

**REPORT OF
CITY OF ASHLAND, MISSOURI
YEAR ENDED APRIL 30, 2018**

CITY OF ASHLAND, MISSOURI

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CITY OF ASHLAND, MISSOURI

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INDEPENDENT AUDITOR'S REPORT

723 Main St.
Boonville, MO 65233
(660) 882-7000
Fax: (660) 882-7765

www.gkccpas.com

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

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.

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

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, 2018, 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 combining & individual non-major fund financial statements 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2018, 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.

A handwritten signature in blue ink, appearing to read "Gerding, Korte & Chitwood".

July 3, 2018

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

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,393,072	\$ 836,457	\$ 2,229,529
Restricted cash and cash equivalents	11,495	1,247,386	1,258,881
Investments	251,138	-	251,138
Restricted investments held in escrow	-	396,441	396,441
Land	270,433	228,746	499,179
Construction in progress	-	2,323,963	2,323,963
Other capital assets, net of accumulated depreciation	2,889,662	5,587,771	8,477,433
Total Assets	4,815,800	10,620,764	15,436,564
LIABILITIES (Note III-D)			
Current Liabilities:			
Due within one year	-	128,226	128,226
Long-Term Liabilities:			
Refundable deposits	-	119,386	119,386
Due in more than one year	-	2,072,219	2,072,219
Total Liabilities	-	2,319,831	2,319,831
NET POSITION			
Net investment in capital assets	3,160,095	5,940,035	9,100,130
Restricted but expendable for:			
Debt service	895	1,430,765	1,431,660
Other purposes	566,353	213,062	779,415
Unrestricted	1,088,457	717,071	1,805,528
Total Net Position	\$ 4,815,800	\$ 8,300,933	\$ 13,116,733

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2018

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	\$ 572,113	\$ 54,149	\$ 60,759	\$ -	\$ (457,205)	\$ -	\$ (457,205)
Public Safety	469,988	40,671	-	-	(429,317)	-	(429,317)
Streets	465,365	-	177,110	-	(288,255)	-	(288,255)
Park	32,300	-	-	-	(32,300)	-	(32,300)
Total Governmental Activities	1,539,766	94,820	237,869	-	(1,207,077)	-	(1,207,077)
Business-Type Activities:							
Water	656,916	728,596	-	-	-	71,680	71,680
Sewer	617,458	985,056	-	-	-	367,598	367,598
Sanitation	432,243	450,859	-	-	-	18,616	18,616
Total Business-Type Activities	1,706,617	2,164,511	-	-	-	457,894	457,894
General Revenues:							
Taxes:							
Property taxes					154,153	-	154,153
Sales taxes					753,750	-	753,750
Motor vehicle and fuel taxes					149,861	-	149,861
Franchise taxes					293,512	-	293,512
Other taxes					9,213	-	9,213
Investment income					19,018	69,976	88,994
Miscellaneous					102,765	-	102,765
Total general revenues					1,482,272	69,976	1,552,248
Change in net position					275,195	527,870	803,065
Net position - beginning					4,540,605	7,773,063	12,313,668
Net position - ending					\$ 4,815,800	\$ 8,300,933	\$ 13,116,733

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2018

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 837,319	\$ 137,311	\$ 418,442	\$ 1,393,072
Restricted cash and cash equivalents	11,495	-	-	11,495
Investments	251,138	-	-	251,138
Total Assets	\$ 1,099,952	\$ 137,311	\$ 418,442	\$ 1,655,705
LIABILITIES AND FUND BALANCES				
Liabilities:				
Other payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted for protested taxes	7,994	-	-	7,994
Assigned for debt service	-	-	895	895
Assigned for street	-	137,311	-	137,311
Assigned for court fines	-	-	66,378	66,378
Assigned for learning garden	-	-	-	-
Assigned for capital projects	-	-	351,169	351,169
Assigned for Telephone Tax	660	-	-	660
Assigned for Friends of Ashland	2,841	-	-	2,841
Unassigned	1,088,457	-	-	1,088,457
Total Fund Balances	1,099,952	137,311	418,442	1,655,705
Total Liabilities and Fund Balances	\$ 1,099,952	\$ 137,311	\$ 418,442	

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 \$10,856,357 are not financial resources and, therefore, are not reported in the funds.	<u>3,160,095</u>
Net position of governmental activities	<u>\$ 4,815,800</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2018

