

CITY OF GERALD, MISSOURI
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

**CITY OF GERALD, MISSOURI
CONTENTS**

	Page
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position (Modified Cash Basis)	3
Statement of Activities (Modified Cash Basis)	4
Statement of Assets, Liabilities and Fund Balances (Modified Cash Basis) - Governmental Funds	5
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)	6
Statement of Revenues, Expenditures, and Change in Fund Balances (Modified Cash Basis) - Governmental Funds	7
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)	8
Statement of Net Position (Modified Cash Basis) - Proprietary Funds	9
Statement of Revenues, Expenses and Change in Net Position (Modified Cash Basis) - Proprietary Funds	11
Statement of Cash Flows (Modified Cash Basis) - Proprietary Funds	12
Notes to Financial Statements	14
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures, and Change in Fund Balance (Modified Cash Basis) - Budget and Actual:	
General Fund	27
Park Fund - Special Revenue Fund	32
Transportation Sales Tax Fund - Capital Projects Fund	33
Notes to Schedule of Revenues, Expenditures, and Change in Fund Balance (Modified Cash Basis) - Budget and Actual	34
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 <i>Government Auditing Standards</i>	35



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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, 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 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, 2018, 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.

Other Matters

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 25, 2019, 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 25, 2019

CITY OF GERALD, MISSOURI
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 793,144	780,339	1,573,483
Certificates of deposit	-	117,058	117,058
Special assessments receivable	813	2,616	3,429
Overpayment of payroll liabilities	136	-	136
Internal balances	13,953	(13,953)	-
Restricted cash - USDA funds	-	41,278	41,278
Capital assets:			
Land and construction in progress	72,376	5,247	77,623
Other capital assets, net of accumulated depreciation	987,963	2,756,716	3,744,679
Total Assets	1,868,385	3,689,301	5,557,686
LIABILITIES			
Sales tax and primacy fees due	-	1,366	1,366
Water meter deposits	-	18,600	18,600
Noncurrent liabilities:			
Due within one year	13,933	85,843	99,776
Due in more than one year	66,556	2,017,963	2,084,519
Total Liabilities	80,489	2,123,772	2,204,261
NET POSITION			
Invested in capital assets, net of related debt	979,850	658,157	1,638,007
Restricted for:			
Capital improvements	389,195	-	389,195
Debt Service	-	41,278	41,278
Unrestricted	418,851	866,094	1,284,945
Total Net Position	\$ 1,787,896	1,565,529	3,353,425

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 295,889	105,053	-	-	(190,836)	-	(190,836)
Streets	205,166	3,500	64,535	43,500	(93,631)	-	(93,631)
Public safety	172,449	1,182	-	-	(171,267)	-	(171,267)
Culture and recreation	30,194	2,894	-	-	(27,300)	-	(27,300)
Municipal court	22,716	27,325	-	-	4,609	-	4,609
Animal control	58	90	-	-	32	-	32
Interest and fiscal charges	3,219	-	-	-	(3,219)	-	(3,219)
Total Governmental Activities	<u>729,691</u>	<u>140,044</u>	<u>64,535</u>	<u>43,500</u>	<u>(481,612)</u>	<u>-</u>	<u>(481,612)</u>
Business-type Activities							
Sewer	303,764	335,376	-	-	-	31,612	31,612
Water	131,824	191,189	-	-	-	59,365	59,365
Total Business-type Activities	<u>435,588</u>	<u>526,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,977</u>	<u>90,977</u>
Total City	<u>\$ 1,165,279</u>	<u>666,609</u>	<u>64,535</u>	<u>43,500</u>	<u>(481,612)</u>	<u>90,977</u>	<u>(390,635)</u>
General Revenues:							
Taxes:							
Sales					\$ 297,098	-	297,098
Property					151,883	-	151,883
Franchise					137,850	-	137,850
Other					22,216	3,635	25,851
Miscellaneous					5,022	-	5,022
Investment earnings					415	658	1,073
Total General Revenues					<u>614,484</u>	<u>4,293</u>	<u>618,777</u>
Change in Net Position					132,872	95,270	228,142
Net Position, January 1					<u>1,655,024</u>	<u>1,470,259</u>	<u>3,125,283</u>
Net Position, December 31					<u>\$ 1,787,896</u>	<u>1,565,529</u>	<u>3,353,425</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, 2018

