

CITY OF GERALD, MISSOURI
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

**CITY OF GERALD, MISSOURI
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen City of Gerald, Missouri

We have audited the accompanying modified cash basis financial statements of the governmental funds, the business-type activities, and each major fund of the City of Gerald, Missouri (the City) as of and for the year ended December 31, 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.

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 A; 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 error or fraud.

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 City'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 City'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 audit 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, and each major fund of the City as of December 31, 2017, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A 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 opinions are not modified with respect to that matter.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison information as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

Management has omitted Management's Discussion and Analysis. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 and 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.

Tochtrop & Associates

Tochtrop & Associates, P.C.

June 5, 2018

CITY OF GERALD, MISSOURI
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
DECEMBER 31, 2017

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 709,875	642,750	1,352,625
Certificates of deposit	-	116,658	116,658
Special assessments receivable	1,368	3,441	4,809
Internal balances	3,995	(3,995)	-
Restricted cash - USDA funds	-	31,744	31,744
Capital assets:			
Land	70,744	1,000	71,744
Other capital assets, net of accumulated depreciation	965,738	2,887,980	3,853,718
Total Assets	1,751,720	3,679,578	5,431,298
LIABILITIES			
Payroll liabilities	619	-	619
Sales tax due	-	1,479	1,479
Bail bonds	2,335	-	2,335
Water meter deposits	-	18,320	18,320
Noncurrent liabilities:			
Due within one year	13,251	85,712	98,963
Due in more than one year	80,491	2,103,808	2,184,299
Total Liabilities	96,696	2,209,319	2,306,015
NET POSITION			
Invested in capital assets, net of related debt	942,740	699,460	1,642,200
Restricted for:			
Capital improvements	375,481	-	375,481
Debt Service	-	31,744	31,744
Unrestricted	336,803	739,055	1,075,858
Total Net Position	\$ 1,655,024	1,470,259	3,125,283

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenues (Expenses) and Changes in Net Assets - Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 295,832	109,159	200	-	(186,473)	-	(186,473)
Public safety	230,097	1,724	-	-	(228,373)	-	(228,373)
Streets	137,651	3,500	66,603	18,317	(49,231)	-	(49,231)
Municipal court	39,424	45,142	-	-	5,718	-	5,718
Culture and recreation	34,794	2,360	535	-	(31,899)	-	(31,899)
Animal control	71	305	-	-	234	-	234
Interest and fiscal charges	3,880	-	-	-	(3,880)	-	(3,880)
Total Governmental Activities	<u>741,749</u>	<u>162,190</u>	<u>67,338</u>	<u>18,317</u>	<u>(493,904)</u>	<u>-</u>	<u>(493,904)</u>
Business-type Activities							
Sewer	315,377	325,959	-	-	-	10,582	10,582
Water	149,852	171,487	-	-	-	21,635	21,635
Total Business-type Activities	<u>465,229</u>	<u>497,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,217</u>	<u>32,217</u>
Total City	<u>\$1,206,978</u>	<u>659,636</u>	<u>67,338</u>	<u>18,317</u>	<u>(493,904)</u>	<u>32,217</u>	<u>(461,687)</u>
General Revenues:							
Taxes:							
Sales					\$ 307,433	-	307,433
Property					137,198	-	137,198
Franchise					111,087	-	111,087
Other					22,569	3,249	25,818
Miscellaneous					10,806	-	10,806
Gain on sale of capital assets					4,606	-	4,606
Investment earnings					383	928	1,311
Total General Revenues					<u>594,082</u>	<u>4,177</u>	<u>598,259</u>
Change in Net Position					100,178	36,394	136,572
Net Position, January 1					<u>1,554,846</u>	<u>1,433,865</u>	<u>2,988,711</u>
Net Position, December 31					<u>\$1,655,024</u>	<u>1,470,259</u>	<u>3,125,283</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Park	Transportation Sales Tax	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 299,954	35,808	374,113	709,875
Special assessments receivable	-	-	1,368	1,368
Due from other funds	<u>43,978</u>	<u>-</u>	<u>-</u>	<u>43,978</u>
Total Assets	<u>\$ 343,932</u>	<u>35,808</u>	<u>375,481</u>	<u>755,221</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payroll liabilities	\$ 619	-	-	619
Bail bonds	2,335	-	-	2,335
Due to other funds	<u>4,983</u>	<u>35,000</u>	<u>-</u>	<u>39,983</u>
Total Liabilities	<u>7,937</u>	<u>35,000</u>	<u>-</u>	<u>42,937</u>
Fund Balances				
Restricted for:				
Capital improvements	-	-	375,481	375,481
Committed for:				
Police training & equipment	7,133	-	-	7,133
Police vehicle replacement	3,357	-	-	3,357
Unassigned:				
General fund	325,505	-	-	325,505
Park fund	<u>-</u>	<u>808</u>	<u>-</u>	<u>808</u>
Total Fund Balances	<u>335,995</u>	<u>808</u>	<u>375,481</u>	<u>712,284</u>
Total Liabilities and Fund Balances	<u>\$ 343,932</u>	<u>35,808</u>	<u>375,481</u>	<u>755,221</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
 RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
 AND FUND BALANCES (MODIFIED CASH BASIS) OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
 DECEMBER 31, 2017

Total Fund Balances - Governmental Funds	\$ 712,284
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of capital assets, net of accumulated depreciation	1,036,482
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, therefore, are not reported as liabilities within the governmental funds financial statements. All liabilities, both current and long-term, are reported on the government-wide statement of net position.