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 154,153	\$ -	\$ -	\$ 154,153
Sales taxes	394,758	178,996	179,996	753,750
Franchise taxes	293,512	-	-	293,512
Other taxes	9,213	-	-	9,213
Intergovernmental	500	326,971	60,259	387,730
Licenses and permits	54,129	20	-	54,149
Fines and forfeits	60	-	40,611	40,671
Investment income	19,018	-	-	19,018
Miscellaneous	101,501	1,264	-	102,765
Total Revenues	1,026,844	507,251	280,866	1,814,961
EXPENDITURES:				
General government	457,314	-	228,139	685,453
Public safety	413,464	-	33,717	447,181
Streets	-	493,286	-	493,286
Parks	27,319	-	-	27,319
Capital outlay	-	-	-	-
Total Expenditures	898,097	493,286	261,856	1,653,239
Excess (Deficit) of Revenues over Expenditures	128,747	13,965	19,010	161,722
Fund Balance, Beginning	971,205	123,346	399,432	1,493,983
Fund Balance, Ending	<u>\$ 1,099,952</u>	<u>\$ 137,311</u>	<u>\$ 418,442</u>	<u>\$ 1,655,705</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 161,722

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	450,090
Depreciation expense	(336,617)
	<u>113,473</u>

Change in Net Position of Governmental Activities \$ 275,195

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 971,205	\$ 971,205	\$ 971,205	\$ 71,697
Resources (Inflows):				
Property taxes	155,000	154,153	154,153	-
Sales taxes	397,000	394,758	394,758	-
Franchise taxes	276,000	284,178	293,512	9,334
Other taxes	5,500	9,213	9,213	-
Intergovernmental	1,350	500	500	-
Alcoholic beverage licenses	2,500	2,322	2,322	-
Building permits	51,000	50,500	51,807	1,307
Municipal court fines and fees	-	60	60	-
Investment income	8,000	18,230	19,018	788
Lease income	66,000	43,830	43,850	20
Fall festival and park donations	500	309	309	-
Other	51,250	52,487	57,342	4,855
Total	<u>1,014,100</u>	<u>1,010,540</u>	<u>1,026,844</u>	<u>16,304</u>
Amounts available for appropriation	<u>1,985,305</u>	<u>1,981,745</u>	<u>1,998,049</u>	<u>88,001</u>
Charges to Appropriations (Outflows):				
General Government:				
Personnel services	173,000	160,638	160,004	634
Materials and supplies	4,000	3,546	3,546	-
Other services and charges	319,950	301,768	291,729	10,039
Capital expenditures	5,000	2,035	2,035	-
Total General Government	<u>501,950</u>	<u>467,987</u>	<u>457,314</u>	<u>10,673</u>
Public Safety:				
Personnel services	400,250	347,671	344,929	2,742
Materials and supplies	35,500	26,023	26,023	-
Other services and charges	41,300	40,477	40,477	-
Capital expenditures	1,300	2,035	2,035	-
Total Public Safety	<u>478,350</u>	<u>416,206</u>	<u>413,464</u>	<u>2,742</u>
Park Department:				
Personnel services	13,100	13,118	13,118	-
Other services and charges	20,700	14,201	14,201	-
Total Park Department	<u>33,800</u>	<u>27,319</u>	<u>27,319</u>	<u>-</u>
Total Charges to Appropriations	<u>1,014,100</u>	<u>911,512</u>	<u>898,097</u>	<u>13,415</u>
Ending Budgetary Fund Balance	<u>\$ 971,205</u>	<u>\$ 1,070,233</u>	<u>\$ 1,099,952</u>	<u>\$ 101,416</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 STREET FUND
 YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance	\$ 123,346	\$ 123,346	\$ 123,346	67,283
Resources (Inflows):				
Sales taxes	176,000	178,996	178,996	-
Intergovernmental	304,600	326,426	326,971	545
Licenses and permits	22,000	20	20	-
Miscellaneous	-	1,264	1,264	-
Total	<u>502,600</u>	<u>506,706</u>	<u>507,251</u>	<u>545</u>
Amounts available for appropriation	<u>625,946</u>	<u>630,052</u>	<u>630,597</u>	<u>67,828</u>
Charges to appropriations (Outflows):				
Street Department:				
Personnel services	110,916	101,678	99,796	1,882
Materials and supplies	4,500	4,843	4,843	-
Other services and charges	44,300	355,038	355,038	-
Capital expenditures	342,884	33,610	33,609	1
Total Street Department	<u>502,600</u>	<u>495,169</u>	<u>493,286</u>	<u>1,883</u>
Total Charges to Appropriations	<u>502,600</u>	<u>495,169</u>	<u>493,286</u>	<u>1,883</u>
Ending Budgetary Fund Balance	<u>\$ 123,346</u>	<u>\$ 134,883</u>	<u>\$ 137,311</u>	<u>\$ 69,711</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 470,374	\$ 259,549	\$ 106,534	\$ 836,457
Restricted cash and cash equivalents	801,244	446,142	-	1,247,386
Total Cash and Cash Equivalents	<u>1,271,618</u>	<u>705,691</u>	<u>106,534</u>	<u>2,083,843</u>
Investments				
Restricted certificates of deposit	67,402	97,611	-	165,013
Restricted investments held in escrow	18,366	213,062	-	231,428
Total Investments	<u>85,768</u>	<u>310,673</u>	<u>-</u>	<u>396,441</u>
Total Current Assets	<u>1,357,386</u>	<u>1,016,364</u>	<u>106,534</u>	<u>2,480,284</u>
Noncurrent Assets:				
Land	186,609	42,137	-	228,746
Construction in process	188,852	2,135,111	-	2,323,963
Other capital assets, net of accumulated depreciation	3,870,302	1,717,469	-	5,587,771
Total Noncurrent Assets	<u>4,245,763</u>	<u>3,894,717</u>	<u>-</u>	<u>8,140,480</u>
Total Assets	<u>\$ 5,603,149</u>	<u>\$ 4,911,081</u>	<u>\$ 106,534</u>	<u>\$ 10,620,764</u>
Liabilities				
Current Liabilities:				
Bonds payable - current portion	60,000	55,200	-	115,200
Capital lease payable - current portion	-	13,026	-	13,026
Total Current Liabilities	<u>60,000</u>	<u>68,226</u>	<u>-</u>	<u>128,226</u>
Noncurrent Liabilities:				
Refundable deposits	119,386	-	-	119,386
Bonds payable - long-term portion	675,000	1,383,688	-	2,058,688
Capital lease payable - long-term portion	-	13,531	-	13,531
Total Noncurrent Liabilities	<u>794,386</u>	<u>1,397,219</u>	<u>-</u>	<u>2,191,605</u>
Total Liabilities	<u>\$ 854,386</u>	<u>\$ 1,465,445</u>	<u>\$ -</u>	<u>\$ 2,319,831</u>
Net Position				
Net investment in capital assets	3,510,763	2,429,272	-	5,940,035
Restricted but expendable for debt service	887,012	543,753	-	1,430,765
Restricted but expendable for construction	-	213,062	-	213,062
Unrestricted (Deficit)	350,988	259,549	106,534	717,071
Total Net Position	<u>\$ 4,748,763</u>	<u>\$ 3,445,636</u>	<u>\$ 106,534</u>	<u>\$ 8,300,933</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, 2018