	<u>General</u> <u>Fund</u>	<u>Park</u> <u>Fund</u>	<u>Transportation</u> <u>Sales Tax</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 353,176	51,586	388,382	793,144
Special assessments receivable	-	-	813	813
Overpayment of payroll liabilities	136	-	-	136
Due from other funds	<u>46,814</u>	<u>14</u>	<u>-</u>	<u>46,828</u>
Total Assets	<u>\$ 400,126</u>	<u>51,600</u>	<u>389,195</u>	<u>840,921</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds	<u>395</u>	<u>32,480</u>	<u>-</u>	<u>32,875</u>
Fund Balances				
Restricted for:				
Capital improvements	-	-	389,195	389,195
Committed for:				
Police training & equipment	16,081	-	-	16,081
Street equipment	5,773	-	-	5,773
Unassigned:				
General fund	377,877	-	-	377,877
Park fund	<u>-</u>	<u>19,120</u>	<u>-</u>	<u>19,120</u>
Total Fund Balances	<u>399,731</u>	<u>19,120</u>	<u>389,195</u>	<u>808,046</u>
Total Liabilities and Fund Balances	<u>\$ 400,126</u>	<u>51,600</u>	<u>389,195</u>	<u>840,921</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, 2018

Total Fund Balances - Governmental Funds \$ 808,046

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 1,060,339

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:

Note payable	(72,504)
Capital lease	<u>(7,985)</u>

Net Position of Governmental Activities \$ 1,787,896

CITY OF GERALD, MISSOURI
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
(MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Park	Transportation Sales Tax	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental Funds</u>
REVENUES				
Taxes	\$ 454,729	37,971	180,882	673,582
Charges for services	87,561	2,894	-	90,455
Grants	-	-	43,500	43,500
Fines and forfeitures	27,325	-	-	27,325
Lease revenue	10,316	-	-	10,316
Licenses, fees, and permits	7,266	-	-	7,266
Other	4,866	716	-	5,582
Railroad mowing fees	3,500	-	-	3,500
Law enforcement training	622	-	-	622
Investment income	187	21	207	415
	<u>596,372</u>	<u>41,602</u>	<u>224,589</u>	<u>862,563</u>
Total Revenues				
EXPENDITURES				
Current:				
Administration	207,482	-	-	207,482
Police department	159,620	-	-	159,620
Street department	44,428	-	96,850	141,278
Trash service	81,860	-	-	81,860
Culture and recreation	-	23,290	-	23,290
Municipal court	22,716	-	-	22,716
Animal control	58	-	-	58
Capital Outlay	-	-	114,025	114,025
Debt Service:				
Principal	13,253	-	-	13,253
Interest & fiscal charges	3,219	-	-	3,219
	<u>532,636</u>	<u>23,290</u>	<u>210,875</u>	<u>766,801</u>
Total Expenditures				
CHANGE IN FUND BALANCES	63,736	18,312	13,714	95,762
FUND BALANCES, JANUARY 1	<u>335,995</u>	<u>808</u>	<u>375,481</u>	<u>712,284</u>
FUND BALANCES, DECEMBER 31	<u>\$ 399,731</u>	<u>19,120</u>	<u>389,195</u>	<u>808,046</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, 2018

Net Change in Fund Balances - Governmental Funds \$ 95,762

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 capital outlay (\$114,025) exceeded depreciation (\$90,168) in the current period. 23,857

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		5,782
Capital lease		7,471
		7,471

Change in Net Position of Governmental Activities \$ 132,872

CITY OF GERALD, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Water Fund	Sewer Fund	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 419,399	360,940	780,339
Certificates of deposit	117,058	-	117,058
Special assessments receivable	-	2,616	2,616
Due from other funds	<u>152</u>	<u>33,199</u>	<u>33,351</u>
Total Current Assets	<u>536,609</u>	<u>396,755</u>	<u>933,364</u>
Noncurrent Assets			
Capital assets:			
Land and construction in progress	1,000	4,247	5,247
Other capital assets, net of accumulated depreciation	<u>366,869</u>	<u>2,389,847</u>	<u>2,756,716</u>
Total Noncurrent Assets	<u>367,869</u>	<u>2,394,094</u>	<u>2,761,963</u>
Other Assets			
Restricted cash - USDA funds	<u>-</u>	<u>41,278</u>	<u>41,278</u>
Total Assets	<u>\$ 904,478</u>	<u>2,832,127</u>	<u>3,736,605</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2018
(CONTINUED)