Balances at year-end consist of:

Notes payable	(78,286)
Capital lease	<u>(15,456)</u>

Net Position of Governmental Activities	<u><u>\$ 1,655,024</u></u>
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CITY OF GERALD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Park	Transportation Sales Tax	Total Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
REVENUES				
Taxes	\$ 435,883	29,555	179,452	644,890
Charges for services	84,824	2,360	-	87,184
Fines and forfeitures	45,142	-	-	45,142
Grants	-	-	18,317	18,317
Lease revenue	14,019	-	-	14,019
Other	9,893	1,693	-	11,586
Licenses, fees, and permits	10,621	-	-	10,621
Special assessments	3,500	-	-	3,500
Law enforcement training fund	944	-	-	944
Donations	200	535	-	735
Investment income	217	11	155	383
	<u>605,243</u>	<u>34,154</u>	<u>197,924</u>	<u>837,321</u>
Total Revenues				
EXPENDITURES				
Current:				
Police department	212,350	-	-	212,350
Administration	210,470	-	-	210,470
Trash service	78,428	-	-	78,428
Street department	49,970	-	20,028	69,998
Municipal court	39,424	-	-	39,424
Culture and recreation	-	27,890	-	27,890
Animal control	71	-	-	71
Capital Outlay	-	-	56,453	56,453
Debt Service:				
Principal	12,592	-	-	12,592
Interest & fiscal charges	3,880	-	-	3,880
	<u>607,185</u>	<u>27,890</u>	<u>76,481</u>	<u>711,556</u>
Total Expenditures				
REVENUES OVER (UNDER)				
EXPENSES	<u>\$ (1,942)</u>	<u>6,264</u>	<u>121,443</u>	<u>125,765</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	General	Park	Transportation Sales Tax	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental Funds</u>
OTHER FINANCING SOURCE				
Sale of capital assets	\$ 8,318	-	-	8,318
CHANGE IN FUND BALANCES	6,376	6,264	121,443	134,083
FUND BALANCES, JANUARY 1	<u>329,619</u>	<u>(5,456)</u>	<u>254,038</u>	<u>578,201</u>
FUND BALANCES, DECEMBER 31	<u>\$ 335,995</u>	<u>808</u>	<u>375,481</u>	<u>712,284</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
 IN FUND BALANCES (MODIFIED CASH BASIS) OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Governmental Funds \$ 134,083

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$99,238) exceeded capital outlay (\$56,453) in the current period. (42,785)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations). (3,712)

The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the liability in the statement of net position. The amounts below are the affects of these differences:

Repayments:	
Notes payable	5,603
Capital lease	6,989
	12,592

Change in Net Position of Governmental Activities \$ 100,178

CITY OF GERALD, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2017

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 357,568	285,182	642,750
Certificates of deposit	116,658	-	116,658
Special assessments receivable	-	3,441	3,441
Due from other funds	<u>5,084</u>	<u>34,326</u>	<u>39,410</u>
Total Current Assets	<u>479,310</u>	<u>322,949</u>	<u>802,259</u>
Noncurrent Assets			
Capital assets:			
Land	1,000	-	1,000
Other capital assets, net of accumulated depreciation	<u>396,320</u>	<u>2,491,660</u>	<u>2,887,980</u>
Total Noncurrent Assets	<u>397,320</u>	<u>2,491,660</u>	<u>2,888,980</u>
Other Assets			
Restricted cash - USDA funds	<u>-</u>	<u>31,744</u>	<u>31,744</u>
Total Assets	<u>\$ 876,630</u>	<u>2,846,353</u>	<u>3,722,983</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2017
(CONTINUED)