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating Revenues:				
Charges for services	\$ 680,477	\$ 985,056	\$ 450,859	\$ 2,116,392
Miscellaneous	48,119	-	-	48,119
Total Operating Revenues	<u>728,596</u>	<u>985,056</u>	<u>450,859</u>	<u>2,164,511</u>
Operating Expenses:				
Personnel services	155,756	151,730	37,338	344,824
Materials and supplies	99,018	29,737	385,388	514,143
Repairs and maintenance	6,946	146,412	3,636	156,994
Utilities	23,441	83,512	-	106,953
Other	52,387	17,722	5,881	75,990
Depreciation	153,279	97,006	-	250,285
Total Operating Expenses	<u>490,827</u>	<u>526,119</u>	<u>432,243</u>	<u>1,449,189</u>
Operating Income (Loss)	<u>237,769</u>	<u>458,937</u>	<u>18,616</u>	<u>715,322</u>
Non-Operating Revenues (Expenses):				
Investment income	57,056	12,920	-	69,976
Interest expense and fees on debt	(47,401)	(210,027)	-	(257,428)
Total nonoperating revenues (expenses)	<u>9,655</u>	<u>(197,107)</u>	<u>-</u>	<u>(187,452)</u>
Income Before Capital Grants and Contributions	247,424	261,830	18,616	527,870
Capital grants and contributions	-	-	-	-
Net Income	247,424	261,830	18,616	527,870
Net Position, Beginning	<u>4,501,339</u>	<u>3,183,806</u>	<u>87,918</u>	<u>7,773,063</u>
Net Position, Ending	<u>\$ 4,748,763</u>	<u>\$ 3,445,636</u>	<u>\$ 106,534</u>	<u>\$ 8,300,933</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2018