	Water	Sewer	Total
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
LIABILITIES			
Current Liabilities			
Sales tax and primacy fees due	\$ 1,366	-	1,366
Due to other funds	43,506	3,798	47,304
Current portion of long term debt	<u>35,000</u>	<u>50,843</u>	<u>85,843</u>
Total Current Liabilities	<u>79,872</u>	<u>54,641</u>	<u>134,513</u>
Noncurrent Liabilities			
Long term debt, less current portion:			
Revenue bonds	-	1,940,963	1,940,963
Certificates of participation	77,000	-	77,000
Water meter deposits	<u>18,600</u>	<u>-</u>	<u>18,600</u>
Total Noncurrent Liabilities	<u>95,600</u>	<u>1,940,963</u>	<u>2,036,563</u>
Total Liabilities	<u>175,472</u>	<u>1,995,604</u>	<u>2,171,076</u>
NET POSITION			
Invested in capital assets, net of related debt	255,869	402,288	658,157
Restricted for debt service	-	41,278	41,278
Unrestricted	<u>473,137</u>	<u>392,957</u>	<u>866,094</u>
Total Net Position	<u>\$ 729,006</u>	<u>836,523</u>	<u>1,565,529</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, 2018

	<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	\$ 191,189	335,376	526,565
OPERATING EXPENSES			
Depreciation	29,451	101,813	131,264
Wages	37,059	58,663	95,722
Employee benefits	15,941	23,875	39,816
Utilities	12,781	18,637	31,418
Repairs and maintenance	7,669	16,883	24,552
Supplies & expenses	5,464	9,253	14,717
Insurance	4,616	5,556	10,172
Gas and oil	3,324	4,911	8,235
Payroll taxes	3,234	4,851	8,085
Lagoon testing and maintenance	-	6,962	6,962
Workers' compensation	2,980	2,797	5,777
Retirement - LAGERS	1,747	2,620	4,367
Telephone	755	1,133	1,888
Notices	378	80	458
Uniforms	200	200	400
Equipment rental	250	-	250
Training	240	-	240
Drug testing	131	108	239
Total Operating Expenses	<u>126,220</u>	<u>258,342</u>	<u>384,562</u>
OPERATING INCOME	<u>64,969</u>	<u>77,034</u>	<u>142,003</u>
NONOPERATING REVENUES (EXPENSES)			
Other income	3,635	-	3,635
Investment income	479	179	658
Interest and fiscal charges	(5,604)	(45,422)	(51,026)
Total Nonoperating Revenues (Expenses)	<u>(1,490)</u>	<u>(45,243)</u>	<u>(46,733)</u>
CHANGE IN NET POSITION	63,479	31,791	95,270
NET POSITION, JANUARY 1	<u>665,527</u>	<u>804,732</u>	<u>1,470,259</u>
NET POSITION, DECEMBER 31	<u>\$ 729,006</u>	<u>836,523</u>	<u>1,565,529</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, 2018