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
LIABILITIES			
Current Liabilities			
Sales tax due	\$ 1,479	-	1,479
Due to other funds	43,304	101	43,405
Current portion of long term debt	<u>36,000</u>	<u>49,712</u>	<u>85,712</u>
Total Current Liabilities	<u>80,783</u>	<u>49,813</u>	<u>130,596</u>
Noncurrent Liabilities			
Long term debt, less current portion:			
Revenue bonds	-	1,991,808	1,991,808
Certificates of participation	112,000	-	112,000
Water meter deposits	<u>18,320</u>	<u>-</u>	<u>18,320</u>
Total Noncurrent Liabilities	<u>130,320</u>	<u>1,991,808</u>	<u>2,122,128</u>
Total Liabilities	<u>211,103</u>	<u>2,041,621</u>	<u>2,252,724</u>
NET POSITION			
Invested in capital assets, net of related debt	249,320	450,140	699,460
Restricted for debt service	-	31,744	31,744
Unrestricted	<u>416,207</u>	<u>322,848</u>	<u>739,055</u>
Total Net Position	<u>\$ 665,527</u>	<u>804,732</u>	<u>1,470,259</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
OPERATING REVENUES			
Charges for services	\$ 171,487	325,959	497,446
OPERATING EXPENSES			
Depreciation	29,451	101,813	131,264
Wages	42,212	65,038	107,250
Employee benefits	25,145	37,716	62,861
Utilities	11,844	16,074	27,918
Repairs and maintenance	12,579	14,470	27,049
Supplies & expenses	6,097	7,591	13,688
Payroll taxes	3,596	5,394	8,990
Gas and oil	3,206	4,809	8,015
Insurance	3,274	3,838	7,112
Retirement - LAGERS	2,296	3,444	5,740
Workers' compensation	2,493	2,915	5,408
Lagoon testing and maintenance	-	4,318	4,318
Telephone	736	1,104	1,840
Uniforms	101	198	299
Notices	233	-	233
Drug testing	41	105	146
Equipment rental	58	23	81
Total Operating Expenses	<u>143,362</u>	<u>268,850</u>	<u>412,212</u>
OPERATING INCOME	<u>\$ 28,125</u>	<u>57,109</u>	<u>85,234</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
NONOPERATING REVENUES (EXPENSES)			
Other income	\$ 3,036	213	3,249
Investment income	783	145	928
Interest and fiscal charges	<u>(6,490)</u>	<u>(46,527)</u>	<u>(53,017)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,671)</u>	<u>(46,169)</u>	<u>(48,840)</u>
CHANGE IN NET POSITION	25,454	10,940	36,394
NET POSITION, JANUARY 1	<u>640,073</u>	<u>793,792</u>	<u>1,433,865</u>
NET POSITION, DECEMBER 31	<u><u>\$ 665,527</u></u>	<u><u>804,732</u></u>	<u><u>1,470,259</u></u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF CASH FLOWS
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 169,757	327,099	496,856
Payments to suppliers	(40,564)	(55,445)	(96,009)
Payments to employees	(73,249)	(111,592)	(184,841)
Payments to restricted cash	<u>-</u>	<u>(9,530)</u>	<u>(9,530)</u>
Net cash provided by operating activities	<u>55,944</u>	<u>150,532</u>	<u>206,476</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from other funds	(1,098)	(2,801)	(3,899)
Due to other funds	5,029	2	5,031
Other income	<u>3,036</u>	<u>213</u>	<u>3,249</u>
Net cash provided by (used in) noncapital financing activities	<u>6,967</u>	<u>(2,586)</u>	<u>4,381</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments paid on:			
Notes payable	-	(48,609)	(48,609)
Certificates of participation	(32,000)	-	(32,000)
Interest and fiscal charges paid	<u>(6,490)</u>	<u>(46,527)</u>	<u>(53,017)</u>
Net cash used in capital and related financing activities	<u>(38,490)</u>	<u>(95,136)</u>	<u>(133,626)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Certificates of deposit:			
Redeemed	131,888	-	131,888
Interest reinvested	(763)	-	(763)
Investment income	<u>783</u>	<u>145</u>	<u>928</u>
Net cash provided by investing activities	<u>131,908</u>	<u>145</u>	<u>132,053</u>
CHANGE IN CASH AND CASH EQUIVALENTS	156,329	52,955	209,284
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>201,239</u>	<u>232,227</u>	<u>433,466</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 357,568</u>	<u>285,182</u>	<u>642,750</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF CASH FLOWS
(MODIFIED CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
Reconciliation of operating income			
to net cash provided by			
operating activities:			
Operating income	\$ 28,125	57,109	85,234
Adjustments to reconcile operating			
income to net cash provided			
by operating activities:			
Depreciation	29,451	101,813	131,264
(Increase) decrease in:			
Special assessments receivable	-	1,140	1,140
Restricated cash	-	(9,530)	(9,530)
Increase (decrease) in:			
Sales tax due	98	-	98
Water meter deposits	(1,730)	-	(1,730)
	<u>27,819</u>	<u>93,423</u>	<u>121,242</u>
Net cash provided by			
operating activities	<u>\$ 55,944</u>	<u>150,532</u>	<u>206,476</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies applied by the City of Gerald, Missouri (the City) in the preparation of the accompanying basic financial statements are summarized below:

1. Reporting Entity

The City operates under a Mayor-Board of Aldermen form of government. The City's operations include general administrative services, public safety, street maintenance and improvements, sanitation, and culture and recreation activities. Enterprise operations owned by the City include water and sewer.

The City defines its financial reporting entity based on the provisions of Governmental Accounting Standards. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's governing body or because the component unit will provide a financial benefit or impose a financial burden on the City. Based on these criteria, the City does not have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activities have been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Following the government-wide financial statements are separate financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City does not have any nonmajor funds. The total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balances for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the City are maintained using the modified cash basis of accounting. As a result of the use of the 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 expenditures (such as accounts payable and expenditures for goods and services received but not yet paid) are not recorded in these financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Park Fund - The Park Fund, a Special Revenue Fund, is used to account for taxes and park program revenue and for the activities related to the parks department.

Transportation Sales Tax Fund - The Transportation Sales Tax, a Capital Projects Fund, is used to account for financial resources to be used for purposes of transportation projects. This includes street maintenance and improvements to infrastructure.

The City reports the following major proprietary funds:

Water Fund - The Water Fund accounts for the billing and collection of charges for water service for the City's residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services.