	Business-Type Activities - Enterprise Fund			Total
	Water	Sewer	Sanitation	
Cash flows from operating activities:				
Receipts from customers	\$ 728,596	\$ 985,056	\$ 450,859	\$ 2,164,511
Payments to suppliers	(164,986)	(277,383)	(394,905)	(837,274)
Payments to employees	(155,756)	(151,730)	(37,338)	(344,824)
Net cash provided by operating activities	<u>407,854</u>	<u>555,943</u>	<u>18,616</u>	<u>982,413</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	-	(432,291)	-	(432,291)
Proceed from capital debt	-	118,688	-	118,688
Principal paid on capital debt	(189,000)	(879,141)	-	(1,068,141)
Interest and fiscal agent fees paid on capital debt	(47,401)	(210,027)	-	(257,428)
Net cash (used) for capital and related financing activities	<u>(236,401)</u>	<u>(1,402,771)</u>	<u>-</u>	<u>(1,639,172)</u>
Cash flows from investing activities:				
Purchase of investments	(85,768)	(310,673)	-	(396,441)
Maturities of investments	84,873	507,442	-	592,315
Interest income	57,056	12,920	-	69,976
Net cash provided (used) by investing activities	<u>56,161</u>	<u>209,689</u>	<u>-</u>	<u>265,850</u>
Net increase in cash and cash equivalents	227,614	(637,139)	18,616	(390,909)
Balance, beginning of year	<u>1,044,004</u>	<u>1,342,830</u>	<u>87,918</u>	<u>2,474,752</u>
Balance, end of year	<u>\$ 1,271,618</u>	<u>\$ 705,691</u>	<u>\$ 106,534</u>	<u>\$ 2,083,843</u>
Reconciliation to Statement of Net Position				
Cash and cash equivalents	\$ 470,374	\$ 259,549	\$ 106,534	836,457
Segregated cash and cash equivalents	801,244	446,142	-	1,247,386
Total cash and cash equivalents, end of year	<u>\$ 1,271,618</u>	<u>\$ 705,691</u>	<u>\$ 106,534</u>	<u>\$ 2,083,843</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 237,769	\$ 458,937	\$ 18,616	\$ 715,322
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	153,279	97,006	-	250,285
Changes in assets and liabilities:				
Refundable deposits	16,806	-	-	16,806
Net cash provided by operating activities	<u>\$ 407,854</u>	<u>\$ 555,943</u>	<u>\$ 18,616</u>	<u>\$ 982,413</u>

See Notes to Financial Statements

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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, 2018

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, 2018

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.

Street Fund	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. This fund is reported as a non-major fund.

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, 2018

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 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, 2018

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, 2018

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 2018 no interest was capitalized.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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

The deposits and investments held at April 30, 2018, are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		\$ 3,970,946
Time deposit	05/03/18	66,817
Time deposit	10/21/18	30,794
Time deposit	11/06/18	67,402
Total		4,135,959
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 2,229,529
Restricted cash and cash equivalents		1,258,881
Investments		251,138
Restricted investments held in escrow		396,411
Total		\$ 4,135,959

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 \$3,894,903 at April 30, 2018, 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, 2018, are provided in the previous schedule.

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, 2018, the City had no concentration of credit risk.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

B. Restricted Assets

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

Revenue Bonds - Principal and interest	\$	119,849
Revenue Bonds - Reserve		1,308,235
Total Bond Restricted Funds Required		1,428,084
Restricted funds held in Escrow		231,248
Restricted for Friends of Ashland		2,841
Restricted for Telephone Tax		660
Restricted for Protested Taxes		7,994
Total Restricted Assets	\$	1,670,827

C. Capital Assets

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2018, was as follows:

	Balance April 30, 2017	Additions	Disposals	Balance April 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 270,433	\$ -	\$ -	\$ 270,433
Construction in progress	10,402	(10,402)	-	-
Total capital assets not being depreciated	280,835	(10,402)	-	270,433
Capital assets being depreciated				
Buildings	403,207	-	-	403,207
Machinery and vehicles	484,109	48,450	(22,438)	510,121
Furniture and equipment	308,983	-	-	308,983
Other property and equipment	124,704	-	-	124,704
Infrastructure	11,986,962	412,042	-	12,399,004
Total capital assets being depreciated	13,307,965	460,492	(22,438)	13,746,019
Total capital assets at historical costs	13,588,800	450,090	(22,438)	14,016,452
Less accumulated depreciation				
Buildings	(206,833)	(11,039)	-	(217,872)
Machinery and vehicles	(361,201)	(36,957)	22,438	(375,720)
Furniture and equipment	(305,511)	(9,349)	-	(314,860)
Other property and equipment	(112,855)	(1,044)	-	(113,899)
Infrastructure	(9,555,778)	(278,228)	-	(9,834,006)
Total accumulated depreciation	(10,542,178)	(336,617)	22,438	(10,856,357)
Total capital assets being depreciated, net	2,765,787	123,875	-	2,889,662
Net capital assets	\$ 3,046,622	\$ 113,473	\$ -	\$ 3,160,095

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

Water

	Balance April 30, 2017	Additions	Disposals	Balance April 30, 2018
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	51,657	-	-	51,657
Vehicles	291,354	-	-	291,354
Property and improvements	4,781,069	-	-	4,781,069
Total capital assets being depreciated	<u>5,544,337</u>	<u>-</u>	<u>-</u>	<u>5,544,337</u>
Total capital assets at historical costs	<u>5,919,798</u>	<u>-</u>	<u>-</u>	<u>5,919,798</u>
Less accumulated depreciation				
Buildings	(191,713)	(8,503)	-	(200,216)
Machinery and equipment	(25,916)	(5,612)	-	(31,528)
Vehicles	(216,307)	(16,553)	-	(232,860)
Property and improvements	(1,086,820)	(122,611)	-	(1,209,431)
Total accumulated depreciation	<u>(1,520,756)</u>	<u>(153,279)</u>	<u>-</u>	<u>(1,674,035)</u>
Total capital assets being depreciated, net	<u>4,023,581</u>	<u>(153,279)</u>	<u>-</u>	<u>3,870,302</u>
Net capital assets	<u>\$ 4,399,042</u>	<u>\$ (153,279)</u>	<u>\$ -</u>	<u>\$ 4,245,763</u>

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Sewer

	Balance April 30, 2017	Additions	Disposals	Balance April 30, 2018
Capital assets not being depreciated:				
Land	\$ 42,137	\$ -	\$ -	\$ 42,137
Construction in Progress	1,727,652	407,459	-	2,135,111
Total capital assets not being depreciated	<u>1,769,789</u>	<u>407,459</u>	<u>-</u>	<u>2,177,248</u>
Capital assets being depreciated				
Buildings	64,489	-	-	64,489
Machinery and equipment	139,364	24,832	(5,400)	158,796
Vehicles	199,635	-	-	199,635
Property and improvements	2,552,878	-	-	2,552,878
Total capital assets being depreciated	<u>2,956,366</u>	<u>24,832</u>	<u>(5,400)</u>	<u>2,975,798</u>
Total capital assets at historical costs	<u>4,726,155</u>	<u>432,291</u>	<u>(5,400)</u>	<u>5,153,046</u>
Less accumulated depreciation				
Buildings	(41,040)	(2,460)	-	(43,500)
Machinery and equipment	(34,469)	(14,157)	-	(48,626)
Vehicles	(188,105)	(16,495)	5,400	(199,200)
Property and improvements	(903,109)	(63,894)	-	(967,003)
Total accumulated depreciation	<u>(1,166,723)</u>	<u>(97,006)</u>	<u>5,400</u>	<u>(1,258,329)</u>
Total capital assets being depreciated, net	<u>1,789,643</u>	<u>(72,174)</u>	<u>-</u>	<u>1,717,469</u>
Net capital assets	<u>\$ 3,559,432</u>	<u>\$ 335,285</u>	<u>\$ -</u>	<u>\$ 3,894,717</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

Sanitation

	Balance <u>April 30, 2017</u>	Additions	Disposals	Balance <u>April 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	1,433	-	-	1,433
Property and improvements	-	-	-	-
Total capital assets being depreciated	<u>1,433</u>	<u>-</u>	<u>-</u>	<u>1,433</u>
Total capital assets at historical costs	<u>1,433</u>	<u>-</u>	<u>-</u>	<u>1,433</u>
Less accumulated depreciation				
Buildings	-	-	-	-
Machinery and vehicles	-	-	-	-
Furniture and equipment	(1,433)	-	-	(1,433)
Property and improvements	-	-	-	-
Total accumulated depreciation	<u>(1,433)</u>	<u>-</u>	<u>-</u>	<u>(1,433)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Primary Government:

Governmental activities:

General government	\$ 20,096
Public safety	22,807
Streets	288,733
Park	4,981
Total depreciation expense for governmental activities	<u>\$ 336,617</u>

Business-type activities:

Water	\$ 153,279
Sewer	97,006
Sanitation	-
Total depreciation expense for business-type activities	<u>\$ 250,285</u>

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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, 2018, there is no long-term debt arising from modified cash transactions, payable from governmental fund resources.