	<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	\$ 191,469	336,201	527,670
Payments to suppliers	(38,901)	(66,520)	(105,421)
Payments to employees	(57,981)	(90,009)	(147,990)
Payments to restricted cash	<u> -</u>	<u> (9,534)</u>	<u> (9,534)</u>
Net cash provided by operating activities	<u> 94,587</u>	<u> 170,138</u>	<u> 264,725</u>
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES			
Due from other funds	4,932	1,127	6,059
Due to other funds	202	3,697	3,899
Other income	<u> 3,635</u>	<u> -</u>	<u> 3,635</u>
Net cash provided by noncapital financing activities	<u> 8,769</u>	<u> 4,824</u>	<u> 13,593</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchases of property and equipment	-	(4,247)	(4,247)
Principal payments paid on:			
Notes payable	-	(49,714)	(49,714)
Certificates of participation	(36,000)	-	(36,000)
Interest and fiscal charges paid	<u> (5,604)</u>	<u> (45,422)</u>	<u> (51,026)</u>
Net cash used in capital and related financing activities	<u> (41,604)</u>	<u> (99,383)</u>	<u> (140,987)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Certificates of deposit:			
Interest reinvested	(400)	-	(400)
Investment income	<u> 479</u>	<u> 179</u>	<u> 658</u>
Net cash provided by investing activities	<u> 79</u>	<u> 179</u>	<u> 258</u>
CHANGE IN CASH AND CASH EQUIVALENTS	61,831	75,758	137,589
CASH AND CASH EQUIVALENTS, JANUARY 1	<u> 357,568</u>	<u> 285,182</u>	<u> 642,750</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u> \$ 419,399</u>	<u> 360,940</u>	<u> 780,339</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, 2018
(CONTINUED)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 64,969	77,034	142,003
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	-	825	825
Restricated cash	-	(9,534)	(9,534)
Increase (decrease) in:			
Sales tax due	(113)	-	(113)
Water meter deposits	280	-	280
	<u>29,618</u>	<u>93,104</u>	<u>122,722</u>
Net cash provided by operating activities	<u>\$ 94,587</u>	<u>170,138</u>	<u>264,725</u>

See notes to the financial statements

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018

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, 2018

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 acquisition 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, 2018

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 billed and 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 does not report a receivable for unpaid taxes which is consistent with the modified cash basis of accounting.

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 value was \$16,207,998.

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018, 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, 2018

NOTE C - CAPITAL ASSETS

Following is a summary of changes in capital assets:

	<u>December 31,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 59,570	--	--	59,570
Construction in progress	<u>11,174</u>	<u>1,632</u>	<u>--</u>	<u>12,806</u>
Total capital assets not being depreciated	<u>70,744</u>	<u>1,632</u>	<u>--</u>	<u>72,376</u>
Capital assets being depreciated:				
Buildings and improvements	456,532	--	--	456,532
Machinery and equipment	130,990	--	--	130,990
Vehicles	118,472	--	(36,470)	82,002
Infrastructure	<u>1,351,001</u>	<u>112,393</u>	<u>--</u>	<u>1,463,394</u>
Total capital assets being depreciated	<u>2,056,995</u>	<u>112,393</u>	<u>(36,470)</u>	<u>2,132,918</u>
Less accumulated depreciation for:				
Buildings and improvements	(203,156)	(10,181)	--	(213,337)
Machinery and equipment	(114,481)	(5,326)	--	(119,807)
Vehicles	(82,400)	(11,424)	36,470	(57,354)
Infrastructure	<u>(691,220)</u>	<u>(63,237)</u>	<u>--</u>	<u>(754,457)</u>
Total accumulated depreciation	<u>(1,091,257)</u>	<u>(90,168)</u>	<u>36,470</u>	<u>(1,144,955)</u>
Total capital assets being depreciated, net	<u>965,738</u>	<u>22,225</u>	<u>--</u>	<u>987,963</u>
Total capital assets, net	<u>\$1,036,482</u>	<u>23,857</u>	<u>--</u>	<u>1,060,339</u>

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

Governmental activities:	
Streets	\$63,888
Public safety	12,829
Culture and recreation	6,904
General government	<u>6,547</u>
Total governmental activities	<u>\$90,168</u>

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE C - CAPITAL ASSETS (CONTINUED)

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

	<u>December 31,</u> <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2018</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,000	--	--	1,000
Construction in progress	<u> --</u>	<u>4,247</u>	<u> --</u>	<u>4,247</u>
Total capital assets not being depreciated	<u>1,000</u>	<u>4,247</u>	<u> --</u>	<u>5,247</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	(57,330)	(333)	--	(57,663)
Machinery and equipment	(90,711)	--	--	(90,711)
Vehicles	(38,411)	(2,700)	--	(41,111)
Infrastructure	<u>(1,532,904)</u>	<u>(128,231)</u>	<u> --</u>	<u>(1,661,135)</u>
Total accumulated depreciation	<u>(1,719,356)</u>	<u>(131,264)</u>	<u> --</u>	<u>(1,850,620)</u>
Total capital assets being depreciated, net	<u>2,887,980</u>	<u>(131,264)</u>	<u> --</u>	<u>2,756,716</u>
Total capital assets, net	<u>\$2,888,980</u>	<u>(127,017)</u>	<u> --</u>	<u>2,761,963</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, 2018**

