterworks and sewerage system. The 2008 bonds have interest rates ranging from 4.00% to 5.750%, with semi-annual payments on January 1 and July 1 through January 1, 2029. See tables below.

Series 2013: The City issued \$409,000 new refunding revenue bonds in September 2013 to advance refund \$490,000 of the outstanding 2006 revenue bonds. The 2013 bonds have an interest rate of 2.50%, with semi-annual payments on August 15 and February 15 through 2020. See tables below.

Series 2016: The City issued \$1,351,800 new revenue bonds in June 2016 to provide funds for construction. The 2016 bonds have an interest rate of 2.840%, with semi-annual payments on July 1 and January 1 through 2036. See tables below.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

Total proprietary fund bonds payable at April 30, 2017, is \$3,110,800.

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

Utility Deposits - Refundable \$ 102,580

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2017:

Original Issue	Balance May 1, 2016	Additions	Deductions	Balance April 30, 2016	Amount Due Within One Year
<b>Business-Type Activities:</b>					
Revenue Series 2002	\$ 151,000	\$ -	\$ 22,000	\$ 129,000	\$ 23,000
Revenue Series 2007	640,000	-	50,000	590,000	50,000
Revenue Series 2008	855,000	-	60,000	795,000	60,000
Revenue Series 2013	300,000	-	55,000	245,000	59,000
Revenue Series 2016	-	1,351,800	-	1,351,800	31,600
Capital lease obligations	51,172	-	12,074	39,098	12,541
Refundable deposits	84,495	37,200	19,115	102,580	-
Total Business-Type Activities	<u>\$ 2,081,667</u>	<u>\$ 1,389,000</u>	<u>\$ 218,189</u>	<u>\$ 3,252,478</u>	<u>\$ 236,141</u>

Debt Service Requirements To Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, except for refundable deposits, as of April 30, 2017, are as follows:

**2002 Revenue Bonds**

Year Ending April 30,	Principal	Interest	Total
2018	\$ 23,000	\$ 7,256	\$ 30,256
2019	24,000	5,963	29,963
2020	26,000	4,612	30,612
2021	27,000	3,150	30,150
2022	29,000	1,632	30,632
Total	<u>\$ 129,000</u>	<u>\$ 22,613</u>	<u>\$ 151,613</u>

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

**2007 Revenue Bonds Issued for Wastewater Improvements**

Year Ending April 30,	Principal	Interest	Total
2018	\$ 50,000	\$ 25,837	\$ 75,837
2019	50,000	23,838	73,838
2020	50,000	21,837	71,837
2021	50,000	19,775	69,775
2022	50,000	17,525	67,525
2023-2027	280,000	51,825	331,825
2028-2032	60,000	2,625	62,625
Total	<u>\$ 590,000</u>	<u>\$ 163,262</u>	<u>\$ 753,262</u>

**2008 Revenue Bonds Issued for Water Improvements**

Year Ending April 30,	Principal	Interest	Total
2018	\$ 60,000	\$ 43,773	\$ 103,773
2019	60,000	40,772	100,772
2020	60,000	37,623	97,623
2021	60,000	34,547	94,547
2022	65,000	31,338	96,338
2023-2027	340,000	102,017	442,017
2028-2032	150,000	12,937	162,937
Total	<u>\$ 795,000</u>	<u>\$ 303,007</u>	<u>\$ 1,098,007</u>

**2013 Revenue Bonds Issued for Refunding of 2006 Bonds**

Year Ending April 30,	Principal	Interest	Total
2018	\$ 59,000	\$ 5,388	\$ 64,388
2019	63,000	3,862	66,862
2020	62,000	2,300	64,300
2021	61,000	763	61,763
Total	<u>\$ 245,000</u>	<u>\$ 12,313</u>	<u>\$ 257,313</u>

**2016 Revenue Bonds Issued for Construction**

Year Ending April 30,	Principal	Interest	Total
2018	\$ 31,600	\$ 60,721	\$ 92,321
2019	55,200	37,105	92,305
2020	56,600	35,527	92,127
2021	58,400	33,907	92,307
2022	60,000	32,237	92,237
2023-2027	326,700	134,443	461,143
2028-2032	376,200	84,964	461,164
2033-2037	387,100	28,001	415,101
Total	<u>\$ 1,351,800</u>	<u>\$ 446,905</u>	<u>\$ 1,798,705</u>



CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

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

**E. Capital Lease – Business-Type Activities**

On December 13, 2012, the City entered into a cancellable lease agreement as lessee to finance the acquisition of equipment.