Business-Type Activities

As of April 30, 2018, the long-term debt, arising from modified cash transactions, payable from proprietary fund resources consisted of the following:

Bonds Payable:

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 on the following pages.

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 on the following pages.

Series 2018: The City issued \$6,408,000 new revenue bonds in June 2018 to provide funds for construction. The 2018 bonds have an interest rate of 1.32%, with semi-annual payments on July 1 and January 1 through 2039. The City received \$118,688 of the proceeds to pay closing costs in fiscal year 2018. See tables on the following pages.

Total proprietary fund bonds payable at April 30, 2018, is \$2,173,888.

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

Utility Deposits - Refundable	\$	119,386
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CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2018:

Original Issue	Balance May 1, 2017	Additions	Deductions	Balance April 30, 2018	Amount Due Within One Year
Business-Type Activities:					
Revenue Series 2002	\$ 129,000	\$ -	\$ 129,000	\$ -	\$ -
Revenue Series 2007	590,000	-	590,000	-	-
Revenue Series 2008	795,000	-	60,000	735,000	60,000
Revenue Series 2013	245,000	-	245,000	-	-
Revenue Series 2016	1,351,800	-	31,600	1,320,200	55,200
Revenue Series 2018	-	118,688	-	118,688	-
Capital lease obligations	39,098	-	12,541	26,557	13,026
Refundable deposits	102,580	41,813	25,007	119,386	-
Total Business-Type Activities	\$ 3,252,478	\$ 160,501	\$ 1,093,148	\$ 2,319,831	\$ 128,226

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, 2018, are as follows:

2008 Revenue Bonds Issued for Water Improvements

Year Ending April 30,	Principal	Interest	Total
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	65,000	27,827	92,827
2024-2028	350,000	82,815	432,815
2029-2033	75,000	4,312	79,312
Total	\$ 735,000	\$ 259,234	\$ 994,234

2016 Revenue Bonds Issued for Construction

Year Ending April 30,	Principal	Interest	Total
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	61,700	30,521	92,221
2024-2028	336,100	125,098	461,198
2029-2033	386,900	74,205	461,105
2034-2037	305,300	17,584	322,884
Total	\$ 1,320,200	\$ 386,184	\$ 1,706,384

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

2018 Revenue Bonds Issued for Construction (assuming all funds are used for construction)

Year Ending April 30,	Principal	Interest	Total
2019	\$ -	\$ -	\$ -
2020	-	84,586	84,586
2021	275,000	83,681	358,681
2022	281,000	80,032	361,032
2023	286,000	76,309	362,309
2024-2028	1,512,000	323,228	1,835,228
2029-2033	1,657,000	219,206	1,876,206
2034-2038	1,818,000	105,118	1,923,118
2039-2040	579,000	7,669	586,669
Total	<u>\$ 6,408,000</u>	<u>\$ 979,829</u>	<u>\$ 7,387,829</u>

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,	
2018	\$ 14,053
2019	<u>14,053</u>
Total minimum lease payments	28,106
Less amount representing interest	<u>(1,549)</u>
Net lease payments	<u>\$ 26,557</u>

Property, plant and equipment includes the following amounts for leases which have been capitalized at April 30, 2018:

Equipment	\$ 98,817
Less accumulated amortization	<u>(98,817)</u>
Net lease payments	<u>\$ -</u>

Amortization of capital leases was \$11,530 for the fiscal year ending April 30, 2018. Such amounts are a component of depreciation and amortization expense in the accompanying financial statements.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

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 2040. Annual principal and interest payments in 2018 on the bonds and leases required 100% of net revenues. The total principal and interest remaining to be paid on the bonds and leases is \$10,116,553. Principal and interest paid for the current year was \$1,206,881. Total proprietary fund net revenues for the current year were \$1,035,583.