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	\$32,480
General Fund	Water Fund	10,536
General Fund	Sewer Fund	3,798
Park Fund	General Fund	14
Water Fund	General Fund	152
Sewer Fund	General Fund	229
Sewer Fund	Water Fund	<u>32,970</u>
		<u>\$80,179</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, 2019. 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>31,168</u>
Net Book Value	<u>\$23,835</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
2019	\$ 8,535
Less: amount representing interest	<u>550</u>
Present Value of Future Minimum Lease Payments	<u>\$ 7,985</u>

**CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE F - LONG-TERM DEBT

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

	<u>December 31</u> <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31</u> <u>2018</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Note payable	\$ 78,286	--	5,782	72,504	5,948
Capital lease	<u>15,456</u>	<u>--</u>	<u>7,471</u>	<u>7,985</u>	<u>7,985</u>
Total Governmental Activities	<u>\$ 93,742</u>	<u>--</u>	<u>12,592</u>	<u>80,489</u>	<u>13,933</u>
Business-type activities:					
Certificates of Participation	\$ 148,000	--	36,000	112,000	35,000
Revenue Bonds	<u>2,041,520</u>	<u>--</u>	<u>49,714</u>	<u>1,991,806</u>	<u>50,843</u>
Total Business-type Activities	<u>\$2,189,520</u>	<u>--</u>	<u>85,714</u>	<u>2,103,806</u>	<u>85,843</u>

Long-term debt is liquidated by the related fund.

Note 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>
2019	\$ 5,948	1,989	7,937
2020	6,119	1,818	7,937
2021	<u>60,437</u>	<u>1,247</u>	<u>61,684</u>
	<u>\$72,504</u>	<u>5,054</u>	<u>77,558</u>

**CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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>
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>\$112,000</u>	<u>7,037</u>	<u>119,037</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>
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	55,626	39,510	95,136
2024-2028	297,683	177,997	475,680
2029-2033	333,094	142,586	475,680
2034-2038	372,717	102,963	475,680
2039-2043	417,053	58,627	475,680
2044-2047	<u>305,223</u>	<u>11,874</u>	<u>317,097</u>
	<u>\$1,991,806</u>	<u>703,691</u>	<u>2,695,497</u>

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE G - PENSION

Plan Description

The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS), 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 statutes governing LAGERS.

The City currently has 6 active employees, 11 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, 2018
Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 12 to 15 years (General) Multiple bases from 15 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, 2018**

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>
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
2018	9,539	9,539	.01	195,663	4.88