Sewer Fund - The Sewer Fund accounts for the billing and collection of charges for sewer service for the City's residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the City's business-type activities/Enterprise Fund and the General Fund. The City allocates charges as reimbursements for services provided by the General Fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

Amounts reported as program revenues include 1) charges to customers or applications for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, identifiable with a particular function. Taxes, investment income, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds includes cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash, Cash Equivalents, and Certificates of Deposit

Cash and cash equivalents include cash on hand, demand deposits, and money market funds. The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at fair value.

6. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

7. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g., streets, sidewalks, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Infrastructure assets are reported when costs are \$25,000 or more.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. Capital assets acquired under lease/purchase agreements are capitalized.

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

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

7. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the estimated useful lives of various classes of assets. The estimated useful lives of depreciable assets are as follows:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	10-30
Machinery and equipment	5-10
Vehicles	5
Infrastructure	10-30

8. Restricted Cash

Under the provisions of an agreement with the United States Department of Agriculture (USDA), the City is required to set aside cash for the repayment of its sewer revenue bonds.

9. Compensated Absences

Full-time employees are entitled to vacation after completing one year of service and a minimum of 1400 hours of position related duties during normal City hours of operation. Vacation must be taken during the year following accumulation and may not be carried from one year to the next without approval by the Mayor. Any unused vacation is paid to the employee at termination. Full-time employees are entitled to sick leave after completion of a probation period. Accumulated sick leave is not paid upon termination. The City does not report a liability for compensated absences which is consistent with the modified cash basis of accounting.

10. Long-term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position.

11. Property Taxes

Property taxes are collected by Franklin County, Missouri and attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due and payable by December 31. Taxes paid after December 31 are subject to penalties.

The City received a tax levy of \$.7182 for General Revenue and \$0.2320 for Parks and Recreation per \$100 of assessed value of Franklin County's real estate and personal property. The assessed values at January 1, 2017 were \$16,207,998.

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

12. Fund Balance Policies

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

Nonspendable - The portion of fund balance that is not in a spendable form or is required to be maintained intact. The City does not have nonspendable fund balance.

Restricted - The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement or, through constitutional provisions or by enabling legislation.

Committed - The portion of fund balance with constraints or limitations by formal action (ordinance) of the Board of Aldermen, the highest level of decision making authority.

Assigned - The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the Board of Aldermen has designated authority.

Unassigned - Amounts that are available for any purpose; these positive amounts are reported in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted amounts before the least restricted.

The fund balance of the City's General Fund has been accumulating to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The City does not have a written fund balance policy.

13. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

NOTE B - CASH DEPOSITS

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation. As of December 31, 2017, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name. The City does not have a written policy concerning cash deposits.

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE C - CAPITAL ASSETS

Following is a summary of changes in capital assets:

	<u>December 31,</u> <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2017</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 59,570	--	--	59,570
Construction in progress	<u> --</u>	<u>11,174</u>	<u> --</u>	<u>11,174</u>
Total capital assets not being depreciated	<u>59,570</u>	<u>11,174</u>	<u> --</u>	<u>70,744</u>
Capital assets being depreciated:				
Buildings and improvements	456,532	--	--	456,532
Machinery and equipment	130,990	--	--	130,990
Vehicles	157,473	--	(39,001)	118,472
Infrastructure	<u>1,305,722</u>	<u>45,279</u>	<u> --</u>	<u>1,351,001</u>
Total capital assets being depreciated	<u>2,050,717</u>	<u>45,279</u>	<u>(39,001)</u>	<u>2,056,995</u>
Less accumulated depreciation for:				
Buildings and improvements	(192,975)	(10,181)	--	(203,156)
Machinery and equipment	(108,724)	(5,757)	--	(114,481)
Vehicles	(101,391)	(16,298)	35,289	(82,400)
Infrastructure	<u>(624,218)</u>	<u>(67,002)</u>	<u> --</u>	<u>(691,220)</u>
Total accumulated depreciation	<u>(1,027,308)</u>	<u>(99,238)</u>	<u>35,289</u>	<u>(1,091,257)</u>
Total capital assets being depreciated, net	<u>1,023,409</u>	<u>(53,959)</u>	<u>(3,712)</u>	<u>965,738</u>
Total capital assets, net	<u>\$1,082,979</u>	<u>(42,785)</u>	<u>(3,712)</u>	<u>1,036,482</u>

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

Governmental activities:	
Streets	\$67,653
Public safety	17,747
General government	6,934
Culture and recreation	<u>6,904</u>
Total governmental activities	<u>\$99,238</u>

**CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE C - CAPITAL ASSETS (CONTINUED)

Following is a summary of changes in capital assets (continued):