G. Interfund Transfers

There were no interfund transfers during fiscal year 2018.

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.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

IV. OTHER INFORMATION (continued)

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 \$27,071 to LAGERS (Employer Contribution) in fiscal year 2018.

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.

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 2017 for purposes of local taxation was \$61,431,941. The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2017 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, 2018, aggregated approximately 101.2% of the current assessment computed on the basis of the levy.

CITY OF ASHLAND, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

IV. OTHER INFORMATION (continued)

D. Litigation

At April 30, 2018, 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.

E. Fund Balance

Classifications of fund balances at April 30, 2018 are as follows:

	General Fund	Street Fund	Non-Major Governmental Funds	Total
Fund Balances:				
Nonspendable				
Restricted	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned for other purposes	11,495	-	-	11,495
Assigned for capital projects purposes	-	-	351,169	351,169
Assigned for special revenue purposes	-	137,311	66,378	203,689
Assigned for debt service purposes	-	-	895	895
Unassigned	1,088,457	-	-	1,088,457
	<u>\$ 1,099,952</u>	<u>\$ 137,311</u>	<u>\$ 418,442</u>	<u>\$ 1,655,705</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 \$40,671 for the year ended April 30, 2018, which is 4% of general fund revenues.

G. Consideration of Subsequent Events

Subsequent events have been evaluated through July 3, 2018, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

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

Special Revenue Funds
Capital Project Fund
Debt Service 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.

Capital Projects Fund

Capital Projects Fund	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.
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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, 2018

	Special Revenue Funds		Capital Projects	Debt Service Fund	Total
	Court Fund	Learning Garden			
ASSETS:					
Cash and cash equivalents	\$ 66,378	\$ -	\$ 351,169	\$ 895	\$ 418,442
Total Assets	<u>\$ 66,378</u>	<u>\$ -</u>	<u>\$ 351,169</u>	<u>\$ 895</u>	<u>\$ 418,442</u>
LIABILITIES AND FUND BALANCES:					
Current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Assigned for debt service	-	-	-	895	895
Assigned for learning garden	-	-	-	-	-
Assigned for capital projects	-	-	351,169	-	351,169
Assigned for court fines	66,378	-	-	-	66,378
Total Fund Balances	<u>66,378</u>	<u>-</u>	<u>351,169</u>	<u>895</u>	<u>418,442</u>
Total Liabilities and Fund Balances	<u>\$ 66,378</u>	<u>\$ -</u>	<u>\$ 351,169</u>	<u>\$ 895</u>	<u>\$ 418,442</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, 2018

	Special Revenue Funds		Capital Projects	Debt Service Fund	Total
	Court Fund	Learning Garden			
REVENUES					
Fines and forfeits	\$ 40,611	\$ -	\$ -	\$ -	\$ 40,611
Sales taxes	-	-	179,996	-	179,996
Grant	-	60,259	-	-	60,259
Total Revenues	<u>40,611</u>	<u>60,259</u>	<u>179,996</u>	<u>-</u>	<u>280,866</u>
EXPENDITURES					
General government	-	70,188	157,951	-	228,139
Public safety	33,717	-	-	-	33,717
Total Expenditures	<u>33,717</u>	<u>70,188</u>	<u>157,951</u>	<u>-</u>	<u>261,856</u>
Excess (Deficit) of Revenues over Expenditures	<u>6,894</u>	<u>(9,929)</u>	<u>22,045</u>	<u>-</u>	<u>19,010</u>
OTHER FINANCING SOURCES (USES)					
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>6,894</u>	<u>(9,929)</u>	<u>22,045</u>	<u>-</u>	<u>19,010</u>
Fund Balances, beginning	<u>59,484</u>	<u>9,929</u>	<u>329,124</u>	<u>895</u>	<u>399,432</u>
Fund Balances, ending	<u>\$ 66,378</u>	<u>\$ -</u>	<u>\$ 351,169</u>	<u>\$ 895</u>	<u>\$ 418,442</u>

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 COURT FUND
 FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 59,484	\$ 59,484	\$ 59,484	560
Resources (Inflows):				
Fines and forfeits	34,473	47,070	40,611	(6,459)
Total	34,473	47,070	40,611	(6,459)
Other Financing Sources:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	93,957	106,554	100,095	(6,459)
Charges to appropriations (Outflows):				
Police Department:				
Personnel services	5,179	14,790	14,621	169
Other services and charges	15,400	15,912	15,912	-
Training and equipment	2,398	5,997	3,184	2,813
Total Police Department	22,977	36,699	33,717	2,982
Total Charges to Appropriations	22,977	36,699	33,717	2,982
Ending Budgetary Fund Balance	\$ 70,980	\$ 69,855	\$ 66,378	\$ (3,477)