CITY OF GERALD, MISSOURI
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 \$430,473 of restricted net position, of which \$389,195 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 4.1% 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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
REVENUES					
Taxes:					
Franchise	\$ 114,400	114,400	137,850	23,450	111,087
Sales	116,700	116,700	125,145	8,445	127,981
Property	112,000	112,000	113,912	1,912	107,643
Motor vehicle	51,100	51,100	45,404	(5,696)	54,267
County surtax	22,000	22,000	22,216	216	22,569
Railroad and utility	<u>12,250</u>	<u>12,250</u>	<u>10,202</u>	<u>(2,048)</u>	<u>12,336</u>
Total Taxes	428,450	428,450	454,729	26,279	435,883
Trash service collections	79,920	79,920	87,561	7,641	84,824
Fines and forfeitures	37,140	37,140	27,325	(9,815)	45,142
Lease revenue	14,920	14,920	10,316	(4,604)	14,019
Licenses, fees, and permits	5,480	5,480	7,266	1,786	10,621
Other	-	-	4,866	4,866	9,893
Railroad mowing fees	3,500	3,500	3,500	-	3,500
Law enforcement training fund	600	600	622	22	944
Investment income	-	-	187	187	217
Donations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
Total Revenues	<u>\$ 570,010</u>	<u>570,010</u>	<u>596,372</u>	<u>26,362</u>	<u>605,243</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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	2018			2017	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>	<u>Actual</u>
EXPENDITURES					
Administration:					
Current:					
City attorney	\$ 54,000	54,000	90,843	36,843	108,864
Wages	39,184	39,184	39,728	544	38,543
Insurance	31,450	31,450	19,646	(11,804)	18,288
Professional fees	10,000	10,000	15,031	5,031	11,496
Operating supplies	5,400	5,400	11,476	6,076	5,431
Employee benefits	12,696	12,696	7,202	(5,494)	6,169
Dues and memberships	2,730	2,730	3,458	728	2,487
Telephone	3,600	3,600	3,409	(191)	3,740
Payroll taxes	3,670	3,670	3,253	(417)	3,311
City Hall maintenance	3,000	3,000	2,890	(110)	1,757
Utilities	3,000	3,000	2,863	(137)	2,553
Retirement - LAGERS	1,848	1,848	1,755	(93)	1,824
Credit card & late fees	-	-	1,342	1,342	872
Notices	1,500	1,500	1,275	(225)	1,706
Planning & zoning	3,240	3,240	1,069	(2,171)	624
Election	1,300	1,300	777	(523)	792
Travel and meals	100	100	604	504	204
Workers' compensation	230	230	401	171	306
Payroll processing	360	360	240	(120)	336
Training	650	650	140	(510)	830
Equipment repairs	100	100	80	(20)	40
Miscellaneous	800	800	-	(800)	297
	<u>178,858</u>	<u>178,858</u>	<u>207,482</u>	<u>28,624</u>	<u>210,470</u>
Debt service	7,944	7,944	7,937	(7)	7,937
	<u>\$ 186,802</u>	<u>186,802</u>	<u>215,419</u>	<u>28,617</u>	<u>218,407</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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	2018			Over (Under) Budget	2017
	Original Budget	Final Budget	Actual		Actual
EXPENDITURES (Continued)					
Police Department:					
Current:					
Wages	\$ 119,340	119,340	89,863	(29,477)	127,725
Employee benefits	33,180	33,180	14,573	(18,607)	26,289
Workers' compensation	6,700	6,700	10,636	3,936	7,270
Payroll taxes	11,940	11,940	7,543	(4,397)	11,394
Gas and oil	9,900	9,900	5,827	(4,073)	8,571
Operating supplies	2,400	2,400	5,793	3,393	2,918
Dues and memberships	5,635	5,635	5,715	80	5,598
911 communications	4,700	4,700	4,530	(170)	4,530
Telephone	3,600	3,600	3,298	(302)	3,709
Repairs and maintenance	3,130	3,130	2,897	(233)	1,961
Retirement - LAGERS	4,656	4,656	2,489	(2,167)	3,936
Utilities	1,920	1,920	2,031	111	1,801
Jail fees	1,800	1,800	1,247	(553)	1,550
Training	-	-	1,030	1,030	788
Uniforms	1,280	1,280	834	(446)	1,828
Drug testing	480	480	470	(10)	407
Travel and meals	400	400	409	9	239
Notices	500	500	321	(179)	401
Insurance	1,245	1,245	114	(1,131)	1,035
Miscellaneous	-	-	-	-	400
	<u>212,806</u>	<u>212,806</u>	<u>159,620</u>	<u>(53,186)</u>	<u>212,350</u>
Debt service	<u>8,540</u>	<u>8,540</u>	<u>8,535</u>	<u>(5)</u>	<u>8,535</u>
	<u>221,346</u>	<u>221,346</u>	<u>168,155</u>	<u>(53,191)</u>	<u>220,885</u>
Trash Service	<u>\$ 78,540</u>	<u>78,540</u>	<u>81,860</u>	<u>3,320</u>	<u>78,428</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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	2018			Over (Under) Budget	2017
	Original Budget	Final Budget	Actual		Actual
EXPENDITURES (Continued)					
Street Department:					
Current:					
Street lights	\$ 21,900	21,900	21,664	(236)	21,337
Wages	10,476	10,476	9,596	(880)	10,498
Employee benefits	4,852	4,852	4,114	(738)	6,706
Repairs and maintenance	8,925	8,925	3,068	(5,857)	4,328
Operating supplies	1,200	1,200	2,666	1,466	273
Workers' compensation	875	875	1,181	306	963
Payroll taxes	1,044	1,044	748	(296)	880
Telephone	600	600	704	104	270
Retirement - LAGERS	600	600	488	(112)	555
Uniforms	200	200	133	(67)	194
Gas and oil	720	720	34	(686)	80
Notices	350	350	16	(334)	341
Drug testing	60	60	16	(44)	5
Equipment rental	700	700	-	(700)	3,540
	<u>52,502</u>	<u>52,502</u>	<u>44,428</u>	<u>(8,074)</u>	<u>49,970</u>
Municipal Court:					
Current:					
Judge	15,600	15,600	13,438	(2,162)	10,299
Wages	9,600	9,600	5,293	(4,307)	18,762
Employee benefits	3,975	3,975	2,654	(1,321)	5,843
Operating supplies	105	105	657	552	2,052
Payroll taxes	960	960	481	(479)	1,519
Retirement - LAGERS	480	480	193	(287)	899
Bond insurance	-	-	-	-	50
	<u>\$ 30,720</u>	<u>30,720</u>	<u>22,716</u>	<u>(8,004)</u>	<u>39,424</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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