	<u>December 31,</u> <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ <u>1,000</u>	<u> --</u>	<u> --</u>	<u>1,000</u>
Capital assets being depreciated:				
Buildings and improvements	60,000	--	--	60,000
Machinery and equipment	90,711	--	--	90,711
Vehicles	45,611	--	--	45,611
Infrastructure	<u>4,411,014</u>	<u> --</u>	<u> --</u>	<u>4,411,014</u>
Total capital assets being depreciated	<u>4,607,336</u>	<u> --</u>	<u> --</u>	<u>4,607,336</u>
Less accumulated depreciation for:				
Buildings and improvements	(56,997)	(333)	--	(57,330)
Machinery and equipment	(90,711)	--	--	(90,711)
Vehicles	(35,711)	(2,700)	--	(38,411)
Infrastructure	<u>(1,404,673)</u>	<u>(128,231)</u>	<u> --</u>	<u>(1,532,904)</u>
Total accumulated depreciation	<u>(1,588,092)</u>	<u>(131,264)</u>	<u> --</u>	<u>(1,719,356)</u>
Total capital assets being depreciated, net	<u>3,019,244</u>	<u>(131,264)</u>	<u> --</u>	<u>2,887,980</u>
Total capital assets, net	<u>\$3,020,244</u>	<u>(131,264)</u>	<u> --</u>	<u>2,888,980</u>

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

Business-type activities:	
Sewer	\$101,813
Water	<u>29,451</u>
Total business-type activities	<u>\$131,264</u>

**CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE D - INTERFUND TRANSACTIONS

Individual interfund balances are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General Fund	Park Fund	\$35,000
General Fund	Water Fund	8,978
Water Fund	General Fund	4,983
Water Fund	Sewer Fund	101
Sewer Fund	Water Fund	<u>34,326</u>
		<u>\$83,388</u>

The outstanding balances between funds result from the time lag between dates that 1) interfund goods and services provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Except for the Park Fund, interfund balances are expected to be repaid during the fiscal year ending December 31, 2018. The Park Fund balance is to be repaid yearly through the fiscal year ending December 31, 2020.

NOTE E - CAPITAL LEASE

The City has entered into a lease agreement for the acquisition of two police cars. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

Vehicles acquired through a capital lease:

	Governmental Funds
Vehicles	\$55,003
Less: Accumulated depreciation	<u>20,168</u>
Net Book Value	<u>\$34,835</u>

The following schedule shows the future minimum lease payments under this lease and the present value of the net minimum lease payments:

Year Ending June 30	Governmental Funds
2018	\$ 8,535
2019	<u>8,535</u>
Total	17,070
Less: amount representing interest	<u>1,614</u>
Present Value of Future Minimum Lease Payments	<u>\$15,456</u>

**CITY OF GERALD, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2017**

NOTE F - LONG-TERM DEBT

The following is a summary of the City's long-term debt activity:

	<u>December 31</u> <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31</u> <u>2017</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Notes payable	\$ 83,889	--	5,603	78,286	5,781
Capital lease	<u>22,445</u>	<u>--</u>	<u>6,989</u>	<u>15,456</u>	<u>7,470</u>
Total Governmental Activities	<u>\$ 106,334</u>	<u>--</u>	<u>12,592</u>	<u>93,742</u>	<u>13,251</u>
Business-type activities:					
Certificates of Participation	\$ 180,000	--	32,000	148,000	36,000
Revenue Bonds	<u>2,090,129</u>	<u>--</u>	<u>48,609</u>	<u>2,041,520</u>	<u>49,712</u>
Total Business-type Activities	<u>\$2,270,129</u>	<u>--</u>	<u>80,609</u>	<u>2,189,520</u>	<u>85,712</u>

Long-term debt is liquidated by the related fund.

Notes Payable

On September 18, 2014, the City entered into a 2.85% note payable agreement with Citizens Bank for repairing, remodeling, and expanding the City Hall building. The principal amount of \$96,769 is due in monthly payments of \$661 through September 18, 2021. A single balloon payment of the entire balance of principal and interest will be due September 18, 2021.

Annual debt service requirements are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 5,781	2,156	7,937
2019	5,948	1,989	7,937
2020	6,119	1,818	7,937
2021	<u>60,438</u>	<u>1,247</u>	<u>61,685</u>
	<u>\$78,286</u>	<u>7,210</u>	<u>85,496</u>

**CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE F - LONG-TERM DEBT (CONTINUED)

Certificates of Participation

\$315,000 Refunding Certificates of Participation, Series 2012, were issued on August 1, 2012, with interest rates ranging from 1.5% to 3.1%, maturing September 1, 2021. The certificates proceeds were used to refund \$300,000 of the series 2001 refunding and improvement certificates issuance with interest rates ranging from 3.45% to 5.5%. The 2001 issue was originally used for the purpose of providing funds to pay or reimburse the City for the costs of the water/sewer project, refund the refunded bonds, redeem the notes, fund the debt service reserve requirement in the debt service fund, and to pay certain costs related to the authorization, execution, and delivery of the Series 2001 Certificates.

Annual debt service requirements are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 36,000	4,336	40,336
2019	35,000	3,472	38,472
2020	39,000	2,387	41,387
2021	<u>38,000</u>	<u>1,178</u>	<u>39,178</u>
	<u>\$148,000</u>	<u>11,373</u>	<u>159,373</u>

Combined Waterworks and Sewerage Revenue Bonds

\$2,199,000 Combined Waterworks and Sewerage System Revenue Bonds, Series A, were issued on December 21, 2011, with an interest rate of 2.25%, maturing September 1, 2047. The proceeds were used for the cost of acquiring, constructing, enlarging, improving, and/or extending the City's sewer system.