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 LEARNING GARDEN FUND
 FOR THE YEAR ENDED APRIL 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 9,929	\$ 9,929	\$ 9,929	(5,424)
Resources (Inflows):				
Grant	36,699	60,259	60,259	-
Totals	<u>36,699</u>	<u>60,259</u>	<u>60,259</u>	<u>-</u>
Amounts available for appropriation	<u>46,628</u>	<u>70,188</u>	<u>70,188</u>	<u>(5,424)</u>
Charges to appropriations (Outflows):				
General Government:				
Other services and charges	36,699	70,188	70,188	-
Total General Government	<u>36,699</u>	<u>70,188</u>	<u>70,188</u>	<u>-</u>
Other Financing Uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>36,699</u>	<u>70,188</u>	<u>70,188</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ 9,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,424)</u>

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECT FUND
 YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 329,124	\$ 329,124	\$ 329,124	\$ 42,594
Resources (Inflows):				
Sales taxes	176,000	179,996	179,996	-
Total	176,000	179,996	179,996	-
Amounts available for appropriation	505,124	509,120	509,120	42,594
Charges to appropriations (Outflows):				
Structural projects and other	176,000	157,951	157,951	-
Total	176,000	157,951	157,951	-
Total Charges to Appropriations	176,000	157,951	157,951	-
Ending Budgetary Fund Balance	\$ 329,124	\$ 351,169	\$ 351,169	\$ 42,594

CITY OF ASHLAND, MISSOURI
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
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	\$ 895	\$ 895	\$ 895	\$ -

COMPLIANCE AND INTERNAL CONTROL



GERDING, KORTE & CHITWOOD CPAS

Professional Corporation

Certified Public Accountants

**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
(660) 882-7000
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, 2018, 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 3, 2018. 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. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (2018-001).

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*.

City of Ashland's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in blue ink, appearing to read "Gerding, Korte & Chitwood".

July 3, 2018

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

CITY OF ASHLAND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
APRIL 30, 2018

2018-001	Accounting Personnel
Criteria:	Proper segregation of duties reduces the risk of errors and fraud and is an important internal control.
Condition:	The City does not have enough accounting personnel to properly segregate duties.
Context:	During our audit we reviewed City policies and procedures and determined adequate segregation of duties did not exist.
Effect:	A small number of employees perform several accounting duties.
Cause:	The City does not have the financial resources to hire enough personnel to segregate duties.
Recommendation:	The City should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.
View of Responsible Officials & Planned Corrective Action:	<p>In response to the finding the City:</p> <ul style="list-style-type: none">· Hired one additional employee to work as an Administrative Assistant. With this additional employee the office is now staffed with 2 full time Administrative Assistants.· Payroll –<ul style="list-style-type: none">– Time sheets are submitted to the City Administrator for review and signature.– Time sheets are delivered to the Treasurer for processing.– Pay deposit sheets are sealed in envelopes by the Treasurer for confidentiality and distributed by one of the two Administrative Assistants.· Accounts Payable –<ul style="list-style-type: none">– Receiving reports are filled out by various department heads.– All payables, with receiving reports attached are given to the City Administrator for review and signature.– Once reviewed, payables with receiving reports are delivered to the Treasurer for payment.– Once checks are cut, both the City Clerk and Treasurer sign the checks.– The checks and the payables are turned over to one of the two Administrative Assistants for stuffing and mailing to vendors.

CITY OF ASHLAND, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
APRIL 30, 2018

View of
Responsible
Officials & Planned
Corrective Action
(Continued):

- Accounts Receivable/Utility Payments
 - Payments are received and entered in by the Administrative Assistants. –On occasion, all office staff may take payments.
 - Closing the day, one of the Administrative Assistants will run a receipt listing, counting cash and checks, reconciling the receipt listing.
 - The second Administrative Assistant will then verify the day's receipts, fill out a deposit slip and update general ledger payments.
 - The deposit is given to the Deputy Chief of Police or other police designee to take to the bank.
 - The receipt listing, general ledger payment update and deposit slips are given to the Treasurer to update bank reconciliation.

It is the goal of the City to continue to improve on the internal controls of the City.