	2018			Over (Under) Budget	2017
	Original Budget	Final Budget	Actual		Actual
EXPENDITURES (Continued)					
Animal Control:					
Current					
Supplies & expenses	\$ 100	100	58	(42)	71
Total Expenditures	<u>570,010</u>	<u>570,010</u>	<u>532,636</u>	<u>(37,374)</u>	<u>607,185</u>
REVENUE OVER (UNDER)					
EXPENSES	-	-	63,736	63,736	(1,942)
OTHER FINANCING SOURCE					
Sale of capital assets	-	-	-	-	8,318
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>63,736</u>	<u>63,736</u>	<u>6,376</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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
REVENUES					
Property taxes	\$ 29,000	29,000	37,971	8,971	29,555
Charges for services	1,700	1,700	2,894	1,194	2,360
Other	680	680	716	36	1,693
Investment income	-	-	21	21	11
Donations	-	-	-	-	535
Total Revenues	<u>31,380</u>	<u>31,380</u>	<u>41,602</u>	<u>10,222</u>	<u>34,154</u>
EXPENDITURES					
Current:					
Culture and Recreation					
Wages	7,272	7,272	6,086	(1,186)	10,311
Repairs and maintenance	4,540	4,540	3,713	(827)	4,630
Utilities	3,000	3,000	3,310	310	2,791
Employee benefits	3,360	3,360	2,896	(464)	2,128
Insurance	2,442	2,442	2,480	38	2,413
Operating supplies	2,100	2,100	2,151	51	2,113
Gas and oil	1,800	1,800	1,050	(750)	1,537
Workers' compensation	580	580	556	(24)	425
Payroll taxes	732	732	524	(208)	954
Retirement - LAGERS	420	420	341	(79)	157
Notices	120	120	160	40	50
Drug testing	14	14	23	9	381
Total Expenditures	<u>26,380</u>	<u>26,380</u>	<u>23,290</u>	<u>(3,090)</u>	<u>27,890</u>
CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>5,000</u>	<u>18,312</u>	<u>13,312</u>	<u>6,264</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, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017

	2018			2017	
	Original Budget	Final Budget	Actual	Over (Under) Budget	Actual
REVENUES					
Taxes:					
Sales	\$ 170,200	170,200	171,953	1,753	179,452
Motor vehicle	-	-	8,929	8,929	-
Total Taxes	170,200	170,200	180,882	10,682	179,452
Grants	-	-	43,500	43,500	18,317
Investment income	-	-	207	207	155
Total Revenues	170,200	170,200	224,589	54,389	197,924
EXPENDITURES					
Street Department:					
Current:					
Repairs and maintenance	132,815	132,815	96,850	(35,965)	20,028
Capital outlay	120,500	120,500	114,025	(6,475)	56,453
Total Expenditures	253,315	253,315	210,875	(42,440)	76,481
CHANGE IN FUND BALANCE	\$ (83,115)	(83,115)	13,714	96,829	121,443

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, 2018

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 by the Board of Aldermen. There were no budget amendments.
6. Budgets for the Governmental Funds are adopted on a basis consistent with that used for the financial statements.

COMPLIANCE



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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, 2018, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2019.

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 25, 2019