Annual debt service requirements are as follows:

Year Ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 49,712	45,424	95,136
2019	50,843	44,293	95,136
2020	51,998	43,138	95,136
2021	53,180	41,956	95,136
2022	54,389	40,747	95,136
2023-2027	291,066	184,614	475,680
2028-2032	325,689	149,991	475,680
2033-2037	364,432	111,248	475,680
2038-2042	407,782	67,898	475,680
2043-2047	<u>392,429</u>	<u>19,807</u>	<u>412,236</u>
	<u>\$2,041,520</u>	<u>749,116</u>	<u>2,790,636</u>

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE G - PENSION

Plan Description

The City defined pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer statewide public employee retirement system established in 1967 and administered in accordance with RSMo 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS' Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statues governing LAGERS.

The City currently has 9 active employees, 9 inactive employees, and 4 retirees currently receiving benefits.

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. Full-time employees of the City contribute 4% of their gross pay to the pension plan. The required contribution rates are 6% (General) and 2.9% (Police) of annual covered payroll. Pension expense amount to \$9,175 (General) and \$3,936 (Police) for the year ended June 30, 2018.

Pension liability and deferred outflow (inflow) of resources are not reported, which is consistent with the modified cash basis of accounting.

Actuarial Assumptions (General and Police)

Valuation Date	February 28, 2017
Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 13 to 16 years (General) Multiple bases from 15 to 16 years (Police)
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation

**CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE G - PENSION (CONTINUED)

Actuarial Assumptions (continued)

Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25% net of investment expenses
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	<p>The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were RP-2014 employee mortality table for males and females.</p> <p>Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>
Other Information	None

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
Last 10 Fiscal Years**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution In Relation</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage</u>
2008	\$ 9,105	\$ 9,105	\$ (0.08)	\$175,187	5.20%
2009	13,303	13,303	0.05	251,992	5.28
2010	15,193	15,193	0.00	274,677	5.53
2011	15,478	15,478	0.13	279,582	5.54
2012	14,981	14,981	0.10	266,376	5.62
2013	13,628	13,223	405.15	266,135	4.97
2014	11,184	11,185	0.10	217,412	5.14
2015	16,776	15,765	1,011.27	268,730	5.87
2016	12,514	12,417	2.02	257,773	4.82
2017	14,278	13,410	868.32	269,534	4.98

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE H - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Missouri Public Entity Risk Management Fund (MoPERM), which provides liability insurance coverage under one comprehensive plan for all members. The City pays an annual premium to MoPERM for its general liability, law enforcement liability, public officials' errors and omissions, and automobile liability. MoPERM is self-sustaining through member premiums and reinsures with commercial companies for excess insurance. The City manages workers compensation, health, and life through purchased commercial insurance. Management believes such coverage is sufficient to preclude any significant losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three years.

NOTE I - RESTRICTED NET POSITION

The government-wide statement of net position reports \$407,225 of restricted net position, of which \$375,481 is restricted by enabling legislation.

NOTE J - FINES AND COURT COSTS FOR TRAFFIC VIOLATIONS

The State of Missouri under House Bill 103 requires all municipalities to provide an accounting of annual general operating revenue from fines and court costs for traffic violations in the municipality's annual report. The purpose of the bill is to make sure that municipalities are not generating more than 20% of their operating revenue from fines and court costs for traffic violations. The City generates 7% of operating revenue from fines and court costs for traffic violations.

NOTE K - CONTINGENCIES

The City is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. These legal proceedings have been evaluated for the likelihood of an unfavorable outcome. Presently the outcome is undeterminable, therefore no provision has been made in the accompanying financial statements. It is the opinion of City management, liabilities arising from legal action, if any, is not expected to have an adverse effect on the financial position of the City.

OTHER SUPPLEMENTAL INFORMATION

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			2016	
	Original	Final	Actual	Over	Actual
	<u>Budget</u>	<u>Budget</u>		(Under)	
REVENUES					
Taxes:					
Sales tax	\$ 116,700	127,980	127,981	1	117,776
Franchise tax	114,400	111,085	111,087	2	112,621
Property taxes	112,000	107,640	107,643	3	105,667
Motor vehicle tax	51,100	54,267	54,267	-	53,199
County surtax	22,000	22,570	22,569	(1)	22,075
Railroad and utility tax	12,250	12,335	12,336	1	13,044
Finance institution tax	-	-	-	-	9
Total Taxes	<u>428,450</u>	<u>435,877</u>	<u>435,883</u>	6	<u>424,391</u>
Trash service collections	79,920	82,775	84,824	2,049	81,115
Fines and forfeitures	39,320	44,445	45,142	697	36,746
Lease revenue	13,907	14,020	14,019	(1)	13,570
Licenses, fees, and permits	5,160	10,625	10,621	(4)	7,329
Other	-	11,195	9,893	(1,302)	10,022
Railroad mowing fees	3,500	3,500	3,500	-	3,500
Law enforcement training fund	600	945	944	(1)	558
Investment income	-	-	217	217	210
Donations	-	200	200	-	70
Grants	-	-	-	-	<u>3,000</u>
Total Revenues	<u>\$ 570,857</u>	<u>603,582</u>	<u>605,243</u>	<u>1,661</u>	<u>580,511</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