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

Year Ended April 30,		
2017	\$	14,053
2018		14,053
2019		14,053
Total minimum lease payments		42,159
Less amount representing interest		(3,061)
Net lease payments	\$	39,098

Property, plant and equipment includes the following amounts for leases which have been capitalized at April 30, 2017:

Equipment	\$	98,817
Less accumulated amortization		(87,287)
Net lease payments	\$	11,530

Amortization of capital leases was \$19,763 for the fiscal year ending April 30, 2017. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

**F. Pledged Revenues**

The water and sewer funds pledged future water and sewer fund revenues, net of specified operating expenses, to repay water and sewer fund revenue bonds and capital leases that were issued for the purpose of water and sewer improvements. The bonds and leases are payable solely from the water and sewer fund net revenues and are payable through 2037. Annual principal and interest payments in 2017 on the bonds and leases required 31% of net revenues. The total principal and interest remaining to be paid on the bonds and leases is \$4,101,059. Principal and interest paid for the current year was \$290,969. Total proprietary fund net revenues for the current year were \$929,854.

**G. Interfund Transfers**

There were no interfund transfers during fiscal year 2017.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**IV. OTHER INFORMATION**

**A. Employee Pension Plan**

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City contribute 4% of their qualifying wage to the pension plan. The April 30 statutorily required contribution rates are 3.6% (General) and 3.1% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

The City contributed \$20,989 to LAGERS (Employer Contribution) in fiscal year 2017.

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**IV. OTHER INFORMATION (continued)**

**C. Taxes**

Property taxes attach as an enforceable lien on property as of January 1. The City's *ad valorem* property tax is levied in August by the City's Board of Alderpersons on the assessed value listed as of the prior January 1 for all real and personal property located in the City of Ashland, Missouri. The taxes are due and payable no later than December 31 and become delinquent January 1 of the following year. The Boone County Collector collects the property taxes and remits them to the City.

The assessed valuation of the tangible property in the City for the calendar year 2016 for purposes of local taxation was \$58,462,974. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2016 for purposes of local taxation was \$.2480 for the General Fund and \$.0 for the Debt Service Fund, or a total tax levy of \$.2480.

Property tax collections consist of current taxes, delinquent taxes, and interest and penalties on delinquent taxes. The receipts of current and delinquent property taxes during the fiscal year ended April 30, 2017, aggregated approximately 98% of the current assessment computed on the basis of the levy.

**D. Litigation**

At April 30, 2017, the City is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provision for loss contingencies that may result from this proceeding. While the outcome of the above noted contingencies cannot be predicted due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

CITY OF ASHLAND, MISSOURI  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

**IV. OTHER INFORMATION (continued)**

**E. Fund Balance**

Classifications of fund balances at April 30, 2017 are as follows:

	General Fund	Street Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Fund Balances:					
Nonspendable					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned for other purposes	5,143	-	-	-	5,143
Assigned for capital projects purposes	-	-	329,124	-	329,124
Assigned for special revenue purposes	-	123,346	-	69,413	192,759
Assigned for debt service purposes	-	-	-	895	895
Unassigned	966,062	-	-	-	966,062
	<u>\$ 971,205</u>	<u>\$ 123,346</u>	<u>\$ 329,124</u>	<u>\$ 70,308</u>	<u>\$ 1,493,983</u>

The City has not adopted a policy that sets forth a minimum fund balance amount.

**F. Fines**

Fines and penalties revenues as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis is \$28,069 for the year ended April 30, 2017, which is 3% of general fund revenues.

**G. Consideration of Subsequent Events**

Subsequent events have been evaluated through July 19, 2017, which is the date the financial statements are available to be issued.

## **SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

Special Revenue Funds

Debt Service Fund

Capital Project Fund

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Court Fund	Accounts for revenues received and expenditures paid for the court system.
Learning Garden Fund	Accounts for grants received and related expenditures.

Debt Service Fund

Debt Service Fund	Accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
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CITY OF ASHLAND, MISSOURI  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2017

	Special Revenue Funds			Total
	Court Fund	Learning Garden	Debt Service Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 59,484	\$ 9,929	\$ 895	\$ 70,308
Total Assets	<u>\$ 59,484</u>	<u>\$ 9,929</u>	<u>\$ 895</u>	<u>\$ 70,308</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Assigned for debt service	-	-	895	895
Assigned for learning garden	-	9,929	-	9,929
Assigned for capital projects	-	-	-	-
Assigned for court fines	59,484	-	-	59,484
Total Fund Balances	<u>59,484</u>	<u>9,929</u>	<u>895</u>	<u>70,308</u>
Total Liabilities and Fund Balances	<u>\$ 59,484</u>	<u>\$ 9,929</u>	<u>\$ 895</u>	<u>\$ 70,308</u>