	2017			2016	
	Original	Final	Actual	Over	Actual
	<u>Budget</u>	<u>Budget</u>		(Under)	
EXPENDITURES					
Police Department:					
Current:					
Wages	\$ 126,120	127,725	127,725	-	150,754
Employee benefits	27,600	26,290	26,289	(1)	12,799
Payroll taxes	12,600	11,394	11,394	-	14,486
Gas and oil	10,800	8,570	8,571	1	8,765
Workers' compensation	6,700	7,270	7,270	-	10,992
Dues and memberships	4,900	5,600	5,598	(2)	5,778
911 communications	4,500	4,530	4,530	-	-
Retirement - LAGERS	4,920	3,936	3,936	-	3,498
Telephone	3,900	3,709	3,709	-	3,927
Supplies & expenses	3,600	2,918	2,918	-	7,769
Repairs and maintenance	5,607	1,962	1,961	(1)	4,957
Uniforms	2,120	1,829	1,828	(1)	3,703
Utilities	1,860	1,800	1,801	1	1,891
Jail fees	1,800	1,550	1,550	-	2,090
Insurance	975	1,035	1,035	-	114
Training	1,000	788	788	-	645
Drug testing	360	407	407	-	265
Notices	255	400	401	1	582
Miscellaneous	-	400	400	-	171
Travel and meals	200	239	239	-	59
	<u>219,817</u>	<u>212,352</u>	<u>212,350</u>	(2)	<u>233,245</u>
Capital outlay	-	-	-	-	59,673
Debt service	<u>8,540</u>	<u>8,535</u>	<u>8,535</u>	-	<u>8,535</u>
	<u>\$ 228,357</u>	<u>220,887</u>	<u>220,885</u>	(2)	<u>301,453</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

	2017			2016	
	Original	Final	Actual	Over	Actual
	<u>Budget</u>	<u>Budget</u>		(Under)	
EXPENDITURES (Continued)					
Administration:					
Current:					
City attorney	\$ 46,800	108,865	108,864	(1)	24,955
Wages	40,700	38,543	38,543	-	39,101
Insurance	20,448	18,290	18,288	(2)	31,291
Professional fees	10,000	11,495	11,496	1	10,000
Employee benefits	11,004	6,170	6,169	(1)	7,894
Supplies & expenses	4,800	5,430	5,431	1	8,610
Telephone	3,600	3,740	3,740	-	3,462
Payroll taxes	4,060	3,310	3,311	1	3,531
Utilities	2,880	2,555	2,553	(2)	2,748
Dues and memberships	2,485	2,485	2,487	2	2,734
Retirement - LAGERS	1,860	1,825	1,824	(1)	2,155
City Hall maintenance	3,300	1,755	1,757	2	3,103
Notices	1,680	1,705	1,706	1	1,491
Credit card & late fees	-	-	872	872	1,072
Training	630	830	830	-	459
Election expense	1,300	790	792	2	468
Planning & zoning	1,116	626	624	(2)	991
Payroll processing	360	336	336	-	340
Workers' compensation	230	306	306	-	381
Miscellaneous	163	1,170	297	(873)	195
Travel and meals	-	204	204	-	260
Equipment repairs	250	40	40	-	245
	<u>157,666</u>	<u>210,470</u>	<u>210,470</u>	-	<u>145,486</u>
Capital outlay	2,000	-	-	-	-
Debt service	<u>7,944</u>	<u>7,935</u>	<u>7,937</u>	<u>2</u>	<u>7,970</u>
	<u>\$ 167,610</u>	<u>218,405</u>	<u>218,407</u>	<u>2</u>	<u>153,456</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

	2017			2016	
	Original	Final	Actual	Over	Actual
	<u>Budget</u>	<u>Budget</u>		(Under)	
EXPENDITURES (Continued)					
Trash Service	\$ 77,700	78,430	78,428	(2)	77,567
Street Department:					
Current:					
Street lights	21,900	21,337	21,337	-	21,201
Wages	13,020	10,498	10,498	-	10,180
Employee benefits	4,812	6,706	6,706	-	5,981
Repairs and maintenance	9,088	4,329	4,328	(1)	3,845
Equipment rental	700	3,540	3,540	-	8,317
Workers' compensation	875	963	963	-	3,130
Payroll taxes	1,320	880	880	-	860
Retirement - LAGERS	780	555	555	-	632
Notices	300	340	341	1	174
Supplies & expenses	1,200	273	273	-	702
Telephone	265	270	270	-	246
Uniforms	200	194	194	-	200
Gas and oil	720	80	80	-	495
Drug testing	60	5	5	-	32
	<u>55,240</u>	<u>49,970</u>	<u>49,970</u>	-	<u>55,995</u>
Capital outlay	2,000	-	-	-	-
	<u>\$ 57,240</u>	<u>49,970</u>	<u>49,970</u>	-	<u>55,995</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

	2017			2016	
	Original	Final	Actual	Over	Actual
	<u>Budget</u>	<u>Budget</u>		(Under)	
EXPENDITURES (Continued)					
Municipal Court:					
Current:					
Wages	\$ 18,960	18,762	18,762	-	18,601
Judge	9,864	10,299	10,299	-	6,556
Employee benefits	6,282	6,219	5,843	(376)	14,222
Supplies & expenses	1,774	2,052	2,052	-	1,449
Payroll taxes	1,896	1,519	1,519	-	1,614
Retirement - LAGERS	948	899	899	-	1,049
Bond insurance	50	50	50	-	50
Miscellaneous	-	-	-	-	275
Workers' compensation	26	-	-	-	25
	<u>39,800</u>	<u>39,800</u>	<u>39,424</u>	<u>(376)</u>	<u>43,841</u>
Animal Control:					
Current					
Supplies & expenses	<u>150</u>	<u>150</u>	<u>71</u>	<u>(79)</u>	<u>2,861</u>
Total Expenditures	<u>570,857</u>	<u>607,642</u>	<u>607,185</u>	<u>(457)</u>	<u>635,173</u>
REVENUE OVER (UNDER)					
EXPENSES	<u>-</u>	<u>(4,060)</u>	<u>(1,942)</u>	<u>2,118</u>	<u>(54,662)</u>
OTHER FINANCING SOURCES					
Sale of capital assets	-	8,318	8,318	-	-
Proceeds from:					
Capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,980</u>
Total Other Financing Sources	<u>-</u>	<u>8,318</u>	<u>8,318</u>	<u>-</u>	<u>30,980</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>4,258</u>	<u>6,376</u>	<u>2,118</u>	<u>(23,682)</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
PARK FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			2016	
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
REVENUES					
Property taxes	\$ 29,000	29,555	29,555	-	29,013
Charges for services	1,700	2,335	2,360	25	1,825
Other	-	1,695	1,693	(2)	242
Donations	-	535	535	-	615
Investment income	-	11	11	-	11
Total Revenues	<u>30,700</u>	<u>34,131</u>	<u>34,154</u>	<u>23</u>	<u>31,706</u>
EXPENDITURES					
Current:					
Culture and Recreation					
Wages	9,000	10,320	10,311	(9)	8,860
Repairs and maintenance	3,940	4,750	4,630	(120)	9,454
Utilities	3,000	3,000	2,791	(209)	2,722
Insurance	2,300	2,450	2,413	(37)	-
Employee benefits	-	2,150	2,128	(22)	-
Supplies & expenses	1,400	2,150	2,113	(37)	1,775
Gas and oil	1,500	1,550	1,537	(13)	1,304
Payroll taxes	1,053	1,053	954	(99)	936
Workers' compensation	580	580	425	(155)	2,285
Drug testing	177	400	381	(19)	191
Retirement - LAGERS	-	160	157	(3)	-
Notices	250	68	50	(18)	239
	<u>23,200</u>	<u>28,631</u>	<u>27,890</u>	<u>(741)</u>	<u>27,766</u>
Capital outlay	2,500	500	-	(500)	-
Debt Service	-	-	-	-	1,527
Total Expenditures	<u>25,700</u>	<u>29,131</u>	<u>27,890</u>	<u>(1,241)</u>	<u>29,293</u>
REVENUES OVER EXPENSES	5,000	5,000	6,264	1,264	2,413
OTHER FINANCING SOURCE					
Sale of capital assets	-	-	-	-	577
CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>5,000</u>	<u>6,264</u>	<u>1,264</u>	<u>2,990</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL
TRANSPORTATION SALES TAX FUND - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

	2017			2016	
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
REVENUES					
Taxes:					
Sales tax	\$ 170,200	179,451	179,452	1	164,096
Road and bridge	-	-	-	-	50,345
Total Taxes	<u>170,200</u>	<u>179,451</u>	<u>179,452</u>	<u>1</u>	<u>214,441</u>
Grants	-	18,317	18,317	-	30,000
Investment income	-	155	155	-	175
Special assessments	-	-	-	-	813
Total Revenues	<u>170,200</u>	<u>197,923</u>	<u>197,924</u>	<u>1</u>	<u>245,429</u>
EXPENDITURES					
Street Department:					
Current:					
Repairs and maintenance	170,200	20,029	20,028	(1)	168,012
Capital outlay	-	56,453	56,453	-	213,066
Total Expenditures	<u>170,200</u>	<u>76,482</u>	<u>76,481</u>	<u>(1)</u>	<u>381,078</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>121,441</u>	<u>121,443</u>	<u>2</u>	<u>(135,649)</u>

CITY OF GERALD, MISSOURI
OTHER SUPPLEMENTAL INFORMATION
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE (MODIFIED CASH BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 1, the City Clerk submits to the Board of Aldermen a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and open meetings of the Board of Aldermen are held to obtain taxpayer comments.
3. Prior to January 1, the budget is adopted by the Board of Aldermen.
4. Unused appropriations lapse at the end of year.
5. The budget amounts shown in the financial statements are as originally adopted and amended by the Board of Aldermen.
6. Budgets for the Governmental Funds are adopted on a basis consistent with that used for the financial statements.

COMPLIANCE

**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**

**Honorable Mayor and Board of Aldermen
City of Gerald, Missouri**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Gerald, Missouri (the City), as of and for the year ended December 31, 2017, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018.

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 City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tochtrop & Associates

Tochtrop & Associates, P.C.

June 5, 2018