CITY OF ASHLAND, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2017

	Special Revenue Funds			Debt Service Fund	Total
	Court Fund	Learning Garden			
<b>REVENUES</b>					
Fines and forfeits	\$ 28,014	\$ -	\$ -	\$ -	\$ 28,014
Grant	-	83,260	-	-	83,260
Total Revenues	<u>28,014</u>	<u>83,260</u>	<u>-</u>	<u>-</u>	<u>111,274</u>
<b>EXPENDITURES</b>					
General government	-	88,684	-	-	88,684
Public safety	18,453	-	-	-	18,453
Total Expenditures	<u>18,453</u>	<u>88,684</u>	<u>-</u>	<u>-</u>	<u>107,137</u>
Excess (Deficit) of Revenues over Expenditures	<u>9,561</u>	<u>(5,424)</u>	<u>-</u>	<u>-</u>	<u>4,137</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in (out)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures and Other Sources (Uses)	<u>9,561</u>	<u>(5,424)</u>	<u>-</u>	<u>-</u>	<u>4,137</u>
Fund Balances, beginning	<u>49,923</u>	<u>15,353</u>	<u>895</u>	<u>-</u>	<u>66,171</u>
Fund Balances, ending	<u>\$ 59,484</u>	<u>\$ 9,929</u>	<u>\$ 895</u>	<u>\$ -</u>	<u>\$ 70,308</u>

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
 COURT FUND  
 FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 49,923	\$ 49,923	\$ 49,923	-
Resources (Inflows):				
Fines and forfeits	19,754	27,801	28,014	213
Total	19,754	27,801	28,014	213
Other Financing Sources:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	69,677	77,724	77,937	213
Charges to appropriations (Outflows):				
Police Department:				
Personnel services	252	350	276	74
Other services and charges	14,447	15,350	15,180	170
Training and equipment	5,055	3,100	2,997	103
Total Police Department	19,754	18,800	18,453	347
Total Charges to Appropriations	19,754	18,800	18,453	347
Ending Budgetary Fund Balance	\$ 49,923	\$ 58,924	\$ 59,484	\$ 560

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
 LEARNING GARDEN FUND  
 FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 15,353	\$ 15,353	\$ 15,353	-
Resources (Inflows):				
Grant	100,000	93,122	83,260	(9,862)
Totals	100,000	93,122	83,260	(9,862)
Amounts available for appropriation	115,353	108,475	98,613	(9,862)
Charges to appropriations (Outflows):				
General Government:				
Other services and charges	100,000	93,122	88,684	4,438
Total General Government	100,000	93,122	88,684	4,438
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	100,000	93,122	88,684	4,438
Ending Budgetary Fund Balance	\$ 15,353	\$ 15,353	\$ 9,929	\$ (5,424)

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 895	\$ 895	\$ 895	\$ -
Resources (Inflows):				
Property taxes	-	-	-	-
Investment income	-	-	-	-
Totals	-	-	-	-
Amounts available for appropriation	895	895	895	-
Charges to appropriations (Outflows):				
Debt Service:				
Principal payments	-	-	-	-
Interest and fees	-	-	-	-
Total Debt Service	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Ending Budgetary Fund Balance	<u>\$ 895</u>	<u>\$ 895</u>	<u>\$ 895</u>	<u>\$ -</u>

## OTHER MAJOR FUND

### Capital Project Fund

Capital Project Fund

Accounts for resources restricted for the acquisition or construction of specific capital projects or items.

CITY OF ASHLAND, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 CAPITAL PROJECT FUND  
 YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 286,530	\$ 286,530	\$ 286,530	\$ -
Resources (Inflows):				
Sales taxes	155,000	175,000	174,688	(312)
Total	155,000	175,000	174,688	(312)
Amounts available for appropriation	441,530	461,530	461,218	(312)
Charges to appropriations (Outflows):				
Structural projects and other	223,096	175,000	132,094	42,906
Total	223,096	175,000	132,094	42,906
Total Charges to Appropriations	223,096	175,000	132,094	42,906
Ending Budgetary Fund Balance	\$ 218,434	\$ 286,530	\$ 329,124	\$ 42,594

## **COMPLIANCE AND INTERNAL CONTROL**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ashland, Missouri (the "City"), as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 19, 2017. As described in our report on the financial statements the City prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

PARTNERS

*Fred W. Korte, Jr.*  
*Joseph E. Chitwood*  
*Travis W. Hundley*  
*Jeffrey A. Chitwood*  
*Amy L. Watson*  
*Heidi N. Ross*

PARTNER EMERITUS

*Robert A. Gerding*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.



July 19, 2017

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